



Rumson-Fair Haven Bank & Trust Company– Letter to Shareholders – September 2011

We are pleased to report net income for the three months ended September 30, 2011 amounting to \$186,000, which compares with \$243,000 for the comparable period in 2010. For the nine months ended September 30, 2011 net income amounted to \$351,000, and compares with \$521,000 a year ago. Operating earnings for the nine months, excluding securities transactions and a one-time termination benefit, amounted to \$344,000 and compares favorably with \$184,000 for 2010. Basic earnings per share amounted to \$.06 and \$.08 per share for the three months ended September 30, 2011 and 2010, respectively, while fully diluted per share amounts were \$.06 and \$.07 per share, respectively. For the nine months ended September 30, 2011 basic earnings per share were \$.11 and \$.18 per share, respectively, while fully diluted per share amounts were \$.11 and \$.17 per share, respectively. Tangible book value at September 30, 2011 amounted to \$5.32 per share.

Dennis J. Flanagan, President and CEO, reported that the Loan Department has been expanded under the direction of Joseph Castelluci, Executive Vice President. Recent commercial lending staff additions include Robert Wallace and Timothy Caruso, both of whom have extensive community banking experience. Also, Robert Torres, the former Fair Haven Branch Manager, has joined the credit analyst staff. These changes have laid the foundation for significant loan growth with some success already noted. Since March 31st, outstanding loan balances have increased \$3.8 million and increased loan originations in the fourth quarter are anticipated.

The interest rate environment has contributed to a significant increase in the Bank’s liquidity which, although depressing current net interest income, is providing the funding for the expansion of the loan portfolio. The allowance for loan losses at \$1.3 million represents 1.57% of total loans and provides adequate coverage for the risks inherent in the loan portfolio. Non-performing assets at September 30, 2011 amounted to \$2.3 million or 1.07% of total assets and in the opinion of management are fully collateralized.

We appreciate your continued support and welcome any questions.

William J. Barrett
Chairman of the Board

Dennis J. Flanagan
President & Chief Executive Officer

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Stock Symbols: Common: RFHB Warrants: RFHBW