ROMA FINANCIAL CORP
Form 10-Q
May 09, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

OR

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

For the transition period from ______ to ______

Commission File Number 000-52000

ROMA FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

UNITED STATES	51-0533946
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification Number)
2300 Route 33, Robbinsville, New Jersey	08691
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, May 1, 2007:

$0.10 par value common stock - 32,731,875 shares outstanding

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES

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ROMA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

March 31, 2007

	(In thousands, except f
ASSETS	
Cash and amounts due from depository institutions	$ 6,183
Interest-bearing deposits in other banks	22,405
Money market funds	50,530
Cash and Cash Equivalents	79,118
Securities available for sale	19,948
Investment securities held to maturity	169,324
Mortgage-backed securities held to maturity	136,166
Loans receivable, net of allowance for loan losses $1,314 and $1,169, respectively	425,454
Premises and equipment	31,270
Federal Home Loan Bank of New York stock	1,416
Interest receivable	4,681
Bank owned life insurance	16,323
Other assets	4,206
Total Assets	$ 887,906
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Deposits:	
Non-interest bearing	23,161
Interest bearing	610,675
Total deposits	633,836
Federal Home Loan Bank of New York advances	7,390
Advance payments by borrowers for taxes and insurance	2,351
Other liabilities	7,176
Total Liabilities	650,753
STOCKHOLDERS' EQUITY	
Common stock, $0.10 par value, 45,000,000 authorized, 32,731,875 issued and outstanding	3,274
Paid-in capital	97,144
Retained earnings	144,887
Unearned shares held by Employee Stock Ownership Plan	(7,712)
Accumulated other comprehensive (loss)	(440)
Total Stockholders' Equity	237,153
Total Liabilities and Stockholders' Equity	$ 887,906

See notes to consolidated financial statements.

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(In thousands, except for share and per share data)	
INTEREST INCOME		
Loans	$ 6,637	$ 5,684
Mortgage-backed securities held to maturity	1,741	1,767
Investment securities held to maturity	1,760	1,517
Securities available for sale	152	125
Other interest-earning assets	861	218
Total Interest Income	11,151	9,311
INTEREST EXPENSE		
Deposits	4,077	3,445
Borrowings	85	106
Total Interest Expense	4,162	3,551
Net Interest Income	6,989	5,760
PROVISION FOR LOAN LOSSES	158	57
Net Interest Income after Provision for Loan Losses	6,831	5,703
NON-INTEREST INCOME		
Commissions on sales of title policies	257	232
Fees and service charges on deposits	266	91
Fees and service charges on loans	29	47
Other	339	258
Total Non-Interest Income	891	628
NON-INTEREST EXPENSE		
Salaries and employee benefits	2,893	2,441
Net occupancy expense	503	409
Equipment	386	359
Data processing fees	337	330
Advertising	187	210
Federal insurance premium	19	21
Other	593	504

Total Non-Interest Expense	4,918	4,274
Income Before Income Taxes	2,804	2,057
INCOME TAXES	985	697
Net Income	$ 1,819	$ 1,360
Net income per common share		
Basic	$ .06	$ .06
Diluted	$ .06	$ .06
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	31,951,843	22,584,994
Diluted	31,951,843	22,584,994

See notes to consolidated financial statements.

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock	Paid - In Capital	Retained Earnings Substantially Restricted	Unearned ESOP Shares
Balance December 31, 2005	$ 1	$ 799	$ 137,820	$ -
Net income for the three months ended March 31, 2006			1,360	
Other comprehensive loss, net of taxes				
Total comprehensive income				
Balance March 31, 2006	$ 1	$ 799	$ 139,180	$ -
Balance December 31, 2006	$ 3,274	$ 97,069	$ 143,068	$ (7,847)

Net income for the three months ended March 31, 2007			1,819	
Other comprehensive income, net of taxes:				
Unrealized gain on available for sale securities				
Pension cost				
Total comprehensive income				
ESOP shares earned		75		135
Balance March 31, 2007	$ 3,274	$ 97,144	$ 144,887	$ (7,712)

See notes to consolidated financial statements.

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ROMA FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months E March 31,	
	2007	2
	(In thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,819	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	308	
Amortization of premiums and accretion of discounts on securities	(22)	
Accretion of deferred loan fees and discounts	(41)	
Net gain on sale of mortgage loans originated for sale	(1)	
Mortgage loans originated for sale	(122)	
Proceeds from sales of mortgage loans originated for sale	123	
Provision for loan losses	158	
ESOP share earned	210	
(Increase) in interest receivable	(83)	
(Increase) in cash surrender value of bank owned life insurance	(138)	
(Increase) decrease in other assets	(84)	
Increase (decrease) in interest payable	597	
Increase in other liabilities	1,262	
Net Cash Provided by Operating Activities	3,986	
CASH FLOWS FROM INVESTING ACTIVITIES		

Proceeds from maturities and calls of securities available for sale	133	
Purchases of securities available for sale	(26)	
Proceeds from maturities and calls of investment securities held to maturity	33,060	
Purchases of investment securities held to maturity	(32,460)	(
Principal repayments on mortgage-backed securities held to maturity	8,339	
Purchases of mortgage-backed securities held to maturity	-	(
Net increase in loans receivable	(5,189)	(
Additions to premises and equipment	(909)	
Redemption of Federal Home Loan Bank of New York stock	16	
Net Cash Provided by (Used in) Investing Activities	2,964	(
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	7,864	(
Increase in advance payments by borrowers for taxes and insurance	76	
Redemption of Federal Home Loan Bank of New York advances	(473)	
Net Cash Provided by (Used in) Financing Activities	7,467	(
Net Increase (decrease) in Cash and Cash Equivalents	14,417	(
CASH AND CASH EQUIVALENTS - BEGINNING	64,701	2
CASH AND CASH EQUIVALENTS - ENDING	$ 79,118	$ 1

See notes to consolidated financial statements.

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

(Unaudited)

	Three Months Ende March 31,	
	2007	
	(In thousands)	
SUPPLEMENTARY CASH FLOWS INFORMATION		
Income taxes paid, net	$ -	$
Interest paid	$ 3,565	$

See notes to consolidated financial statements.

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

NOTE A - ORGANIZATION

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

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

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

Roma Bank offers traditional retail banking services, one-to four-family residential mortgage loans, multi-family and commercial mortgage loans, construction loans, commercial business loans and consumer loans, including home equity loans and lines of credit. Roma Bank currently operates from its main office in Robbinsville, New Jersey, and eight branch offices located in Mercer, Burlington and Ocean Counties, New Jersey. Roma Bank maintains a website at www.romabank.com.

A Registration Statement on Form S-1 (File No. 333-132415), as amended, was filed by Roma Financial Corporation (the "Company") with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, relating to the offering for sale of up to 8,538,750 shares (subject to increase to 9,819,652 shares) of its common stock. For a further discussion of the stock offering, see the final prospectus as filed on May 23, 2006 with the Securities and Exchange Commission pursuant to Rule 424 (b)(3) of the Rules and Regulations of the Securities Act of 1933. 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 11, 2006.

NOTE B - BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Roma Financial Corporation (the "Company"), its wholly-owned subsidiary, Roma Bank (the "Bank") and the Bank's wholly-owned subsidiaries, Roma Capital Investment Co. (the "Investment Co.") and General Abstract and Title Agency (the "Title Co."). All significant inter-company accounts and transactions have been eliminated in consolidation. These statements were prepared in accordance with instructions for Form 10-Q and Rule 10-01 of Regulation S-X and, therefore, do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with generally accepted accounting principles in the United States of America.

In the opinion of management, all adjustments, consisting of only normal recurring adjustments or accruals, which are necessary for a fair presentation of the consolidated financial statements have been made at and for the three month periods ended March 31, 2007 and 2006. The results of operations for the three month periods ended March 31, 2007 and 2006 are not necessarily indicative of the results which may be expected for an entire fiscal year or other interim periods.

The data in the consolidated statements of financial condition for December 31, 2006 was derived from the Company's audited consolidated financial statements for that date. That data, along with the interim financial information presented in the consolidated statements of financial condition, income, changes in stockholders 'equity and cash flows should be read in conjunction with the 2006 audited consolidated financial statements for the year ended December 31, 2006, including the notes thereto included in the Company's Annual Report on Form 10-K.

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

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

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

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

NOTE C - CONTINGENCIES

The Company, from time to time, is a party to routine litigation that arises in the normal course of business. In the opinion of management, the resolution of such litigation, if any, would not have a material adverse effect, as of March 31, 2007, on the Company's consolidated financial position or results of operations.

NOTE D - EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of common shares actually outstanding adjusted for Employee Stock Ownership Plan ("ESOP") shares not yet committed to be released. Diluted EPS is calculated by adjusting the weighted average number of shares of common stock outstanding to include the effect of contracts or securities exercisable or which could be converted into common stock, if dilutive, using the treasury stock method. During the periods presented, diluted EPS did not differ from basic EPS as there were no existing contracts or securities exercisable or convertible into common stock during these periods. Shares issued and reacquired during any period are weighted for the portion of the period they were outstanding. The 10,000 shares issued to Roma Financial Corporation, MHC in connection with the Company's reorganization in 2004 were "replaced" with 22,584,994 shares representing 69% of the shares issued in the Company's initial public offering. This transaction is analogous to a stock split or significant stock dividend, therefore, net income per common share for those shares has been retroactively restated for all periods presented.

NOTE E - STOCK BASED COMPENSATION

The Company had no stock-based compensation as of, or prior to, March 31, 2007, except as described below.

The Company has an Employee Stock Ownership Plan ("ESOP") for the benefit of employees who meet the eligibility requirements as defined in the plan. The ESOP trust purchased 811,750 shares of common stock as part of the stock offering using proceeds of a loan from Roma Financial Corporation. The total cost of shares purchased by the ESOP trust was $8.1 million, reflecting a cost per share of $10.00. The Bank will make cash contributions to the ESOP on a quarterly basis sufficient to enable the ESOP to make the required loan payments to Roma Financial Corporation. The loan bears an interest rate of 8.25% with principal and interest payable in equal quarterly installments over a fifteen year period. The loan is secured by the shares of the stock purchased.

Shares purchased with the loan proceeds were initially pledged as collateral for the term loan and are held in a suspense account for future allocation among participants. Contributions to the ESOP and shares released from the suspense account will be allocated among the participants on the basis of compensation, as described by the Plan, in the year of allocation. The Company accounts for its ESOP in accordance with Statement of Position ("SOP") 93-6, "Employer's Accounting for Employee Stock Ownership Plans", issued by the Accounting Standards Division of the American Institute of Certified Public Accountants ("AICPA"). As shares are committed to be released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings per share computations. The Company made its first loan payment in October 2006. As of

March 31, 2007 there were 771,163 shares. The Company's compensation expense for the ESOP was $210 thousand for the three ended March 31, 2007.

NOTE F - INVESTMENT SECURITIES

The following tables set forth the composition of the securities portfolio as of March 31, 2007 and December 31, 2006 (in thousands):

	March 31, 2007		Decembe
	Amortized Cost	Fair Value	Amortized Cost
Available for sale:			
Mortgage-backed securities	$ 1,374	$ 1,397	$ 1,507
Obligations of state and local political subdivisions	10,015	10,145	10,015
US Government Obligations	2,000	1,986	2,000
Equity Shares	3,629	4,137	3,630
Mutual Fund Shares	2,394	2,283	2,368
Total	$ 19,412	$ 19,948	$ 19,520

	March 31, 2007		Decembe
	Amortized Cost	Fair Value	Amortized Cost
Investments securities held to maturity:			
US Government Obligations	$ 167,729	$ 163,274	$ 168,332
Obligations of state and local political subdivisions	1,595	1,631	1,595
Total	$ 169,324	$ 164,905	$ 169,927

	March 31, 2007		Decembe
	Amortized Cost	Fair Value	Amortized Cost
Mortgage-backed securities held to maturity:			
GNMA	$ 5,270	$ 5,289	$ 5,63
FHLMC	76,567	75,908	79,82
FNMA	49,442	48,944	53,88
CMO's	4,887	4,755	5,14

Total	$ 136,166	$ 134,896	$ 144,48

Securities held as available for sale have been adjusted to fair value at March 31, 2007 and December 31, 2006. Investment securities held to maturity and mortgage-backed securities held to maturity are recorded at amortized cost. The decline in fair values of these investments is due to interest rate changes, not credit risk. The Company has the ability to, and intends to, hold the investments until maturity. Therefore, no impairment has been recorded.

NOTE G - LOANS RECEIVABLE, NET

Loans receivable, net at March 31, 2007 and December 31, 2006 were comprised of the following (in thousands):

	March 31, 2007	December 31, 2006
Real estate mortgage loans:		
Conventional 1-4 family	$208,503	$207,755
Commercial and multi-family	71,247	65,848
	279,750	273,603
Construction	20,364	23,956
Consumer:		
Equity and second mortgages	127,080	127,450
Other	1,250	1,347
	128,330	128,797
Commercial	3,932	3,724
Total loans	432,376	430,380
Less:		
Allowance for loan losses	1,314	1,169
Deferred loan fees	134	176
Loans in process	5,474	8,353
	6,922	9,698
Total loans receivable, net	$425,454	$420,382

NOTE H - DEPOSITS

A summary of deposits by type of account as of March 31, 2007 and December 31, 2007 is as follows (dollars in thousands):

	March 31, 2007 Amount	March 31, 2007 Weighted Avg. Int. Rate	December 31, 2006 Amount	December 31, 2006 Weighted Avg. Int. Rate
Demand:				
Non-interest bearing checking	$ 23,161	0.00%	$ 25,109	0.00%
Interest bearing checking	98,234	0.53%	98,278	0.53%
	121,395	0.42%	123,387	0.42%
Savings and club	186,020	0.93%	185,925	0.93%
Certificates of deposit	326,421	4.48%	316,660	4.30%
Total	$ 633,836	2.66%	$ 625,972	2.53%

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At March 31, 2007, the Company had contractual obligations for certificates of deposit that mature as follows (in thousands):

One year or less	$ 244,697
After one to three years	65,320
After three years	16,404
Total	$ 326,421

NOTE I - PREMISES AND EQUIPMENT

Premises and equipment consisted of the following as of March 31, 2007 and December 31, 2006 (in thousands):

	Estimated Useful Lives	March 31, 2007	December 31, 2006
Land -future development	-	$ 1,054	$ 1,054
Construction in progress	-	574	2,598
Land and land improvements	-	5,428	5,428
Buildings and improvements	20-50 yrs	25,321	22,611
Furnishings and equipment	3-10 yrs.	7,159	6,936
Total premises and equipment		39,536	38,627
Accumulated depreciation		8,266	7,958
Total		$ 31,270	$ 30,669

NOTE J - FEDERAL HOME LOAN BANK ADVANCES

At March 31, 2007 and December 31, 2006, the Bank had outstanding Federal Home Bank of New York advances as follows (dollars in thousands):

	March 31, 2007 Amount	March 31, 2007 Interest Rate	December 31, 2006 Amount	December 31, 2006 Interest Rate
Maturing:				
September 15, 2010	$ 7,390	4.49%	$ 7,863	4.49%

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

One year or less	$ 1,839
More than one year through three years	3,934
More than three years through five years	1,617
	$ 7,390

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NOTE K - RETIREMENT PLANS

Components of net periodic pension cost for the three months ended March 31, 2007 and 2006 were as follows (in thousands):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Service cost	$ 85	$ 86
Interest cost	122	112
Expected return on plan assets	(160)	(149)
Amortization of unrecognized net loss	9	17
Amortization of unrecognized past service liability	11	15
Net periodic benefit expense	$ 67	$ 81

NOTE L - CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Company enters into off-balance sheet arrangements consisting of commitments to fund residential and commercial loans and lines of credit. Outstanding loan commitments at March 31, 2007 were as follows (in thousands):

	March 31, 2007
Residential mortgage and equity loans	$ 6,364
Commercial loans committed not closed	12,461
Commercial lines of credit	6,877
Consumer unused lines of credit	33,394
Commercial letters of credit	3,620

$ 62,716
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ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

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

- o General economic conditions, either nationally or in our market area, that are worse than expected;
- o Changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- o Our ability to enter into new markets and/or expand product offerings successfully and take advantage of growth opportunities;
- o Increased competitive pressures among financial services companies;
- o Changes in consumer spending, borrowing and savings habits;
- o Legislative or regulatory changes that adversely affect our business;

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- o Adverse changes in the securities markets;
- o Our ability to successfully manage our growth; and
- o Changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board.

No forward looking statement can be guaranteed and we specifically disclaim any obligation to update such statements.

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

Total assets increased by $11.8 million to $887.9 million at March 31, 2007 compared to $876.1 million at December 31, 2006. Total liabilities increased $9.4 million during the quarter to $650.8 million at March 31, 2007 compared to $641.4 million at December 31, 2006. Stockholders' equity increased $2.5 million during the quarter to $237.2 million at March 31, 2007.

Deposits

Total deposits increased $7.8 million to $633.8 million at March 31, 2007 compared to $626.0 million at December 31, 2006. Non-interest bearing demand deposits decreased $1.9 million to $23.2 million at March 31, 2007, while interest bearing demand deposits decreased $44.0 thousand to $98.2 million. Savings and club accounts increased $95.0 thousand to $186.0 million and certificates of deposit increased $9.8 million to $326.4 at March 31, 2007. The increase in certificates of deposit was primarily due to $8.4 million of certificate deposits generated at our new branch in Plumsted Township, New Jersey opened in January 2007.

Investments (Including Mortgage-Backed Securities)

The investment portfolio decreased $8.3 million to $325.4 million at March 31, 2007 compared to $333.7 million at December 31, 2006. Securities available for sale experienced a minimal increase primarily due to an increase in market values. Investments held to maturity decreased $.6 million to $169.3 million at March 31, 2007 compared to $169.9 million at December 31, 2006. Mortgage-backed securities decreased $8.3 million to $136.2 million at March 31, 2007 compared to $144.5 million at December 31, 2006. The decrease in both investments held to maturity and mortgage-backed securities was primarily due to principal payments and maturities and calls that were not reinvested into long-term investment positions. The persistence of the flat yield curve continued to make short-term investments a more attractive option during the quarter.

Loans

Net loans increased by $5.1 million to $425.5 million at March 31, 2007 compared to $420.4 million at December 31, 2006. The increase was primarily in commercial and multi-family real estate mortgage loans which increased $5.4 million to $71.2 at March 31, 2007 compared to $65.8 million at December 31, 2006. Residential loan demand softened considerably during the period, prompting a repeat of our March mortgage promotion program which had great success during the quarter ended March 31, 2006. Commercial loan demand improved during the quarter, however, it remains highly influenced by intense rate competition.

Other Assets

All other asset categories remained relatively stable with an increase of $.6 million from December 31, 2006 to March 31, 2007. This increase was primarily in premises and equipment as a result of the completion of our Plumsted branch which opened in January 2007.

Borrowed Money

The $.5 million decrease in advances from the Federal Home Loan Bank of New York (FHLNBY) at March 31, 2007 as compared to December 31, 2006 is due to scheduled principal payments. At March 31, 2007, the outstanding FHLBNY balance was $7.4 million.

Other Liabilities

Other liabilities increased $1.9 million to $7.2 million at March 31, 2007. The increase was primarily due to an increase of $1.0 million in federal income taxes payable, which was paid in April 2007, and an increase of $.6 million in accrued interest payable.

Comparison of Operating Results for the Three Months Ended March 31, 2007 and 2006

General

Net income increased $459 thousand to $1.8 million for the quarter ended March 31, 2007 compared to $1.4 million for the quarter ended March 31, 2006. The increase was primarily generated by an increase of $1.2 million in net interest income and an increase of $.3 million in non-interest income, offset by increases of $.6 million in non-interest expense, $.1 million in provision for loan losses, and $.3 million in income taxes.

Interest Income

Interest income increased by $1.9 million to $11.2 million for the three months ended March 31, 2007 compared to $9.3 million for the three months ended March 31, 2006. Interest income from loans increased $1.0 million to $6.6 million for the three months ended March 31, 2007. Interest income from residential mortgage loans increased $288.6 thousand, while interest income from equity loans increased $208.2 thousand. The weighted average interest rates for mortgage and equity loans at March 31, 2007 were 5.72% and 6.24%, respectively, compared to 5.69% and 5.97%, respectively, for the same period in 2006. Interest income from commercial and multifamily mortgage loans and commercial loans increased $407.9 thousand from year to year. The weighted average interest rate for commercial and multi-family mortgage loans and commercial loans were 7.68% at March 31, 2007 and 7.22% at March 31, 2006.

Interest income from mortgage-backed securities decreased minimally for the comparable quarters despite a decrease in the average balance of the mortgage-backed securities portfolio of $11.7 million between March 31, 2006 and March 31, 2007. The securities that matured in this category primarily had interest rates of less than 3.00%, and to the extent that the cash flows from maturing securities were reinvested, we were able to reinvest at more favorable rates. Interest income from investments held to maturity increased $243 thousand. Interest income on securities available for sale changed minimally. Interest income on other interest earning assets increased $643.0 thousand for the three months ended March 31, 2007 compared to the same period in 2006. This increase was primarily due to the increase in average overnight funds.

Interest Expense

Interest expense increased $611 thousand for the three month period ended March 31, 2007 to $4.2 million compared to $3.6 million for the three months ended March 31, 2006. The increase was primarily due to a $632 thousand increase in interest paid on deposits. This increase was a result of higher interest rates, offsetting a decrease in the average balance of deposits. The weighted average interest rate on deposits was 49 basis points higher for the three months ended March 31, 2007 as compared to the same period in 2006. Interest expense on borrowed money decreased $21 thousand for the three months ended March 31, 2007 from the same three month period in 2006 reflecting a reduction in the average outstanding loan balance.

Provision for Loan Losses

The loan loss provision for the three months ended March 31, 2007 was $158 thousand compared to $57 thousand for the same period in 2006. The increase is reflective of the growth of $41.7 million in the total loan portfolio between March 31, 2006 and March 31, 2007 and an increase in the ratio of non-performing loans to total loans to .84% at March 31, 2007 compared to .44% at March 31, 2006.

Non-Interest Income

Non-interest income increased $263 thousand to $891 thousand for the three months ended March 31, 2007 compared to $628 thousand for the three months ended March 31, 2006. The net increase was chiefly derived from fees and service charges on deposits which increased $175 thousand compared to the same period in 2006, primarily due to fees related to overdraft protection which was instituted in August 2006.

Non-Interest Expense

Non-interest expense increased $644 thousand to $4.9 million for the three months ended March 31, 2007 compared to $4.3 million for the three months ended March 31, 2006. Salaries and employee benefits increased $452 thousand to $2.9 million for the three months ended March 31, 2007 compared to the same period in 2006. This increase represents $210 thousand of ESOP expense in the 2007 period which we did have in the 2006 period, the additional cost of employees for our Plumsted branch which opened in January of 2007, and annual salary adjustments. Net occupancy of premises increased $94 thousand to $503 thousand for the three month period ended March 31, 2007.

Approximately $34 thousand of the increase is related to the Plumsted branch. The remaining portion of the increase is primarily due to higher snow and ice removal costs in March 2007 and general increase in overall costs. Other non-interest expenses increased $89 thousand to $593 thousand for the three months ended March 31, 2007 compared to $504 thousand for the same period in the prior year. This increase was primarily due to increases in accounting fees related to compliance with Sarbanes Oxley, higher insurance premiums and costs for the preparation of printing and mailing of our first annual report.

Income Taxes

Income tax expense increased by $288 thousand to $985 thousand for the three months ended March 31, 2007 compared to $697 thousand for the three months ended March 31, 2006. Income tax expense, represented a rate of 35.1% for the three months ended March 31, 2007 compared to 33.9% for the same period in 2006. The increase in the tax rate was primarily related to state tax. The Company pays a state tax rate of 3.6% on the taxable income of our investment company and 9.0% on the taxable income of the other entities. For the three months ended March 31, 2007 approximately $630 thousand more of taxable income was taxed at the 9.0% rate causing the overall tax rate to increase 1.2%.

Critical Accounting Policies

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

The allowance for loan losses is the amount estimated by management as necessary to cover credit losses in the loan portfolio both probable and reasonably estimable at the balance sheet date. The allowance is established through the provision for loan losses which is charged against income. In determining the allowance for loan losses, management makes significant estimates and has identified this policy as one of our most critical. The methodology for determining the allowance for loan losses is considered a critical accounting policy by management due to the high degree of judgment involved, the subjectivity of the assumptions utilized and the potential for changes in the economic environment that could result in changes to the amount of the recorded allowance for loan losses.

As a substantial amount of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans is critical in determining the amount of the allowance required for specific loans. Assumptions for appraisals are instrumental in determining the value of properties. Overly optimistic assumptions or negative changes to assumptions could significantly affect the valuation of a property securing a loan and the related allowance determined. The assumptions supporting such appraisals are carefully reviewed by management to determine that the resulting values reasonably reflect amounts realizable on the related loans.

Management performs a monthly evaluation of the adequacy of the allowance for loan losses. We consider a variety of factors in establishing this estimate including, but not limited to, current economic conditions, delinquency statistics, geographic and industry concentrations, the adequacy of the underlying collateral, the financial strength of the borrower, results of internal loan reviews and other relevant factors. This evaluation is inherently subjective as it requires material estimates by management that may be susceptible to significant change based on changes in economic and real estate market conditions.

The evaluation has a specific and general component. The specific component relates to loans that are delinquent or otherwise identified as problem loans through the application of our loan review process. All such loans are evaluated individually, with principal consideration given to the value of the collateral securing the loan. Specific allowances are established as required by this analysis. The general component is determined by segregating the remaining loans by type of loan. We also analyze historical loss experience, delinquency trends, general economic conditions and geographic and industry concentrations.

Actual loan losses may be significantly more than the allowances we have established which could have a material negative effect on our financial results.

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. 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. If current available information raises doubt as to the realization of the deferred tax assets, a valuation allowance is established. The Company considers the determination

of this valuation allowance to be a critical accounting policy because of the need to exercise significant judgment including projections of future taxable income. These judgments and estimates are reviewed on a continual basis as regulatory and business factors change. A valuation allowance for deferred tax assets may be required if the amount of taxes recoverable through loss carry-back declines, or if the Company projects lower levels of future taxable income. Such a valuation allowance would be established through a charge to income tax expense, which would adversely affect the Company's operating results.

New Accounting Pronouncements

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

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets -- An Amendment of FASB Statement No. 140" ("SFAS 156"). SFAS 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. The statement permits, but does not require, the subsequent measurement of servicing assets and servicing liabilities at fair value. SFAS 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006, which for the Company will be as of the beginning of fiscal 2007. The adoption of SFAS 156 did not have a significant effect on the financial statements.

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

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

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

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

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

2007. The Company is currently assessing the impact of EITF 06-10 on its consolidated financial position and results of operations.

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

ITEM 3 - Quantitative and Qualitative Disclosures About Market Risk

Asset and Liability Management

The majority of the Company's assets and liabilities are monetary in nature. Consequently, the Company's most significant form of market risk is interest rate risk. The Company's assets, consisting primarily of mortgage loans, have generally longer maturities than the Company's liabilities, consisting primarily of short-term deposits. As a result, a principal part of the Company's business strategy is to manage interest rate risk and reduce the exposure of its net interest income to changes in market interest rates. Management of the Company does not believe that there has been a material adverse change in market risk during the three months ended March 31, 2007.

Net Portfolio Value

The Company's interest rate sensitivity is monitored by management through the use of the OTS model which estimates the change in the Company's net portfolio value ("NPV") over a range of interest rate scenarios. NPV is the present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of assets in the same scenario. The OTS produces its analysis based upon data submitted on the Company's quarterly Thrift Financial Reports. The following table sets forth the Company's NPV as of December 31, 2006, the most recent date the NPV was calculated by the OTS (in thousands):

Changes In Interest Rates In Basis Points (Rate Shock)	NPV			NPV as Percent of Portfolio Value of Assets	
	Amount	Dollar Change	Percent Change	NPV Ratio	Change in Basis Points
+300bp	$ 170,998	$ (46,891)	-22%	21.09%	-406bp
+200bp	186,955	(30,934)	-14%	22.54%	-262bp
+100bp	202,521	(15,368)	-7%	23.88%	-127bp
0bp	217,889	-	0%	25.15%	-
-100bp	228,407	10,518	+5%	25.96%	+81bp
-200bp	237,056	19,167	+9%	26.59%	+143bp

Management of the Company believes that there has not been a material adverse change in the market risk during the three months ended March 31, 2007.

ITEM 4 - Controls and Procedures

An evaluation was performed under the supervision, and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of March 31, 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 March 31, 2007.

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

PART II - OTHER INFORMATION

ITEM 1 - Legal Proceedings

There were no material pending legal proceedings at March 31, 2007 to which the Company or its subsidiaries is a party other that ordinary routine litigation incidental to their respective businesses.

ITEM 1A - Risk Factors

Management does not believe there were any material changes to the risk factors presented in the Company's Form 10-K for the year ended December 31, 2006 during the most recent quarter.

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

Not Applicable

ITEM 3 - Defaults Upon Senior Securities

None

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

None

ITEM 5 - Other Information

None

ITEM 6 - Exhibits

31 Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)

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

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SIGNATURES

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

ROMA FINANCIAL CORPORATION
(Registrant)

Date: May 8, 2007

/s/Peter A. Inverso

Peter A. Inverso
President and Chief Executive Officer

Date: May 8, 2007

/s/Sharon L. Lamont

Sharon L. Lamont
Chief Financial Officer

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