

Rumson-Fair Haven Bank & Trust Company - Third Quarter Report 2009

Letter to Shareholders

We are pleased to report that net income for the three months ended September 30, 2009 amounted to \$131,000 and compares with \$48,000 for the comparable period in 2008. On a year-to-date basis, net income amounted to \$328,000 and compares with \$247,000 a year ago. Basic and fully diluted earnings per share amounted to \$.05 and \$.13 per share for the three month and year to date periods, which compares with \$.02 and \$.10 per share for the 2008 periods, respectively, as restated for the 10% stock dividend paid in June 2009.

Robert E. Davis, President and CEO, disclosed that the Bank decided not to participate in the U.S. Treasury Department's "Capital Purchase Plan". Mr. Davis also noted that the Bank's operating earnings were being impacted by reduced loan levels, pay-offs and maturities while new loan volume has been limited due to economic conditions and the loan committee's conservative credit policies. The new branches opened earlier this year in Oceanport and Asbury Park are experiencing deposit growth and are proceeding towards their break-even goals. He also noted that FDIC insurance costs continue to negatively affect the results of operations. As loan levels decreased, the Bank was able to strategically expand the investment portfolio which, due to propitious timing, resulted in significant profits in the portfolio and the Bank has been recognizing these gains throughout the year. During the third quarter, the Bank recognized \$190,000 in securities gains, on an after-tax basis, and for the nine months, \$464,000 was recognized.

Non-performing assets at September 30, 2009 amounted to \$2.1 Million, or 2.25% of total loans. The allowance for possible loan losses stands at \$1.4 Million or 1.54% of total loans. In October, a \$520,000 non-accrual loan was paid with full recovery of principal and past due interest which reduces non-performing assets to \$1.6 Million, or 1.71% of total loans. Management believes the level of the allowance for loan losses is adequate and future loan losses, if any, will not be material. Total assets at September 30, 2009 amounted to \$170 Million with gross loans at \$94 Million and deposits ending at \$134 Million. Book value per share is \$5.84 as of September 30th.

Prospects for the economy are improving and although we do not anticipate a strong fourth quarter, we continue to believe that the Bank is positioned to strongly participate in any economic rebound that may occur in subsequent years.

We appreciate your continued support and welcome any questions.

William J. Barrett
Chairman of the Board

Robert E. Davis, Jr.
President and Chief Executive Officer

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Internet Site: www.rfhbank.com

Stock Symbols: Common: RFHB

Warrants: RFHBW