



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 9, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

RomAsia Bank  
Charter Number: 718057

4287 Route 1 South  
Monmouth Junction, NJ 08852

Office of the Comptroller of the Currency

New York Metro Field Office  
Harborside Financial Center  
Plaza 5 Suite 1600  
Jersey City, NJ 07311

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The major factors that support this rating include:

- The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, lending-related activities, and assessment area credit needs.
- The majority of the bank's home mortgage loans were originated within its assessment area.
- The distribution of loans reflects reasonable penetration among borrowers of different incomes and business sizes.
- The geographic distribution of home mortgage loans reflects a poor dispersion throughout its assessment area, while small business loans reflect a reasonable dispersion.
- The bank has not received any complaints about its performance in helping to meet the credit needs of its assessment area.

## **Scope of Examination**

We conducted an examination of RomAsia to assess the bank's compliance with the Community Reinvestment Act (CRA). The objective of this review was to evaluate the bank's performance relative to the regulatory requirements. To complete this examination, we used the "Small Bank" performance criterion and examination procedures. Our review covered the bank's CRA performance from January 1, 2010 through April 1, 2012. Based upon RomAsia's business strategy and the loans originated or purchased during the evaluation period, we determined that residential mortgage loans are the bank's primary loan product. The residential mortgage loan analysis is based upon the bank's Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LARs). The HMDA-LARs were tested prior to this review and found to be reliable for the purposes of our analysis. Therefore, we used the HMDA data from January 1, 2010 through December 31, 2011 to evaluate the bank's home mortgage loan performance.

## **Description of Institution**

RomAsia is an intrastate community bank headquartered in Monmouth Junction, New Jersey. RomAsia operates two full-service branches, both located in the

Edison-New Brunswick Metropolitan Division (MD). The bank is wholly-owned by Roma Financial Corp, a two-bank holding company headquartered in Robbinsville, NJ. RomAsia is a newly-organized bank, commencing operations in June 2008. The bank services are targeted to the Asian-American community in Central New Jersey. This is the bank's first CRA performance evaluation.

As of December 31, 2011, RomAsia's assets totaled \$137 million, comprised of \$58 million in loans representing 42% of assets. Deposits totaled \$110 million, and tier-one capital totaled \$16 million. The bank's loan portfolio mix as of December 31, 2011 was: non-residential mortgages (50%), 1-4 family residential (42%), secured commercial (non-mortgages) (3%) and multi-family (2%). Additional information regarding the products and services offered by RomAsia are available in the bank's Public File, which is available by request at both branch locations.

## **Description of Assessment Area**

RomAsia's assessment area meets regulatory requirements and does not arbitrarily exclude any low-or-moderate income areas. The assessment area is comprised of 380 census tracts located in Middlesex County, Monmouth County, and Somerset County. All counties are located within the same Metropolitan Division (MD) of Edison-New Brunswick, New Jersey. Of the 380 census tracts, 121 are considered upper income; 185 are middle income; 59 are moderate income; and 12 are considered low income geographies. We noted that income data was not available for one census tract in each county; bringing the total to 380 census tracts. RomAsia operates two branches within the assessment area. The Monmouth Junction branch is located in an upper-income geography and the Edison branch is located in a middle-income geography.

The 2000 US Census data reported the total population of the assessment area at 1,662,953. There are 432,521 families, of which 17 percent are low-income and 17 percent are moderate-income. There are 599,415 households, of which 33 percent are located in upper-income geographies, 50 percent are located in middle-income geographies and 17 percent are in low-to-moderate income areas. The median family income is \$82,529 where six percent or 34,298 households are below the poverty level.

According to the Bureau of Labor Statistics, the Edison-New Brunswick, NJ MD unemployment rate has continued to improve, decreasing from 8.9 percent as of year-end 2010 to 8.6 percent as of year-end 2011. The state's Department of Labor and Workforce Development reports that New Jersey's private sector added 51,700 jobs during 2011. The additional jobs have created a healthier real estate market with rapidly rising leasing activity. The rising leasing activity has aided declining vacancy rates.

According to Cushman and Wakefield, the assessment area appears to have turned the corner towards recovery following the 2008 recession. Recovery has taken place given the strong leasing and investment activity in 2011. Below are descriptions tailored for each county within the bank's assessment area.

#### *Middlesex County*

Middlesex is the most populous county within the Edison-New Brunswick, NJ MD with 810,000 residents, based on 2010 census data. It is largely urban and suburban and includes the cities of New Brunswick and Edison. Population grew by 8 percent between 2000 and 2010 which was slightly below the nationwide pace but above the statewide average. The county has a significant Asian population, accounting for more than 18 percent of residents. As of 2009, the median household income was \$76,000 and the median home price was about \$360 thousand. Two-thirds of homes are owner-occupied. Rutgers University is the county's largest employer with key industry sectors of telecommunications, pharmaceuticals, and financial services.

#### *Monmouth County*

The county's population increased by 2.5 percent between 2000 and 2010 totaling 630 thousand based on 2010 census data. However, the county maintains a large seasonal population with about 250 thousand additional visitors during the summer months. Much of the population resides along the seacoast which includes its two major cities of Long Branch and Asbury Park. The county has a less diverse population than New Jersey as a whole. As of 2009, the median household income was \$81,000 and the median home price was about \$430 thousand. Three of four homes are owner-occupied. Major employers include health services establishments with industries heavily concentrated in telecommunications, arts, entertainment and recreation.

#### *Somerset County*

Somerset County is primarily suburban and does not include any major cities. The population totals about 320 thousand, based on 2010 census data, which represents an 8.7 percent increase from 2000. This county is considered the most affluent and educated county in New Jersey. As of 2009, the median household income was \$97,000 and the median home price was about \$440 thousand. Nearly 80 percent of homes in this county are owner-occupied. The pharmaceuticals industry is highly concentrated in this county. Key industry sectors include telecommunications, insurance, professional and technical services, and management of companies.

## **Conclusions with Respect to Performance Criteria**

RomAsia's performance under the lending test is satisfactory. RomAsia was found to have reasonable penetration among borrowers of different income levels and business sizes. RomAsia's geographic distribution of home mortgage loans

reflects a poor dispersion throughout its assessment area, while small business loans reflect a reasonable dispersion. For both of these analyses, we placed more weight on home refinance and home purchase lending and less weight on home improvement lending. Home refinance lending made up 73 percent (by number) and home purchase lending amounted to 21 percent (by number) of all home mortgage loan originations. Home improvement lending only accounted for only 6 percent (by number) of all home mortgage loan originations within the assessment area. Additionally, we placed greater emphasis on home mortgage originations versus small business loans as home mortgage originations were larger in both number and dollar volume.

All criteria of the lending test are documented below:

### **Loan-to-Deposit Ratio**

RomAsia's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, lending-related activities, and assessment area credit needs. The bank's quarterly average net loan-to-deposit ratio over the eight quarters of 2010 and 2011 was 45.40 percent. During this time period, the ratio ranged from a quarterly low of 37.41 percent to a quarterly high of 52.50 percent. The ratio has steadily increased throughout the assessment period.

The quarterly average net loan-to-deposit ratio for the bank's national FDIC peer group of similarly sized banks was 84.96 percent over the same time period. While the bank's quarterly average net loan-to-deposit ratio is significantly lower than the peer group, it is reasonable when taking into consideration the bank's de novo status and the local competition for loans.

### **Lending in Assessment Area**

The majority of the loans originated by the bank were within the assessment area. We reviewed distribution of loan originations during the evaluation period for home and small business loans. The bank originated 56 percent of loans by number and 59 percent by dollar volume within the assessment area.

The following table details the bank's lending within the assessment area by the number of loans originated during the evaluation period:

<b>Table 1 - Lending in Middlesex, Monmouth &amp; Somerset Counties</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	12	50%	12	50%	24	4,298	55%	3,476	45%	7,774
Home	48	57%	36	43%	84	15,115	60%	10,285	40%	25,400
Totals	60	56%	48	44%	108	19,413	59%	13,761	41%	33,174

*Source: 2010-2011 Business Loan Sample and 2010-2011 HMDA Data.*

## **Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

The distribution of loans within RomAsia's assessment area reflects reasonable penetration among borrowers of different income levels and businesses of difference sizes.

In our analysis, we considered how affordable it was for low-income individuals to purchase a home and we considered the poverty rate. The average median housing value in the bank's assessment area is \$204,082. The weighted average median family income is \$82,519. To be considered low-income, borrower income must be below \$41,260. Additionally, 6 percent of households are below the poverty level and earn less than \$41,260. Thus, the opportunities for home purchase and home refinance lending to low-income borrowers would be limited. As a result, we placed more emphasis on the bank's lending to moderate-income borrowers.

The bank made no home improvement loans to low or moderate income borrowers during the evaluation period. As mentioned previously, it is very difficult for a low-income borrower to qualify for a home loan, therefore, low-income borrowers would not necessarily have homes in which improvements could be made. Further, RomAsia only originated three home improvement loans during the evaluation period as they tend to focus more on home refinance and home purchase lending.

The percentage of home purchase loans originated to low and moderate income borrowers is lower than the percentage of low and moderate income families in the assessment area. As previously discussed, it is difficult for low-income families to purchase homes, given the high median home price of over \$200 thousand.

RomAsia only made one home refinance loan to low-income borrowers during the evaluation period. However, the percentage of home refinance loans

originated to moderate-income borrowers is comparable to the percentage of moderate-income families in the assessment area.

The following, Table 2, shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2010 through December 31, 2011 as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16.84	2.08	16.90	2.08	22.34	0.00	43.91	16.67
Home Improvement	16.84	0.00	16.90	0.00	22.34	4.17	43.91	2.08
Home Refinance	16.84	2.08	16.90	10.42	22.34	12.50	43.91	47.92

*Source: HMDA data for 1/1/2010-12/31/2011 and HUD-updated 2000 U.S. Census data. Income was not available for 1 borrower.*

The bank maintains a reasonable record of lending to small businesses. Our sample included twelve small business loans within the assessment area. Revenue data was not available for our sample, therefore we used loan amount as an indicator of the size of the business. The majority of small business loans originated in the amount of \$250,001 to \$500,000 at 50% of all small loans originated. The average original loan amount for all of the small business loans sampled was \$358,150.

The following, Table 2C, illustrates the number and dollar volume of small business loans in our sample.

Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	1	8.33%	10,000	0.23%
\$100,001 - \$250,000	2	16.67%	377,874	8.79%
\$250,001 - \$500,000	6	50.00%	2,005,500	46.66%
\$500,001 - \$1,000,000	3	25.00%	1,904,433	44.31%

*Source: Small Business Loan Sample.*

## Geographic Distribution of Loans

The geographic distribution of home mortgage loans reflects a poor dispersion throughout RomAsia's assessment area. Because there are only twelve low-income census tracts in the assessment area, more weight was given to lending in moderate-income geographies. No conspicuous gaps were identified within the bank's assessment area.

The bank made no loans within low-income geographies during the evaluation period. Less than 1 percent of housing units in low-income geographies are owner-occupied. Further, without a home to make improvements on or to refinance, both home purchase and home refinance loan categories are impacted.

The bank did not make any home improvement loans to moderate-income geographies. However, RomAsia only originated three home-improvement loans during the evaluation period. The percentage of home purchase and home refinance loans made in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in these geographies.

The following, Table 3, details the bank's performance as compared to the percentage of owner-occupied housing units in each census tract income level for the period of January 1, 2010 through December 31, 2011.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.60	0.00	9.86	2.08	48.37	8.33	41.16	10.42
Home Improvement	0.60	0.00	9.86	0.00	48.37	4.17	41.16	2.08
Home Refinance	0.60	0.00	9.86	2.08	48.37	27.08	41.16	43.75

Source: HMDA data for 1/1/2010-12/31/2011 and 2000 U.S. Census data.

The geographic distribution of small business loans is reasonable, particularly in the moderate-income census tracts. No small business loans were to businesses located in low-income census tracts. However, only a small percentage of businesses are located in low-income geographies. Meanwhile, the percentage of loans made to businesses in moderate-income geographies is near the percentage of businesses in moderate-income census tracts.

The following, Table 3A, illustrates the geographic distributions of loans to businesses.

<b>Table 3A - Geographic Distribution of Loans to Small Businesses in RomAsia's AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	2.24	0.00	11.03	8.33	45.45	50.00	41.19	41.67

Source: Business loan sample 2010-2011; U.S. Census data.

## Responses to Complaints

RomAsia did not receive any CRA related complaints during this evaluation period.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.