ROMA FINANCIAL CORP
Form 10-K
March 11, 2011

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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Fiscal Year Ended December 31, 2010

- 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<br>(State or other Jurisdiction of<br>Incorporation or Organization) | 51-0533946<br>(I.R.S. Employer<br>Identification No.) |
| 2300 Route 33, Robbinsville, New Jersey<br>(Address of Principal Executive Offices) | 08691<br>(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 [X] 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 [X] 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. [X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). [ ] 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 incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

| | |
|---|---|
| Large accelerated filer o | Accelerated filer x |
| Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o |

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

As of March 7, 2011 there were 30,280,927 shares of common stock outstanding.

The aggregate market value of the voting and non-voting equity held by non-affiliates of the Registrant on June 30, 2010 (the last business day of the Registrant's most recently completed second fiscal quarter) was $107.6 million.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the 2010 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; market volatility; 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.

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

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

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

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 the Company as savings and loan holding companies.

RomAsia Bank is a federally-chartered stock savings bank. It received all regulatory approvals and began operation on June 23, 2008. RomAsia Bank is regulated by the Office of Thrift Supervision. Roma Bank and RomAsia Bank are collectively referred to herein as (the "Banks").

The Banks offer traditional retail banking services, one-to four-family residential mortgage loans, multi-family and commercial mortgage loans, construction loans, commercial business loans and consumer loans, including home equity loans and lines of credit. Roma Bank operates from its main office in Robbinsville, New Jersey, and twenty-three branch offices located in Mercer, Burlington, Camden and Ocean Counties, New Jersey. RomAsia Bank operates from two branches located in Monmouth Junction and Edison, New Jersey. As of December 31, 2010, the Banks, and their subsidiaries, had 317 full-time employees and 60 part-time employees. Roma Bank maintains a website at 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.

On July 19, 2010, the Company completed its acquisition of Sterling Banks, Inc., the holding company for Sterling Bank. The final consideration paid in the transaction to stockholders of Sterling Banks, Inc. consisted of $2.52 per share or $14,725,000 in cash.

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

Competition

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, de novo banks, 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 ten other institutions operate in the Bank's market area, with asset sizes ranging from $150 million to $50+ billion. As of June 30, 2010, Roma was sixth in market share in Mercer and Burlington Counties.

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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, service/retail and mixed-use properties, churches and non-profit properties, 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.

Loan Portfolio Composition. The following table analyzes the composition of our loan portfolio by loan category at the dates indicated. Except as set forth below, there were no concentrations of loans exceeding 10% of total loans.

| | At December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| | (Dollars in thousands) | | | | | | | | | |
| Type of Loans: | | | | | | | | | | |
| Real estate mortgage - one-to-four family | $ 358,503 | 39.41% | $ 251,937 | 42.21% | $ 230,956 | 43.63% | $ 219,900 | 46.60% | $ 203,755 | 48.31% |
| Real estate mortgage - multi-family and commercial | 273,177 | 30.03 | 172,334 | 28.87 | 128,990 | 24.37 | 80,537 | 17.06 | 64,848 | 15.31 |
| Commercial business | 36,125 | 3.97 | 12,302 | 2.06 | 5,762 | 1.09 | 3,918 | 0.83 | 3,724 | 0.87 |
| Consumer: | | | | | | | | | | |
| Home equity and second mortgage | 202,926 | 22.31 | 133,199 | 22.32 | 133,855 | 25.28 | 130,085 | 27.57 | 125,450 | 29.63 |
| Other | 1,760 | .19 | 1,024 | 0.16 | 943 | 0.17 | 1,127 | 0.24 | 1,347 | 0.31 |
| Total consumer loans | 204,686 | 22.50 | 134,223 | 22.48 | 134,798 | 25.45 | 131,212 | 27.81 | 126,797 | 29.94 |
| Construction | 37,197 | 4.09 | 26,162 | 4.38 | 28,899 | 5.46 | 37,119 | 7.86 | 23,956 | 5.57 |
| Total loans | 909,688 | 100.00% | 596,958 | 100.00% | 529,405 | 100.00% | 472,686 | 100.00% | 430,080 | 100.00% |
| Less: | | | | | | | | | | |
| Construction loans in process | 5,339 | | 5,524 | | 6,543 | | 12,037 | | 8,353 | |
| Allowance for loan losses | 9,844 | | 5,243 | | 2,223 | | 1,602 | | 1,169 | |
| Deferred loan (costs) and fees, net | 663 | | 432 | | 233 | | 174 | | 176 | |
| | 15,846 | | 11,199 | | 8,999 | | 13,813 | | 9,698 | |
| Loans receivable, net | $ 893,842 | | $ 585,759 | | $ 520,406 | | $ 458,873 | | 420,382 | |

Loan Maturity Schedule. The following tables set forth the maturity of our loan portfolio at December 31, 2010. 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 | Other | Construction | Total |
|---|---|---|---|---|---|---|---|
| Amounts Due: | | | | | | | |
| Within 1 Year | $ 2,377 | $ 45,320 | $ 14,363 | $ 1,080 | $ 1,207 | $ 36,127 | $ 100,474 |
| After 1 year: | | | | | | | |
| 1 to 3 years | 10,917 | 22,097 | 10,856 | 2,797 | 233 | 271 | 47,171 |
| 3 to 5 years | 2,211 | 23,059 | 6,599 | 10,081 | 292 | 408 | 42,650 |
| 5 to 10 years | 37,156 | 44,330 | 2,695 | 45,774 | 28 | — | 129,983 |
| 10 to 15 years | 48,595 | 27,559 | 783 | 49,690 | — | — | 126,627 |
| Over 15 years | 257,247 | 110,812 | 829 | 93,504 | — | 391 | 462,783 |
| Total due after one year | 356,126 | 227,857 | 21,762 | 201,846 | 553 | 1,070 | 809,214 |
| Total amount due | $ 358,503 | $ 273,177 | $ 36,125 | $ 202,926 | $ 1,760 | $ 37,197 | $ 909,688 |

The following table sets forth the amount of all loans at December 31, 2010 that are due one year or more after December 31, 2010.

| | Fixed Rates | Floating or Adjustable Rates | Total |
|---|---|---|---|
| | | (In thousands) | |
| Real estate mortgage - one-to-four family | $ 338,065 | $ 18,061 | $ 356,126 |
| Real estate mortgage - multi-family and commercial | 60,527 | 167,330 | 227,857 |
| Commercial business | 13,833 | 7,929 | 21,762 |
| Construction | 1,070 | - | 1,070 |
| Consumer: | | | |
| Home equity and second mortgage loans | 155,572 | 46,274 | 201,846 |
| Auto | 553 | - | 553 |
| Total | $ 569,620 | $ 239,594 | $ 809,214 |

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 Banks with repayments terms ranging from 10 years 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 Banks' 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 Banks offer 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 Banks 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 Banks require 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 typically require private mortgage insurance. The Banks will originate residential mortgage loans up to a maximum of 95% loan-to-value. Underwriting guidelines prescribe a maximum debt-to-income ratio of forty percent; however the Banks 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.

All of the Banks' 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 Banks' commercial real estate lending policies as investment properties and are included under the commercial real estate category in the loan tables set forth herein.

We do not offer interest-only loan products because of our concern about the credit risks associated with these products. The Banks have never been involved in any type of subprime lending.

Consumer Lending. The Banks offer 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 75% 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 Banks 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 Banks' home equity lines of credit are generally among the most competitive in the 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 next twelve billing cycles. There is no termination fee after twenty-four billing cycles.

Account loans. The Banks grant 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 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.

Commercial Lending. Though Roma 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 Banks also offer a full menu of non-mortgage commercial loan products, tailored to serve customer needs, as follows:

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

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

| Collateral | Maximum Loan-to-Value | Maximum Amortization |
|---|---|---|
| 1-4 family residential (investment) | 70% | 25 years |
| Multi-family (5+ units) | 70% | 25 years |
| Commercial real estate (owner Occupied) | 80% | 25 years |
| Commercial real estate (non-owner Occupied) | 70% | 25 years |

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

| Collateral | Maximum Loan-to-Value |
|---|---|
| Commercial equipment | 60% - 70% of invoice |
| Owned equipment | 50% - 60% depreciated book value |
| Accounts receivable | 70% of eligible receivables |
| Inventory (including work-in-process) | 50% of cost |
| Liquid collateral | publicly traded marketable securities, 70%<br>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 Banks' Reference Rate which is published in the Wall Street Journal as the prime interest rate, the LIBOR rate, the 5 year Federal Home Loan Bank of New York rate or the Federal Reserve 5 year, H-15, constant maturity Treasury rate, as applicable.

The variable rate loans are indexed to various indices 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, 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 Banks' guidelines for construction lending are currently as follows:

| Collateral | Maximum Loan-to-Value | Maximum Amortization |
|---|---|---|
| Land | 50% - unimproved | 1 year, with two 6-month extensions |
| | 60% - with all municipal approvals | 1 year, with two 6-month extensions |
| | 60% - improved | 1 year, with two 6 -month extensions |
| Residential & commercial construction | 70% (or 80% of cost) | 1 year, with two 6-month extensions |

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, 2010, Roma Bank's loans to one borrower legal limit was $24.7 million. However, Roma Bank has set an internal limit of $5.0 million for the origination of loans to one borrower. RomAsia bank's legal limit is $1.8 million with and internal limit of $1.25 million.

Roma 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 Banks to unacceptable credit risk and interest rate risk.

At December 31, 2010, Roma Bank's largest single borrower had an aggregate loan balance of approximately $8.0 million, secured by commercial real estate. Our second largest single borrower had an aggregate loan balance of approximately $7.4 million, secured by commercial real estate and an equity loan. Our third largest borrower had in aggregate a loan of $7.0 million comprised of commercial real estate loans. At December 31, 2010, 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, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In thousands) | | |
| Loan originations and draws: | | | |
| Real estate mortgage - one-to-four family | $ 101,590 | $ 90,954 | $ 34,699 |
| Real estate mortgage - multi-family and commercial | 31,962 | 32,747 | 58,937 |
| Commercial business | 25,279 | 853 | 2,911 |
| Construction | 5,244 | 10,445 | 28,088 |
| Consumer: | | | |
| Home equity loans and second mortgage | 59,100 | 29,554 | 42,066 |
| Passbook or certificate | 586 | 415 | 494 |
| Other | - | — | — |
| Total loan originations | 223,761 | 164,968 | 167,195 |
| Loan purchases, loans acquired in merger | 272,313 | 11,100 | — |
| Loans sold (mortgage loans) | 20,343 | 9,130 | 4,065 |
| Loan principal repayments | 163,021 | 98,366 | 100,917 |
| Total loans sold and principal repayments | 183,344 | 107,496 | 104,982 |
| Increase (decrease) due to other items | — | — | — |
| Net increase in loan portfolio | $ 312,710 | $ 68,572 | $ 62,213 |

Sources of loan applications include repeat customers, referrals from realtors and other professionals, commissioned home mortgage consultants and "walk-in" customers. Our residential loan originations are largely reputational and advertisement driven.

The Banks 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. From time to time, Roma Bank sells thirty year fixed rate mortgages that qualify for sale in the secondary mortgage market in order to lessen its interest rate risk.

In November 2003, Roma 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. Roma Bank agreed to deliver loans under a $5.0 million Master Commitment which was subsequently increased in 2006 to $10.0 million and $15.0 million in 2008 and $25 million which was renewed in 2010. Sales commenced in 2004 and, through December 31, 2010, $18.1 million in loans 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. During 2010, the Roma bank sold $20.3 million of loans. During 2009, Roma Bank also sold $9.1 million of loans to the Federal Home Loan Mortgage Corp.

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Aside from participations, RomAsia Bank purchased $.7 million of residential mortgages and $2.4 million of commercial loans during 2010. Roma Bank did not purchase loans from any third parties in the three years ended December 31, 2010. At December 31, 2010, the total outstanding balance of loan participations purchased was $10.6 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 Boards 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 non-commercial loans that contain credit policy exceptions, with the condition that either the President, The Chairman, or Executive Vice President is one of the approving members. Non-commercial loans over $500 thousand require the approval of the Boards 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: 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 Banks, 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 collection, repossession or foreclosure action. 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 periods in which the declines occur.

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 collectability of the loan. At December 31, 2010, approximately $40.4 million of loans were on a non-accrual basis.

Non-Performing Assets. The following table provides information regarding our non-performing loans. As of December 31, 2010 and 2009, Roma Bank also had non-performing assets in the form of real estate owned of $3.7 million and $1.9 million, respectively. At December 31, 2010, the allowance for loan losses totaled $9.8 million, non-performing loans totaled $40.4 million, and the ratio of allowance for loan losses to non-performing loans was 24.36%. Management believes that the non-performing loans are well secured and that adequate reserves have been established to absorb any losses which may occur upon the ultimate resolution. The legacy Roma loan portfolio includes 54 non-performing loans totaling $22.5 million to 35 borrowers. The portfolio includes $12.5 million in commercial real estate loans, $4.8 million in commercial construction loans, $1.8 million of commercial loans secured by other than real estate, and $3.4 million of residential mortgage and equity loans. The ratio of allowance for loan losses to legacy Roma non-performing loans was 43.8%. Non-performing loans also includes $17.9 million of non-performing loans acquired from Sterling net of $4.7 million of credit marks. The loans primarily consist of $11.7 million of residential construction loans, $4.6 million in commercial real estate loans, and $0.9 million of commercial loans secured by other than real estate.

| | At December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (Dollars in thousands) | | | | |
| Loans accounted for on a non-accrual basis: | | | | | |
| Residential real estate and construction | $ 14,761 | $ 1,173 | $ 754 | $ 406 | $ 362 |
| Home equity and second mortgage loans | 1,120 | 629 | 44 | — | 1 |
| Commercial, commercial real estate and const. | 24,529 | 12,987 | 9,510 | 6,483 | — |
| Total | 40,410 | 14,789 | 10,308 | 6,889 | 363 |
| Total non-performing loans | 40,410 | 14,789 | 10,308 | 6,889 | 363 |
| Real estate owned | 3,689 | 1,928 | 68 | — | — |
| Total non-performing assets | $ 44,099 | $ 16,717 | $ 10,376 | $ 6,889 | $ 363 |
| Total non-performing loans to total loans | 4.44% | 2.48% | 1.98% | 1.46% | 0.08% |
| Total non-performing loans to total assets | 2.22% | 1.13% | 0.96% | 0.76% | 0.04% |
| Total non-performing assets to total assets | 2.42% | 1.27% | 0.96% | 0.76% | 0.04% |

During the year ended December 31, 2010, gross interest income of $2.0 million would have been recorded on loans accounted for on a non-accrual basis if those loans had been current, and $222 thousand of interest on such loans was included in income for the year ended December 31, 2010.

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 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 Banks 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 Banks 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 Boards 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, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In thousands) | | |
| Special Mention | $ 29,803 | $ 11,042 | $ 661 |
| Substandard | 59,933 | 25,908 | 12,043 |
| Doubtful | — | — | — |
| Loss | — | — | — |
| Total | $ 89,736 | $ 36,950 | $ 12,704 |

At December 31, 2010, $401,000 of the loans classified as "special mention" and $39.6 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 secured by real estate and consist of $24.6 million of commercial loans and $25.1 million of residential and consumer loans. Total classified loans at December 31, 2010 consist of $38.8 million of loans acquired in the Sterling Bank merger.

Allowance for Loan Losses (ALLL). 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 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.

In order to comprehensively address periodic provisioning and the resultant ALLL, the Banks utilize a multidisciplinary approach which considers each of the following factors: historical realized losses in the credit portfolio; delinquency trends currently experienced in the current portfolio; internal risk rating system that assigns a risk factor, and therefore, a specific reserve to every outstanding credit exposure; external independent assessment of the adequacy of the ALLL and the entire credit management function; and current and anticipated economic conditions that could affect borrowers' ability to continually meet their contractual repayment obligations.

A loan valuated 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 typically 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.

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. During 2010, we have increased our specific reserves, primarily in the commercial real estate area, as annual updated appraisals, had significant declining values. In recent years, our charge-offs have been low, with no charge offs in 2006, $59 thousand in 2007, $181 thousand in 2008, $278 thousand in 2009, and $2.2 million in 2010. Therefore, our provisions for loan losses have been reflective of other factors, including economic conditions, annual growth of the total loan portfolio of 11%, 10%, 12%, 12.8%, and 6.8% in 2006, 2007, 2008, 2009, and 2010 respectively, exclusive of loans acquired in merger.

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.

Loans acquired in the merger are carried at fair value with no carryover of the related allowance for loan losses. Therefore, these acquired loans are not included in the allowance for loan loss calculation. Impaired loans include $38.7 million of loans, net of credit marks of $12.4 million, which were acquired in the merger. Loans totaling $20.7 million, net of credit marks of $7.7 million, which are performing, are also included in this total and are classified as impaired because at the effective time of the merger there was evidence of deterioration of credit quality, since origination, primarily collateral related.

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

| | For the Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (Dollars in thousands) | | | | |
| Allowance balance (at beginning of period) | $ 5,243 | $ 2,223 | $ 1,602 | $ 1,169 | $ 878 |
| Provision for loan losses | 6,855 | 3,280 | 787 | 492 | 291 |
| Charge-offs: | | | | | |
| Commercial, multi-family | (2,265) | (214) | — | — | — |
| Passbook, certificate, overdraft | - | (64) | ( 181) | (59) | — |
| Total charge-offs | (2,265) | (278) | (181) | (59) | — |
| Recoveries | - | 18 | 15 | — | — |
| Net (charge-offs) recoveries | (2,265) | (260) | (166) | (59) | — |
| Allowance balance (at end of period) | $9,844 | $ 5,243 | $ 2,223 | $ 1,602 | $ 1,169 |
| | | | | | |
| Total loans outstanding | $ 909,688 | $ 596,958 | $ 529,405 | $ 472,686 | $ 430,080 |
| Total legacy Roma Bank loans outstanding | $ 620,426 | $ 596,958 | $ 529,405 | $ 472,686 | $ 430,080 |
| Average loans outstanding | $ 744,946 | $ 555,108 | $ 482,557 | $ 438,187 | $ 400,486 |
| Allowance for loan losses as a percent of total loans outstanding | 1.08% | 0.88% | 0.42% | 0.34% | 0.27% |
| Allowance for loan losses as a percent of total legacy Roma loans outstanding | 1.59% | 0.88% | 0.42% | 0.34% | 0.27% |
| Net loans charged off as a percent of average loans outstanding | 0.03% | 0.05% | 0.03% | 0.01% | —% |
| Allowance for loan losses to non-performing loans | 24.4% | 35.4% | 21.42% | 23.25% | 322.04% |
| Allowance for loan losses to legacy Roma non-performing loans | 43.8 % | 35.4% | 21.42% | 23.25% | 322.04% |

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.

| | At December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
| | Amount | Percent of Loans to Total Loans | Amount | Percent of Loans to Total Loans | 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. | $ 1,799 | 39.41% | $ 312 | 42.21% | $ 209 | 43.63% | $ 231 | 46.52% | $ 238 | 48.31% |
| Real estate mortgage - Multi-family and commercial | 4,922 | 30.03 | 3,255 | 28.87 | 1,601 | 24.37 | 1,089 | 17.04 | 746 | 15.31 |
| Commercial business | 654 | 3.97 | 1,206 | 2.06 | 72 | 1.09 | 34 | 0.83 | 5 | 0.87 |
| Consumer: | | | | | | | | | | |
| Home equity and second mortgage loans | 372 | 22.31 | 156 | 22.32 | 119 | 25.28 | 137 | 27.52 | 133 | 29.63 |
| Passbook, certificate, | | | | | | | | | | |
| Overdraft | - | .19 | 7 | 0.16 | 14 | 0.17 | 6 | 0.24 | 32 | 0.30 |
| Auto | - | - | — | — | — | — | — | — | — | 0.01 |
| Other | - | - | — | — | — | — | — | — | — | — |
| Construction | 2,097 | 4.09 | 307 | 4.38 | 208 | 5.46 | 105 | 7.85 | 15 | 5.57 |
| Total allowance | $ 9,844 | 100.00% | $ 5,243 | 100.00% | $ 2,223 | 100.00% | $ 1,602 | 100.00% | $ 1,169 | 100.00% |

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 Banks investment policies specify 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.

Federally chartered savings banks have the authority to invest in various types of liquid assets. The investments authorized under the Banks' investment policies 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, the investment policies authorize investment in federal funds, certificates of deposits and money market investments with insured institutions and with brokerage firms.

FASB ASC Topic 320, "Investments-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. FASB ASC Topic 320 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, 2010, 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 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, 2010, we had $231.3 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.

Mortgage originators use intermediaries (generally government 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 which 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 our policy to buy mortgage-derivative products that have no

more risk than the underlying mortgages. The Banks have reviewed their portfolio of mortgage-backed securities and believe they do not have any subprime exposure in this area.

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

| | At December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (In thousands) | | | | |
| Securities Available for Sale: | | | | | |
| Mutual fund shares | $ 2,794 | $ 2,686 | $ 2,449 | $ 2,375 | $ 2,226 |
| Equity securities | 53 | 1,387 | 2,881 | 3,443 | 3,447 |
| Corporate bond | 988 | — | 955 | — | — |
| Mortgage-backed securities issued by Freddie Mac | 23,999 | 8,308 | 3,056 | 1,292 | 1,524 |
| U.S. government agency obligations | 16,019 | 8,307 | 2,869 | — | 1,979 |
| Obligations of state and political subdivisions | 8,660 | 9,456 | 4,790 | 10,128 | 10,155 |
| Total securities available for sale | 52,513 | 30,144 | 17,000 | 17,238 | 19,331 |
| Investment Securities Held to Maturity: | | | | | |
| U.S. government agency obligations | 227,522 | 292,427 | 67,985 | 123,283 | 168,332 |
| Obligations of states and political subdivisions | 15,628 | 11,943 | 6,130 | 4,423 | 1,595 |
| Corporate bond | 1,271 | 979 | — | — | — |
| Total investment securities held to maturity | 244,421 | 305,349 | 74,115 | 127,706 | 169,927 |
| Mortgage-Backed Securities Held to Maturity: | | | | | |
| Ginnie Mae | 9,988 | 7,148 | 8,888 | 4,276 | 5,630 |
| Freddie Mac | 172,969 | 123,244 | 54,246 | 84,648 | 79,822 |
| Fannie Mae | 229,951 | 107,294 | 124,942 | 47,387 | 53,880 |

| | | | | | |
|---|---|---|---|---|---|
| Collateralized mortgage obligations | 8,206 | 10,740 | 13,802 | 7,788 | 5,148 |
| Total mortgage-backed securities held to maturity | 421,114 | 248,426 | 301,878 | 144,099 | 144,480 |
| Total | $ 718,048 | $ 583,919 | $ 392,993 | $ 289,043 | $ 333,738 |

The following table sets forth certain information regarding the carrying values, weighted average yields and maturities of our securities portfolio at December 31, 2010. This table shows contractual maturities and does not reflect re-pricing or the effect of prepayments. Actual maturities may differ.

| | At December 31, 2010 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | One Year or Less | | One to Five Years | | Five to Ten Years | | More than Ten Years | | Total Investment Securities | | | |
| | Carrying Value | Average Yield | Carrying Value | Average Yield | Carrying Value | Average Yield | Carrying Value | Average Yield | Carrying Value | Average Yield | Marke Value | |
| | (Dollars in thousands) | | | | | | | | | | | |
| Mutual fund shares | $ 2,794 | 4.17% | $ — | —% | $ — | —% | $ — | —% | $ 2,794 | 4.17% | $ 2,7 | |
| Equity securities | 53 | — | — | — | — | — | — | — | 53 | 0.00% | | |
| Corporate bond | — | — | 988 | 1.58% | 1,000 | 4.00% | 271 | — | 2,259 | 2.43% | 2,2 | |
| U.S. government obligations | — | | 7,000 | 2.00% | 75,430 | 3.15% | 156,785 | 3.50% | 243,541 | 3.35% | 238,0 | |
| Obligations of states and political subdivisions | — | | 901 | 4.08% | 11,874 | 4.53% | 15,839 | 4.33% | 24,288 | 4.41% | 24,1 | |
| Ginnie Mae | 1 | | 4 | 6.50% | 31 | 4.71% | 18,269 | 4.75% | 18,304 | 4.74% | 18,4 | |
| Freddie Mac | 1 | | 3,444 | 4.82% | 13,412 | 4.88% | 160,718 | 4.01% | 177,575 | 4.09% | 178,9 | |
| Fannie Mae | 1 | | 15,475 | 4.82% | 27,583 | 3.97% | 195,988 | 4.17% | 239,049 | 4.19% | 241,6 | |
| Collateralized Mortgage Obligations | — | — | 408 | 4.90% | 6,729 | 4.80% | 3,048 | 3.65% | 10,185 | 4.49% | 10,4 | |
| Total | $ 2,849 | 4.17% | $ 28,220 | 3.98% | $ 136,059 | 3.70% | $ 550,918 | 3.96% | $ 718,048 | 3.92% | $ 716,7 | |

Sources of Funds

General. Deposits are the Banks' 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, money market, and 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, 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 Banks have 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 management.

A large percentage of our deposits are in certificates of deposit, which totaled 55.6% of total average deposits at December 31, 2010. 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, 2010, $233.6 million, or 28.4%, of our certificates of deposit were "jumbo" certificates of $100 thousand or more.

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 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | | 2009 | | | 2008 | | |
| | Average Balance | Percent of Total Deposits | Weighted Average Nominal Rate | 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 | $ 49,386 | 3.93% | 0.00% | $ 31,044 | 3.40% | 0.00% | $ 26,050 | 3.70% | 0.00% |
| Interest-bearing demand | 152,418 | 12.13 | 0.38 | 112,193 | 12.40 | 0.54 | 98,985 | 14.20 | 0.54 |
| Money market demand | 231,704 | 18.44 | 1.01 | 150,223 | 16.60 | 1.30 | 98,619 | 14.10 | 1.00 |
| Savings and club | 124,788 | 9.93 | 0.82 | 93,644 | 10.30 | 0.94 | 91,022 | 13.00 | 0.93 |
| Certificates of deposit | 698,246 | 55.57 | 1.98 | 518,886 | 57.30 | 3.05 | 384,526 | 55.00 | 4.03 |
| Total deposits | $ 1,256,542 | 100.00% | 1.41% | $ 905,990 | 100.00% | 2.12% | $ 699,202 | 100.00% | 2.59% |

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

| | At December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| Interest Rate | (In thousands) | | |
| 0.00-1.99% | $ 544,090 | $ 228,895 | $ 532 |
| 2.00-2.99% | 204,973 | 201,953 | 95,911 |
| 3.00-3.99% | 62,549 | 109,989 | 218,621 |
| 4.00-4.99% | 5,334 | 31,633 | 108,263 |
| 5.00% and above | 5,482 | 5,309 | 9,189 |
| Total | $ 822,428 | $ 577,779 | $ 432,516 |

The following table sets forth the amount and maturities of certificates of deposit at December 31, 2010.

| | Amount Due | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | 5 years | Total |
| Interest Rate | (In thousands) | | | | | | |
| 0.00-1.99% | $ 415,701 | $ 118,960 | $ 9,429 | $ — | $ — | $ — | $ 544,090 |
| 2.00-2.99% | 60,601 | 88,660 | 35,960 | 6,569 | 13,057 | 126 | 204,973 |
| 3.00-3.99% | 23,270 | 3,991 | 2,911 | 10,325 | 21,614 | 438 | 62,549 |
| 4.00-4.99% | 1,646 | 1,722 | 1,695 | 3 | 268 | — | 5,334 |
| 5.00-5.99% | 5,482 | — | — | — | — | — | 5,482 |
| Total | $ 506,700 | $ 213,333 | $ 49,995 | $ 16,897 | $ 34,939 | $ 564 | $ 822,428 |

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, 2010 |
|---|---|
| Maturity Period | (In thousands) |
| Within three months | $ 58,500 |
| Three through six months | 32,360 |
| Six through twelve months | 53,347 |
| Over twelve months | 89,428 |
| | $ 233,635 |

Borrowings. To supplement deposits as a source of funds for lending or investment, Roma Bank may borrow funds in the form of advances from the Federal Home Loan Bank of New York (FHLBNY). At December 31, 2010, Roma Bank's borrowing limit with the FHLBNY was $200.0 million. At

December 31, 2010 RomAsia Bank had an overnight borrowing capacity of $2.0 million with the Atlantic Central Bankers Bank.

We traditionally have enjoyed cash flows from deposit activities that 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 FHLBNY. In the fourth quarter of 2005, we took a five year advance from the FHLBNY to meet the strong demand for loans. This advance was paid in full in 2010.

In the fourth quarter of 2007, we took a ten year advance totaling $23.0 million at a fixed rate of 3.90%, callable at three years. Interest is paid quarterly. Approximately $8 million of the proceeds were used for the capital contribution to RomAsia Bank and the other $15 million of proceeds was invested in mortgage-backed securities.

In the third quarter of 2008, we entered into a securities sold under agreement to repurchase with Credit Suisse for $40.0 million, with a blended interest rate of 3.55%. We invested the proceeds into mortgage backed securities with average yields of 5.5%.

RomAsia Bank had $12.0 million of outstanding short term borrowings from the FHLBNY at December 31, 2010.

Short-term FHLBNY advances generally have original maturities of less than one year, and 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 16 to the Consolidated Financial Statements included elsewhere in this Form 10-K.

On May 1, 2007, Sterling Banks Capital Trust I, a Delaware statutory business trust and a wholly-owned subsidiary of the Company (the “Trust”), issued $6.2 million of variable rate capital trust pass-through securities (“capital securities”) to investors. The variable interest rate reprices quarterly at the three month LIBOR plus 1.7%. The Trust purchased $6.2 million of variable rate junior subordinated debentures from Sterling Banks, Inc. The debentures are the sole asset of the Trust. The fair value of the subordinated debentures at the acquisition date of July 19, 2010 was $5.1 million. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after May 1, 2012 at par, or earlier if the deduction of related interest for federal income taxes is prohibited, classification as Tier I Capital is no longer allowed, or certain other contingencies arise. The capital securities must be redeemed upon final maturity of the subordinated debentures on May 1, 2037. On October 22, 2010, the Company repurchased $4.0 million of these capital securities (with a market value of $3.2 million).

Subsidiary Activity

Roma Financial Corporation has two direct subsidiaries, Roma Bank and RomAsia Bank. RomAsia Bank received all regulatory approvals and opened on June 23, 2008. As of December 31, 2010, the Company had invested $13.4 million in organizational capital out of total capital of $15.0 million, or 89.55% in RomAsia Bank. At December 31, 2010 RomAsia Bank had total assets of $123.8 million.

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, 2010 were $288.5 million. Its net income for 2010 was $7.3 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, 2010 were $416 thousand. Its operating revenue for 2010 consisted of $1.0 million in premiums earned from the placement of title insurance and related title company services. Its net loss for 2010 was $57 thousand.

The Company's consolidated statements also include a 50% interest in 84 Hopewell, LLC, a real estate investment which is consolidated according to the requirements FASB ASC Topic 810. All significant inter-company accounts and transactions have been eliminated in consolidation.

## REGULATION AND SUPERVISION

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

### Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act is intended to effect a fundamental restructuring of federal banking regulation. Among other things, the Dodd-Frank Act creates a new Financial Stability Oversight Council to identify systemic risks in the financial system and gives federal regulators new authority to take control of and liquidate financial firms. The Dodd-Frank Act eliminates our current primary federal regulator and subjects savings and loan holding companies to greater regulation. The Dodd-Frank Act additionally creates a new independent federal regulator to administer federal consumer protection laws. The Dodd-Frank Act is expected to have a significant impact on our business operations as its provisions take effect. Among the provisions that are likely to affect us are the following:

Elimination of OTS. The Dodd-Frank Act calls for the elimination of the OTS, which is our primary federal regulator and the primary federal regulator of the Bank within 12 to 18 months of enactment. At that time, the primary federal regulator of the Company will become the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and the primary federal regulator for the Banks will become the Office of the Comptroller of the Currency ("OCC") if we retain our federal savings bank charter. The Federal Reserve and OCC will generally have rulemaking, examination, supervision and oversight authority over our operations and the FDIC will retain secondary authority over the Bank. Prior to the elimination of the OTS, the Federal Reserve and OCC will provide a list of the current regulations issued by the OTS that each will continue to apply. OTS guidance, orders, interpretations, policies and similar items under which we and other savings and loan holding companies and federal savings associations operate will continue to remain in effect until they are superseded by new guidance and policies from the OCC or Federal Reserve.

New Limits on MHC Dividend Waivers. Effective as of the date of transfer of OTS's duties, the Dodd-Frank Act will make significant changes in the law governing waivers of dividends by mutual holding companies. After that date, a mutual holding company may only waive the receipt of a dividend from a subsidiary if no insider of the mutual holding company or their associates or tax-qualified or non-tax-qualified employee stock benefit plan holds any shares of the class of stock to which the waiver would apply, the mutual holding company gives written notice of its intent to waive the dividend at least

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30 days prior to the proposed payment date and the Federal Reserve does not object. The Federal Reserve will not object to a dividend waiver if it determines that the waiver would not be detrimental to the safe and sound operation of the savings association, the mutual holding company's board determines that the waiver is consistent with its fiduciary duties and the mutual holding company has waived dividends prior to December 1, 2009. In addition, waived dividends must be taken into account in determining the appropriate exchange ratio for a second-step conversion of a mutual holding company unless the mutual holding company has waived dividends prior to December 1, 2009.

Holding Company Capital Requirements. Effective as of the transfer date, the Federal Reserve will be authorized to establish capital requirements for savings and loan holding companies. These capital requirements must be countercyclical so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness. Savings and loan holding companies will also be required to serve as a source of financial strength for their depository institution subsidiaries. Within five years after enactment, the Dodd-Frank Act requires the Federal Reserve to apply consolidated capital requirements that are no less stringent than those currently applied to depository institutions to depository institution holding companies that were not supervised by the Federal Reserve as of May 19, 2009. Under these standards, trust preferred securities will be excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by a bank or savings and loan holding company with less than $15 billion in assets.

Federal Preemption. A major benefit of the federal thrift charter has been the strong preemptive effect of the Home Owners' Loan Act ("HOLA"), under which we are chartered. Historically, the courts have interpreted the HOLA to "occupy the field" with respect to the operations of federal thrifts, leaving no room for conflicting state regulation. The Dodd-Frank Act, however, amends the HOLA to specifically provide that it does not occupy the field in any area of state law. Henceforth, any preemption determination must be made in accordance with the standards applicable to national banks, which have themselves been scaled back to require case-by-case determinations of whether state consumer protection laws discriminate against national banks or interfere with the exercise of their powers before these laws may be pre-empted.

Deposit Insurance. The Dodd-Frank Act permanently increases the maximum deposit insurance amount for banks, savings institutions and credit unions to $250,000 per depositor, retroactive to January 1, 2009, and extends unlimited deposit insurance to non-interest bearing transaction accounts through December 31, 2013. The Dodd-Frank Act also broadens the base for FDIC insurance assessments. Assessments will now be based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act requires the FDIC to increase the reserve ratio of the Deposit Insurance Fund from 1.15% to 1.35% of insured deposits by 2020 and eliminates the requirement that the FDIC pay dividends to insured depository institutions when the reserve ratio exceeds certain thresholds. The Dodd-Frank Act eliminates the federal statutory prohibition against the payment of interest on business checking accounts.

Qualified Thrift Lender Test. Under the Dodd-Frank Act, a savings association that fails the qualified thrift lender test will be prohibited from paying dividends, except for dividends that: (i) would be permissible for a national bank; (ii) are necessary to meet obligations of a company that controls the savings association; and (iii) are specifically approved by the OCC and the Federal Reserve. In addition, a savings association that fails the qualified thrift lender test will be deemed to have violated Section 5 of the Home Owners' Loan Act and may become subject to enforcement actions thereunder.

Corporate Governance. The Dodd-Frank Act will require publicly traded companies to give stockholders a non-binding vote on executive compensation at their first annual meeting taking place six months after the date of enactment and at least every three years thereafter and on so-called "golden

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parachute" payments in connection with approvals of mergers and acquisitions. The new legislation also authorizes the SEC to promulgate rules that would allow stockholders to nominate their own candidates using a company's proxy materials. Additionally, the Dodd-Frank Act directs the federal banking regulators to promulgate rules prohibiting excessive compensation paid to executives of depository institutions and their holding companies with assets in excess of $1.0 billion, regardless of whether the company is publicly traded or not. The Dodd-Frank Act gives the SEC authority to prohibit broker discretionary voting on elections of directors and executive compensation matters.

Transactions with Affiliates and Insiders. Effective one year from the date of enactment, the Dodd-Frank Act expands the definition of affiliate for purposes of quantitative and qualitative limitations of Section 23A of the Federal Reserve Act to include mutual funds advised by a depository institution or its affiliates. The Dodd-Frank Act will apply Section 23A and Section 22(h) of the Federal Reserve Act (governing transactions with insiders) to derivative transactions, repurchase agreements and securities lending and borrowing transaction that create credit exposure to an affiliate or an insider. Any such transactions with affiliates must be fully secured. The current exemption from Section 23A for transactions with financial subsidiaries will be eliminated. The Dodd-Frank Act will additionally prohibit an insured depository institution from purchasing an asset from or selling an asset to an insider unless the transaction is on market terms and, if representing more than 10% of capital, is approved in advance by the disinterested directors.

Consumer Financial Protection Bureau. The Dodd-Frank Act creates a new, independent federal agency called the Consumer Financial Protection Bureau ("CFPB"), which is granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the Equal Credit Opportunity Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Fair Debt Collection Act, the Consumer Financial Privacy provisions of the Gramm-Leach-Bliley Act and certain other statutes. The CFPB will have examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets. Smaller institutions will be subject to rules promulgated by the CFPB but will continue to be examined and supervised by federal banking regulators for consumer compliance purposes. The CFPB will have authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products. The Dodd-Frank Act authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower's ability to repay. In addition, the Dodd-Frank Act will allow borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage" as defined by the CFPB. The Dodd-Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations. Federal preemption of state consumer protection law requirements, traditionally an attribute of the federal savings association charter, has also been modified by the Dodd-Frank Act and now requires a case-by-case determination of preemption by the OCC and eliminates preemption for subsidiaries of a bank. Depending on the implementation of this revised federal preemption standard, the operations of the Bank could become subject to additional compliance burdens in the states in which it operates.

Holding Company Regulation

General. The Company is a unitary savings and loan holding company, subject to regulation and supervision by the Office of Thrift Supervision. 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 the Banks. 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 Graham Leach Bliley 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 the Company to acquire control of a savings institution, the OTS would consider the financial and managerial resources and future prospects of the Company 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.

Among other requirements, Title III of the USA Patriot Act imposes the following requirements with respect to financial institutions:

- 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.

- 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.

- Section 312 requires financial institutions that establish, maintain, administer or manage

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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.

• 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.

• 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 regulations pursuant to the Act. The passage of the Act by Congress and the implementation of 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.

U.S. Treasury's Troubled Asset Relief Program Capital Purchase Program. The Emergency Economic Stabilization Act of 2008 provided the Secretary of the Treasury with broad authority to implement certain actions to help restore stability and liquidity to U.S. financial markets. One of the programs established under the legislation is the Troubled Asset Relief Program—Capital Purchase Program ("CPP"), which provided for direct equity investment by the U.S. Treasury Department in perpetual preferred stock or similar securities of qualified financial institutions. CPP participants must comply with a number of restrictions and provisions, including limits on executive compensation, stock redemptions and declaration of dividends. The Company opted not to participate in the CPP.

Regulation of the Banks

General. As federally chartered savings banks with deposits insured by the FDIC, the Banks are 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 Banks are 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 Banks and prepares reports for consideration by the Banks Boards of Directors on deficiencies, if any, found in the Banks' operations. The Banks' 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 Banks' mortgage documents.

The Banks must file reports with the OTS concerning their 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 Banks, the Company, and their operations.

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Federal Deposit Insurance. The Bank's deposits are insured to applicable limits by the FDIC. Pursuant to the Dodd-Frank Act, the Federal Deposit Insurance Act was amended to increase the maximum deposit insurance amount from $100,000 to $250,000 and extended the unlimited deposit insurance coverage for non interest-bearing transaction accounts until December 31, 2012. Prior to the Dodd-Frank Act, the unlimited coverage for transaction accounts had been provided on a temporary basis pursuant to the FDIC'sTransaction Account Guarantee Program. Institutions that did not opt out of the Transaction Account Guarantee Program paid an additional fee for the coverage.

The FDIC has set a designated reserve ratio of 1.35% ($1.35 for each $100 of insured deposits) for the Deposit Insurance Fund ("DIF"). The Federal Deposit Insurance Act of 2005 ("FDIC Act") provides the FDIC Board of Directors the authority to set the designated reserve ratio between 1.15% and 1.50%. The FDIC must adopt a restoration plan when the reserve ratio falls below 1.15% and begin paying dividends when the reserve ratio exceeds 1.35%. There is no requirement to achieve a specific ratio within a given timeframe. The DIF reserve ratio calculated by the FDIC at September 30, 2010 was a negative .15% and therefore, the FDIC needs to increase premiums charged to banks.

The FDIC has adopted a risk-based premium system that provides for quarterly assessments based on an insured institution's ranking in one of four risk categories based on their examination ratings and capital ratios. Well-capitalized institutions with the CAMELS ratings of 1 or 2 are grouped in Risk Category I and, until 2009, were assessed for deposit insurance at an annual rate of between five and seven basis points with the assessment rate for an individual institution determined according to a formula based on a weighted average of the institution's individual CAMELS component ratings plus either five financial ratios or the average ratings of its long-term debt. In 2010, the annual insurance premiums on bank deposits insured by the DIF varied between $.07 per $100 of deposits for banks classified in the highest capital and supervisory evaluation categories to $.78 per $100 of deposits for banks classified in the lowest capital and supervisory evaluation categories.

On November 12, 2009, the FDIC adopted a final rule requiring depository institutions to prepay their estimated quarterly insurance premium for fourth quarter 2009 and all of 2010, 2011 and 2012. The Bank prepaid $3.7 million of such premium on December 30, 2009 and $2.1 million remained as a prepaid balance at December 31, 2010. The expense related to this prepayment is anticipated to be recognized over the next two years based on actual calculations of quarterly premiums.

The Dodd-Frank Act requires changes to a number of components of the FDIC insurance assessment, with an implementation date of April 1, 2011. The changes amend the current methodology used to determine the assessments paid by institutions with assets greater than $10 billion, including changing the assessment base from deposits to total average assets less tier 1 capital. Additionally, the FDIC has developed a scorecard approach to determine a separate assessment rate for each institution with assets greater than $10 billion.

In addition to risk-based deposit insurance premiums, additional assessments may be imposed by the Financing Corporation, a separate U.S. government agency affiliated with the FDIC, on insured deposits to pay for the interest cost of Financing Corporation bonds. Financing Corporation assessment rates for 2010 ranged from $.0102 to $.0104 for each $100 of deposits.

Under federal law, deposits and certain claims for administrative expenses and employee compensation against an insured depository institution are afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the

liquidation or other resolution of such an institution by any receiver appointed by regulatory authorities. Such priority creditors would include the FDIC.

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. 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.

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 Banks, 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, 2010, the Banks were in compliance with their QTL requirement.

Federal Home Loan Bank System (FHLBNY). Roma Bank is a member of the FHLBNY, 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 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.

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, 2010, the Banks were in compliance with these requirements.

Item 1A. Risk Factors

We may not realize the anticipated benefits from our acquisition of Sterling Banks, Inc.

On July 16, 2010, we completed our acquisition of Sterling Banks, Inc. and its wholly owned subsidiary, Sterling Bank. The acquisition of Sterling is anticipated to strengthen our market position. The success of this transaction, however, will depend on, among other things, our ability to realize anticipated cost savings and to combine the businesses of Sterling Bank and Roma Bank in a manner that permits growth opportunities and does not materially disrupt the existing customer relationships of Sterling Bank nor result in decreased revenues resulting from any loss of customers. In addition, as a result of the merger, we acquired $47.4 million in additional criticized and nonperforming loans. While we believe that we appropriately estimated the potential losses in Sterling's loan portfolio when we priced the transaction, if we underestimated the potential losses, the anticipated benefits of the

merger may not be realized fully or at all or may take longer to realize than expected.

We may be required to record additional impairment charges with respect to our investment securities portfolio.

We review our securities portfolio at the end of each quarter to determine whether the fair value is below the current carrying value. When the fair value of any of our investment securities has declined below its carrying value, we are required to assess whether the impairment is other than temporary. If we conclude that the impairment is other than temporary, we are required to write down the value of that security. The "credit-related" portion of the impairment is recognized through earnings whereas the "noncredit-related" portion is generally recognized through other comprehensive income in the circumstances where the future sale of the security is unlikely. At December 31, 2010, we had investment securities with fair values of approximately $388.5 million of which we had approximately $12.7million in gross unrealized losses. All unrealized losses on investment securities at December 31, 2010 represented temporary impairments of value. However, if changes in the expected cash flows of these securities and/or prolonged price declines result in our concluding in future periods that the impairment of these securities is other than temporary, we will be required to record an impairment charge against income equal to the credit-related impairment.

Recently enacted financial reform legislation could substantially increase our compliance burden and costs and necessitate changes in the conduct of our business.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act will have a broad impact on the financial services industry, including significant regulatory and compliance changes. Many of the requirements called for in the Dodd-Frank Act will be implemented over time and most will be subject to implementing regulations over the course of several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. In particular, the following provisions of the Dodd-Frank Act, among others, are expected to impact our operations and activities, both currently and prospectively:

- Elimination of the OTS as our primary federal regulator, which may require us to adapt to a new regulatory regime;
- New requirements for waivers of dividends by the MHC, which could affect our dividend policies;
- Weakening of federal preemption standards applicable to RomaBank, which could expose us to state regulation;
- Changes in methodologies for calculating deposit insurance premiums and increases in required deposit insurance fund reserve levels, which could increase our deposit insurance expense;
- Application of regulatory capital requirements to the Company; and
- Imposition of comprehensive, new consumer protection requirements, which could substantially increase our compliance burden and potentially expose us to new liabilities.

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Further, we may be required to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements under the Dodd-Frank Act. Failure to comply with the new requirements may negatively impact our results of operations and financial condition. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to our investors.

If our non-performing assets increase, our earnings will decrease.

At December 31, 2010, our non-performing assets (which consist of non-accrual loans, loans 90 days or more delinquent, and foreclosed real estate assets) totaled $44.1million, which is an increase of $27.4 million, or 163.8%, over non-performing assets at December 31, 2009. Our non-performing assets adversely affect our net income in various ways. We do not record interest income on non-accrual loans or real estate owned. Based on our estimate of the level of allowance for loan losses required, we record a provision for loan losses as a charge to earnings to maintain the allowance for loan losses at an appropriate level. From time to time, we also write down the value of properties in our other real estate owned portfolio to reflect changing market values. Additionally, there are legal fees associated with the resolution of problem assets as well as carrying costs such as taxes, insurance and maintenance related to our other real estate owned. Further, the resolution of non-performing assets requires the active involvement of management, which could detract from the overall supervision of our operations. Finally, if our estimate of the allowance for loan losses is inadequate, we will have to increase the allowance accordingly.

The Dodd-Frank Act may have an adverse effect on our ability to pay dividends, which would adversely affect the value of our common stock.

The value of the Company's common stock is significantly affected by our ability to pay dividends to our public shareholders. The Company's ability to pay dividends to our shareholders is subject to the ability of the Banks to make capital distributions to the Company, and also to the availability of cash at the holding company level in the event earnings are not sufficient to pay dividends. Moreover, our ability to pay dividends and the amount of such dividends is affected by the ability of Roma Financial Corporation, MHC, our mutual holding company, to waive the receipt of dividends declared by the Company. The MHC currently waives its right to receive all of its dividends on its shares of the Company, which means that the Company has more cash resources to pay dividends to our public stockholders than if the MHC accepted such dividends. The MHC is required to obtain Office of Thrift Supervision approval before it may waive its receipt of dividends, and the current dividend waiver approval is effective through December 31, 2010. It is expected that the MHC will continue to waive the receipt of future dividends except to the extent dividends are needed to fund its continuing operations.

Office of Thrift Supervision regulations allow federally chartered mutual holding companies to waive dividends without taking into account the amount of waived dividends in determining an appropriate exchange ratio in the event of a conversion of a mutual holding company to stock form. However, under the recently enacted Dodd-Frank Act, the powers and duties of the Office of Thrift Supervision relating to mutual holding companies will be transferred to the Federal Reserve Board within one year of the enactment of the legislation (subject to an extension of up to six months), and the Office of Thrift Supervision will be eliminated. Accordingly, the Federal Reserve Board will become the new regulator of the Company and the MHC. The Dodd-Frank Act also provides that a mutual holding company will be required to give the Federal Reserve Board notice before waiving the receipt of dividends, and sets forth the standards for granting a waiver, including a requirement that waived

dividends be considered in determining an appropriate exchange ratio in the event of a conversion of the mutual holding company to stock form. The Dodd-Frank Act, however, further provides that the Federal Reserve Board may not consider waived dividends in determining an appropriate exchange ratio in a conversion to stock form by any federal mutual holding company, such as the MHC, that has waived dividends prior to December 1, 2009. The Federal Reserve Board historically has generally not allowed mutual holding companies to waive the receipt of dividends, and there can be no assurance as to the conditions, if any, the Federal Reserve Board will place on future dividend waiver requests by grandfathered mutual holding companies such as the MHC.

Difficult market conditions and economic trends have adversely affected our industry and our business.

We are particularly exposed to downturns in the U. S. housing market. Dramatic declines in the housing market over the past two years, with decreasing home prices and increasing delinquencies and foreclosures, have negatively impacted the credit performance of mortgage and construction loans and resulted in significant write-downs of assets by many financial institutions. In addition, the values of real estate collateral supporting many loans have declined and may continue to decline. General downward economic trends, reduced availability of commercial credit and increasing unemployment have negatively impacted the credit performance of commercial and consumer credit, resulting in additional write-downs. Concerns over the stability of the financial markets and the economy have resulted in decreased lending by financial institutions to their customers and to each other. This market turmoil and tightening of credit has led to increased commercial and consumer deficiencies, lack of customer confidence, increased market volatility and widespread reduction in general business activity. Competition among depository institutions for deposits has increased significantly. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets may adversely affect our business, financial condition, results of operations and stock price. We do not expect that the difficult market conditions will improve in the near future. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the industry. In particular, we may face the following risks in connection with these events:

- We expect to face increased regulation of our industry. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.

- Our ability to assess the creditworthiness of customers and to estimate the losses inherent in our credit exposure is made more complex by these difficult market and economic conditions.

- Regulatory change may affect our dividend exclusion, MHC structure and Thrift Charter.

- We also may be required to pay even higher Federal Deposit Insurance Corporation premiums than the recently increased level, because financial institution failures resulting from the depressed market conditions have depleted and may continue to deplete the deposit insurance fund and reduce its ratio of reserves to insured deposits.

- Our ability to borrow from other financial institutions or the Federal Home Loan Bank on favorable terms or at all could be adversely affected by further disruptions in the capital markets or other events.

- We may experience a decrease in dividend income from our investment in Federal Home Loan Bank stock.

- We may experience increases in foreclosures, delinquencies and customer bankruptcies, as well as more restricted access to funds.

- We may experience losses as a result of declines in value of our investment portfolio that may be other than temporary.

Recent levels of market volatility are unprecedented.

The capital and credit markets have been experiencing volatility and disruption for more than a year. The volatility and disruption that had reached unprecedented levels, stabilized to some degree in 2010. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

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 increased its target federal funds rate. However, in the last two quarters of 2007 and in all four quarters of 2008 rates were dropped and in 2009 and 2010 remained constant. While the federal funds rate and other short-term market interest rates, which we use as a guide to our deposit pricing, have decreased, the market has not responded correspondingly. The effect is the narrowing of in the interest spread between deposit rates and the rates at which we lend.

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 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

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case of a 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 collectability 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. At December 31, 2010, our allowance for loan losses was $9.8 million, representing 1.08% of outstanding loans and 24.30% 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, 2010, our loan portfolio included $273.2 million of commercial and multi-family real estate loans and $36.1 million of commercial business loans, together amounting to 34.0% of our total loan portfolio, and $37.2 million of construction loans, representing 4.1% 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 borrowers' 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 $346.5 million at December 31, 2010, including loans acquired in the merger, 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 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 nine of our twenty-six offices are located, was 7.3% at June 30, 2010, the latest date for which market share information is available. In Burlington, New Jersey, where eleven of our twenty-six offices are located, our market share was 4.7% at June 30, 2010, the latest date for which market share was 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. 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 2008 in Whiting and Bordentown, New Jersey, our Hopewell branch in the spring of 2008 and our Columbus and Lawrenceville branches in the early fall of 2008. We added ten new branches with the acquisition of the former Sterling bank and RomAsia Bank added one branch in 2010. We do not currently have any new branches planned. Expenses related to any future 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

Not applicable.

Item 2. Properties

At December 31, 2010, our net investment in property and equipment totaled $47.3 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.

| Office Location | Year Facility Opened | Leased or Owned | Net Book Value at December 31, 2010 (In thousands) |
|---|---|---|---|
| Corporate Headquarters and Robbinsville Town Center Office:<br>2300 Route 33<br>Robbinsville, NJ | 2005 | Owned | $ 12,589 |
| Chambersburg Office:<br>485 Hamilton Avenue<br>Trenton, NJ | 1962 | Owned | 386 |
| Mercerville Office:<br>500 Route 33<br>Hamilton, NJ | 1971 | Owned | 721 |
| Yardville Office:<br>4500 South Broad Street<br>Hamilton, NJ | 1984 | Owned | 1,248 |
| West Trenton Office:<br>79 West Upper Ferry Road<br>West Trenton, NJ | 1986 | Owned | 1,146 |
| Hamilton Center City Office:<br>1155 Whitehorse-Mercerville Road<br>Hamilton, NJ | 1991 | Owned | 4,116 |
| South Trenton Office:<br>1450 South Broad Street<br>Trenton, NJ | 1993 | Owned | 816 |
| Florence Township Office<br>2150 Route 130 North<br>Florence Township<br>Burlington, NJ | 2003 | Owned | 2,319 |
| Plumsted Office<br>400 Route 539<br>Cream Ridge, NJ | 2007 | Owned | 2,581 |
| Bordentown Office<br>213 Route 130<br>Bordentown, NJ 08505 | 2008 | Leased | 526 |
| Whiting Office<br>451 Lacey Road<br>Whiting, NJ 08759 | 2008 | Leased | 1,569 |
| Hopewell Office<br>84 route 31, Suite 101<br>Hopewell, NJ 08534 | 2008 | Leased | 617 |
| Columbus Office<br>23201 Columbus Road<br>Columbus, NJ 08022 | 2008 | Leased | 1,338 |
| Lawrenceville Office<br>160 Lawrenceville-Pennington Road, Suite 14<br>Lawrenceville, NJ 08648 | 2008 | Leased | 275 |

| | | | |
|---|---|---|---|
| RomAsia Bank 2008 Owned*<br>4287 Rt. 1 South<br>Monmouth Jct., NJ 08852 | 2008 | Owned* | 3,208 |

*Owned by Roma Financial Corporation leased to RomAsia Bank.

| | Year Facility Acquired | Leased or Owned | Net Book Value at December 31, 2010 (In thousands) |
|---|---|---|---|
| Larchmont Office:<br>3100 Route 38<br>Mount Laurel, NJ 08054 | 2010 | Leased | $ 493 |
| Vincentown Office:<br>52 Main Street<br>Vincentown, NJ 08088 | 2010 | Owned | 213 |
| Marlton Office:<br>320 Evesboro-Medford Road<br>Marlton, NJ 08053 | 2010 | Leased | 48 |
| Medford Office:<br>415 Stokes Road<br>Medford, NJ 08055 | 2010 | Leased | 101 |
| Bordentown (Farnsworth) Office:<br>789 Farnsworth Avenue<br>Bordentown, NJ 08505 | 2010 | Owned | 1,057 |
| Florence (Broad Street) Office:<br>4 Broad Street<br>Florence, NJ 08518 | 2010 | Owned | 192 |
| Maple Shade Office:<br>124 East Main Street<br>Maple Shade, NJ 08052 | 2010 | Owned | 627 |
| Delran Office:<br>80 Hartford Road<br>Moorestown, NJ 08057 | 2010 | Leased | 1,749 |
| Voorhees Office:<br>1006 Kresson Road<br>Voorhees, NJ 08043 | 2010 | Leased | 789 |
| Wexford Office:<br>1951 Route 70 East<br>Cherry Hill, NJ 08003 | 2010 | Owned | 722 |
| Edison Office (RomAsia Bank):<br>561 US Highway 1<br>Edison, NJ 08817 | 2010 | Leased | 536 |

Item 3. Legal Proceedings

The Banks, from time to time, are party to routine litigation which arise 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 the Company, the Banks or subsidiaries at December 31, 2010 that would have a material effect on our operations or income.

Item 4.

Reserved.

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 Global Select Market under the symbol "ROMA". The table below shows the reported high and low closing prices of common stock and dividends paid during the periods indicated.

| Quarters Ended | High | Low | Dividends |
|---|---|---|---|
| March 31, 2009 | $ 13.27 | $ 9.70 | $.08 |
| June 30, 2009 | $ 14.05 | $ 11.58 | $.08 |
| September 30, 2009 | $ 13.43 | $ 11.69 | $.08 |
| December 31, 2009 | $ 13.19 | $ 11.74 | $.08 |
| March 31, 2010 | $ 12.79 | $ 11.44 | $.08 |
| June 30, 2010 | $ 12.65 | $ 10.86 | $.08 |
| September 30, 2010 | $ 11.64 | $ 10.19 | $.08 |
| December 31, 2010 | $ 10.65 | $ 9.40 | $.08 |

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.

During the years ended December 31, 2010, 2009 and 2008. Roma Financial Corporation, MHC waived its right, upon non-objection from the Office of Thrift Supervision, to receive cash dividends of $7.2 million, $7.2 million, and $7.2 million, respectively, declared by the Company during the year.

As of March 2, 2011, there were approximately 3,995 shareholders of record of the Company's common stock, including brokerage firms, banks and registered clearing agents acting as nominees for an indeterminate number of beneficial owners.

The Office of Thrift Supervision allows mutual holding companies to waive the receipt of dividends without taking waived dividends into account in determining an appropriate exchange ratio in the event of a conversion of the mutual holding company to stock form. However, the Dodd-Frank Act transfers the authority to review and approve mutual holding company dividend waivers to the Federal Reserve Board and sets forth standards for Federal Reserve Board approval, including that waived dividends will be taken into account in determining an appropriate exchange ratio in a conversion of a mutual holding company to stock form. The Dodd-Frank Act further provides that the Federal Reserve Board may not consider waived dividends in determining an appropriate exchange ratio in the event of a mutual-to-stock conversion of a federal mutual holding company, such as the MHC, that has waived dividends prior to December 1, 2009. The Federal Reserve Board historically has generally not allowed mutual holding companies to waive the receipt of dividends, and there can be no assurance as to the conditions, if any, the Federal Reserve Board will place on future dividend waiver requests by grandfathered mutual holding companies such as the MHC. See "The recently enacted financial reform legislation may have an adverse effect on our ability to pay dividends which would adversely affect the value of our common stock," under "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

On March 18, 2010, the Company announced a third five percent stock repurchase plan, equivalent to 360,680 shares. The repurchase was completed on September 23, 2010 at a total cost of $4.1 million, or approximately $11.67 per share.

On September 17, 2010, the Company announced a fourth five percent stock repurchase plan equivalent to 342,646 shares. The repurchase was completed on December 3, 2010 at a total cost of $3.4 million, or approximately $9.78 per share. The following table details shares repurchased during the last quarter of 2010.

| Period | Total Number of Shares Repurchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Maximum Number of shares that may Yet Be Purchased Under the Plan |
|---|---|---|---|---|
| October 1-31, 2010 | 38,000 | $10.25 | 38,000 | 304,646 |
| November 1-30, 2010 | 28,000 | $10.09 | 28,000 | 276,646 |
| December 1-3, 2010 | 276,646 | $9.69 | 276,646 | - |
| Total | 342,646 | $9.78 | 342,646 | - |

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 Global Select 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.

Roma Financial Corporation

| | Period Ending | | | | | |
|---|---|---|---|---|---|---|
| Index | 07/12/06 | 12/31/06 | 12/31/07 | 12/31/08 | 12/31/09 | 12/31/10 |
| Roma Financial Corporation | 100.00 | 117.45 | 112.46 | 92.15 | 92.88 | 81.91 |
| NASDAQ Composite | 100.00 | 115.55 | 126.89 | 75.45 | 108.56 | 132.27 |
| SNL Thrift MHCs | 100.00 | 123.34 | 108.43 | 113.75 | 102.42 | 94.62 |

The NASDAQ Composite Index measures all domestic and international based common type stocks listed on the NASDAQ Global Select 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.

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, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (In thousands) | | | | |
| Balance Sheet Data: | | | | | |
| Total assets | $ 1,819,154 | $ 1,312,001 | $ 1,077,095 | $ 907,114 | $ 875,533 |
| Loans receivable, net | 893,842 | 585,759 | 520,406 | 458,873 | 420,382 |
| Mortgage backed securities held to maturity | 421,114 | 248,426 | 301,878 | 144,099 | 144,480 |
| Securities available for sale | 52,513 | 30,144 | 17,000 | 17,238 | 19,331 |
| Investment securities held to maturity | 244,421 | 305,349 | 74,115 | 127,706 | 169,927 |
| Cash and cash equivalents | 89,587 | 50,895 | 80,419 | 95,302 | 64,701 |
| Goodwill | 1,826 | 572 | 572 | 572 | 572 |
| Deposits | 1,503,560 | 1,015,755 | 764,233 | 651,030 | 625,972 |
| Federal Home Loan Bank borrowings | 35,000 | 24,826 | 46,929 | 28,940 | 7,863 |
| Securities sold under agreement to repurchase | 40,000 | 40,000 | 40,000 | — | — |
| Total stockholders' equity | 212,476 | 216,220 | 213,016 | 218,303 | 234,654 |

| | Year Ending December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (In thousands, except share and per share data) | | | | |
| Summary of Operations: | | | | | |
| Interest income | $ 66,413 | $ 54,813 | $ 48,095 | $ 45,769 | $ 40,869 |
| Interest expense | 20,276 | 21,683 | 19,720 | 17,783 | 15,190 |
| Net interest income | 46,137 | 33,130 | 28,375 | 27,986 | 25,679 |
| Provision for loan losses | 6,855 | 3,280 | 787 | 492 | 291 |
| Net interest income after provision for loan losses | 39,282 | 29,850 | 27,588 | 27,494 | 25,388 |
| Non-interest income | 7,369 | 2,804 | 4,229 | 4,060 | 3,460 |
| Non-interest expense | 38,477 | 29,012 | 25,120 | 20,327 | 21,206 |
| Income before income taxes | 8,174 | 3,642 | 6,697 | 11,227 | 7,642 |
| Provisions for income taxes | 2,981 | 1,035 | 2,190 | 4,134 | 2,394 |
| Net income before noncontrolling interests | 5,193 | 2,607 | 4,507 | 7,093 | 5,248 |
| Noncontrolling interests | (87) | 8 | 161 | 123 | — |
| Net Income | $ 5,106 | $ 2,615 | $ 4,668 | $ 7,216 | $ 5,248 |
| Net income per share – basic and diluted | $ 0.17 | $ 0.09 | $ 0.15 | $ 0.23 | $ 0.19 |
| Dividends per share | $ 0.32 | $ 0.32 | $ 0.32 | $ 0.24 | $ 0.00 |
| Weighted number of common shares outstanding | 30,554 | 30,680 | 30,584 | 31,563 | 27,305 |

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| | At or For the Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Performance Ratios: | | | | | |
| Return on average assets (net income divided by average total assets | 0.32% | 0.22% | 0.48% | 0.82% | 0.62% |
| Return on average equity (net income divided by average equity) | 2.38 | 1.23 | 2.15 | 3.12 | 2.89 |
| Net interest rate spread | 3.18 | 3.46 | 2.67 | 2.71 | 2.78 |
| Net interest margin on average interest-earning assets | 3.10 | 2.94 | 3.18 | 3.42 | 3.28 |
| Average interest-earning assets to average interest-bearing liabilities | 1.16x | 1.19x | 1.23x | 1.33x | 1.24x |
| Efficiency ratio (Non-interest expense divided by the sum of net interest income and non-interest income) | 82.77% | 89.56% | 78.95% | 63.43% | 72.78% |
| Non-interest expense to average assets | 2.50 | 2.57 | 2.81 | 2.30 | 2.52 |
| | | | | | |
| Asset Quality Ratios: | | | | | |
| Non-performing loans to total loans | 4.44 | 2.48 | 1.95 | 1.46 | 0.08 |
| Non-performing assets to total assets | 2.44 | 1.27 | 0.96 | 0.76 | 0.04 |
| Net charge-offs to average loans outstanding | 0.03 | 0.05 | 0.03 | 0.01 | — |
| Allowance for loan losses to total loans | 1.08 | 0.88 | 0.42 | 0.34 | 0.27 |
| Allowance for loan losses to non-performing loans | 24.4 | 35.40 | 21.42 | 23.25 | 322.04 |
| Allowance for loan losses to legacy Roma non-performing loans | 43.8 | 35.40 | 21.42 | 23.25 | 322.04 |
| Capital Ratios: | | | | | |
| Average equity to average assets (average equity divided by average total assets) | 13.65 | 17.50 | 22.37 | 26.19 | 21.53 |
| Equity to assets at period end | 11.68 | 16.48 | 19.62 | 24.07 | 26.80 |
| Tangible equity to tangible assets at period end | 11.63 | 15.75 | 18.25 | 24.01 | 26.91 |
| | | | | | |
| Number of Offices: | | | | | |
| Offices | 26 | 15 | 15 | 11 | 9 |

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

General

This discussion and analysis reflects the Company'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. The Company 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-earnings 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. On July 16, 2010, the company completed its acquisition of Sterling Banks Inc., at the time of the merger, Sterling had $360.4 million, $272.3 million in loans receivable and $320.7 million in deposits. Pursuant to purchase accounting, the Company's results of operations include the effect of the merger subsequent to July 16, 2010.

Our interest-earning assets primarily consist of loans, mortgage-backed securities and investment securities. At December 31, 2010, net loans comprised 49.1% of our total assets and our securities portfolio comprised 39.5% of our total assets. The most significant change in interest-earning assets from the prior year was a $179.1 million, or 32.5%, increase in the average balance of loans receivable, net from $551.4 million for the year ended December 31, 2009, to $730.5 million for the year ended December 31, 2010. At year end, actual loans receivable, net, totaled $893.8 million, an increase of $308.1 million over the prior year. Of this, $272.3 million represented loans acquired in the merger. During 2010 and 2009, 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 58.5%, or $100.8 million, from 2009 to 2010, and 37.0%, or $49.9 million, from 2008 to 2009.

During 2010, the amount of mortgage backed securities increased $172.7 million due to $240.0 million in purchases before principal repayments, as investments in this category were at a more favorable rate and price than other investment optons.

Our interest-bearing liabilities consist primarily of retail deposits, borrowings from the FHLBNY, and, securities sold under agreements to repurchase. At December 31, 2010, our total deposits were $1.5 billion, compared to $1.0 billion at December 31, 2009. The $487.8 million, or 48.0%, increase in deposits was in all product areas. Included in this increase is $320.7 million of deposits acquired in the merger. Management continued to be challenged during 2010 to maintain competitive deposit rates, while containing the cost of funds.

Our borrowings from the FHLBNY were $35.0 million compared to $24.8 million a year earlier. This advance was repaid in the first quarter of 2009. The Company acquired in the merger $6.2 million of subordinated debt maturing in 2037 with an interest rate of 6.7%. In October 2010, the Company repaid $4.0 million of the debt.

Our net interest income increased 39.27% to $46.1 million in 2010, from $33.1 million in 2009. The net interest spread increased to 2.88% from 2.56% in 2009, as the average cost of interest bearing

liabilities decreased 71 basis points, while the yield on interest-earning assets declined 9 basis points. For 2010, the average cost of interest-bearing liabilities was 1.59% and the average yield on interest-earning assets was 4.47%. Total interest income increased 21.16%, due to a 31.9% increase in the average balance of interest-earning assets, but was offset by a 39 basis point decrease in average yield. Interest expense decreased 6.5%, with a 28.5% increase in average interest bearing liabilities, but benefitting from a 71 basis point decline in the cost of interest bearing liabilities. Net interest income increased 39.26%.

Our results of operations are also influenced by our provisions for loan losses, non-interest income and non-interest expense. The provision for loan losses increased as we added to the specific reserves as collateral values declined and increased our percentages in various environmental areas for the general reserve. Non-interest income includes service fees and charges, including income generated by the Banks' retail branch networks 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 $5.4 million to $8.2 million in 2010, compared to $2.8 million in 2009. The increase was primarily due to a gain of $2.0 million on a security that had a $2.2 million impairment loss in 2009. Non-interest expense includes salaries and employee benefits, occupancy expenses and other general and administrative expenses. Non-interest expense increased by $10.3 million, or 35.3%, to $39.3 million in 2010, compared to $29.0 million in 2009. The increase was primarily due to expenses related to the merger and the ten branches also acquired in the merger.

Net income for the year ended December 31, 2010 was $5.1 million, a increase of $2.5 million or 96.1% from $2.6 million for the year ended December 31, 2009.

Total assets increased $507.2 million, or 38.6%, to $1.8 billion, from $1.3 billion at December 31, 2009. Cash and cash equivalents increased $38.7 million from year to year. Loans receivable, net, increased $308.1 million, investments held to maturity decreased $60.9 million, while mortgage backed securities increased $172.7 million at December 31, 2010, as compared to December 31, 2009.

Stockholders' equity decreased $3.7 million, or 1.7%, to $212.5 million at December 31, 2010 due to dividend payments and stock repurchases.

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

- Increasing the volume of loan originations and the size of our loan portfolio relative to our securities portfolio;
- Increasing originations of multi-family and commercial real estate loans, construction loans, and commercial business loans;
- Building core banking business through internal growth and growing our branches, and judiciously considering expansion through acquisition opportunities.
- Developing a sales culture by training and encouraging branch personnel to promote existing products and services to our customers; and
- 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

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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 primarily 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 for loan losses, we consider the losses inherent in our loan portfolio and changes in the nature and volume of our loan activities, along with general economic and real estate market conditions. We utilize a segmented approach which identifies: (1) impaired loans for which specific reserves are established; (2) classified loans for which a higher allowance is established; and (3) performing loans for which a general valuation allowance is established. We maintain a loan review system which provides for a systematic review of the loan portfolios and the early identification of impaired loans. The review of residential real estate and home equity consumer loans, as well as other more complex loans, is triggered by identified evaluation factors, including delinquency status, size of loan, type of collateral and the financial condition of the borrower. All commercial loans are evaluated individually for impairment. Specific loan loss allowances are established for impaired loans based on a review of such information and/or appraisals of the underlying collateral. General loan loss allowances are based upon a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions and management's judgment.

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

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

The excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable discount or premium and is recognized into interest income over the remaining life of the loan. The difference between the contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non accretable discount. The nonaccretable discount represents estimated future credit losses expected to be incurred over the life of the loan. Subsequent decreases to the expected cash flows require us to evaluate the need for an allowance for credit losses. Subsequent improvements in expected cash flows result in the reversal of a corresponding amount of the

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nonacrretable discount which we then reclassify as accretable discount that is recognized into interest income over the remaining life of the loan using the interest method. Our evaluation of the amount of future cash flows that we expect to collect is performed in a similar manner as that used to determine our allowance for credit losses. Charge-offs of the principal a43 unt on acquired loans would be first applied to the nonaccretable discount portion of the fair value adjustment.

Comparison of Financial Condition at December 31, 2010 and December 31, 2009

General. Our total assets increased by $507.1 million, or 38.6%, to $1.8 billion at December 31, 2010 compared to $1.3 billion at December 31, 2009, primarily due to approximately $360.5 million of assets acquired in the acquisition of Sterling. The assets consisted of $272.3 in net loans, $32.7 million in investments and $7.3 million in real property. Other increases include $35.8 million in net loans apart from the loans acquired in the merger, $134.1 million in securities investments, and various other small increases.

Cash and Cash Equivalents. Cash and cash equivalents increased $38.7 million, or 76.0%, to $89.6 million at December 31, 2010 from $50.9 million at December 31, 2009.

Securities available for sale. The carrying value of securities available for sale increased $22.4 million, or 74.2%, to $52.5 million at December 31, 2010 compared to $30.1 million for the prior year. The increase was primarily due to $25.3 million of available for sale securities acquired in the acquisition.

Investment securities held to maturity. Investment securities held to maturity decreased $60.9 million, or 20.0%, to $244.4 million at December 31, 2010 from $305.3 million at December 31, 2009. The decrease in the investments held to maturity portfolio was primarily due to calls of securities and the reinvestment of the call proceeds in mortgage backed securities which later in the year had more attractive yields and price points, and provided a balance in our interest rate risk. The weighted yield of the portfolio at December 31, 2010 was 3.68%.

Mortgage-backed securities. Mortgage-backed securities increased $172.7 million, or 69.5%, to $421.1 million at December 31, 2010, from $248.4 million at December 31, 2009. The average yield on mortgage-backed securities at December 31, 2010 was 4.15%.\

Loans. Loans receivable, net, increased $308.1 million or 52.6% to $893.8 million at December 31, 2010, compared to $585.8 million at December 31, 2009. Included in the increase are approximately $272.3 million of loans acquired in the merger. Conventional one-to-four family mortgages increased $106.7 million, or 42.3%, to $358.5 million at December 31, 2010, compared to $251.9 million at December 31, 2009. Loans in this category increased due to loans acquired in the merger and the lower rate environment. Mortgage volume increased during 2010, as we experienced a demand for refinancing from both existing and new customers. Commercial and multi-family mortgages, construction and commercial loans increased $135.7 million, an increase of 64.4%, to $346.5 million at December 31, 2010, compared to $210.8 million in the prior year. Majority of the growth came from loans acquired in the merger as new commercial loan originations remained slow. Home equity and consumer loans increased $70.5 million, or 52.5%, to $204.7 million at December 31, 2010, compared to $134.2 million the prior year. Majority of the increase was related to loans acquired in the merger; and an improvement in equity loan demand.

Premises and equipment. Premises and equipment increased $8.2 million, or 21.0%, to $47.4 million at December 31, 2010, compared to $39.1 million in the prior year. Included in the increase is $7.3 million of premises and equipment acquired in the merger. Roma Bank also holds a 50% interest in a variable interest entity which owns real estate which is listed separately on the balance sheet as real estate owned via equity investment. The Company acquired two closed branch locations in the merger which are held for sale and listed separately on the balance sheet.

Bank Owned Life Insurance. Bank owned life insurance ("BOLI") increased $3.8 million to $28.1 million at December 31, 2010 compared to $24.3 million the prior year. Included in this amount is $2.6 million acquired in the merger.

Real Estate Owned. Real estate owned increased $1.8 million to $3.7 million at December 31, 2010, compared to $1.9 million at December 31, 2009. The Bank acquired $2.6 million of real estate owned in the merger. During 2010, seven new properties were added to real estate owned and four were sold. At December 31, 2010, the Company held seven residential properties and two commercial.

Other assets. All other assets increased $11.4 million to $33.4 million at December 31, 2010, compared to $22.0 million a year earlier. The increase was primarily a result of an increase of $8.7 million in deferred taxes, $1.6 million in accrued interest receivable and $1.7 million in Federal Home Loan Bank stock.

Deposits. Deposits increased by $487.8 billion, or 48.0%, to $1.5 billion at December 31, 2010, compared to $1.6 million in the prior year. Included in this increase are $320.7 million of deposits acquired in the merger. Non-interest bearing time deposits increased $32.3 million, or 99.4%, to $64.8 million at December 31, 2010, compared to $32.5 million at December 31, 2009. Interest bearing checking accounts increased $47.8 million, or 36.9%, to $177.3 million at December 31, 2010, compared to $129.5 million in the prior year. The weighted average interest rate of total checking accounts, including both interest bearing and non-interest bearing, was 0.22% at December 31, 2010, compared to 0.25% in the prior year. Savings and club accounts increased $163.0 million, or 59.1%, to $439.0 million at December 31, 2010, compared to $276.0 million at December 31, 2009. The weighted average interest rate of savings and club accounts at December 31, 2010 was .79%, compared to .91% in the prior year. Certificates of deposit increased $244.6 million, or 42.3%, to $822.4 million at December 31, 2010, compared to $577.8 million in the prior year. The weighted average interest rate of certificates of deposit at December 31, 2010 was 1.83%, compared to 2.47% in the prior year. The consolidated deposits include deposits of RomAsia Bank totaling $97.7 million at December 31, 2010 and $71.6 million at December 31, 2009. Competition in our market place for deposits continued to be a challenge in 2010.

Federal Home Loan Bank Advances. Federal Home Loan Bank of New York (FHLBNY) advances increased $10.2 million to $35.0 million at December 31, 2010 compared to $24.8 million at December 31, 2009. Roma Bank has a $23.0 advance with the FHLBNY for ten years, with a three year call, at 3.9% interest, with interest paid quarterly. RomAsia Bank has various short term advances totaling $12.0 million.

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

Securities Sold Under Agreements to Repurchase. In August 2008, the Company entered into an agreement to sell securities under agreement to repurchase in the amount of $40.0 million. The maturities and respective interest rates are as follows: $10.0 million maturing in 2015, with a two year call at 3.22%; $20.0 million maturing in 2018, with a three year call at 3.51%; and, $10.0 million maturing in 2018, with a five year call at 3.955%. The agreement is collateralized by securities described in the underlying agreement which are held in safekeeping at the FHLBNY.

Other Liabilities. Other liabilities decreased minimally by $103 thousand to $12.4 million at December 31, 2010, compared to $12.5 million at December 31, 2009.

Stockholders' Equity. Stockholders' equity decreased $3.7 million, or 1.7%, to $212.5 million at December 31, 2010. The decrease was primarily a result of stock repurchases of $7.5 million and dividends paid to minority shareholders of $2.3 million, offsetting by net income of $5.1 million.

Comparison of Operating Results for the Years Ended December 31, 2010 and December 31, 2009

General. Net income for the year ended December 31, 2010 was $5.1 million, an increase of $2.5 million, or 95.3%, from $2.6 million for the year ended December 31, 2009. Net income benefitted from a realized gain of $2.0 million on an equity security that had been written down as an- other than temporary impairment in 2009 by $2.2 million. Operating results were also impacted by the acquisition of Sterling since July 16, 2010.

Net Interest Income. Net interest income, after the provision for loan loss increased $9.5 million, or 31.6%, to $39.3 million, compared to $29.9 million for the year ended December 31, 2009. Our net interest rate spread on the average balance sheet decreased 32 basis points to 2.88%, compared to 2.56% the prior year. The average yield on interest earning assets decreased 39 basis points, while the average cost of interest bearing liabilities decreased 71 basis points. The average yield on interest bearing assets was 4.47% and 4.86% for the years ended December 31, 2010 and 2009, respectively. The average cost of interest-bearing liabilities for the years ending December 31, 2010 and 2009 were 1.59% and 2.30%, respectively.

Interest Income. Total interest income increased $11.6 million, or 21.2%, to $66.4 million for the year ended December 31, 2010, compared to $54.8 million for the prior year. The improvement in interest income resulted from an increase in the average balance of interest earning assets.

Interest income on loans increased $8.7 million, or 27.9%, to $40.0 million for the year ended December 31, 2010, compared to $31.3 million for the prior year. The increase resulted from an increase in the average balance of loans from $551.4 million to $730.5 million; an increase of $179.1 million over 2009. This was offset by a decrease in the average yield on loans from year over year of 19 basis points.

Interest income on mortgage-backed securities held to maturity decreased $767 thousand, or 5.4%, to $13.5 million for the year ended December 31, 2010, compared to $14.3 million in the prior year. This decrease was due primarily to 61 basis point decrease in average yield on mortgage backed securities, offset by volume increases.

Interest income on investment securities available for sale and held to maturity increased $3.9 million, or 44.8%, to $12.4 million for the year ended December 31, 2010 compared to $8.5 million for the prior year. The average yield on investment securities available for sale and held to maturity decreased 11 basis points to 3.69%, compared to 3.80% in the prior year. The average balance of investment securities available for sale and held to maturity increased $114.6 million to $334.2 million in 2010, compared to $219.6 million in the prior year. The increase in the average balance was primarily due to more favorable rates and prices than other investment options.

Interest income on other interest-earning assets decreased $180 thousand to $0.5 million in 2010, compared to $0.7 million in the prior year. The average yield on other interest-bearing assets decreased 40 basis points to 0.40% in 2010, compared to 0.80% in the prior year. The decrease was primarily the result of a continued decline in overnight interest rates in 2010. The average balance of other interest-bearing assets increased $45.3 million to $127.8 million in 2010, compared to $82.5 million in 2009.

Interest Expense. Total interest expense decreased $1.4 million, or 6.45%, to $20.3 million for the year ended December 31, 2010, compared to $21.7 million in the prior year. The decrease primarily related to a 46 basis point decrease in the weighted average interest rate on deposits from year to year, offsetting a 48.0% increase in the portfolio balance. The average cost of interest-bearing liabilities decreased 71 basis points to 1.59% compared to 2.30% in the prior year. The average balance of interest-bearing liabilities increased $333.8 million to $1.3 billion compared to $944.4 million in the prior year.

Interest expense on deposits decreased $1.5 million, or 7.8%, to $17.7 million in 2010, compared to $19.2 million in 2009. Average interest-bearing demand deposits increased $332.2 million, or 38.0%, to $1.2 billion for the year ending December 31, 2010, compared to $0.9 billion at the end of the prior year. The average cost of demand deposits decreased 16 basis points from year to year. Average savings and club accounts increased $112.6 million, or 46.1%, to $356.5 million, compared to $243.9 million in the prior year. The average cost of interest-bearing savings and club accounts decreased 31 basis points to 0.92%, compared to 1.23% in the prior year. The average cost of interest-bearing certificates of deposits decreased 103 basis points to 1.98%, compared to 3.01% in the prior year. The average balance of interest-bearing certificates of deposit increased $179.3 million, or 34.6%, to $698.2 million, compared to $518.9 million in 2009.

Interest expense on FHLBNY advances decreased $40 thousand to $1.0 million, compared to $1.0 million in the prior year. The average cost of borrowings decreased 10 basis points to 3.45% compared to 3.56% 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%. In August 2008, the Company borrowed $40.0 million under an agreement to repurchase securities at a blended interest rate of 3.55%. RomAsia Bank has $12.0 million of short-term borrowing from FHLBNY.

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The Bank acquired in the merger Subordinated Debentures totaling $6.2 million maturing in 2037, callable in June 2012 at a rate of 6.8%. The Bank paid off a portion of this debt in October 2010. At December 31, 2010, the balance was $1.9 million.

Provision for Loan Losses. We charge provisions for loan losses to operations at levels required to reflect credit losses in the loan portfolios that are both probable and reasonable to estimate. Management, in determining the allowance for loan losses, considers the losses inherent in the loan portfolios and changes in the nature and volume of our loan activities, along with the general economic and real estate market conditions. We utilize a two-tier approach: (1) establishment of general valuation allowances in the remainder of our loan portfolio, and (2) 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 $3.6 million to $6.9 million for the year ended December 31, 2010 compared to $3.3 million in the prior year. The provision was increased in response to the increase in the average balance of the portfolio, and in response to deteriorating commercial real estate values which affect our collateral position. During 2010, total net loans increased $308.0 million to $893.8 million at December 31 2010, compared to $585.8 million at December 31, 2009. The allowance for loan loss was 1.09% of total loans, and, 1.59% of legacy Roma loans, at December 31, 2010, compared to 0.89% in the prior year.

In December 2010, the Bank worked with a consultant to validate and strengthen the peer, internal risk and historical data driving our allowance for loan loss methodology. 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 $5.4 million, or 192.9%, to $8.2 million in 2010 compared to $2.8 million in the prior year. The increase was primarily due to a realized gain of $2.0 million on an equity security on which we had taken a $2.2 million impairment loss in 2009.

Commissions on sale of title policies decreased minimally to $1.0 million compared to $1.1 million in the prior year, primarily due to static real estate transactions.

Fees and service charges on deposits and loans increased minimally, $246 thousand, to $1.8 million, compared to $1.6 million in the prior year. Fees and service-charges on deposits increased $18 thousand, or 1.2%, to $1.5 million, compared to $1.5 million in the prior year. The minimal increase was primarily due to no increases in fees from our overdraft protection program, which offset fee income related to deposits and loans acquired in the merger with Sterling. Fees and service charges on loans increased minimally $228 thousand primarily from late charge fees.

Income from bank-owned life insurance increased $37 thousand in 2010. No new policies were purchased in 2010, however, $2.6 million of bank owned life insurance was cquired in the merger.

Other non-interest income increased $5.2 million to $4.1 million in 2010, compared to $1.1 million loss in the prior year. The increase was primarily due to realized gain of $2.0 million on an equity security that had a $2.2 million impairment loss in the prior year.

Non-Interest Expense. Non-interest expense increased $10.3 million, or 35.5%, to $39.3 million in 2010, compared to $29.0 million in the prior year. The increase was primarily due to the merger with Sterling Bank and the related merger expenses and costs associated with the ten branches acquired in the merger.

Salaries and employee benefits increased $4.9 million, or 30.0.%, to $20.9 million in 2010, compared to $16.0 million in the prior year. The increase in costs were primarily related to the merger.

Net occupancy expense of premises increased approximately $847 thousand, or 27.6%, to $3.7 million in 2010 compared to $2.9 million in the prior year. Costs related to the ten branches acquired in the merger were $806 thousand.

Equipment costs increased $548 thousand, or 12.3%, to $3.1 million for the year ended December 31, 2010 compared to $2.5 million in the prior year. The increase was primarily related to costs associated with the merger of $252 thousand, costs related to RomAsia's new branch and normal increases.

Data processing costs increased $354 thousand, or 21.9%, to $2.0 million in 2010, compared to $1.6 million in the prior year. This increase was primarily related to the merger and the need to have duplicate systems for a short period of time.

Advertising decreased $15 thousand to $827 thousand in 2010, compared to $842 thousand in the prior year.

Other non-interest expense increased $3.5 million, or 102.9% to $6.9 million in 2010, compared to $3.4 million in the prior year. Included in other non-interest expense is $924 thousand of merger expenses. Other increases included $690 thousand in REO and loan expense related to costs associated with impaired loans, write downs on REO values of $705 thousand, and $527 thousand of increases in operating expenses such as telephone, supplies, insurance, etc.

Provision for Income Taxes. The provision for income taxes increased $1.9 million, or 63.3%, to $3.0 million in 2010 compared to $1.0 million in the prior year. The increase is primarily related to an increase of 95% inpre-tax income lowered by increases in tax free income primarily from bank owned life insurance. The effective tax rate for 2010 was 36.47% compared to 28.42% for 2009.

Comparison of Operating Results for the Years Ended December 31, 2009 and December 31, 2008

General. Net income for the year ended December 31, 2009 was $2.6 million, a decrease of $2.1 million, or 44.0%, from $4.7 million for the year ended December 31, 2009. The decrease was primarily due to increased provisions for loan losses, the increase in Federal Deposit Insurance Premiums, and the loss on other-than-temporary impairment of $2.2 million.

Net Interest Income. Net interest income, after the provision for loan loss increased $2.2 million, or 8.2%, to $29.8 million, compared to $27.6 million for the year ended December 31, 2009. Our net interest rate spread on the average balance sheet decreased 6 basis points to 2.56%, compared to 2.62% the prior year. The average yield on interest earning assets decreased 51 basis points, while the average cost of interest bearing liabilities decreased 45 basis points. The average yield on interest bearing assets was 4.86% and 5.37% for the years ended December 31, 2009 and 2008, respectively. The average cost of interest-bearing liabilities for the years ending December 31, 2009 and 2008 were 2.30% and 2.75%, respectively.

Interest Income. Total interest income increased $6.7 million, or 14.0%, to $54.8 million for the year ended December 31, 2009, compared to $48.1 million for the prior year. The improvement in interest income resulted from an increase in the average balance of interest- earning assets.

Interest income on loans increased $2.4 million, or 8.4%, to $31.3 million for the year ended December 31, 2009, compared to $28.9 million for the prior year. The increase resulted from an increase in the average balance of loans from $480.5 million to $551.4 million; an increase of $70.9 million over 2008. This was offset by a decrease in the average yield on loans from year to year of 33 basis points.

Interest income on mortgage-backed securities held to maturity increased $2.1 million, or 17.3%, to $14.3 million for the year ended December 31, 2009, compared to $12.2 million in the prior year. This increase was due primarily to a $34.9 million increase in the average balance of mortgage backed securities to $273.4 million, compared to $238.8 million in the prior year. The average yield on mortgage-backed securities held to maturity increased 10 basis points to 5.20%, compared to 5.10% in the prior year.

Interest income on investment securities available for sale and held to maturity increased $3.8 million, or 95.6%, to $8.5 million for the year ended December 31, 2009 compared to $4.8 million for the prior year. The average yield on investment securities available for sale and held to maturity decreased 87 basis points to 3.80%, compared to 4.67% in the prior year. The average balance of investment securities available for sale and held to maturity increased $118.9 million to $208.7 million in 2009 compared to $80.4 million in the prior year. The increase in the average balance was primarily due to more favorable rates and prices than other investment options.

Interest income on other interest-earning assets decreased $1.6 million to $.7 million in 2009, compared to $2.3 million in the prior year. The average yield on other interest-bearing assets decreased 225 basis points to 0.80% in 2009, compared to 3.05% in the prior year. The decrease was primarily the result of the sharp decline in overnight interest rates in 2009. The average balance of other interest-bearing assets increased $7.2 million to $82.5 million in 2009, compared to $75.3 million in 2008. To the extent that maturities and calls on mortgage-backed securities and investment securities available for sale and held to maturity were not required for loans or longer term investments, they were invested in short-term overnight funds.

Interest Expense. Total interest expense increased $2.0 million, or 10.9%, to $21.7 million for the year ended December 31, 2009, compared to $19.7 million in the prior year. The increase primarily resulted from a 32.9% increase in our deposit portfolio and a full year of interest on securities sold under agreements to repurchase. The average cost of interest-bearing liabilities decreased 45 basis points to 2.30% compared to 2.75% in the prior year. The average balance of interest-bearing liabilities increased $226.3 million to $944.4 million compared to $718.1 million in the prior year.

Interest expense on FHLBNY advances decreased $78 thousand to $1.0 million, compared to $1.4 million in the prior year. The average cost of borrowings decreased 25 basis points to 3.55% compared to 3.81% 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%. In December of 2008 the Company borrowed overnight from the FHLBNY $20.0 million, renewing daily, weekly or bi- weekly at rates ranging from 0.48% to 0.63%. This advance was repaid in the first quarter of 2009. In August 2008 the Company borrowed $40.0 million under an agreement to repurchase securities at a blended interest rate of 3.55%.

Interest expense on deposits increased $1.1 million, or 62%, to $19.2 million in 2009, compared to $18.1 million in 2008. Average interest-bearing demand deposits increased $13.2 million, or 13.3%, to $112.2 million for the year ending December 31, 2009, compared to $99.0 at the end of the prior year. The average cost of the demand deposits remained the same from year to year. Average savings and club accounts increased $54.2 million, or 5.0%, to $243.9 million, compared to $189.6 million in the prior year. The average cost of interest-bearing savings and club accounts increased 15 basis points to 1.23%, compared to 1.08% in the prior year. The average cost of interest-bearing certificates of deposits decreased 102 basis points to 3.01%, compared to 4.03% in the prior year. The average balance of interest-bearing certificates of deposit increased $134.4 million, or 34.9%, to $518.9 million, compared to $384.5 million in 2008.

Provision for Loan Losses. We charge provisions for loan losses to operations at levels required to reflect credit losses in the loan portfolios that are both probable and reasonable to estimate. Management, in determining the allowance for loan losses, considers the losses inherent in the loan portfolios and changes in the nature and volume of our loan activities, along with the general economic and real estate market conditions. We utilize a two-tier approach: (1) establishment of general valuation allowances in the remainder of our loan portfolio, and (2) 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 $2.5 million to $3.3 million for the year ended December 31, 2009 compared to $787 thousand in the prior year. The provision was increased in response to the increase in the average balance of the portfolio, and in response to deteriorating commercial real estate values which affect our collateral position. Total net loans increased $65.4 million to $585.8 million at December 31 2009 compared to $520.4 million at December 31, 2008. The allowance for loan loss was 0.88% of total loans at December 31, 2009, compared to .43% 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 decreased $1.4 million, or 33.7%, to $2.8 million in 2009 compared to $4.2 million in the prior year. The decrease was primarily due to an impairment loss on an available for sale security of $2.2 million. In May 2009 the financial institution holding company in which our Company holds an equity investment in a financial institution announced it had reached a definitive agreement to be acquired and merged into a publicly traded financial institution with an anticipated closing by December 2009. The severity of the unrealized loss is correlated to the decline of the stock market that started in the fall of 2007, primarily in the financial industry, and a result of the current economic recession. In December 2009 the definitive agreement to merge was terminated and management evaluated analysts' near term earnings estimates and recent stock price decline in relation to the severity and duration of the unrealized loss. At December 31, 2009, the Company recorded an other-than-temporary impairment charge to earnings related to its equity investment.

Commissions on sale of title policies increased minimally to $1.1 million compared to $1.0 million in the prior year, primarily due to static real estate transactions.

Fees and service charges on deposits and loans increased minimally; $58 thousand, to $1.6 million, compared to $1.5 million in the prior year. Fees and service-charges on deposits increased $269 thousand, or 22.2%, to $1.5 million, compared to $1.2 million in the prior year. The increase was primarily due to increases in fees from our overdraft protection program. Fees and service charges on loans decreased minimally $211 thousand primarily from lower commercial loan volume.

Income from bank-owned life insurance increased $277 thousand in 2009 primarily due to the purchase of $3.7 million of additional policies in December 2008 which generated income for the entire year in 2009.

Other non-interest income increased $171 thousand to $922 thousand in 2009 compared to $679 thousand in the prior year.

Non-Interest Expense. Non-interest expense increased $3.9 million, or 15.5%, to $29.0 million in 2009, compared to $25.1 million in the prior year. The increase was primarily due to an increase in salaries and employee benefits of $1.4 million and increases of $1.5 million in net occupancy costs, equipment costs and data processing costs. The year ending December 31, 2009 was also the first full year of consolidating costs and expenses for RomAsia Bank.

Salaries and employee benefits increased $1.4 million, or 9.5.%, to $16.0 million in 2009, compared to $14.6 million in the prior year. The increase in salaries and employee benefits was primarily due the first full year of operation for five branches and RomAsia Bank and the first full year of stock based compensation expense.

Net occupancy expense of premises increased approximately $287 thousand, or 11.1%, to $2.9 million in 2009 compared to $2.6 million in the prior year. The increase was primarily due to the first full year of operation of five branches and RomAsia Bank.

Equipment costs increased $280 thousand, or 12.3%, to $2.5 million for the year ended December 31, 2009 compared to $2.3 million in the prior year. The increase was primarily due to the first full year of operation of five branches and RomAsia Bank.

Data processing costs increased $107 thousand, or 7.1%, to $1.6 million in 2009, compared to $1.5 million in the prior year. This increase was primarily related to costs for the core system at RomAsia and an increase in various fees.

Advertising decreased $224 thousand to $842 thousand in 2009 compared to $1.1 million in the prior year. The decrease was primarily related to higher advertising costs in 2008 related to the opening of five branches and RomAsia Bank.

Other non-interest expense increased $502 thousand, or 17.0%% to $3.4 million in 2009, compared to $2.9 million in the prior year. The increase was primarily related to increase costs of appraisals and legal fees related to commercial loans.

Provision for Income Taxes. The provision for income taxes decreased $1.1 million, or 52.8%, to $1.0 million in 2009 compared to $2.2 million in the prior year. The decrease is primarily related to a decrease of 44.0% in net income and the increases in tax free income primarily from bank owned life insurance. The effective tax rate for 2009 was 27.3% compared to 32.7% for 2008.

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 December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2010 | | | 2009 | | | 2008 | |
| | Actual Balance | Actual Yield/ Cost | Average Balance | Interest | Average Yield/ Cost | Average Balance | Interest | Average Yield/ Cost | Aver Balan |
| | (Dollars in thousands) | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Loans receivable, net (1) | $893,842 | 5.58% | $730,532 | $40,002 | 5.48% | $551,369 | $31,282 | 5.67% | $ 48 |
| Mortgage-backed securities held to maturity | 421,114 | 4.15 | 294,579 | 13,525 | 4.59 | 273,871 | 14,292 | 5.20 | 23 |
| Investment securities: (2) | | | | | | | | | |
| Tax-exempt | 12,357 | 4.27 | 11,095 | 447 | 4.03 | 10,928 | 599 | 5.48 | 10 |
| Taxable | 284,577 | 3.68 | 323,139 | 11,928 | 3.69 | 208,673 | 7,949 | 3.80 | 89 |
| Other interest-earning assets (3) | 104,491 | 0.40 | 127,754 | 511 | 0.40 | 82,478 | 691 | 0.80 | 75 |
| Total interest-earning assets | 1,716,381 | 4.59 | 1,487,099 | 66,413 | 4.47 | 1,127,319 | 54,813 | 4.86 | 89 |
| Non-interest-earning assets | 102,773 | | 86,263 | | | 89,927 | | | 77 |
| Total assets | $1,819,154 | | $1,573,362 | | | $1,217,246 | | | $ 97 |
| Interest-bearing liabilities: | | | | | | | | | |
| Interest-bearing demand | $177,317 | 0.30 | 152,418 | 580 | 0.38 | $112,193 | 618 | 0.54 | $ 98 |
| Money market and savings | 439,036 | 0.79 | 356,492 | 3,295 | 0.92 | 243,867 | 3,005 | 1.23 | 18 |
| Certificates of deposit | 822,173 | 1.83 | 698,247 | 13,835 | 1.98 | 518,885 | 15,592 | 3.01 | 38 |
| Subordinate debentures | 1,904 | 6.77 | 1,788 | 138 | 7.72 | - | - | - | - |
| Securities sold under agreement to re purchase | 40,000 | 3.55 | 40,000 | 1,420 | 3.55 | 40,000 | 1,420 | 3.55 | 15 |
| Federal Home Loan Bank borrowings | 35,000 | 2.47 | 29,179 | 1,008 | 3.45 | 29,423 | 1,048 | 3.56 | 29 |
| Total interest-bearing liabilities | 1,515,430 | 1.41 | 1,278,124 | 20,276 | 1.59 | 944,368 | 21,683 | 2.30 | 71 |
| Non-interest-bearing liabilities | 91,248 | | 78,753 | | | 58,189 | | | 35 |
| Total liabilities | 1,606,678 | | 1,356,877 | | | 1,002,557 | | | 75 |
| Minority interest | 1,732 | | 1,688 | | | 1,651 | | | 1,( |
| Stockholders' equity | 210,744 | | 214,797 | | | 213,038 | | | 21 |
| Total liabilities and stockholders' equity | $1,819,154 | | $1,573,362 | | | $1,217,246 | | | $ 97 |
| Net interest income | | | | $46,137 | | | $33,130 | | |
| Interest rate spread (4) | | 3.18% | | | 2.88% | | | 2.56% | |
| Net yield on interest- | | | | | 3.10% | | | 2.94% | |

| | | | | | | |
|---|---|---|---|---|---|---|
| earning assets (5) | | | | | | |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 1.16 | x | 1.19 | x | 1.2 | |

(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 Federal Home Loan Bank of New York capital stock and bank owned life insurance.

(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.

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, 2010 vs. 2009 Increase (Decrease) Due to | | | Year Ended December 31, 2009 vs. 2008 Increase (Decrease) Due to | | |
|---|---|---|---|---|---|---|
| | Volume | Rate | Net | Volume | Rate | Net |
| | (In thousands) | | | | | |
| Interest and dividend income: | | | | | | |
| Loans receivable | $ 9,865 | $ (1,145) | $ 8,720 | $ 3,576 | $(1,145) | $ 2,431 |
| Mortgage-backed securities, held to maturity | 1,077 | (1,844) | (767 ) | 1,893 | 215 | 2,108 |
| Investment securities: | | | | | | |
| Tax-exempt | 9 | (161) | (152) | -- | 30 | 30 |
| Taxable | 4,209 | (230) | 3,979 | 5,329 | (1,575) | 3,734 |
| Other interest earnings assets | 150 | (330) | (180) | 219 | (1,824) | (1,605) |
| Total interest-earning assets | $ 15,310 | $ (3,710) | $ 11,600 | $11,017 | $(4,299) | $ 6,718 |
| | | | | | | |
| Interest expense: | | | | | | |
| Interest-bearing demand | $ 141 | $ (180) | $ (39) | $ 79 | $ -- | $ 79 |
| Savings and club | 1,851 | (1,561) | 290 | 406 | 550 | 956 |
| Certificates of deposit | 3,588 | (5,345) | (1,757) | 4,566 | (4,467) | 99 |
| Securities sold under agreement to repurchase | - | - | - | 873 | 34 | 907 |
| Subordinated debentures | 138 | - | 138 | - | - | - |
| Advances from Federal Home Loan Bank | (7) | (32) | (39) | (13) | (65) | (78) |
| Total interest-bearing liabilities | $ 5,711 | $ (7,118) | $ (1,407) | $ 5,911 | $(3,948) | $ 1,963 |
| | | | | | | |
| Change in net interest income | $ 9,599 | $ 3,408 | $ 13,007 | $ 5,106 | $ (351) | $ 4,755 |

Liquidity, Commitments and Capital Resources

The Banks' liquidity, represented by cash and cash equivalents, is a product of their operating, investing and financing activities. The Banks' 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 Banks invest 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 Banks are 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 Banks attempt to maintain adequate but not excessive liquidity, and liquidity management is both a daily and long-term function of business management.

The Banks review 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, 2010, the Banks had outstanding commitments to originate loans of $40.4 million, and unused lines of credit of $93.0 million. Certificates of deposit scheduled to mature in one year or less at December 31, 2010 totaled $506.7 million.

While deposits are the Banks' primary source of funds, Roma Bank also generates cash through borrowings from the FHLBNY. The Banks have traditionally enjoyed cash flows from deposit activities that were sufficient to meet its day-to-day funding obligations and only occasionally used overnight lines of credit or other borrowings with the FHLBNY. In October 2007, Roma 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, 2010, Roma Bank's borrowing limit with the FHLBNY was $200.0 million. Roma Bank also had at December 31, 2010 securities sold under an agreement to repurchase in the amount of $40.0 million. RomAsia Bank at December 31, 2010 had $12.0 million of short-term advances with FHLBNY.

The following table discloses our contractual obligations and commitments as of December 31, 2010.

| | Total | Less Than 1 Year | 1-3 Years | 4-5 Years | After 5 years |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Federal Home Loan Bank borrowings | $ 35,000 | $ 5,000 | $ 5,500 | $ 1,000 | $ 23,500 |
| Securities sold under agreement to repurchase | $ 40,000 | $ — | $ — | $ 10,000 | $ 30,000 |

| | Total Amounts Committed | Less Than 1 Year | 1-3 Years | 4-5 Years | Over 5 Years |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Lines of credit | $ 93,067 | $ 93,067 | $ — | $ — | $ — |
| Construction loans in process | 5,339 | 5,339 | — | — | — |
| Other commitments to extend credit | 40,442 | 40,442 | — | — | — |
| Total | $ 138,848 | $ 138,848 | $ — | $ — | $ — |

Roma 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, 2010:

| Years Ended December 31: | (In thousands) |
|---|---|
| 2010 | $ 1,162 |
| 2011 | 1,132 |
| 2012 | 1,110 |
| 2013 | 901 |
| 2014 | 830 |
| Thereafter | 9,460 |
| Total Minimum Payments Required | $ 14,595 |

Included in the total required minimum lease payments is $ 1.8 million of payments to the “LLC” a variable interest entity in which the Company hold a 50% ownership interest. The Company eliminates these payments in consolidation.

Consistent with its goals to operate sound and profitable financial organizations, the Banks actively seek to maintain their status as well-capitalized institutions in accordance with regulatory standards. As of December 31, 2010, the Banks exceeded all capital requirements of the Office of Thrift Supervision.

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. 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.

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, 2010, see Note 20 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.

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 decreased, intermediate-and long-term market interest rates, which we use as a guide to our loan pricing, have decreased to a larger extent than deposits rates. Although the yield curve has steepened, competitive deposit rates in our market areas have not permitted the Bank to lower rates in proportion to loan rates. This has lead to a tightening of our interest spread. If short-term interest rates continue to be high in the market area, we would expect that our interest spread and net interest margin would continue to compress, which would hurt our net interest income.

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

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

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

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

| | December 31, 2010 | | | | |
|---|---|---|---|---|---|
| | Net Portfolio Value | | | Net Portfolio Value as % of Present Value of Assets | |
| Changes in rate | $ Amount | $ Change | % Change | Net Portfolio Value Ratio | Basis Point Change |
| +300 bp | 4,343 | -11,500 | (73)% | 3.74% | (849) bp |
| +200 bp | 8,482 | -7,361 | (46)% | 7.02% | (521) bp |
| +100 bp | 12,290 | -3,553 | (22)% | 9.81% | (242) bp |
| 0 bp | 15,843 | - | - | 12.23% | - |
| –100 bp | 19,120 | 3,277 | 21% | 14.35% | 212 bp |

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

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 marker 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

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 l3a-l5(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, 2010.

(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 ParenteBeard LLC 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.

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

Item 10. Directors, Executive Officers and Corporate Governance

The information contained under the sections captioned "Additional Information About Directors and Executive Officers - Section 16(a) Beneficial Ownership Reporting Compliance" and "Proposal I -- Election of Directors" and "--Biographical Information" in the definitive Proxy Statement for the 2010 Annual Meeting of Stockholders ("Proxy Statement") is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. A copy of the Code of Ethics will be furnished without charge upon written request to the Chief Financial Officer, Roma Financial Corporation, 2300 Route 33, Robbinsville, New Jersey, 08691.

Item 11. Executive Compensation

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

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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

Set forth below is information as of December 31, 2009 with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

| | ( a ) | ( b ) | ( c ) |
|---|---|---|---|
| | Number of Securities to be issued upon exercise of outstanding options(1) | Weighted-average exercise price of outstanding options | Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) |
| Equity compensation plans approved by shareholders | 797,200 | $13.67 | 495,709 |
| Total | 797,200 | $13.67 | 495,709 |

(1) Options outstanding have been granted pursuant to the Roma Financial Corporation 2008 Equity Incentive Plan (the “Plan”). The Plan provides for the grant of options to purchase up to 1,292,909 shares of common stock of which options to purchase 797,200 shares were outstanding at December 31, 2010. The Plan also provides for grants of up to 517,164 shares of restricted common stock of which 216,000 shares have already been granted. At December 31, 2010, 6,000 shares of restricted stock were forfeited due to the retirement of a senior officer.

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

The information called for by this item is incorporated herein by reference to the section entitled “Proposal I – Election of Directors – 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, 2010 and 2008, 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, 2010, together with the related notes and the Independent Registered Public Accounting Firm are included following this Item 15.

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 | Amended and Restated Bylaws of Roma Financial Corporation** |
| 4 | Stock Certificate of Roma Financial Corporation* |
| 10.1 | Form of Supplemental Executive Retirement Agreement* |
| 10.2 | Form of Phantom Stock Appreciation Rights Agreement* |
| 10.3 | Roma Financial Corporation 2008 Equity Incentive Plan*** |
| 10.4 | Employment Agreement between the Registrant, Roma Bank and Peter A. Inverso**** |
| 10.5 | Employment Agreement between the Registrant, Roma Bank and Maurice T. Perilli**** |
| 10.6 | Employment Agreement between Roma Bank and Sharon L. Lamont***** |
| 10.7 | Employment Agreement between Roma Bank and Margaret Norton***** |
| 10.8 | Employment Agreement between Roma Bank and Keith Pericoloso***** |
| 21 | Subsidiaries of the Registrant |
| 23 | Consent of ParanteBeard LLC |
| 31.1 | Certifications of CEO to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of CFO pursuant to Section 302 of 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 Registration Statement on Form S-1 filed on March 14, 2006

** Incorporated by reference to the Registrant's Current Report on Form 8-K filed August 23, 2010

*** Incorporated by reference to the Registrant's Registration Statement on Form S-8 filed on March 27, 2009 (Registration Number 333-158249)

**** Incorporated by reference to the Registrant's Current Report on Form 8-K filed February 26, 2009

***** Incorporated by reference to the Registrant's Current Report on Form 8-K filed January 5, 2010

ROMA FINANCIAL CORPORATION

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009


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March 11, 2011

ParenteBeard LLC
1200 Atwater Drive
Suite 225
Malvern, PA 19355

RE: Management Report on Internal Control over Financial Reporting

The management of Roma Financial Corporation 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 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 valuation 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 3 1, 2010. In making this assessment, we used the criteria set 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, 2010 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, 2010.

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

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

F-1

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Roma Financial Corporation

We have audited Roma Financial Corporation’s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Roma Financial Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal control over financial reporting. Our responsibility is to express an opinion on the entity’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.

An entity’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 accounting principles generally accepted in the United States of America. An entity’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 entity; (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 entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity’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, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have 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 March 11, 2011 expressed an unqualified opinion.

/s/ParenteBeard LLC

Philadelphia, Pennsylvania
March 11, 2011

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
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, 2010 and 2009, and the related statements of income, changes in stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. 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 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, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, 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, 2010, 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 March 11, 2011 expressed an unqualified opinion.

/s/ParenteBeard LLC

Philadelphia, Pennsylvania
March 11, 2011

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Financial Condition

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In thousands, except for share data) | |
| Assets | | |
| Cash and amounts due from depository institutions | $ 17,958 | $ 9,658 |
| Interest-bearing deposits in other banks | 44,220 | 25,647 |
| Money market funds | 27,409 | 15,590 |
| Cash and Cash Equivalents | 89,587 | 50,895 |
| Investment securities available for sale (“AFS”) at fair value | 52,513 | 30,144 |
| Investment securities held to maturity at amortized cost (fair value of $238,785 and $301,673, respectively) | 244,421 | 305,349 |
| Mortgage-backed securities held to maturity at amortized cost (fair value of $425,462 and $258,758, respectively) | 421,114 | 248,426 |
| Loans receivable, net of allowance for loan losses of $9,844 and $5,243 at December 31, 2010 and 2009 | 893,842 | 585,759 |
| Real estate and other repossessed assets | 3,689 | 1,928 |
| Real estate owned via equity investment | 3,979 | 4,053 |
| Real estate held for sale | 1,164 | - |
| Premises and equipment, net | 47,355 | 39,129 |
| Federal Home Loan Bank of New York and ACBB stock | 4,789 | 3,045 |
| Accrued interest receivable | 8,030 | 6,468 |
| Bank owned life insurance | 28,073 | 24,299 |
| Goodwill | 1,826 | 572 |
| Deferred tax asset | 14,281 | 5,596 |
| Other assets | 4,491 | 6,338 |
| Total Assets | $ 1,819,154 | $ 1,312.001 |

See notes to consolidated financial statements.

Roma Financial Corporation and Subsidiaries

Liabilities and Stockholders' Equity

| | December 31, 2010 | 2009 |
|---|---|---|
| | (In thousands, except for share data) | |
| Liabilities | | |
| Deposits: | | |
| Non-interest bearing | $64,778 | $32,481 |
| Interest-bearing | 1,438,782 | 983,274 |
| Total deposits | 1,503,560 | 1,015,755 |
| Federal Home Loan Bank of New York advances | 35,000 | 24,826 |
| Securities sold under agreements to repurchase | 40,000 | 40,000 |
| Subordinated debentures | 1,904 | - |
| Securities purchased and not settled | 11,004 | 1,000 |
| Advance payments by borrowers for taxes and insurance | 2,776 | 2,663 |
| Accrued interest payable and other liabilities | 12,434 | 11,537 |
| Total Liabilities | 1,606,678 | 1,095,781 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Common stock, $.10 par value, 45,000,000 authorized; 32,731,875 issued; 30,280,927 and 30,932,653, respectively, outstanding. | 3,274 | 3,274 |
| Paid-in capital | 99,585 | 98,921 |
| Retained earnings | 152,911 | 150,131 |
| Unearned shares held by Employee Stock Ownership Plan | (5,683) | (6,224) |
| Treasury stock, 2,450,948 and 1,799,222, respectively, outstanding | (35,880) | (29,214) |
| Accumulated other comprehensive loss | (3,463) | (2,313) |
| Total Roma Financial Corporation stockholders' equity | 210,744 | 214,575 |
| Noncontrolling interest | 1,732 | 1,645 |
| Total Stockholders' Equity | 212,476 | 216,220 |
| Total Liabilities and Stockholders' Equity | $1,819,154 | $1,312,001 |

See notes to consolidated financial statements.

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Income

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In thousands, except for share and per share data) | | |
| Interest Income | | | |
| Loans, including fees | $40,002 | $31,282 | $28,851 |
| Mortgage-backed securities held to maturity | 13,525 | 14,292 | 12,184 |
| Investment securities held to maturity | 11,576 | 7,949 | 4,063 |
| Securities available for sale | 799 | 599 | 701 |
| Other interest-earning assets | 511 | 691 | 2,296 |
| Total Interest Income | 66,413 | 54,813 | 48,095 |
| Interest Expense | | | |
| Deposits | 17,710 | 19,215 | 18,081 |
| Borrowings | 2,566 | 2,468 | 1,639 |
| Total Interest Expense | 20,276 | 21,683 | 19,720 |
| Net Interest Income | 46,137 | 33,130 | 28,375 |
| Provision for Loan Losses | 6,855 | 3,280 | 787 |
| Net Interest Income after Provision for Loan Losses | 39,282 | 29,850 | 27,588 |
| Non-Interest Income | | | |
| Commissions on sales of title policies | 1,019 | 1,145 | 1,049 |
| Fees and service charges on deposits and loans | 1,819 | 1,573 | 1,515 |
| Income from bank owned life insurance | 1,180 | 1,143 | 866 |
| Net gain from sale of mortgage loans originated for sale | 491 | 109 | 48 |
| Net gain from sale of available for sale securities | 2,205 | 158 | 26 |
| Impairment loss on available for sale equity security | - | (2,246) | - |
| Real estate owned write down | (705) | - | - |
| Net realized gain (loss) from real estate owned | 128 | (8) | - |
| Other | 1,232 | 930 | 725 |
| Total Non-Interest Income | 7,369 | 2,804 | 4,229 |
| Non-Interest Expenses | | | |
| Salaries and employee benefits | 20,892 | 16,022 | 14,633 |
| Net occupancy expense of premises | 3,747 | 2,900 | 2,612 |
| Equipment | 3,089 | 2,541 | 2,261 |
| Data processing fees | 1,974 | 1,620 | 1,513 |
| Advertising | 827 | 842 | 1,066 |
| Federal deposit insurance premiums | 1,883 | 1,710 | 94 |

| | | | |
|---|---|---|---|
| Merger expense | 924 | - | - |
| Other | 5,141 | 3,377 | 2,941 |
| Total Non-Interest Expenses | 38,477 | 29,012 | 25,120 |
| Income before Income Taxes | 8,174 | 3,642 | 6,697 |
| | | | |
| Income Taxes | 2,981 | 1,035 | 2,190 |
| Net income before noncontrolling interests | 5,193 | 2,607 | 4,507 |
| (Gain) loss attributable to noncontrolling interests | (87) | 8 | 161 |
| Net Income attributable to Roma Financial Corporation | $5,106 | $2,615 | $4,668 |
| | | | |
| NET INCOME ATTRIBUTABLE TO ROMA FINANCIAL CORPORATION PER COMMON SHARE | | | |
| Basic and Diluted | $.17 | $.09 | $.15 |
| Dividends declared per share | $.32 | $.32 | $.32 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | | |
| Basic and Diluted | 30,554 | 30,680 | 30,584 |

See notes to consolidated financial statements.

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2010, 2009 and 2008

| | Common Stock Shares | Amount | Paid in Capital | Retained Earnings | Unearned Shares Held by ESOP | Accumulated Other Comprehensive Loss | Treasury Stock | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | (In Thousands) | | | | | | | | |
| Balance - December 31, 2007 | 31,388 | $ 3,274 | $ 97,405 | $ 148,136 | $ (7,306) | $ (414) | $ (22,792) | $ 479) | $ 218,782 |
| Other comprehensive income: | | | | | | | | | |
| Net income | | - | - | 4,668 | - | - | - | (161) | 4,507 |
| Unrealized loss on securities available for sale, net of income taxes of $(139) | | - | - | - | - | (460) | - | - | (460) |
| Pension cost, net of income taxes $(1,698) | | - | - | (46) | - | (2,547) | - | - | (2,593) |
| Total Comprehensive Income | | | | | | | | | 1,454 |
| Contribution of capital by noncontrolling interest | | - | - | - | - | - | - | 1,325 | 1,325 |
| Adoption of new accounting principle for split dollar life insurance benefits | | - | - | (318) | - | - | - | - | (318) |
| Stock based compensation including warrants | | - | 634 | - | - | - | - | - | 634 |
| Treasury shares | (500) | - | - | - | - | - | (7,143) | - | (7,143) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| repurchased | | | | | | | | | |
| Dividends paid and declared | | - | | (2,514) | - | - | - | - | (2,514) |
| ESOP shares earned | | - | 255 | - | 541 | - | - | - | 796 |
| Balance - December 31, 2008 | 30,888 | 3,274 | 98,294 | 149,926 | (6,765) | (3,421) | (29,935) | 1,643 | 213,016 |
| | | | | | | | | | |
| Other comprehensive income: | | | | | | | | | |
| Net income | | - | - | 2,615 | - | - | - | (8) | 2,607 |
| Unrealized gain on securities available for sale, net of income taxes of $(140) | | - | - | - | - | 487 | - | - | 487 |
| Pension cost, net of income taxes $(405) | | - | - | - | - | 621 | - | - | 621 |
| Total Comprehensive Income | | - | - | - | - | - | - | - | 3,715 |

Roma Financial Corporation and Subsidiaries

| | Common Stock Shares | Common Stock Amount | Paid-In Capital | Retained Earnings | Unearned Shares Held by ESOP | Accumulated Other Comprehensive Loss | Treasury Stock | Non-controll Interest |
|---|---|---|---|---|---|---|---|---|
| | | | | (In Thousands) | | | | |
| Dividends paid and declared | | - | - | (2,410) | - | - | - | |
| Contribution by noncontrolling interest | | - | - | - | - | - | - | |
| Stock based compensation including warrants | | - | 1,219 | - | - | - | - | |
| Vesting of restricted stock | 45 | - | (721) | - | - | - | 721 | |
| ESOP shares earned | - | - | 129 | - | 541 | - | - | |
| Balance - December 31, 2009 | 30,933 | 3,274 | 98,921 | 150,131 | (6,224) | (2,313) | (29,214) | 1, |
| Other comprehensive income: | | | | | | | | |
| Net income | - | - | - | 5,106 | - | - | - | |
| Unrealized loss on securities available for sale, net of income taxes of ($254) | - | - | - | - | - | (356) | - | |
| Pension cost, net of income taxes $(529) | - | - | - | - | - | (794) | - | |
| Total Comprehensive Income | - | - | - | - | - | - | - | |
| Dividends paid and declared | | - | - | (2,326) | - | - | - | |
| Vesting of restricted stock | 52 | - | (818) | - | - | - | 818 | |
| Treasury shares repurchased | (704) | - | - | - | - | - | (7,484) | |
| Stock based compensation, including warrants | - | - | 1,419 | - | - | - | - | |
| ESOP shares earned | - | - | 63 | - | 541 | - | - | |
| Balance - December 31, 2010 | 30,281 | $ 3,274 | $ 99,585 | $ 152,911 | $ (5,683) | $ (3,463) | $ (35,880) | $ 1, |

See notes to consolidated financial statements.

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Cash Flows

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In Thousands) | | |
| Cash Flows from Operating Activities | | | |
| Net income | $5,193 | $2,607 | $4,507 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 2,212 | 1,949 | 1,773 |
| Amortization of premiums and accretion of discounts on securities | 44 | (106) | 209 |
| Accretion of deferred loan fees and discounts | (163) | (126) | (91) |
| Amortization of premiums on loans | 697 | - | - |
| Amortization of premium on deposits | (541) | - | - |
| Net gain on sale of mortgage loans originated for sale | (491) | (109) | (48) |
| Mortgage loans originated for sale | (20,343) | (9,130) | (4,065) |
| Proceeds from sales of mortgage loans originated for sale | 20,834 | 9,239 | 4,113 |
| Net realized (gain) loss from sales of real estate owned | (128) | 8 | - |
| Loss on impairment of real estate owned | 705 | - | - |
| Provision for loan losses | 6,855 | 3,280 | 787 |
| Stock based compensation, including warrants | 1,419 | 1,219 | 634 |
| Gain on sale of securities available for sale | (2,205) | (158) | - |
| Impairment loss on available for sale security | - | 2,246 | - |
| Increase in interest receivable | (1,562) | (1,409) | (564) |
| Increase in cash surrender value of bank owned life insurance | (992) | (973) | (687) |
| (Increase) decrease in other assets | 4,180 | (3,281) | 31 |
| Decrease in interest payable | (396) | (380) | (269) |
| Increase(decrease) in other liabilities | (5,657) | 2,424 | 537 |
| Increase in deferred tax asset | (802) | (2,361) | (1,048) |
| ESOP shares earned | 604 | 670 | 796 |
| Net Cash Provided by Operating Activities | 9,463 | 5,609 | 6,615 |
| | | | |
| Cash Flows from Investing Activities | | | |
| Proceeds from calls and repayments on securities available for sale | 22,187 | 8,101 | 10,592 |
| Proceeds from sale of securities available for sale | 9,820 | 7,311 | - |
| Purchases of securities available for sale | (25,507) | (29,015) | (10,934) |
| Proceeds from maturities and calls of investment securities held to maturity | 387,608 | 152,555 | 122,325 |
| Purchases of investment securities held to maturity | (326,317) | (383,764) | (68,697) |
| Principal repayments on mortgage-backed securities held to maturity | 83,989 | 77,417 | 33,762 |
| Purchases of mortgage-backed securities held to maturity | (240,268) | (23,887) | (191,805) |
| Net increase in loans receivable | (45,227) | (70,503) | (62,297) |
| Additions to premises and equipment | (4,194) | (1,027) | (8,511) |
| Redemption (purchases) FHLBNY and ACBB stock | (665) | 434 | (1,014) |
| Addition to real estate via equity investments | - | (100) | (4,085) |
| Cash acquired in acquisition, net of cash used in acquisition | 16,032 | - | - |
| Purchase of bank owned life insurance | (169) | - | (3,837) |
| Proceeds from sale of real estate owned | 2,323 | 60 | - |

| | | | |
|---|---|---|---|
| Net Cash Used in Investing Activities | (120,388) | (262,418) | (184,501) |
| Cash Flows from Financing Activities | | | |
| Net increase in deposits | 167,625 | 251,522 | 113,203 |
| Increase in advance payments by borrowers for taxes and insurance | 113 | 266 | 8 |
| Federal Home Loan Bank of New York advances | 13,000 | - | 20,000 |
| Repayments of Federal Home Loan Bank of New York advances | (18,059) | (22,103) | (2,011) |
| Purchase of treasury stock | (7,484) | - | (7,143) |
| Dividends paid to minority shareholders of Roma Financial Corp. | (2,378) | (2,410) | (2,379) |
| Repayment of subordinated debentures | (3,200) | - | - |
| Proceeds from securities sold under agreement to repurchase | - | - | 40,000 |
| Capital contributed by noncontrolling interests | - | 10 | 1,325 |
| Net Cash Provided by Financing Activities | 149,617 | 227,285 | 163,003 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 38,692 | (29,524) | (14,883) |
| Cash and Cash Equivalents – Beginning | 50,895 | 80,419 | 95,302 |
| Cash and Cash Equivalents – Ending | $89,587 | $50,895 | $80,419 |

See notes to consolidated financial statements.

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

| | | | |
|---|---|---|---|
| Supplementary Cash Flows Information | | | |
| Income taxes paid, net | $3,242 | $2,867 | $3,157 |
| Interest paid | $20,672 | $22,063 | $19,968 |
| Loans receivable transferred to real estate owned | $2,068 | $1,928 | $68 |
| Securities purchased and not settled | $11,004 | $1,000 | $- |
| Premises and equipment transferred to held for sale | $1,164 | $- | $- |
| Fair value of assets acquired, net of cash and equivalents acquired | $329,708 | $- | $- |
| Fair value of liabilities assumed | $345,740 | $- | $- |

See notes to consolidated financial statements.

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.") and the Company's majority owned investment of 89.55% in RomAsia Bank. Roma Bank and RomAsia Bank are collectively referred to as ("the Banks"). As discussed in Note 6, Real Estate Owned Via Equity Investments, the consolidated financial statements also include the Company's 50% interest in 84 Hopewell, LLC (the "LLC"), a real estate investment deemed to be a variable interest entity, which was consolidated by the Company when it was determined to be the primary beneficiary according to the requirements of FASB ASC Topic 810. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Investment Co. is a special purpose entity whose activities are limited to holding investment securities, collecting 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 on 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 received all regulatory approvals on June 23, 2008 to be a federal savings bank and began operations on that date. The Company invested $13.4 million in RomAsia Bank and currently holds a 89.55% ownership interest. The Company, together with two individuals, formed a limited liability company, 84 Hopewell, LLC. The LLC was formed to build a commercial office building in which is located the Company's Hopewell branch, corporate offices for the other LLC members' construction company and tenant space. The Company invested $360,000 in the LLC and provided a loan in the amount of $3.6 million to the LLC. The Company and the other 50% owner's construction company both have signed lease commitments to the LLC.

Subsequent Events

Effective April 1, 2009, the Company adopted Financial Accounting Standards Board (FASB) guidance now codified as FASB ASC Topic 855, Subsequent Events. This guidance establishes general standards for accounting and for disclosure of events that occur after the balance sheet date but before financial statements are issued. The subsequent event guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition in the financial statements, identifies the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in the financial statements, and the disclosures that should be made about events or transactions that occur after the balance sheet date. Management evaluated subsequent events until the date of issuance of the report and concluded that no events occurred that were of a material nature.

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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 Banks 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 Banks, Roma Bank and the Company's majority owned subsidiary, RomAsia Bank. The Banks are principally engaged in the business of attracting deposits from the general public at its twenty six 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. Roma Bank's subsidiary, Roma Capital Investment Company, was organized to hold investments and mortgage-backed securities. Roma Bank's subsidiary, General Abstract and Title Agency, provides title searches and policies for its customers' real estate investments.

Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from depository institutions, with original maturities of three months or less and money market funds.

Interest –Bearing Deposits in Banks

Interest-bearing deposits in banks mature within three months or less and are carried at cost.

Securities

Investments in debt securities that the Company has 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. The Company held no trading securities at December 31, 2010 and 2009. Discounts and premiums are accreted/amortized to income by use of the level-yield method. Gain or loss on sales of securities available for sale is based on the specific identification method.

Management considers, in determining whether other-than-temporary impairment exists (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 Company to retain the investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Accounting guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and, (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss.

Note 1 – Summary of Significant Accounting Policies (Continued)

The credit component of an other-than-temporary impairment of a debt security is recognized in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income for the noncredit portion of a previous other-than-temporary impairment will be amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

For equity securities, when the Company has decided to sell an impaired available-for-sale security and the entity does not expect the fair value of the security to fully recover before the expected time of sale, the security is deemed other-than-temporarily impaired in the period in which the decision to sell is made. The Company recognizes an impairment loss when the impairment is deemed other than temporary even if a decision to sell has not been made.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: commercial and industrial, commercial real estate, and commercial construction. Consumer loans consist of the following classes: residential mortgage loans, home equity loans and other consumer loans.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan losses. Interest received on nonaccrual loans including impaired loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined on contractual due dates for loan payments.

Note 1 – Summary of Significant Accounting Policies (Continued)

The Company originates mortgage loans and may sell such originations to the Federal Home Loan Bank of New York ("FHLBNY") or the Federal Home Loan Mortgage Corp. with servicing rights retained.

Servicing rights fees, which are usually based on a percentage of the outstanding principal balance of the loan, are recorded for servicing functions. The Company has determined that the fair value of the servicing rights are immaterial to the financial statements as a whole. The Company had no loans held for sale at December 31, 2010 and 2009.

Allowance for Loan Losses

The allowance for credit losses consists of the allowance for loan losses and the reserve for unfunded lending commitments. The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The reserve for unfunded lending commitments represents management's estimate of losses inherent in its unfunded loan commitments and is recorded in other liabilities on the consolidated balance sheet. The allowance for credit losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Non-residential consumer loans are generally at 120 days past due referred to attorney for collection.

The allowance for credit losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers pools of loans by loan class including commercial loans not considered impaired, as well as smaller balance homogeneous loans, such as residential real estate, home equity and other consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, adjusted for qualitative factors. These qualitative risk factors include:

1. Lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.

2. National, regional, and local economic and business conditions, as well as, the condition of various market segments, including the value of underlying collateral for collateral dependent loans.

3. Nature and volume of the portfolio and terms of loans.

4. Experience, ability, and depth of lending management and staff.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

5. Volume and severity of past due, classified and nonaccrual loans, as well as, and other loan modifications.

6. Quality of the Company's loan review system, and the degree of oversight by the Company's Board of Directors.

7. Existence and effect of any concentrations of credit and changes in the level of such concentrations.

8. Effect of external factors, such as competition and legal and regulatory requirements.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation.

We determine our allowance for credit losses by portfolio segment, which consists of residential mortgages, home equity and other consumer loans, commercial real estate, commercial loans and construction. We estimate the inherent risk of loss on all loans by portfolio segment based primarily on the risk factors identified above and apply a weight factor to each element for each portfolio segment. In the last quarter of 2010 we updated our quantitative factors in each of the segments to reflect current trends.

We further segregate the portfolio into the original legacy loans and those loans acquired in the merger. The acquired loans were recorded at fair value with no carryover of the related allowance for loan loss.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and industrial loans, commercial real estate loans and commercial construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

An allowance for loan losses is established for an impaired loan if its carrying value exceeds its estimated fair value. The estimated fair values of substantially all of the Company's impaired loans are measured based on the estimated fair value of the loan's collateral.

For commercial loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered

to be the estimated fair value. The discounts also include estimated costs to sell the property.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

For commercial and industrial loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable aging or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual residential mortgage loans, home equity loans and other consumer loans for impairment disclosures, unless such loans are the subject of a troubled debt restructuring agreement.

Loans whose terms are modified are classified as troubled debt restructurings if the Company grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring generally involve a temporary reduction in interest rate or an extension of a loan's stated maturity date. Non-accrual troubled debt restructurings are restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification. Loans classified as troubled debt restructurings are designated as impaired.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for commercial and consumer loans.

Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful and loss. Loans classified special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are charged to the allowance for loan losses. Loan not classified are rated pass.

In addition, Federal regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for loan losses is adequate.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Premises and Equipment

Premises and equipment are comprised of land, including land held for future development, land improvements, at cost, 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 - 40 |
| Leasehold improvements | 15 - 40 |
| Furnishings and equipment | 3 - 10 |

Construction in progress primarily represents facilities under construction for future use in the 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.

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.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance (any direct write-down) are included in net expenses from foreclosed assets.

Federal Home Loan Bank and ACBB Stock

Federal law requires a member institution of the Federal Home Loan Bank (“FHLB”) system to hold restricted stock of its district Federal Home Loan Bank according to a predetermined formula. Restricted stock in the amount of $4,714,000 and $2,970,000 is carried at cost at December 31, 2010 and 2009, respectively.

Management’s determination of whether these investments are impaired is based on an assessment of the ultimate recoverability of their cost, rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has

persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB.

The Company also held $75,000 and $65,000 of stock in Atlantic Central Bankers Bank, at December 31, 2010 1n2 2009, respectively. Management believes no impairment charge is necessary related to the FHLB restricted stock or the ACBB stock as of December 31, 2010.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Bank Owned Life Insurance

Roma 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.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC Topic 740, Income Taxes, which includes guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Company had no material unrecognized tax benefits or accrued interest and penalties as of December 31, 2010 and 2009. The Company's policy is to account for interest as a component of interest expense and penalties as a component of other expense.

The Company and its subsidiaries file a consolidated federal 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. The Company is no longer subject to examination by taxing authorities for the years before January 1, 2007.

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. Direct response advertising conducted by the Banks is immaterial and has not been capitalized.

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 changes in the minimum pension liability as accounted for under FASB ASC Topic 715, "Compensation-Retirement Benefits".

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Interest Rate Risk

The Company is principally engaged in the business of attracting deposits from the general public and uses 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 interest-sensitive liabilities compared to the generally longer duration of 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 assets and liabilities in order to measure the level of interest rate risk and to plan for future volatility.

Concentration of Risk

The Banks' lending activities are chiefly concentrated in loans secured by real estate located in the State of New Jersey.

At December 31, 2010 and 2009, the Banks had deposits totaling $71.6 million and $41.2 million, which were held by the Federal Home Loan Bank of New York and other financial institutions, 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.

Off-Balance Sheet Credit Related Financial Instruments

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

Stock Compensation Plan

The Company adopted FASB ASC Topic 718 "Compensation-Stock Compensation" upon approval of the Roma Financial Corp. Equity Incentive Plan on April 23, 2009 and, accordingly, expenses the fair value of all options granted over their vesting periods and the fair value of all share-based compensation granted over the requisite service periods.

Treasury Stock

Common stock shares repurchased are recorded as treasury stock, at cost.

Earnings per Common Share (“EPS”)

Basic earnings per share is based on the weighted average number of common shares outstanding adjusted for Employee Stock Ownership Plan (“ESOP”) shares not yet committed to be released. Shares issued and reacquired during any period are weighted for the portion of the period they were outstanding.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding, plus the net shares that would be issued related to dilutive stock options and restricted stock grants pursuant to the treasury stock method. Outstanding stock options and unvested stock awards for the years ended December 31, 2010, 2009 and 2008 were not considered in the calculation of diluted earnings per share because they were anti-dilutive.

Treasury shares are not deemed outstanding for earnings per share calculations.

Reclassification

Certain amounts as of and for the years ended December 31, 2009 and 2008 have been reclassified to conform with the current year's presentation.

Note 2 – Recent Accounting Pronouncements

The FASB has issued the following updates to the FASB Accounting Standards Codification (ASC).

ASU 2011-01

The amendments in this Update temporarily delay the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. Under the existing effective date in Update 2010-20, public-entity creditors would have provided disclosures about troubled debt restructurings for periods beginning on or after December 15, 2010. The delay is intended to allow the Financial Accounting Standards Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. Currently, that guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011. The Company does not expect the adoption of these amendments to have a material effect on their financial position or results of operation. The deferral in this amendment is effective upon issuance.

ASU 2010-29

The objective of this Update is to address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations.

Paragraph 805-10-50-2(h) requires a public entity to disclose pro forma information for business combinations that occurred in the current reporting period. The disclosures include pro forma revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. If comparative financial statements are presented, the pro forma revenue and earnings of the combined entity for the comparable prior reporting period should be reported as though the acquisition date for all business combinations that occurred during the current year had been as of the beginning of the comparable prior annual reporting period.

Note 2 – Recent Accounting Pronouncements (Continued)

In practice, some preparers have presented the pro forma information in their comparative financial statements as if the business combination that occurred in the current reporting period had occurred as of the beginning of each of the current and prior annual reporting periods. Other preparers have disclosed the
proforma information as if the business combination occurred at the beginning of the prior annual reporting period only, and carried forward the related adjustments, if applicable, through the current reporting period.

The amendments in this Update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only.

The amendments in this Update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings.

The amendments in this Update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption was permitted. The adoption of this standard will not have a material impact on our statement of financial condition or statement of operations.

ASU 2010-28

The amendments in this Update modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples in paragraph 350-20-35-30, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

These amendments eliminate an entity’s ability to assert that a reporting unit is not required to perform Step 2 because the carrying amount of the reporting unit is zero or negative despite the existence of qualitative factors that indicate the goodwill is more likely than not impaired. As a result, goodwill impairments may be reported sooner than under current practice.

For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted.

Upon adoption of the amendments, an entity with reporting units that have carrying amounts that are zero or negative is required to assess whether it is more likely than not that the reporting units’ goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting unit(s). Any resulting goodwill impairment

should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. Any goodwill impairments occurring after the initial adoption of the amendments should be included in earnings as required by Section 350-20-35. The adoption of this standard will not have a material impact on our statement of financial condition or statement of operations.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 3 – Acquisition

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

The Company accounted for the transaction using the acquisition method pursuant to FASB ASC 805 “Business Combinations”. Accordingly, the Company recorded merger and acquisition expenses totaling $924 thousand, in non-interest expense other, during the year ended December 31, 2010. The Company’s results of operations include Sterling Banks, Inc. and Sterling Bank from the date of acquisition. Additionally, ASC 805 “Business Combinations” requires an acquirer to recognize the assets acquired and the liabilities assumed at their fair values as of the acquisition date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed as of the date of the acquisition:

| | |
|---|---|
| Assets: | |
| Cash and cash equivalents | $30,757 |
| Investments | 32,707 |
| Loans | 272,313 |
| Real estate owned | 2,593 |
| Premises and equipment | 7,337 |
| Bank owned life insurance | 2,613 |
| Goodwill | 1,254 |
| Deferred income taxes | 7,100 |
| Other assets | 3,791 |
| Total Assets Acquired | 360,465 |
| Liabilities | |
| Deposits | $320,721 |
| Federal Home Loan Bank of New York advances | 15,233 |
| Subordinated debentures | 5,100 |
| Other liabilities | 4,686 |
| Total Liabilities Assumed | 345,740 |
| Net Assets Acquired | $14,725 |

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

We estimated the fair value for most loans acquired from Sterling Bank by utilizing a methodology wherein loans with comparable characteristics were aggregated by type of collateral, remaining maturity, and repricing

NOTE 3 – Acquisition (Continued)

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

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

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

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

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

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

During the year ended December 31, 2010 the Company incurred $924 thousand of merger expense.

The following summarizes the unaudited pro forma results of operations for the year months ended December 31, 2010 and 2009, as if the Company acquired Sterling Banks, Inc. and Sterling Bank on January 1, 2009. The pro forma results for 2009 include merger costs net of tax of $610 thousand or $.02 per diluted share.

| | 12/31/10 | 12/31/09 |
|---|---|---|
| Net interest income before provision for loan losses | $52,720 | $43,782 |
| Net income (loss) | $2,920 | $(8,571 ) |
| Earnings per share –basic and diluted | $.10 | $(0.30 ) |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 4 – Restrictions on Cash and Amounts Due From Banks

Roma Bank is required to maintain average balances on hand or with the Federal Reserve Bank. At December 31, 2010 and 2009, these reserve balances amounted to $12.5 million and $6.5 million, respectively.

Note 5 – Stock Offering and Stock Repurchase Plans

On July 11, 2006, the Company completed its public offering and began trading on NASDAQ. The net proceeds of 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 on July 11, 2006.

During the years ended December 31, 2010, 2009 and 2008. Roma Financial Corporation, MHC waived its right, upon non-objection from the Office of Thrift Supervision, to receive cash dividends of $7.2 million, $7.2 million, and $7.2 million, respectively, declared by the Company during the year.

On August 9, 2007, the Company announced a ten percent stock repurchase plan, equivalent to 981,956 shares in the open market, based on stock availability, price and the Company's financial performance. The repurchase was completed on August 27, 2007 at a total cost of $16.7 million, or approximately $17.01 per share.

On October 24, 2007, the Company announced a five percent stock repurchase plan equivalent to 441,880 shares. The repurchase was completed on March 18, 2008 at a total cost of $7.2 million, or approximately $16.23 per share.

On August 1, 2008, the Company announced a second five percent stock repurchase plan, equivalent to 419,786 shares. The repurchase was completed on November 21, 2008 at a total cost of $6.1 million, or approximately $14.44 per share.

On March 18, 2010, the Company announced a third five percent stock repurchase plan, equivalent to 360,680 shares. The repurchase was completed on September 23, 2010 at a total cost of $4.1 million, or approximately $11.67 per share.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 – Stock Offering and Stock Repurchase Plans (Continued)

On September 17, 2010, the Company announced a fourth five percent stock repurchase plan equivalent to 342,646 shares. The repurchase was completed on December 3, 2010 at a total cost of $3.4 million, or approximately $9.78 per share.

Note 6 – Real Estate Owned Via Equity Investments

In 2008, Roma Bank, together with two individuals, formed, 84 Hopewell, LLC ("LLC"). The LLC was formed to build a commercial office building which includes the Company's Hopewell branch, corporate offices for the other 50% owner's construction company and tenant space. The Company invested approximately $360,000 in the LLC and provided a loan to the LLC in the amount of $3.6 million. The Company and the construction company both have signed lease commitments to the LLC. With the adoption of guidance in regards to variable interest entities now codified in FASB ASC Topic 810, "Consolidation" the Company is required to perform an analysis to determine whether such an investment meets the criteria for consolidation into the Company's financial statements. As of December 31, 2010, this variable interest entity met the requirements of ASC Topic 810 for consolidation based on the Bank being the primary financial beneficiary. This was determined based on the amount invested by the Bank compared to the other partners to the LLC and the lack of personal guarantees. As of December 31, 2010, the LLC had $4.0 million in fixed assets and a loan from Roma Bank for $3.4 million, which was eliminated in consolidation. The LLC had accrued interest to the Bank of $11 thousand at December 31, 2010 and the Bank had paid $131 thousand in rent to the LLC for the space occupied by the Bank's branch. Both of these amounts were eliminated in consolidation.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 – Securities Available for Sale

| | December 31, 2010 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Carrying Value |
| | (In Thousands) | | | |
| Mortgage-backed securities – US Government-Sponsored Enterprises (GSE's) | $24,180 | $168 | $349 | $23,999 |
| Obligations of state and political subdivisions: | | | | |
| One year through five years | 594 | 2 | - | 596 |
| After five years through ten years | 1,959 | 7 | 53 | 1,913 |
| After ten years | 6,208 | 41 | 98 | 6,151 |
| | 8,761 | 50 | 151 | 8,660 |
| U.S. Government (including agencies): | | | | |
| After five years through ten years | 10,389 | 13 | 200 | 10,202 |
| After ten years | 5,995 | 4 | 182 | 5,817 |
| | 16,384 | 17 | 382 | 16,019 |
| Corporate Bond | 1,000 | - | 12 | 988 |
| Equity securities | 50 | 3 | - | 53 |
| Mutual fund shares | 2,877 | - | 83 | 2,794 |
| | $53,252 | $238 | $977 | $52,513 |

Note 7 – Securities Available for Sale (Continued)

| | December 31, 2009 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Carrying Value |
| | (In Thousands) | | | |
| Mortgage-backed securities – US Government-Sponsored Enterprises (GSE's) | $8,091 | $217 | $- | $8,308 |
| Obligations of state and political subdivisions: | | | | |
| One year through five years | 1,053 | 7 | - | 1,060 |
| After five years through ten years | 8,504 | 41 | 149 | 8,396 |
| | 9,557 | 48 | 149 | 9,456 |
| U.S. Government (including agencies): | | | | |
| After five years through ten years | 8,500 | 3 | 196 | 8,307 |
| Equity securities | 1,383 | 4 | - | 1,387 |
| Mutual fund shares | 2,740 | - | 54 | 2,686 |
| | $30,271 | $272 | $399 | $30,144 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 – 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:

| | Less than 12 Months | | More than 12 Months | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In Thousands) | | | | | |
| December 31, 2010: | | | | | | |
| Mortgage-backed securities –(GSE's) | $17,061 | $349 | $- | $- | $17,061 | $349 |
| U.S. Government (including agencies) | 13,002 | 382 | - | - | 13,002 | 382 |
| Obligations of state and Political subdivisions | 4,114 | 151 | - | - | 4,114 | 151 |
| Corporate Bond | 988 | 12 | - | - | 988 | 12 |
| Mutual funds | - | - | 2,793 | 83 | 2,793 | 83 |
| | $35,165 | $894 | $2,793 | $83 | $37,958 | $977 |
| December 31, 2009: | | | | | | |
| U.S. Government (including agencies) | $5,351 | $149 | $- | $- | $5,351 | $149 |
| Obligations of state and Political subdivisions | 8,307 | 196 | - | - | 8,307 | 196 |
| Mutual funds | - | - | 2,686 | 54 | 2,686 | 54 |
| | $13,658 | $345 | $2,686 | $54 | $16,344 | $399 |

As of December 31, 2010, the Company's available for sale portfolio in an unrealized loss position consisted of 57 securities. There was one mutual fund in an unrealized loss position for more than twelve months at December 31, 2010 and 2009.

The available for sale mutual funds are a CRA investment that had an unrealized loss of approximately $83 thousand and $54 thousand at December 31, 2010 and 2009, respectively. They have been in a loss position for the last two years with the greatest unrealized loss being approximately $184 thousand. Management does not believe the mutual fund securities available for sale are other-than-temporarily impaired due to reasons of credit quality. Unrealized losses in the mortgage-backed securities, U.S. Government securities and Municipal securities categories are due to the current interest rate environment and not due to credit concerns. The Company does not intend to sell these securities and it is not more likely than not that we will be required to sell these securities. Accordingly, as of

December 31, 2010, management believes the impairments are temporary and no impairment loss has been realized in the Company's consolidated income statement for the year ended December 31, 2010.

In December 2009, the Company recorded an other-than-temporary impairment charge of $2.2 million related to an equity investment in a financial institution. During 2010, the market price on this equity investment

Note 7 – Securities Available for Sale (Continued)

recovered due to the entity's merger with another financial institution and Roma sold this investment for a gain of $2.0 million. The Company recognized no other-than-temporary impairment charges for the year ended December 31, 2008 on its available for sale securities.

Available for sale securities with total amortized cost of $7.6 million were sold during 2010 with a realized gain of $2.2 million, net of a $5.0 thousand loss. Available for sale securities with total amortized cost of $7.2 million were sold during 2009 and realized a gain of $158 thousand. Available for sale securities with a total amortized cost of $5.0 million were sold during 2008 with a net realized loss of $26 thousand. All the securities purchased and sold by RomAsia Bank were held less than one year. The equity security held by Roma Financial Corporation was held for more than one year. As of December 31, 2010 and 2009 no available for sale securities were pledged as collateral.

The amortized cost and estimated fair value of securities available for sale at December 31, 2010 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or repay obligations with or without call or repayment penalties:

| | Amortized Cost | Fair Value |
|---|---|---|
| | (in Thousands) | |
| After one to five years | $594 | $596 |
| After five to ten years | 13,349 | 13,103 |
| After ten years | 12,202 | 11,968 |
| Total | 26,145 | 25,667 |
| Mortgage-backed securities | 24,180 | 23,999 |
| Equity Securities | 50 | 53 |
| Mutual Funds | 2,877 | 2,794 |
| Total | $53,252 | $52,513 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8– Investment Securities Held to Maturity

| | December 31, 2010 | | | |
|---|---|---|---|---|
| | Carrying Value | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| | (In Thousands) | | | |
| U.S. Government (including agencies): | | | | |
| After one year through five years | $7,000 | $2 | $- | $7,002 |
| After five years through ten years | 92,545 | 355 | 1,469 | 91,431 |
| After ten years | 127,977 | - | 4,421 | 123,556 |
| | 227,522 | 357 | 5,890 | 221,989 |
| Corporate Bond and Other: | | | | |
| Within one year | 102 | - | - | 102 |
| After five year through ten years | 983 | 10 | - | 993 |
| After ten years | 186 | - | - | 186 |
| | 1,271 | 10 | - | 1,281 |
| Obligations of state and political subdivisions: | | | | |
| After one year through five years | 755 | 57 | - | 812 |
| After five years through ten years | 5,185 | 119 | 50 | 5,254 |
| After ten years | 9,688 | 14 | 253 | 9,449 |
| | 15,628 | 190 | 303 | 15,515 |
| | $244,421 | $557 | $6,193 | $238,785 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Investment Securities Held to Maturity (Continued)

| | December 31, 2009 | | | |
|---|---|---|---|---|
| | Carrying Value | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| | (In Thousands) | | | |
| U.S. Government (including agencies): | | | | |
| After one year through five years | $15,996 | $54 | $- | $16,050 |
| After five years through ten years | 200,224 | 95 | 2,612 | 197,707 |
| After ten years | 76,207 | - | 1,285 | 74,922 |
| | 292,427 | 149 | 3,897 | 288,679 |
| Corporate Bond: | | | | |
| After one year through five years | 979 | 19 | - | 998 |
| Obligations of state and political subdivisions: | | | | |
| After one year through five years | 295 | 6 | - | 301 |
| After five years through ten years | 4,693 | 94 | 32 | 4,755 |
| After ten years | 6,955 | 39 | 54 | 6,940 |
| | 11,943 | 139 | 86 | 11,996 |
| | $305,349 | $307 | $3,983 | $301,673 |

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:

| | Less than 12 Months | | More than 12 Months | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In Thousands) | | | | | |
| December 31, 2010: | | | | | | |
| U.S. Government (including agencies) | $169,833 | $5,890 | $- | $- | $169,833 | $5,890 |
| Obligations of state and political subdivisions | 6,582 | 273 | 1,680 | 30 | 8,262 | 303 |
| | $176,415 | $6,163 | $1,680 | $30 | $178,095 | $6,193 |
| December 31, 2009: | | | | | | |
| U.S. Government (including agencies) | $243,639 | $3,897 | $- | $- | $243,639 | $3,897 |
| Obligations of state and | 5,574 | 86 | - | - | 5,574 | 86 |

| | | | | | | |
|---|---|---|---|---|---|---|
| political subdivisions | | | | | | |
| | $249,213 | $3,983 | $- | $- | $249,213 | $3,983 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Investment Securities Held to Maturity (Continued)

The amortized cost and estimated fair value of securities held to maturity at December 31, 2010 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties:

| | Amortized Cost | Fair Value |
|---|---|---|
| | (in Thousands) | |
| One year or less | $102 | $102 |
| After one to five years | 7,755 | 7,814 |
| After five to ten years | 98,714 | 97,678 |
| After ten years | 137,851 | 133,191 |
| Total | $244,421 | $238,785 |

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

At December 31, 2010, the Company's held to maturity debt securities portfolio consisted of 114 securities, of which 72 were in an unrealized loss position for less than twelve months and 3 were in a loss position for more than twelve months. No OTTI charges were recorded on held to maturity securities for the years ended December 31, 2010, 2009 and 2008. The Company does not intend to sell these securities and it is not more likely than not that it will be required to sell these securities. Unrealized losses primarily relate to interest rate fluctuations and not credit concerns.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Investment Securities Held to Maturity (Continued)

There were no sales of investment securities held to maturity during the years ended December 31, 2010, 2009, and 2008.

At December 31, 2010 and 2009, approximately $231.3 million and $220.7 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.

Note 9 – Mortgage-Backed Securities Held to Maturity

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

| | December 31, 2009 | | | |
|---|---|---|---|---|
| | Carrying Value | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| | (In Thousands) | | | |
| Government National Mortgage Association | $7,148 | $149 | $21 | $7,276 |
| Federal Home Loan Mortgage Corporation | 123,244 | 5,190 | 721 | 127,713 |
| Federal National Mortgage Association | 107,294 | 5,299 | 23 | 112,570 |
| Collateralized mortgage obligations-GSE's | 10,740 | 459 | - | 11,199 |
| | $248,426 | $11,097 | $765 | $258,758 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 9 – Mortgage-Backed Securities Held to Maturity (Continued)

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

| | Less than 12 Months | | More than 12 Months | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In Thousands) | | | | | |
| December 31, 2010: | | | | | | |
| Government National Mortgage Association | $3,836 | $107 | $- | $- | $3,836 | $107 |
| Federal Home Loan Mortgage Corporation | 83,451 | 2,781 | 19 | 1 | 83,470 | 2,782 |
| Federal National Mortgage Association | 83,252 | 2,628 | 8 | 1 | 83,260 | 2,629 |
| Collateralized mortgage obligations | 1,920 | 42 | - | - | 1,920 | 42 |
| | $172,459 | $5,558 | $27 | $2 | $172,486 | $5,560 |

| | Less than 12 Months | | More than 12 Months | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In Thousands) | | | | | |
| December 31, 2009: | | | | | | |
| Government National Mortgage Association | $994 | $20 | $52 | $1 | $1,046 | $21 |
| Federal Home Loan Mortgage Corporation | 5,230 | 224 | 1,549 | 497 | 6,779 | 721 |
| Federal National Mortgage Association | - | - | 1,131 | 23 | 1,131 | 23 |
| | $6,224 | $244 | $2,732 | $521 | $8,956 | $765 |

Note 9 – Mortgage-Backed Securities Held to Maturity (Continued)

The amortized cost and estimated fair value of mortgage backed securities held to maturity at December 31, 2010 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

| | Amortized Cost | Fair Value |
|---|---|---|
| | (in Thousands) | |
| One year or less | $ - | $ - |
| After one to five years | 19,834 | 20,278 |
| After five to ten years | 43,601 | 44,600 |
| After ten years | 357,679 | 360,584 |
| Total | $ 421,114 | $ 425,462 |

Management does not believe that any of the individual unrealized losses represent an other-than-temporary impairment (OTTI). The unrealized losses on mortgage-backed securities relate primarily to fixed interest rates, and, to a lesser extent, adjustable interest rate securities. Such losses are the result of changes in interest rates and not credit concerns. The Company does not intend to sell these securities and it is not more likely than not that we will be required to sell these securities, therefore, no OTTI is required.

At December 31, 2010, there were 4 Government National Mortgage Association, 41 Federal Home Loan Mortgage Corporation, 40 Federal National Mortgage Association, and 1 collateralized mortgage obligation, in unrealized loss positions compared to 5, 13, 3 and 0, respectively, in unrealized loss positions as of December 31, 2009.

There were no sales of mortgage-backed securities held to maturity during the years ended December 31, 2010, 2009, and 2008.

At December 31, 2010 and 2009, mortgage-backed securities held to maturity with a carrying value of approximately $349,000 and $960,000, respectively, were pledged to secure public funds on deposit.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Real estate mortgage loans: | | |
| Residential mortgage | $ 358,503 | $ 251,937 |
| Commercial real estate | 273,177 | 172,334 |
| | 631,680 | 424,271 |
| Construction | | |
| Commercial real estate | 18,055 | 25,726 |
| Residential | 19,142 | 436 |
| | 37,197 | 26,162 |
| Consumer: | | |
| Equity and second mortgages | 202,926 | 133,199 |
| Other | 1,760 | 1,024 |
| | 204,686 | 134,223 |
| Commercial | 36,125 | 12,302 |
| Total Loans | 909,688 | 596,958 |
| Less: | | |
| Allowance for loan losses | 9,844 | 5,243 |
| Deferred loan fees and discounts | 663 | 432 |
| Loans in process | 5,339 | 5,524 |
| | 15,846 | 11,199 |
| Loans, net | $ 893,842 | $ 585,759 |

At December 31, 2010 and 2009, loans serviced for the benefit of others totaled approximately $33,794,000 and $17,169,000, respectively, which balances are excluded from loans receivable. Roma Bank has an agreement to sell residential mortgages to the FHLBNY and Freddie Mac. The maximum to be sold under the agreement with FHLBNY is $25.0 million. The agreement includes a maximum credit enhancement of $177,500, which Roma 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. Roma Bank's historical losses on residential mortgages have been lower than the amount being funded to the Spread Account. As such, Roma 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 Roma Bank at rates of .07% to .10% of the outstanding loan balance in the portfolio on a quarterly basis.

Note 10 – Loans Receivable (Continued)

Roma 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 2010 and 2009, Roma Bank recognized approximately $40,000 and $39,700, respectively, of servicing fee income.

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

| | 2010 |
|---|---|
| | (In thousands) |
| Commercial | $ 2,178 |
| Commercial real estate | 17,481 |
| Commercial real estate – construction | 4,870 |
| Residential mortgage | 5,515 |
| Residential construction | 9,246 |
| Home equity and other consumer | 1,120 |
| Total | $ 40,410 |

At December 31, 2010, 2009 and 2008, nonaccrual loans, for which the accrual of interest has been discontinued, totaled approximately $40,410,000, $14,790,000, and $10,308,000, respectively. Interest income on such loans is recognized only when actually collected. During the years ended December 31, 2010, 2009 and 2008, Roma Bank recognized interest income of approximately $222,000, $130,000, and $167,000, respectively, on these loans. Interest income that would have been recorded had the loans been on accrual status, would have amounted to approximately $1,956,000, $893,000, and $798,000 for the years ended December 31, 2010, 2009 and 2008, respectively. Roma Bank is not committed to lending additional funds to borrowers whose loans have been placed on nonaccrual status.

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable (Continued)

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

| | Recorded Investment | Unpaid Principal Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized |
|---|---|---|---|---|---|
| | (In Thousands) | | | | |
| With no related allowance recorded: | | | | | |
| Commercial real estate | $32,714 | $38,586 | $- | $36,167 | $1,159 |
| Residential mortgage | 10,833 | 12,122 | - | 10,855 | 128 |
| Residential construction | 15,702 | 20,500 | - | 16,572 | 186 |
| Home equity and other consumer | 2,545 | 2,906 | - | 2,679 | 70 |
| | 61,794 | 74,114 | - | 66,273 | 1,543 |
| With an allowance recorded: | | | | | |
| Commercial | 1,651 | 1,651 | 483 | 1,712 | 26 |
| Commercial real estate | 6,810 | 6,810 | 2,965 | 4,656 | 78 |
| Commercial construction | 4,870 | 4,870 | 1,555 | 4,935 | 101 |
| Residential mortgage | 323 | 323 | 61 | 323 | - |
| Home equity and other consumer | 226 | 226 | 192 | 189 | 3 |
| | 13,880 | 13,880 | 5,256 | 11,815 | 208 |
| Total: | | | | | |
| Commercial | 1,651 | 1,651 | 483 | 1,712 | 26 |
| Commercial real estate | 39,524 | 45,396 | 2,965 | 40,823 | 1,237 |
| Commercial construction | 4,870 | 4,870 | 1,555 | 4,935 | 101 |
| Residential mortgage | 11,156 | 12,445 | 61 | 11,178 | 128 |
| Residential construction | 15,702 | 20,550 | - | 16,572 | 186 |
| Home equity and other consumer | 2,771 | 3,132 | 5,256 | 2,868 | 73 |
| | $75,674 | $87,994 | $5,256 | $78,088 | $1,751 |

Impaired loans and related amounts recorded in the allowance for loan losses for 2009 were summarized as follows: Recorded investment in impaired loans without specific allowance $16,842,000; Recorded investment in impaired loans with specific allowance $7,783,000; and, related allowance for loan losses $2,483,000.

For the years ended December 31, 2009 and 2008, the average recorded investment in impaired loans totaled approximately $17,314,000, and $9,144,000, respectively. Interest income of approximately $251,000, and $448,000, respectively, all recorded on the cash basis, was recognized on impaired loans during the period of impairment.

Impaired loans include $38.7 million of loans, net of credit marks of $12.4 million, which were acquired in the merger. Loans totaling $30.8 million which are performing, are also included in this total and classified as impaired because they are a troubled debt restructure, have related loans that are non-performing, or which are considered impaired because at the merger date there was evidence of deterioration of credit quality, since origination, primarily collateral related.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable (Continued)

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

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

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

| | Pass | Special Mention | Substandard | Doubtful | Total |
|---|---|---|---|---|---|
| Commercial and industrial | $32,902 | $1,141 | $2,082 | $- | $36,125 |
| Commercial real estate | 217,609 | 22,039 | 33,530 | - | 273,178 |
| Commercial real estate (Construction) | 11,605 | 1,580 | 4,870 | - | 18,055 |
| Residential mortgage | 350,771 | 786 | 6,946 | - | 358,503 |
| Residential construct. | 4,358 | 3,331 | 11,453 | - | 19,142 |
| Home equity and other consumer | 202,707 | 926 | 1,052 | - | 204,686 |
| Total | $819,952 | $29,803 | $59,933 | $- | $909,688 |

The Banks have granted loans to officers and directors. 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 collectability. The aggregate amount of these loans at December 31, 2010 and 2009 was approximately $2,980,000 and $3,181,000, respectively. During the years ended December 31, 2010 and 2009, there were new loans totaling $304,000 and $219,000 to related parties and repayments totaled $638,000 and $140,000, respectively. In addition, related party loans totaling $133,000 were acquired in the merger in the year ended December 31, 2010.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable (Continued)

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

| | Commercial | Commercial real estate | Commercial real estate-construction | Residential mortgage | Residential Construction | Home Equity and Other Consumer | Total |
|---|---|---|---|---|---|---|---|
| Allowance for credit losses: | (In thousands) | | | | | | |
| Beginning balance | $306 | $3,255 | $ 1,207 | $313 | $ - | $162 | $5,243 |
| Charge-offs | - | (2,217) | - | - | - | (37) | (2,265) |
| Recoveries | - | - | - | - | - | - | - |
| Provisions | 348 | 3,884 | 890 | 1,486 | - | 247 | 6,855 |
| Ending Balance | $654 | $4,922 | $ 2,097 | $1,799 | - | $372 | $9,844 |
| Ending Balance: individually evaluated for impairment | $483 | $2,965 | $ 1,555 | $61 | $ - | $192 | $5,256 |
| Ending Balance: collectively evaluated for impairment | 171 | 1,957 | 542 | 1,738 | - | 180 | 4,588 |
| Ending Balance: loans acquired with deteriorated credit quality* | - | 5,872 | - | 1,289 | 4,798 | 361 | $12,320 |

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable (Continued)

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

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Loans Receivable (Continued)

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

| | Years Ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| | (In Thousands | |
| Balance - beginning | $2,223 | $1,602 |
| Provisions charged to operations | 3,280 | 787 |
| Recoveries | 18 | 15 |
| Losses charged to allowance | (278) | (181) |
| Total | $5,243 | $2,223 |

Note 11 – Real Estate Owned and Other Repossessed Assets

Real estate owned and other repossessed assets increased $1.7 million to $3.7 million at December 31, 2010 compared to $1.9 million at December 31, 2009. Detailed below are the changes in real estate owned and other repossessed assets for the years ended December 31, 2010 and 2009:

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Beginning balance | $1,928 | $- |
| Assets acquired in merger | 2,593 | - |
| Assets transferred in | 2,068 | 1,996 |
| Net proceeds from sales | (2,323) | (60) |
| Net gain (loss) on sales | 128 | (8) |
| Impairment charge | (705) | - |
| Total | $3,689 | $1,928 |

Note 12 – Real Estate Held for Sale

The Company acquired in the merger a former branch site and a loan center. At December 31, 2010 both of those locations were available for sale and carried at lower of cost or market.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 13 – Premises and Equipment

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Land held for future development | $1,054 | $1,054 |
| Construction in progress | 153 | 220 |
| Land | 5,428 | 5,428 |
| Buildings and improvements | 43,481 | 35,299 |
| Accumulated depreciation and amortization | (7,110) | (6,154) |
| | 36,371 | 29,145 |
| Furnishings and equipment | 11,761 | 9,543 |
| Accumulated depreciation | (7,412) | (6,261) |
| | 4,349 | 3,282 |
| Total | $47,355 | $39,129 |

Note 14 – Interest Receivable

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Loans receivable | $3,625 | $2,793 |
| Investment securities held to maturity | 2,776 | 2,241 |
| Mortgage-backed securities held to maturity | 1,519 | 1,191 |
| Securities available for sale | 73 | 221 |
| Other interest-earning assets | 37 | 22 |
| Total | $8,030 | $6,468 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 15 – Deposits

| | December 31, 2010 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Amount | Weighted Average Interest Rate | | Amount | Weighted Average Interest Rate | |
| | (Dollars In Thousands) | | | | | |
| Demand: | | | | | | |
| Non-interest bearing checking | $64,778 | 0.00 | % | $32,481 | 0.00 | % |
| Interest bearing checking | 177,317 | 0.30 | % | 129,505 | 0.44 | % |
| Total Demand | 242,095 | 0.22 | % | 161,986 | 0.25 | % |
| Savings and club | 439,037 | 0.79 | % | 275,990 | 0.91 | % |
| Certificates of deposit | 822,428 | 1.83 | % | 577,779 | 2.47 | % |
| Total deposits | $1,503,560 | 1.27 | % | $1,015,755 | 1.71 | % |

Certificates of deposit with balances of more than $100,000 totaled approximately $233,635,000 and $186,582,000 at December 31, 2010 and 2009, respectively. At December 31, 2010, the scheduled maturities of certificates of deposit were:

| | Amounts (In Thousands) |
|---|---|
| 2011 | $506,700 |
| 2012 | 213,333 |
| 2013 | 49,995 |
| 2014 | 16,897 |
| 2015 | 34,939 |
| Thereafter | 564 |
| | $822,428 |

Interest expense on deposits consists of the following:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |

| | | (In Thousands) | |
|---|---|---|---|
| Demand | $580 | $618 | $539 |
| Savings and club | 3,295 | 3,005 | 2,049 |
| Certificates of deposit | 13,835 | 15,592 | 15,493 |
| | $17,710 | $19,215 | $18,081 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 16 – Federal Home Loan Bank ("FHLBNY") Advances, Subordinated Debentures and Securities Sold Under Agreements to Repurchase

At December 31, 2009, Roma Bank had an outstanding long-term FHLBNY advance totaling $1.8 million. The borrowing had a fixed rate of 4.49%. The loan matured and was paid in full in October 2010.

At December 31, 2010 and 2009, Roma Bank also had an outstanding FHLBNY advance totaling $23.0 million. The borrowing is at a fixed rate of 3.90% for ten years, maturing in 2017, callable in October 2010. Interest is paid quarterly.

At December 31, 2010 and 2009, the advances were secured by pledges of the Bank's investment in the capital stock of the FHLB totaling $4,714,000 and $2,980,000, respectively, and a specific pledge of investment securities held to maturity with a par value totaling $42.5 million and $41.0 million, respectively.

At December 31, 2010 and 2009, RomAsia Bank had $12.0 million and $0.00 million of outstanding FHLBNY advances. The amounts, maturities, and interest rates as of December 31, 2010 are as follows:

| Amount | Interest Rate | Maturity |
|---|---|---|
| $ 23,000 | 3.90% | 10/29/17 |
| 1,500 | 0.90% | 3/21/11 |
| 3,500 | 1.47% | 3/19/12 |
| 1,500 | 2.09% | 3/19/13 |
| 500 | 1.52% | 12/23/13 |
| 500 | 2.08% | 12/22/14 |
| 500 | 2.61% | 12/21/15 |
| 500 | 3.08% | 12/21/16 |
| 3,500 | 0.33% | 01/31/11 |
| $35,000 | | |

At December 31, 2010, Roma Bank also had available to it $100,000,000 under a revolving line of credit and an additional $100,000,000 under a Companion (DRA) Commitment, both expiring July 31, 2011, with the FHLBNY. Borrowings are at the lender's cost of funds plus 0.25%. There were no outstanding borrowings under the line of credit or DRA at December 31, 2010 and 2009.

Securities sold under agreement to repurchase are treated as a financing arrangement and are reflected as a liability in the consolidated statements of financial condition. Securities sold under an agreement to repurchase amounted to $40.0 million at December 31, 2010 and 2009. The maturities and respective interest rates are as follows: $10.0 million maturing in 2015, callable in August 2010, at 3.22%; $20.0 million maturing in 2018, callable in August 2011, at 3.51%; and, $10.0 million maturing in 2018, callable in August 2013, at 3.955%. The agreement is collateralized by securities described in the underlying agreement which are held in safekeeping at the FHLBNY. At December 31,

2010, the fair value of the securities used as collateral under the agreement was approximately $48.8 million.

On May 1, 2007, Sterling Banks Capital Trust I, a Delaware statutory business trust and a wholly-owned subsidiary of the Company (the "Trust"), issued $6.2 million of variable rate capital trust pass-through securities ("capital securities") to investors. The variable interest rate reprices quarterly at the three month

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 16 – Federal Home Loan Bank ("FHLBNY") Advances, Subordinated Debentures and Securities Sold Under Agreements to Repurchase (Continued)

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

Note 17 – Regulatory Capital Requirement

The Banks are 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 Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Banks must meet specific capital guidelines that involve quantitative measures of the Banks' assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weighting, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Banks 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).

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 17 – Regulatory Capital Requirement (Continued)

| | Actual | | For Capital Adequacy Purposes | | To be Well Capitalized under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| | (Dollars in Thousands) | | | | | |
| As of December 31, 2010: | | | | | | |
| Total capital (to risk-weighted assets) | | | | | | |
| Roma Bank | $ 171,828 | 18.39 % | $ [3]74,741 | [3]8.00 % | $ 93,426 | [3]10.00 % |
| RomAsia Bank | 12,318 | 19.48 | $ [3]5,058 | [3]8.00 | 6,323 | [3]10.00 |
| Tier 1 capital (to risk-weighted assets) | | | | | | |
| Roma Bank | 167,797 | 17.96 | N/A | N/A | 56,055 | [3] 6.00 |
| RomAsia Bank | 11,767 | 18.61 | N/A | N/A | 3,794 | [3] 6.00 |
| Core (Tier 1) capital (to adjusted total assets) | | | | | | |
| Roma Bank | 167,797 | 9.99 | [3]50,394 | [3]3.00 | 83,990 | [3] 5.00 |
| RomAsia Bank | 11,767 | 9.44 | [3] 3,739 | [3]3.00 | 6,232 | [3] 5.00 |
| Tangible capital (to adjusted total assets) | | | | | | |
| Roma Bank | 167,797 | 9.99 | [3]25,197 | [3]1.50 | N/A | N/A |
| RomAsia Bank | 11,767 | 9.44 | [3]1,869 | [3]1.50 | N/A | N/A |
| As of December 31, 2009: | | | | | | |
| Total capital (to risk-weighted assets) | | | | | | |
| Roma Bank | $ 194,084 | 30.67 % | $ [3]50,625 | [3]8.00 % | $ 63,281 | [3]10.00 % |
| RomAsia Bank | 12,381 | 25.98 | $ [3] 3,812 | [3]8.00 | 4,765 | [3]10.00 |
| Tier 1 capital (to risk-weighted assets) | | | | | | |
| Roma Bank | 191,639 | 30.28 | N/A | N/A | 37,969 | [3] 6.00 |
| RomAsia Bank | 12,073 | 25.34 | N/A | N/A | 2,859 | [3] 6.00 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Core (Tier 1) capital (to adjusted total assets) | | | | | | |
| Roma Bank | 191,639 | 15.75 | ³36,499 | ³3.00 | 60,831 | ³ 5.00 |
| RomAsia Bank | 12,073 | 13.34 | ³ 2,714 | ³3.00 | 4,524 | ³ 5.00 |
| Tangible capital (to adjusted total assets) | | | | | | |
| Roma Bank | 191,639 | 15.75 | ³18,249 | ³1.50 | N/A | N/A |
| RomAsia Bank | 12,073 | 13.34 | ³ 1,357 | ³1.50 | N/A | N/A |

As of November 10, 2010, the most recent notification from the Office of Thrift Supervision, Roma Bank, based on its actual capital amounts at June 30, 2010, was categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Banks must maintain minimum total, risk-based, and Tier 1 leverage ratios of 10%, 6% and 5%, respectively. There are no conditions existing or events which have occurred since notification that management believes have changed the Banks' category.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans

Pension Plan

Roma Bank has a defined benefit pension plan covering all eligible employees. All employees who have worked for a period of one year and who have been credited with 1,000 or more hours of service are eligible to accrue benefits under the plan. 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:

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Change in Projected Benefit Obligation | | |
| Benefit obligation – beginning | $10,418 | $9,878 |
| Service cost | 386 | 387 |
| Interest cost | 620 | 588 |
| Actuarial (gain) loss | 1,726 | (107) |
| Benefits paid | (340) | (315) |
| Settlements | (3) | (13) |
| Benefit obligation – ending | 12,807 | 10,418 |
| | | |
| Change in Plan Assets | | |
| Fair value of assets – beginning | 6,843 | 6,052 |
| Actual (loss) gain on plan assets | 742 | 1,018 |
| Employer contributions | 1,735 | 101 |
| Benefits paid | (340) | (315) |
| Settlements | (3) | (13) |
| Fair value of assets – ending | 8,977 | 6,843 |
| | | |
| Funded status | $(3,830) | $(3,575) |
| | | |
| Change in Other Comprehensive Loss | | |
| Other comprehensive loss – beginning | $(3,766) | $(4,771) |
| Prior period adjustment | - | (21) |
| Amortization of prior service cost | 15 | 15 |
| Amortization of gain/loss | 245 | 356 |
| Net gain (loss) during year | (1,562) | 655 |
| | | |
| Other comprehensive loss – ending | $(5,068) | $(3,766) |
| | | |
| Accumulated benefit obligation | $11,070 | $9,551 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Pension Plan (Continued)

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In Thousands) | | |
| Net periodic pension expense | | | |
| Service cost | $386 | $387 | $328 |
| Interest cost | 620 | 588 | 535 |
| Expected return on assets | (577) | (491) | (714) |
| Amortization of: | | | |
| Unrecognized prior service liability | 15 | 15 | 15 |
| Unrecognized loss | 245 | 355 | - |
| Total pension expense | $689 | $854 | $164 |

The assumptions used to determine the benefit obligation are as follows for the years ended December 31:

| | 2010 | 2009 |
|---|---|---|
| Discount rate | 5.54 % | 6.13 % |
| Salary increase rate | 3.00 % | 3.00 % |

The assumptions used to determine net periodic pension cost are as follows for the years ended December 31:

| | 2010 | 2009 | 2008 |
|---|---|---|---|
| Discount rate | 6.13 % | 6.13 % | 6.62 % |
| Long-term rate on return of plan assets | 8.50 % | 8.50 % | 8.50 % |
| Salary increase rate | 3.00 % | 4.00 % | 4.00 % |
| Market related value of assets | N/A | N/A | N/A |
| Amortization period | 10.96 % | 10.48 % | 10.14 % |

At December 31, 2010 and 2009, the Company had an accrued pension liability of $3,830,000 and $3,575,000, respectively.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Pension Plan (Continued)

The fair value of the Company's pension plan assets at December 31, 2010, by asset category are as follows: (In thousands)

| | Fair Value Measurements at December 31, 2010 | | | |
|---|---|---|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable Inputs (Level 3) |
| Mutual funds – equity | | | | |
| Large-cap value | $608 | $608 | $- | $ - |
| Small-cap core | 808 | 808 | - | - |
| Common/collective trusts-equity | | | | |
| Large-cap core | 691 | - | 691 | - |
| Large-cap value | 350 | - | 350 | - |
| Large-cap growth | 994 | - | 994 | - |
| International core | 927 | - | 927 | - |
| Common/collective trusts-fixed income | 4,599 | - | 4,599 | - |
| Total | $8,977 | $1,416 | $7,561 | $ - |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Pension Plan (Continued)

The fair value of the Corporation's pension plan assets at December 31, 2009, by asset category are as follows:

| | Fair Value Measurements at December 31, 2009 | | | |
|---|---|---|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable Inputs (Level 3) |
| Mutual funds – equity | | | | |
| Large-cap value | $451 | $451 | $- | $ - |
| Small-cap core | 532 | 532 | - | - |
| Common/collective trusts-equity | | | | |
| Large-cap core | 506 | - | 506 | - |
| Large-cap value | 252 | - | 252 | - |
| Large-cap growth | 742 | - | 742 | - |
| International core | 720 | - | 720 | - |
| Common/collective trusts-fixed income | 3,641 | - | 3,641 | - |
| Total | $6,844 | $983 | $5,861 | $ - |

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

| | December 31, | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| Equity securities | 49 | % | 47 | % |
| Debt securities (Bond Mutual Funds) | 51 | % | 53 | % |
| | 100 | % | 100 | % |

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%.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Pension Plan (Continued)

The Bank expects to contribute a minimum of $600,000 to its pension plan in 2011.

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

| | |
|---|---|
| 2011 | $ 598 |
| 2012 | 631 |
| 2013 | 662 |
| 2014 | 711 |
| 2015 | 744 |
| 2016-2020 | $ 4,217 |

Savings and Investment Plan (“SIP”)

The Banks sponsor 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 Banks will match 50% of the first 6% of the employee’s contribution. The SIP expense amounted to approximately $203,000, $180,000, and $170,000 during the years ended December 31, 2010, 2009 and 2008, respectively.

Officers’ Supplemental Executive Retirement Agreements

Roma Bank has an unfunded, non-qualified supplemental pension plan to provide supplemental pension benefits to certain senior officers of the Bank. The plan provides benefits at normal established retirement ages for the covered officers at an amount established when the plan was created in equal monthly installments per year for ten years. At December 31, 2010 and 2009, the Bank had accrued approximately $1,231,000 and $1,311,000, respectively, for this plan. Expense recorded for the plan totaled approximately $-0-, $96,000 and $368,000, respectively, for the years ended December 31, 2010, 2009 and 2008 The 2010 expense recovery resulted from an over accrual in a prior year. During the years ended December 31, 2010, 2009 and 2008 no payments were made to the beneficiaries.

Phantom Stock Appreciation Rights Plan

Roma Bank implemented a phantom stock plan, effective November 1, 2002, to reward key management and the then members of the Board of Directors for achieving strategic goals of the Bank. Under the plan, the future value of units awarded to plan participants will be based upon the accumulation of future retained earnings of the Bank. The units vest equally over a ten year period and are non-forfeitable after participants have completed ten years of service with the Bank at a rate of 10% per year or age 65, whichever is earlier. At December 31, 2010 and 2009, the Bank had accrued approximately $817,000 and $965,000, respectively. Expense recorded for the plan totaled approximately $112,500, $279,000 and $132,000, respectively, for the years ended December 31, 2010, 2009 and 2008. For the years ended December 31, 2009, the Bank had a credit to expense of approximately $118,000 to adjust the original

projected earnings of the plan. During the years ended December 31, 2010, 2009 and 2008 approximately $260,000, $188,000, and $-0- payments were made to the beneficiaries and to individuals who terminated their employment.

Note 18 – Benefit Plans (Continued)

Employee Stock Ownership Plan

Effective upon completion of the Company's initial public offering in July 2006, Roma 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 FASB ASC Topic 718, "Stock Compensation Employee Stock Ownership Plans". 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, 2010, 2009 and 2008 was approximately $604,000, $670,000, $796,000, respectively. The status of Company shares in the ESOP at December 31, 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|---|---|
| Allocated shares | 189,406 | 135,290 |
| Shares committed to be released | 54,116 | 54,116 |
| Unearned shares | 568,228 | 622,344 |
| Total ESOP Shares | 811,750 | 811,750 |
| Fair value of unearned shares | $6,023,217 | $7,692,172 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Equity Incentive Plan

At the Annual Meeting held on April 23, 2009, stockholders of the Company approved the Roma Financial Corporation 2009 Equity Incentive Plan of Roma Bank. On June 25, 2009, directors, senior officers and certain employees of the Company were granted an aggregate of 820,000 stock options and awarded 222,000 shares of restricted stock.

The 2009 Plan enables the Board of Directors to grant stock options and restricted stock to executives, other key employees and nonemployee directors. The options granted under the Plan may be either incentive stock options or non-qualified stock options. The Company has reserved 1,292,909 shares of common stock for issuance upon the exercise of options granted under the 2009 Plan and 517,164 shares for grants of restricted stock. The Plan will terminate ten years from the grant date. Options will be granted with an exercise price not less than the fair market value of a share of Common Stock on the date of the grant. Options may not be granted for a term greater than ten years. Stock options granted under the Incentive Plan are subject to limitations under Section 422 of the Internal Revenue Code. The number of shares available under the 2009 Plan, the number of shares subject to outstanding options and the exercise price of outstanding options will be adjusted to reflect any stock dividend, stock split, merger, reorganization or other event generally affecting the number of Company's outstanding shares. At December 31, 2010, there were 495,709 shares available for option grants under the 2009 Plan and 301,164 shares available for grants of restricted stock.

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

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

Stock options vest over a five year service period and are exercisable within ten years. Compensation expense for all option grants is recognized over the awardee's respective requisite service period. The fair values of all option grants for the year ended December 31, 2008 were estimated using the Black Scholes option-pricing model using the following assumptions:

| | |
|---|---|
| Expected life | 6.5 years |
| Risk-free rate | 3.81 % |
| Volatility | 27.66 % |
| Dividend yield | 2.34 % |

| | |
|---|---|
| Fair Value | $ 3.64 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Equity Incentive Plan (Continued)

The following is a summary of the status of the Company's stock option activity and related information for the years ended December 31, 2010, 2009 and 2008:

| | Number of Stock Options | Weighted Avg. Exercise Price | Weighted Avg. Remaining contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balance at January 1, 2008: | - | $ - | | |
| Granted | 820,000 | $ 13.67 | | |
| Balance at December 31, 2008 and 2009: | 820,000 | $ 13.67 | | |
| Forfeited | (22,800) | 13.67 | | |
| Balance at December 31, 2010 | 797,200 | $ 13.67 | 7.50 yrs | $ 0.00 |
| Exercisable at December 31, 2010 | 326,800 | $ 13.67 | 7.50 yrs | $ 0.00 |

At December 31, 2010, all exercisable and non-vested stock options had an exercise price of $13.67.

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

Note 18 – Benefit Plans (Continued)

Equity Incentive Plan (Continued)

The following is a summary of the status of the Company's restricted shares for the years ended December 31, 2010, 2009 and 2008:

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

Stock option and stock award expenses included within compensation expense were $1,322,000, $1,204,000, and $626,000, respectively, for the years ended December 31, 2010, 2009 and 2008, with related tax benefits of $529,000, $481,000,and $250,000, respectively. Approximately $2.9 million of unrecognized cost related to unvested stock options and restricted shares, which will be recognized over a period of approximately 2.5 years.

Equity Incentive Plan – RomAsia Bank

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 – Benefit Plans (Continued)

Equity Incentive Plan – RomAsia Bank (Continued)

The Plan enables the Board of Directors of RomAsia Bank to grant stock options to executives, other key employees and nonemployee directors. The options granted under the Plan may be either incentive stock options or non-qualified stock options. RomAsia has reserved 225,000 shares of its common stock for issuance upon the exercise of options granted under the Plan. The Plan will terminate in ten years from the grant date. Options will be granted with an exercise price not less than the Fair Value of a share of RomAsia's Common Stock on the date of the grant. Options may not be granted for a term greater than ten years. Stock options granted under the Incentive Plan are subject to limitations under Section 422 of the Internal Revenue Code. The number of shares available under the Plan, the number of shares subject to outstanding options and the exercise price of outstanding options will be adjusted to reflect any stock dividend, stock split, merger, reorganization or other event generally affecting the number of Bank's outstanding shares. At December 31, 2010, there were 149,500 shares available for option grants under the Plan.

The Stock Options will vest over a five year service period and are exercisable within ten years. Compensation expense for all option grants is recognized over the awardee's respective requisite service period. The fair value of stock options granted in the year ended December 31, 2010 was:

| | |
|---|---|
| Expected life | 6.5 years |
| Risk-free rate | 3.33% |
| Volatility | 25.76% |
| Dividend yield | 0.00% |
| Fair Value | $2.89 |

The following is a summary of the status of RomAsia's stock option activity and related information for the year ended December 31, 2010:

| | Number of Stock Options | Weighted Avg. Exercise Price | Weighted Avg. Remaining contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balance at January 1, 2010 | - | - | | |
| Granted | 75,500 | $ 8.47 | | |
| Exercised | - | - | | |
| Forfeited | - | - | | |
| Balance at December 31, 2010 | 75,500 | $ 8.47 | 9.00 years | $ 0.00 |
| Exercisable at December 31, 2010 | - | | | |

Stock option expense related to the RomAsia plan included with compensation expense was approximately $43,000 for the year ended December 31, 2010, with a related tax benefit of approximately $17,000 for the year ended December 31, 2010. At December 31, 2010, approximately

Note 18 – Benefit Plans (Continued)

Equity Incentive Plan – RomAsia Bank (Continued)

$175,000 of unrecognized cost, related to outstanding stock options will be recognized over a period of approximately 4.00 years.

Stock Warrants

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

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

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

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

The fair value of each Warrant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|---|---|
| Expected life | 6.0 years |
| Risk-free rate | 3.39% |
| Volatility | 22.47% |
| Dividend yield | 0.00% |
| Fair Value | $3.02 |

The Warrant expense for minority shareholders, (10.45% ownership), for the years ended December 31, 2010, 2009 and 2008, was $55,000, $16,000 and $8,000, respectively, and related deferred taxes were recorded at $23,000, $7,000, and $4,000, respectively. The warrant expense for the majority shareholder, Roma Financial Corporation, was eliminated in consolidation.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

## Note 19 – Income Taxes

The Banks qualify as thrift institutions under the provisions of the Internal Revenue Code and, therefore, must calculate tax bad debt deductions using either the experience or specific charge off method. If such amounts are used for purposes other than for bad debt losses, including distributions in liquidation, it will be subject to income taxes at the then current rate.

The components of income taxes are summarized as follows:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In Thousands) | | |
| Current tax expense: | | | |
| Federal income | $2,959 | $2,891 | $2,182 |
| State income | 443 | 505 | 633 |
| | 3,402 | 3,396 | 2,815 |
| Deferred tax expense (benefit): | | | |
| Federal income | (549) | (2,151) | (879) |
| State income | 575 | (561) | (255) |
| | 26 | (2,712) | (1,134) |
| Valuation allowance | (447) | 351 | 509 |
| Total | $2,981 | $1,035 | $2,190 |

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 34% to income before income taxes:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In Thousands) | | |
| Federal income tax | $3,196 | $1,238 | $2,277 |
| Increases (reductions) in taxes resulting from: | | | |
| New Jersey income taxes, net of federal income tax effect | 672 | 194 | 297 |
| Tax exempt interest on obligations of state and political subdivisions | (149) | (153) | (177) |
| Bank owned life insurance | (401) | (491) | (233) |
| Surtax exemption | (100) | (100) | (100) |
| Other items, net | 210 | (4) | (383) |
| | 3,428 | 684 | 1,681 |
| Valuation allowance | (447) | 351 | 509 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total income tax expense | $2,981 | | $1,035 | | $2,190 | |
| Effective income tax rate | 36.47 | % | 28.40 | % | 32.7 | % |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 19 – Income Taxes (Continued)

The effective income tax rate represents total income tax expense divided by income before income taxes. Under New Jersey tax law, the Investment Co. is subject to a 3.6% state income tax rate as compared to the 9.0% tax rate to which the Company and Banks are subject. The presence of the Investment Co. during the years ended December 31, 2010 and 2009, resulted in income tax savings of approximately $613,000 and $571,000, respectively, and reduced the consolidated effective income tax rate by 4.8% in each year.

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 prior years for Roma Bank and for a contribution carry forward for Roma Financial Corporation.

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

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Stock based compensation | $1,293 | $732 |
| Deferred loan fees | 34 | 25 |
| Allowance for loan losses and other reserves | 3,930 | 2,250 |
| Uncollected interest and late fees | 967 | 539 |
| Retirement benefits | 492 | 979 |
| Accumulated other comprehensive income-pension liability | 2,032 | 1,503 |
| Charitable contributions | 967 | 233 |
| ESOP | 374 | 334 |
| Unrealized loss on securities available for sale | 311 | 56 |
| Impairment loss on equity security | - | 966 |
| State net operating loss carry forward | 204 | 660 |
| Fair market value acquisition adjustments | 4,323 | - |
| Acquisition carry forward losses | 2,270 | - |
| Other items | 572 | 436 |
| | 17,769 | 8,713 |
| Valuation allowance | (610) | (1,063) |
| Total Deferred Tax Assets | 17,159 | 7,650 |
| | | |
| Goodwill and other items | (88) | (78) |
| Pension expense | (462) | (100) |
| Depreciation | (1,563) | (1,599) |
| Capitalized interest | (168) | (181) |
| Other items | (597) | (96) |
| Total Deferred Tax Liabilities | (2,878) | (2,054) |

| | | |
|---|---|---|
| Net Deferred Tax Assets | $14,281 | $5,596 |

Note 19 – Income Taxes (Continued)

The Company has approximately $6.5 million of carryforward federal losses that were acquired in the merger. Roma Bank has approximately $8.1 million of carry forward losses for the State of New Jersey expiring as follows: $.7 million in 2013; $1.7 million in 2014; and $5.7 million in 2015. A valuation allowance of $1.1 million has been established for these amounts. General Abstract has a $73 thousand carry forward loss with the State of New Jersey for which no valuation allowance has been established. RomAsia Bank has a $2.4 million carry forward loss with the State of New Jersey, expiring in 2015, for which no valuation allowance has been established.

Note 20 – Commitments and Contingencies

The Banks are a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of their customers. These financial instruments include commitments to extend credit and standby letters of credit. These 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 Banks have in particular classes of financial instruments. At December 31, 2010 and 2009, Roma Bank had stand-by letters of credit of $3.4 million and $8.9 million, respectively.

The Banks' 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 Banks use the same credit policies in making commitments and conditional obligations as they do 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 Banks evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Banks 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.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 20 – Commitments and Contingencies (Continued)

The Banks had loan origination commitments outstanding as follows:

| | December 31, | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | Rate Range | Amount | Rate Range | Amount |
| | | (Dollars In Thousands) | | |
| Mortgage loans | 3.99% to 5.25% | $23,996 | 3.99% to 5.375% | $4,722 |
| Commercial | 4.25% to 6.00% | 11,355 | 4.25% to 6.25% | 5,792 |
| Equity loans | 3.75% to 5.25% | 5,090 | 4.99% to 6.240% | 1,903 |
| | | $40,441 | | $12,417 |

At December 31, 2010 and 2009, undisbursed funds from approved home equity lines of credit of approximately $53,024,000 and $40,691,000, respectively. The applicable interest rates on funds disbursed under these lines is prime plus 1.50%, to prime less 0.50%.

At December 31, 2010 and 2009, undisbursed funds from approved commercial lines and letters of credit, both secured and unsecured, amounted to approximately $35,535,000 and $31,310,000, respectively. The interest rates charged on funds disbursed under these commitments will range from prime, to prime plus 4.25%. Unless they are specifically cancelled by notice from the Banks, these funds represent firm commitments available to the respective borrowers on demand.

The Banks have non-cancelable operating leases for branch offices. The following is a schedule, by years, of future minimum rental payments required under operating leases, that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2010: (In thousands)

Year Ended December 31:

| | |
|---|---|
| 2010 | $ 1,162 |
| 2011 | 1,132 |
| 2012 | 1,110 |
| 2013 | 901 |
| 2014 | 830 |
| Thereafter | 9,460 |
| Total Minimum Payments Required | $14,595 |

Included in the total required minimum lease payments is $1,754,000 of payments to the LLC a variable interest entity in which the Company hold a 50% ownership interest. These payments are eliminated in the consolidated financial statements.

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.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 – Fair Value Measurements and Disclosures

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

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

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

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

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

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

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 – Fair Value Measurements and Disclosures (Continued)

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

| Description | (Level 1) Quoted Prices in Active Markets for Identical Assets | (Level 2) Significant Other Observable Inputs | (Level 3) Significant Unobservable Inputs | Total Fair Value December 31, 2010 |
|---|---|---|---|---|
| | | (In Thousands) | | |
| Securities available for sale | $ - | $52,513 | $ - | $52,513 |

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy, used at December 31, 2009 were as follows:

| Description | (Level 1) Quoted Prices in Active Markets for Identical Assets | (Level 2) Significant Other Observable Inputs | (Level 3) Significant Unobservable Inputs | Total Fair Value December 31, 2009 |
|---|---|---|---|---|
| | | (In Thousands) | | |
| Securities available for sale | $ - | $30,144 | $ - | $30,144 |

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

| Description | (Level 1) Quoted Prices in Active Markets for Identical Assets | (Level 2) Significant Other Observable Inputs | (Level 3) Significant Unobservable Inputs | Total Fair Value December 31, 2010 |
|---|---|---|---|---|
| | | (In Thousands) | | |
| Impaired loans | $ - | $ - | $8,624 | $8,624 |
| Real estate and other assets owned | $ - | $ - | $3,689 | $3,689 |
| | $ - | $ - | $1,164 | $1,164 |

Real estate held for sale

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 – Fair Value Measurements and Disclosures (Continued)

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2009, were as follows:

| Description | (Level 1) Quoted Prices in Active Markets for Identical Assets | (Level 2) Significant Other Observable Inputs | (Level 3) Significant Unobservable Inputs | Total Fair Value December 31, 2009 |
|---|---|---|---|---|
| | | (In Thousands) | | |
| Impaired loans | $ - | $ | $ 5,300 | $5,300 |
| Real estate owned | $ - | $ - | $ 1,928 | $1,928 |

Other Real Estate Owned

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

Real Estate Held for Sale

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

The following is management's estimate of the fair value of all financial instruments whether carried at cost or fair value on the Company's statement of financial condition. The following information should not be interpreted as an estimate of the fair value of the Company since a fair value calculation is only provided for a limited portion of the Company assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at December 31, 2010 and 2009.

Cash and Cash Equivalents (Carried at Cost)

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

Securities

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 – Fair Value Measurements and Disclosures (Continued)

Securities(Continued)

(Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Loans Receivable (Carried at Cost)

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

Impaired Loans (Generally Carried at Fair Value)

Impaired loans carried at fair value are those impaired loans in which the Company has measured impairment generally based on the fair value of the related loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value at December 31, 2010 consists of the loan balances of $13.9 million, net of a valuation allowance of $5.2 million. The fair value at December 31, 2009 consists of the loan balances of $7.8 million, net of a valuation allowance of $2.5 million.

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

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

Accrued Interest Receivable and Payable (Carried at Cost)

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

Deposit Liabilities (Carried at Cost)

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

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

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

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 – Fair Value Measurements and Disclosures (Continued)

Subordinated Debentures

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

Off-Balance Sheet Financial Instruments (Disclosed at Cost)

Fair values for the Company's off-balance sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account, the remaining terms of the agreements and the counterparties' credit standing. The fair value of these off-balance sheet financial instruments are not considered material as of December 31, 2010 and December 31, 2009

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

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| | (In Thousands) | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | $89,587 | $ 89,587 | $50,895 | $50,895 |
| Securities available for sale | 52,513 | 52,513 | 30,144 | 30,144 |
| Investment securities held to maturity | 244,421 | 238,785 | 305,349 | 301,673 |
| Mortgage-backed securities held to Maturity | 421,114 | 425,462 | 248,426 | 258,758 |
| Loans receivable | 893,842 | 907,351 | 585,759 | 594,853 |
| Federal Home Loan Bank of New York and ACBB Stock | 4,789 | 4,789 | 3,045 | 3,045 |
| Interest receivable | 8,030 | 8,030 | 6,468 | 6,468 |
| Financial liabilities: | | | | |
| Deposits | 1,503,560 | 1,516,093 | 1,015,755 | 1,032,497 |
| Federal Home Loan Bank of New York Advances | 35,000 | 37,969 | 24,826 | 27,097 |
| Securities sold under agreements to Repurchase | 40,000 | 43,311 | 40,000 | 42,737 |
| Subordinated debentures | 1,904 | 1,904 | - | - |
| Accrued interest payable | 830 | 830 | 1,226 | 1,226 |

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

Note 21 – Fair Value Measurements and Disclosures (Continued)

expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors.

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

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

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

Note 22 – Comprehensive Income (Loss)

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

| | Year Ended December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Net unrealized (loss) on securities available for sale | $(739) | $(127) |
| Tax effect | 312 | 56 |
| Net of tax amount | (427) | (71) |
| Minimum pension liability | (5,068) | (3,745) |
| Tax effect | 2,032 | 1,503 |
| Net of tax amount | (3,036) | (2,242) |
| Accumulated other comprehensive loss | $(3,463) | $(2,313) |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 22 – Comprehensive Income (Loss) (Continued)

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

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| | (In Thousands) | | |
| Unrealized holding gains (losses) on available for sale securities: | | | |
| Unrealized holding gains (losses) arising during the year | $1,594 | $(1,461) | $(599) |
| Reclassification adjustment for | | | |
| Realized gains on sales | (2,205) | (158) | - |
| Impairment loss | - | 2,246 | - |
| Net unrealized gains (losses) on securities available for sale | (611) | 627 | (599) |
| Defined benefit pension plan: | | | |
| Pension losses | (1,562) | 655 | (4,264) |
| Prior service cost | 15 | 15 | (15) |
| Amortization of gain/loss | 245 | 356 | - |
| Prior period adjustment | (21) | - | - |
| Adjustment for measurement date change | - | - | 4 |
| Net change in defined benefit pension plan liability | (1,323) | 1,026 | (4,275) |
| Other comprehensive income before taxes | (1,934) | 1,653 | (4,874) |
| Tax effect, benefit (expense) | 784 | (545) | 1,867 |
| Other comprehensive income (loss) | $(1,150) | $1,108 | $(3,007) |

Note 23 – Related Party Transactions

The Defined Benefit Plan, ESOP and 401K Plans are administered by Pentegra Retirement Services. During 2010 the President and CEO of Pentegra was elected to the Board of Directors of Roma Financial Corporation. For the years ended December 31, 2010 and 2009, Roma Bank paid Pentegra $104,397 and $93,562, respectively, to administer the three plans.

Note 24 – Parent Only Financial Information

The consolidated earnings of subsidiaries are recognized by the Company using the equity method of accounting. Accordingly, the consolidated earnings of subsidiaries are recorded as an increase in the Company's investment in subsidiaries. The following are the condensed financial statements for the Company (Parent Company only) at December 31, 2010 and 2009, and for the years ended December 31, 2010, 2009 and 2008.

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 24 – Parent Only Financial Information (Continued)

CONDENSED STATEMENTS OF FINANCIAL CONDITION

| | December 31, | |
|---|---|---|
| | 2010 | 2009 |
| | (In Thousands) | |
| Assets | | |
| Cash and amounts due from depository institutions | $6,509 | $1,126 |
| Investment in subsidiaries | 194,224 | 202,483 |
| Securities available for sale | - | 1,436 |
| Securities held to maturity | 186 | - |
| ESOP loan receivable | 6,618 | 7,000 |
| Premises and equipment | 3,282 | 3,319 |
| Other assets | 3,908 | 1,232 |
| | $214,727 | $216,596 |
| Liabilities and Stockholders' Equity | | |
| Subordinated debentures | $1,904 | $- |
| Other liabilities | 795 | 765 |
| Noncontrolling interest in RomAsia | 1,284 | 1,256 |
| Stockholders' equity | 210,744 | 214,575 |
| | $214,727 | $216,596 |

CONDENSED STATEMENTS OF INCOME

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | | (In Thousands) | |
| Interest income | $ 571 | $ 604 | $ 1,150 |
| Interest expense | 138 | - | - |
| Net interest income | 433 | 604 | 1,150 |
| Gain on sale of available for sale security | 2,011 | - | - |
| Equity in earnings of the subsidiaries | 3,711 | 3,674 | 4,105 |
| | 6,155 | 4,278 | 5,255 |
| Impairment loss on available for sale security | - | 2,246 | - |
| Other expenses | 34 | 20 | 313 |
| Income before income tax | 6,121 | 2,012 | 4,942 |
| Income taxes (benefit) expense | 928 | (587) | 450 |
| Net income before noncontrolling interest | 5,193 | 2,599 | 4,492 |

| | | | |
|---|---|---|---|
| (Gain) loss attributable to non-controlling interest in RomAsia | (87) | 16 | 176 |
| Net Income | $ 5,106 | $ 2,615 | $ 4,668 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 24 – Parent Only Financial Information (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | (In Thousands) | | |
| Cash Flows from Operating Activities | | | |
| Net income | $ 5,106 | $ 2,615 | $ 4,668 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 47 | 45 | 36 |
| Amortization of discount on debt | 4 | - | - |
| Equity in undistributed earnings of the subsidiaries | (3,706) | (3,826) | (4,899) |
| Gain on sale of available for sale security | (2,011) | | |
| Impairment loss on available for sale security | - | 2,246 | - |
| (Increase) decrease in other assets | (459) | (485) | 502 |
| Net change in minority interest | 28 | (16) | 794 |
| Increase in other liabilities | 580 | (47) | 214 |
| Net Cash (Used In) Provided by Operating Activities | (411) | 532 | 1,315 |
| Cash Flows Provided by Investing Activities | | | |
| Repayment of loan to ESOP | 382 | 353 | 324 |
| Sale, call or repayment of: | | | |
| Available for sale securities | 3,345 | - | - |
| Held to maturity securities | - | - | 10,999 |
| Mortgage backed securities held to maturity | - | - | 1,708 |
| Net cash used in acquisition | (14,586) | - | - |
| Distribution from subsidiary | 29,725 | - | - |
| Additions to premises and equipment | (10) | - | (3,045) |
| Net Cash Provided by Investing Activities | 18,856 | 353 | 9,986 |
| Cash Flows Provided by Financing Activities | | | |
| Purchase of treasury stock | (7,484) | - | (7,143) |

| | | | |
|---|---|---|---|
| Repayment of subordinated debenture | (3,200) | - | - |
| Dividends paid, declared to minority shareholders | (2,378) | (2,410) | (2,379) |
| Net Cash Provided by (Used In) in Financing Activities | (13,062) | (2,410) | (22,116) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 5,383 | (1,525) | (10,815) |
| Cash and Cash Equivalents – Beginning | $ 1,126 | 2,651 | 13,466 |
| Cash and Cash Equivalents – Ending | $ 6,509 | $ 1,126 | $ 2,651 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 25 – Quarterly Financial Data (Unaudited)

| | Year Ended December 31, 2010 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| | (In thousands, except for share and per share data) | | | |
| Interest income | $14,877 | $15,161 | $18,141 | $18,234 |
| Interest expense | 4,801 | 4,731 | 5,680 | 5,064 |
| Net Interest Income | 10,076 | 10,430 | 12,461 | 13,170 |
| Provision for loan losses | 1,272 | 769 | 1,822 | 2,992 |
| Net Interest Income after Provision for Loan Losses | 8,804 | 9,661 | 10,639 | 10,178 |
| Non-interest income | 1,253 | 1,369 | 1,872 | 2,875 |
| Non-interest expenses | 7,658 | 8,740 | 11,117 | 10,962 |
| Income before Income Taxes | 2,399 | 2,290 | 1,394 | 2,091 |
| Income taxes | 773 | 805 | 552 | 851 |
| Net Income before noncontrolling interest | 1,626 | 1,485 | 842 | 1,240 |
| Gain attributable to noncontrolling interest | (28) | (21) | (19) | (19) |
| Net Income Attributable to Roma Financial Corporation | $1,598 | $1,464 | $823 | $1,221 |
| Net Income Attributable to Roma Financial Corporation per Common Share | | | | |
| Basic and Diluted | $.05 | $.05 | $.03 | $.04 |
| Dividends declared, per share | $.08 | $.08 | $.08 | $.08 |
| Weighted Average Number of Common Shares Outstanding | | | | |
| Basic and Diluted | 30,733 | 30,642 | 30,523 | 30,325 |

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 25 – Quarterly Financial Data (Unaudited) (Continued)

| | Year Ended December 31, 2009 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| | (In thousands, except for share and per share data) | | | |
| Interest income | $12,559 | $13,284 | $14,374 | $14,596 |
| Interest expense | 5,298 | 5,530 | 5,639 | 5,216 |
| Net Interest Income | 7,261 | 7,754 | 8,735 | 9,380 |
| Provision for loan losses | 367 | 385 | 1,257 | 1,271 |
| Net Interest Income after Provision for Loan Losses | 6,894 | 7,369 | 7,478 | 8,109 |
| Non-interest income | 1,097 | 1,286 | 1,299 | (878) |
| Non-interest expenses | 6,724 | 7,902 | 7,157 | 7,229 |
| Income before Income Taxes | 1,267 | 753 | 1,620 | 2 |
| Income taxes | 383 | 207 | 524 | (79) |
| Net Income before noncontrolling interest | 884 | 546 | 1,096 | 81 |
| (Gain) loss attributable to noncontrolling interest | 11 | 2 | (11) | 6 |
| Net Income Attributable to Roma Financial Corporation | $895 | $548 | $1,085 | $87 |
| Net Income Attributable to Roma Financial Corporation per Common Share | | | | |
| Basic and Diluted | $.03 | $.02 | $.04 | $.00 |
| Dividends declared, per share | $.08 | $.08 | $.08 | $.08 |
| Weighted Average Number of Common Shares Outstanding Basic and Diluted | 30,636 | 30,652 | 30,708 | 30,721 |

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 a of March 11, 2011.

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 11, 2011 by the following persons on behalf of the Registrant and in the capacities indicated.

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

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

/s/ Michele N. Siekerka
Michele N. Siekerka
Director, Vice Chairman

/s/ Robert C. Albanese
Robert C. Albanese
Director

/s/ Alfred DeBlasio
Alfred DeBlasio
Director

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

/s/ Jeffrey P. Taylor
Jeffrey Taylor
Director

/s/ William J. Walsh, Jr.
William Walsh
Director

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