



## PRESS RELEASE

*For Immediate Release*

### **blueharbor bank Reports 2012 Net Income, Stock Dividend and Share Repurchase Plan**

MOORESVILLE, NC, January 29, 2013 – **blueharbor bank** (the “Bank”) today reported its earnings for 2012, a stock dividend and a share repurchase plan.

#### **Earnings**

The Bank reported net income of \$159,677, or \$0.08 per share, for the fourth quarter of 2012, compared to \$73,171, or \$0.04 per share, for the fourth quarter of 2011. For the year ended December 31, 2012, the bank reported net income of \$430,796, or \$0.23 per share, compared to \$293,940, or \$0.15 per share, for the year ended December 31, 2011.

Jim Marshall, President and Chief Executive Officer noted, “We are pleased to report solid earnings gains over 2011 levels in a difficult environment. We have proactively managed our liability levels and expense to appropriately match the asset side of our balance sheet. We experienced modest loan demand and growth in 2012 and expect the same through at least the first half of 2013. Our gross loans increased from \$93.6 million at December 31, 2011, to \$98.1 million at December 31, 2012. Our total assets declined slightly to \$130.0 million at December 31, 2012, from \$137.8 million at December 31, 2011. During 2012, we also experienced nice improvement in our nonperforming assets which are comprised of nonaccrual loans and other real estate owned. Those levels decreased to \$3.6 million at December 31, 2012, from \$6.9 million at December 31, 2011.”

Mr. Marshall continued, “While maintaining and reducing nonperforming assets can be costly, we still experienced solid earnings growth and most importantly, retained our strong capital position with total risk-based capital of nearly double the minimum of 10.0% to be deemed well-capitalized. This strong capital position will allow us to grow and weather the continued financial stress consumers and small business owners face.”

#### **Stock Dividend**

The Bank also announced today that its Board of Directors (“Board”) approved a 20 percent stock dividend payable on March 5, 2013, to shareholders of record at the close of business on February 15, 2013. Shares issued as a result of the stock dividend will be entered on the records of the Bank's transfer agent, Broadridge Corporate Issuer Solutions. No fractional shares will be issued and shareholders will receive cash for such fractional interests based on the market value of the stock on the record date.

#### **Share Repurchase Plan**

In addition, the Bank reported today that its Board approved the repurchase of \$250,000 of common stock over the coming year. The share repurchase plan calls for the repurchase of approximately 2.5% of the 1,900,000 common shares currently outstanding. The share repurchases will be at times and in amounts decided by management in its discretion. The Board has also established a range of purchase prices, with management being directed to take into consideration market and economic trends, the

number of shares to be repurchased and other factors in determining the price within such range to be offered from time to time. The Board may terminate or suspend such repurchase authority at any time.

Mr. Marshall noted, "This stock dividend of 20 percent is a thank you to our shareholders who have been with us during some challenging business times for Community Banks and financial stocks in general. The board believes that given our strong balance sheet, capital position and tangible book value of \$10.36 per share, the repurchase of a modest amount of our stock is a prudent thing to do in this environment."

Mr. Marshall concluded, "We see some improvements emerging in the local economy. While we are hopeful to participate with these improvements, we anticipate modest growth for 2013."

blueharbor bank, with \$130.0 million in assets, is headquartered in Mooresville with a second branch in Huntersville. blueharbor bank's website is [www.blueharborbank.com](http://www.blueharborbank.com) and our common stock is quoted on the OTC Bulletin Board under the symbol "BLHK."

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:	December 31, 2012	December 31, 2011
Total Assets	\$ 130,023,887	\$ 137,750,533
Total Gross Loans	98,066,631	93,581,550
Allowance for Loan Losses	1,414,185	1,665,442
Total Deposits	106,177,108	117,361,941
Total Shareholders' Equity	19,683,439	19,114,216

Earnings and Per Share Data:	Three Months Ended		Twelve Months Ended	
	December 31, 2012	2011	December 31, 2012	2011
Interest Income	\$ 1,398,778	\$ 1,371,414	\$ 5,450,232	\$ 5,572,035
Interest Expense	181,739	259,656	852,519	1,211,439
Net Interest Income	1,217,039	1,111,758	4,597,713	4,360,596
Provision for Loan Losses	176,759	253,227	395,428	446,521
Net Interest Income after Provision for Loan Losses	1,040,280	858,531	4,202,285	3,914,075
Noninterest Income	55,935	79,662	220,374	332,949
Noninterest Expense	824,834	784,223	3,681,350	3,654,361
Net Income before Taxes	271,381	153,970	741,309	592,663
Income Taxes	111,704	80,799	310,513	298,723
Net Income	\$ 159,677	\$ 73,171	\$ 430,796	\$ 293,940
Basic Income per Share	\$ 0.08	\$ 0.04	\$ 0.23	\$ 0.15
Diluted Income per Share	\$ 0.08	\$ 0.04	\$ 0.23	\$ 0.15