



PRESS RELEASE
For Immediate Release

blueharbor bank Reports Second Quarter 2012 Net Income

MOORESVILLE, N.C., August 10, 2012 – **blueharbor bank** (the “Bank”) today reported net income of \$149,243, or \$0.08 per share, for the second quarter of 2012, compared to \$6,177, or \$0.00 per share, for the second quarter of 2011. For the six-months ended June 30, 2012, the bank reported net income of \$173,313, or \$0.09 per share, compared to \$52,531, or \$0.03 per share, for the six-months ended June 30, 2011.

Total assets decreased slightly to \$136.9 million at June 30, 2012, from \$137.8 million at December 31, 2011, and increased from \$134.2 million at June 30, 2011. Total deposits decreased to \$114.8 million at June 30, 2012, from \$117.4 million at December 31, 2011, and increased from \$113.4 million at June 30, 2011.

Jim Marshall, President and Chief Executive Officer noted “We are pleased to report positive earnings for the last eleven consecutive quarters and while we continue to face challenges in our local and state economy, we remain focused on providing our customers the excellent customer service they deserve.”

Jim Marshall added, “While asset growth has been flat and gross loan outstandings are down it has been a little more challenging to produce improved earnings. Offsetting lower interest income were nice improvements in interest expense and lower provisions for loan losses.”

“We are also experiencing a slight increase in quality loan demand which is positive for us and our region. Credit quality measurement ratios are improving for us and for North Carolina in general as we have been one of the nations hardest hit states in terms of credit quality during the last four years,” noted Mr. Marshall.

“Our Capital Reserves continue to be very strong and among the highest in North Carolina as a percentage of assets. As we continue to grow and deploy this capital safely in quality loans, our earnings should continue to grow nicely. Tangible book value is in excess of \$10.20 per share and our stock is trading slightly above the North Carolina Bank median of fifty-five percent of Tangible book value,” Mr. Marshall went further to say.

In the second quarter the Bank filed a Form 15 with the Federal Deposit Insurance Corporation (the “FDIC”) on June 4, 2012, to deregister its common shares under the Securities Exchange Act of 1934. As a result of the passage of H.R. 3606, the Jumpstart Our Business Startups Act (the “JOBS Act”), the Bank is eligible to deregister its common shares because it has fewer than 1,200 holders of record. Upon the filing of the Form 15, the Bank’s obligation to file certain reports with the FDIC, including Forms 10-K, 10-Q and 8-K and other filing requirements will terminate upon the effectiveness of the deregistration, which is expected to occur 90 days after the filing of the Form 15.

Mr. Marshall added, "The Bank's Board of Directors carefully made this decision after considering the advantages and disadvantages of being a FDIC registered company and the advice of our legal and accounting partners to deregister, which eliminates this regulatory burden and expense."

The Bank believes that the negative impact on the Bank of the costs associated with compliance with general Securities and Exchange Commission regulations, as adopted by the FDIC, and Sarbanes-Oxley and other reporting requirements outweigh the benefits of registration. The cost savings the Bank anticipates from being able to deregister is exactly the benefit the JOBS Act intended for community banks. Deposits continue to be insured by our principal regulator, the FDIC.

The Bank's shares ("BLHK.OB") are listed on the Over-the-Counter ("OTC") Bulletin Board and the Bank expects that they will continue to trade there after deregistration. Although no longer required by the FDIC after deregistration, the Bank still intends to release financial results, be audited annually and issue press releases for the benefit of its shareholders.

Mr. Marshall concluded, "We continue to be optimistic about our future especially considering the storm we have weathered and its lingering effects we are still feeling. Our philosophy of conservative credit underwriting, expense control and sound banking practices has carried us well so far and will allow us to not only survive, but thrive as the economy continues to improve."

blueharbor bank, with \$136.9 million in assets, is headquartered in Mooresville with a second branch in Huntersville. blueharbor bank's website is www.blueharborbank.com and our common stock is quoted on the OTC Bulletin Board under the symbol "BLHK.OB".

Summary Selected Financial Data schedule attached.

Forward-Looking Statement:

This press release contains forward-looking statements. Words such as "anticipates," "believes," "estimates," "expects," "intends," "should," "will," variations of such words and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs as to the expected outcomes of future events and are not guarantees of future performance. These statements involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. As such, actual results and outcomes may materially differ from what may be expressed or forecast in such forward-looking statements. Factors that could cause a difference include, among others: changes in the national and local economies or market conditions; changes in interest rates, deposit levels, loan demand and asset quality, including real estate and other collateral values; changes in banking regulations and accounting principles, policies or guidelines; and the impact of competition from traditional or new sources. These and other factors that may emerge could cause decisions and actual results to differ materially from current expectations. blueharbor bank takes no obligation to revise, update, or clarify forward-looking statements to reflect events or conditions after the date of this press release.

SOURCE: blueharbor bank

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Summary Selected Financial Data

Balance Sheet Data:	June 30, 2012	December 31, 2011	June 30, 2011	
Total Assets	\$ 136,886,503	\$ 137,750,533	\$ 134,168,898	
Total Gross Loans	91,341,124	93,581,550	96,410,016	
Allowance for Loan Losses	1,534,378	1,665,442	1,839,838	
Total Deposits	114,773,832	117,361,941	113,435,507	
Total Shareholders' Equity	19,372,908	19,114,216	18,756,915	

Earnings and Per Share Data:	Three Months Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Interest Income	\$ 1,377,302	\$ 1,420,325	\$ 2,712,911	\$ 2,839,858
Interest Expense	221,387	316,796	473,571	651,976
Net Interest Income	1,155,915	1,103,529	2,239,340	2,187,882
Provision for Loan Losses	(137,235)	331,236	80,524	548,451
Net Interest Income after Provision for Loan Losses	1,293,150	772,293	2,158,816	1,639,431
Noninterest Income	27,175	79,246	86,447	173,664
Noninterest Expense	1,068,159	806,971	1,944,241	1,682,924
Net Income before Taxes	252,166	44,568	301,022	130,171
Income Taxes	102,923	38,391	127,709	77,640
Net Income	\$ 149,243	\$ 6,177	\$ 173,313	\$ 52,531
Basic Income per Share	\$ 0.08	\$ 0.00	\$ 0.09	\$ 0.03
Diluted Income per Share	\$ 0.08	\$ 0.00	\$ 0.09	\$ 0.03