

OFFICE OF THRIFT SUPERVISION

Approval of Applications for Permission to Organize a Federal Savings Bank and Holding Company Acquisition

Order No.: 2008-04
Date: February 21, 2008
Docket Nos.: H-4127, H-4128, and
18057

Roma Financial Corporation, MHC (MHC) and Roma Financial Corporation (RFC), both of Robbinsville, New Jersey, and 16 Individual Organizers (Individual Organizers) (collectively, Applicants) have applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-1 to organize and to acquire RomAsia Bank, South Brunswick Township, New Jersey (Savings Bank). In addition, the MHC and RFC have applied to OTS, pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3, to acquire the Savings Bank Collectively, the Applications. The Applicants have applied to the Federal Deposit Insurance Corporation (FDIC) for deposit insurance under the Deposit Insurance Fund (DIF) for the Savings Bank's deposit accounts.

The Proposed Transaction

The MHC is federally chartered mutual holding company that owns approximately 69 percent of the stock of RFC, a federally chartered subsidiary holding company. RFC directly holds all of the stock of Roma Bank, Robbinsville, New Jersey, a federal savings bank. The Individual Organizers are listed in Attachment A.

Common stock of the Savings Bank will be sold in a non-public offering in which RFC will acquire 60 percent of the Savings Bank's common stock, the Individual Organizers will acquire 8.67 percent of the common stock, and other investors will purchase the remaining shares.

Permission to Organize Application

OTS may grant a federal savings association charter only: (i) to persons of good character and responsibility; (ii) if, in OTS's judgment, a necessity exists for such association in the community to be served; (iii) if there is a reasonable probability for the association's usefulness and success; and (iv) if the association can be established without undue injury to properly conducted existing local thrift and home financing institutions. In addition, OTS must consider whether the association will provide credit for housing consistent with the safe and sound operation of a federal savings association. OTS also considers the initial capitalization of the federal savings association, and the residence and composition of the savings association's board of directors.

Further, 12 C.F.R. § 563e.29(b) provides that an applicant for a federal savings association charter must submit with its application a description of how it will meet its Community Reinvestment Act (CRA) objectives. OTS is required to take this description into account when considering the application and may deny or condition approval on CRA grounds.

OTS has reviewed the background of the MHC and RFC, and their officers and directors, the Individual Organizers, and the proposed officers and directors of the Savings Bank. OTS's review did not reveal any material adverse information regarding the MHC and RFC and their officers and directors, the Individual Organizers, or the proposed officers and directors of the Savings Bank that would lead OTS to conclude that any of the relevant companies or individuals do not have the requisite character and responsibility. However, background checks have not been completed regarding certain of the individuals. Accordingly, OTS is imposing condition 5, below, requiring that the Savings Bank take action directed by the Northeast Regional Director or his designee (Regional Director) if OTS objects to any individual based on information discovered during the background checks. OTS concludes that the character and responsibility of the MHC and RFC and their officers and directors, the Individual Organizers, and the proposed officers and directors of the Savings Bank, are consistent with approval, subject to compliance with condition 5.

As for the necessity for the Savings Bank in the community, the Savings Bank's primary market area will be the area around the Savings Bank's home office in South Brunswick, New Jersey. The Savings Bank's office will be located in Middlesex County, New Jersey.

The population in the primary market area increased by approximately 9.4 percent between 2000 and 2006. In addition, the aggregate deposits at all financial institutions in the primary market area increased approximately 40 percent between June 30, 2002, and June 30, 2007, from \$654 million to \$916 million. In addition, deposits of banks and savings associations in Middlesex County increased from \$26.1 billion as of June 30, 2006, to \$28.9 billion as of June 30, 2007, an increase of approximately 10.1 percent.

Based on the foregoing, OTS concludes that there is a necessity in the community for the Savings Bank.

With respect to the undue injury criterion, the Savings Bank's home county, Middlesex County, had total deposits of \$28.9 billion as of June 30, 2007. In its first year of operations, the Savings Bank is projected to have \$30 million in deposits, growing to \$96.5 million by the third year of operations. The Savings Bank's projected deposits at the end of year one and year three represent 0.1 percent and 0.3 percent, respectively, of the deposits in Middlesex County, based on the June 30, 2007 deposit information. OTS received no comments opposing the application to organize the Savings Bank in response to the public notice.

Based on the foregoing, OTS concludes that the impact of the formation of the Savings Bank on local thrift and home financing institutions is consistent with approval.

With respect to the reasonable probability of the Savings Bank's usefulness and success, OTS reviewed the competence and experience of the proposed management of the Savings Bank, its business plan, and its proposed capital levels. OTS concludes that the business plan is reasonable, that the Savings Bank will have adequate capital, that the Savings Bank will be able to conduct its operations appropriately, and that the Savings Bank's managerial and financial resources are consistent with a reasonable probability of success. OTS is imposing conditions 7 and 8 to help ensure that the Savings Bank operates pursuant to an OTS-approved business plan and that changes to, and from, such a business plan are not detrimental to the Savings Bank. To help ensure that the Savings Bank's probability of usefulness and success is consistent with approval, OTS is also imposing condition 9 below to enable OTS to help confirm that the Savings Bank is being operated properly. In addition, OTS is imposing condition number 16 to help ensure that the Savings Bank's management continues to have the necessary competency to contribute to the Savings Bank's usefulness and success.

The Savings Bank proposes to conduct business with an affiliate. OTS is imposing condition 15, below, to help ensure that the Savings Bank conducts these operations in an appropriate manner.

OTS is imposing condition 6, requiring that the Savings Bank provide to the Regional Director a list of shareholders, including names, addresses, number of shares owned, and the percentage of total shares owned. This condition is designed to ensure that the Savings Bank's ownership involves no unapproved control parties.

In addition, OTS is imposing condition 10, requiring that certain employment contracts receive the prior written non-objection of the Regional Director. This condition is designed to ensure that the employment contracts comply with OTS regulations and policies, and are consistent with the safe and sound operation of the Savings Bank.

OTS is imposing condition 11, which requires that the Savings Bank submit to the Regional Director a report identifying each function it is outsourcing to a third party vendor for a period of three years, and to inform the Regional Director of any significant changes in outsourcing as represented prior to such change. This condition is designed to ensure that the Savings Bank's outsourced functions are appropriate and to monitor such outsourcing.

Also, OTS is imposing condition 12, requiring that the Savings Bank obtain the written non-objection of the Regional Director to the Savings Bank's proposed policies for Bank Secrecy Act (BSA), currency transactions reporting, suspicious activity reporting, customer identification program, and section 314(a) procedures. This condition is designed to ensure that the Savings Bank's policies, programs and procedures in these areas satisfy the relevant requirements and OTS policies.

Furthermore, OTS is imposing conditions 13 and 14, requiring that the Savings Bank submit for the Regional Director's non-objection, the final board-approved Fair Lending Policy, .

and evidence that it has obtained a comprehensive insurance policy, a fidelity insurance policy, and a fidelity bond. These conditions are intended to ensure that the Savings Bank's Fair Lending policies comply with relevant requirements, and that the Savings Bank has appropriate insurance policies and a fidelity bond.

OTS also is imposing condition 17, which requires that the Savings Bank, prior to accepting any deposit or similar account, provide the prospective depositor with full, fair, and prominent disclosure that account holders of the Savings Bank will have no priority subscription rights in connection with any conversion of the MHC or Roma Bank, or any successor entity, from mutual to the stock form of organization, and that account holders of the Savings Bank will have no right to any distributions in connection with any voluntary dissolution of the MHC, RFC or Roma Bank, or any successor entity. This condition is designed to ensure that there is no confusion about whether Savings Bank's depositors have subscription or liquidation rights in connection with any second-step conversion or liquidation of the MHC, RFC or Roma Bank, therefore helping to avoid claims, possible litigation expenses and the diversion of management resources.

Based on the foregoing analysis, OTS concludes that the probability of the Savings Bank's usefulness and success is consistent with approval, subject to compliance with the conditions, each of which is intended to ensure that the Savings Bank's probability of usefulness and success is consistent with approval.

With respect to the provision of credit for housing, the Savings Bank will originate one-to-four family residential mortgage loans. The Savings Bank is projected to satisfy its qualified thrift lender requirements. Based on these considerations, and the facts discussed in connection with the probability of the Savings Bank's usefulness and success, OTS concludes that the Savings Bank will provide credit for housing in a safe and sound manner.

With respect to capital, the Savings Bank will have more initial capital than is required by OTS regulations and the Savings Bank plans to be well capitalized throughout its first three years of operations. Accordingly, OTS concludes that the Savings Bank's proposed capital levels are consistent with approval.

OTS regulations require that a majority of a *de novo* federal association's board of directors be "representative" of the state in which the association is located. All of the members of the Savings Bank's board of directors reside in the state in which the Savings Bank will be located. Therefore, OTS concludes that the Savings Bank meets this criterion.

OTS regulations also require that a *de novo* federal association's board of directors be diversified and composed of individuals with varied business and professional experience. The proposed board of the Savings Bank includes individuals with diverse skills and expertise. OTS concludes that these persons have sufficiently varied business and professional experiences to meet the regulatory standard.

The OTS regulations provide that, except in the case of a *de novo* federal association that is wholly owned by a holding company, no more than one-third of a *de novo* federal association's board of directors may be in closely related businesses. When the holding company does not have substantial independent economic substance, OTS applies the related business criterion to the holding company's board of directors. OTS has reviewed the backgrounds of the members of the Savings Bank's board of directors, and concludes that this requirement has been met. The MHC and RFC have substantial independent economic substance, and accordingly, this requirement is not applicable to the MHC and RFC.

With respect to the CRA and OTS's CRA regulations, the Savings Bank's CRA assessment area will consist of the Edison, New Jersey Metropolitan Statistical Area (MSA), which includes portions of Middlesex and Somerset Counties, and the Trenton-Ewing MSA, which includes portions of Mercer County. OTS has reviewed the manner in which the Savings Bank will meet its CRA objectives. OTS received no comments objecting to the application. Accordingly, OTS concludes that the Savings Bank has satisfactorily demonstrated that it will meet its CRA objectives.

The Savings Bank's proposed charter and bylaws conform to OTS regulations in all material respects.

Holding Company Application

The MHC and RFC, which currently control Roma Bank, have requested OTS approval to acquire the Savings Bank. Section 10(e)(2) of the HOLA and the Acquisition of Control Regulations thereunder provide that OTS, in reviewing proposed acquisitions of a savings association by a savings and loan holding company, must consider the financial and managerial resources and future prospects of the company and the associations involved, whether the acquisition would be detrimental to the associations or the insurance risk of the DIF, and the convenience and needs of the community to be served.¹ OTS must also consider the impact of the acquisition on competition.² Finally, OTS must take into account assessments under the CRA when considering holding company applications.³

For the reasons set forth above, OTS concludes that the managerial resources of the MHC, RFC, Roma Bank, and the Savings Bank are consistent with approval, provided the relevant parties comply with the conditions discussed above.

With regard to financial resources, OTS reviewed the financial positions of the MHC, RFC, and Roma Bank, and the Savings Bank's proposed capitalization and business plan. The Applications demonstrate that the parties have sufficient resources and that the Savings Bank will meet all of its capital requirements and will be well capitalized throughout the first three years of its operations. Based on the foregoing, OTS concludes that the financial resources of the MHC,

¹ 12 U.S.C. § 1467a(e)(2); see also 12 C.F.R. § 574.7(c) (2007).

² 12 U.S.C. § 1467a(e)(2) and 12 C.F.R. § 574.7(c)(2) (2007).

³ 12 C.F.R. § 563e.29 (2007).

RFC, Roma Bank, and the Savings Bank are consistent with approval of the holding company application.

The presence of a newly formed stock savings association in a mutual holding company structure raises special issues. OTS is imposing conditions 18, 19 and 20 in order to ensure that subsequent transactions involving the stock of the Savings Bank or distributions by the Savings Bank do not avoid the provisions of the Mutual Holding Company regulations regarding the issuance of stock of the subsidiary holding company or the former mutual association, and do not raise the concerns that prompted the issuance of such regulations.

Based on the factors considered in the above discussions regarding the managerial and financial resources of the MHC, RFC, Roma Bank and the Savings Bank, the character and responsibility of the officers and directors of each entity, and the probability of the Savings Bank's usefulness and success, OTS concludes that the future prospects of the MHC, RFC, Roma Bank and the Savings Bank are consistent with approval, and will not pose undue risk to the DIF, subject to the imposition of the above-described conditions.

The transaction will not result in any currently operating, unaffiliated depository institutions becoming affiliated. Accordingly, OTS finds no basis for objection to the transaction on anti-competitive grounds.

With regard to the convenience and needs of the community to be served, the Savings Bank's operations will consist of offering traditional savings association products and lending products, including 1-to-4 family residential home loans. Roma Bank does not propose to diminish the services it currently offers. OTS received no comments objecting to the holding company acquisition. Based on the foregoing, OTS concludes that convenience and needs considerations are consistent with approval.

With respect to performance under the CRA, Roma Bank has a "Satisfactory" CRA rating. OTS did not receive any objections to the transaction. Accordingly, OTS concludes that there is not any basis for objection to the holding company application based on CRA grounds.

Conclusion

Based on the information provided with the Applications, OTS's analysis of such information, and the representations provided by the MHC, RFC, the Individual Organizers and the Savings Bank, OTS concludes that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Regional Director, or the Managing Director, Examinations and Supervision – Operations (Managing Director) or her designee, as applicable. Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The MHC, RFC, the Individual Organizers and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;

2. The proposed transaction must be consummated within 120 calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the MHC and RFC must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the MHC and RFC, respectively, as disclosed in the Applications. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the MHC or RFC, or OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The MHC and RFC, and the Savings Bank, must, within 5 calendar days after the effective date of the proposed transaction: (a) advise the Regional Director in writing of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts; (b) advise the Regional Director in writing that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order; and (c) provide a reconciliation of the Savings Bank's capital to the Regional Director;
5. With respect to any Individual Organizers or proposed officers or directors of the Savings Bank for whom background checks have not been completed, the Savings Bank must take such action as required by the Regional Director if the Regional Director objects to any such person based on information obtained during the background check;
6. Prior to the close of the stock offering, the Savings Bank must provide to the Regional Director a list of shareholders, including names, addresses, number of shares to be acquired, and percentage of total shares to be owned;
7. The Savings Bank must operate within the parameters of its three year business plan, and must submit any proposed major deviations or material changes from the business plan (including those initiated by the MHC or RFC, and including any stock benefit plan not yet submitted to OTS) for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the desired implementation date with a copy to the FDIC Regional Office;
8. For three years following the Savings Bank's commencement of operations, the Savings Bank must submit to the Regional Director within 45 calendar days after the end of each calendar quarter a business plan variance report detailing the

Savings Bank's compliance with the business plan and explanations of any material deviations;

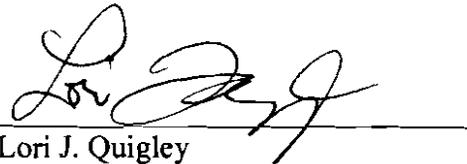
9. The Savings Bank must submit independent audit reports to the Regional Director for its first three years of operations. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
10. The Savings Bank must receive the prior written non-objection of the Regional Director for the proposed employment agreements with the chief financial officer and the chief lending officer. In addition, for two years following the Savings Bank's commencement of operations, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed new employment agreements;
11. At least 30 calendar days prior to commencing operations, the Savings Bank must submit to the Regional Director a report identifying each function it is outsourcing to a third party vendor, including the name of the service provider, and provide a copy of the related agreement to the extent not previously submitted. During the first three years of operations, the Savings Bank must inform the Regional Director of any significant changes in outsourcing as represented in this report at least 30 calendar days prior to such change;
12. The proposed BSA Policy, Currency Transaction Report Policy, Suspicious Activity Report Policy, Customer Identification Program, and section 314(a) procedures are subject to the prior written non-objection of the Regional Director;
13. At least 30 calendar days prior to commencing operations, the Savings Bank must develop and submit to the Regional Director for his review and written non-objection the final board-approved Fair Lending Policy;
14. Prior to the date of consummation of the proposed transaction, the Savings Bank must provide evidence that it has obtained a comprehensive insurance policy, a fidelity insurance policy, and a fidelity bond;
15. During the first eighteen months of the Savings Bank's operations, any contracts or agreements pertaining to transactions with affiliates, affiliated persons or related interests not yet submitted to OTS for review, or any material changes to previously submitted contracts, must be provided to the Regional Director, and obtain his written non-objection;
16. The Savings Bank must receive, for two years following commencement of operations, the prior written non-objection of the Regional Director for any proposed new directors or new senior executive officers, or for any significant change in responsibilities of any senior executive officer;

17. Prior to accepting any deposit or similar account, the Savings Bank must provide its prospective depositor with full, fair, and prominent disclosure (in a form acceptable to the Regional Director) that accountholders of the Savings Bank have no right to priority subscription rights in connection with any conversion of the MHC or Roma Bank, or any successor entity, from mutual to the stock form of organization, and that accountholders of the Savings Bank have no right to any distributions in connection with any voluntary dissolution of the MHC, Roma Bank, or any successor entity;
18. The Savings Bank must obtain the written approval of the Managing Director prior to issuing any additional stock not described in the Applications;
19. The MHC and RFC must obtain the written approval of the Managing Director prior to the sale, transfer, distribution, or other disposition of any stock of the Savings Bank; and
20. The Savings Bank, prior to making any distribution in connection with any voluntary dissolution, must obtain the prior written approval of the Managing Director.

The Regional Director may, for good cause, extend any time period set forth herein for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or his designee, effective

February 21, 2008.



Lori J. Quigley
Managing Director
Examinations and Supervision - Operations

ATTACHMENT A

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