



**PRESS RELEASE**  
*For Immediate Release*

### **blueharbor bank Reports 2013 Net Income**

MOORESVILLE, NC, January 29, 2014 – **blueharbor bank** (the “Bank”) today reported net income of \$230,193, or \$0.09 per share, for the fourth quarter of 2013, compared to \$159,677, or \$0.07 per share, for the fourth quarter of 2012. For the year ended December 31, 2013, the bank reported net income of \$941,507, or \$0.41 per share, compared to \$430,796, or \$0.19 per share, for the year ended December 31, 2012.

Jim Marshall, President and Chief Executive Officer noted, “We are pleased to report a very nice increase in earnings over the previous year. As we begin to see some improvement in our local economies, we have been able to reduce the credit related expenses we experienced in prior years and that has been a contributing factor to our year over year net income increase of 118%. Comparing December 31, 2013, to December 31, 2012, we experienced an overall decrease in our total assets of \$2.7 million, or 2.1%, from \$130.0 million to \$127.3 million. While we saw a modest \$1.6 million, or 1.7%, increase in our gross loans over this same period, our reduction in total assets was primarily driven by the decrease in our investment portfolio of \$5.3 million, or 26.5%.” Mr. Marshall explained, “As principal was returned on our investment portfolio during 2013, we were conservative in our reinvestment of those proceeds as we sought to limit our duration and extension risk in this low rate environment. We believe this will position us better when rates begin to rise.”

Mr. Marshall noted, “As we look forward into 2014, we believe there will be growth opportunities and are optimistic that the economy is improving. And while not every segment of the local economy is improving, we are seeing more solid loan opportunities than we have seen in sometime. New additions to our team in the 4<sup>th</sup> quarter include Don Flowe as Chief Credit Officer, replacing James Clement who retired after a 41 year career, and Cliff Hunnicutt as a Commercial Banker and Branch Manager in Mooresville. Both bankers have deep roots and relationships in the area and were formerly with Citizens-South that merged with Park Sterling Bank.”

Mr. Marshall announced, “We also received regulatory approval in late December to establish a Loan Production Office in Gastonia. Leading our charge into this market is Gordon Quarles, a native of Gastonia with deep roots and relationships with his clients, civic and charity affairs. Mr. Quarles also comes to us from Citizens-South and Park Sterling.”

Mr. Marshall concluded, “We want to thank our clients and shareholders for their relationships with us as we move into our seventh year. We are hopeful that the recent improvement in the local economy continues, but headwinds continue in our markets, such as high unemployment. We are anticipating growth in 2014, but we will continue to be conservative and measured in our approach to growing the bank.”

blueharbor bank, with \$127.3 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, 2013	December 31, 2012		
Total Assets	\$ 127,262,375	\$ 130,023,887		
Total Gross Loans	99,710,921	98,066,631		
Allowance for Loan Losses	1,425,151	1,414,185		
Total Deposits	103,127,819	106,177,108		
Total Shareholders' Equity	20,247,314	19,683,439		
	Three Months Ended December 31,		Twelve Months Ended December 31,	
Earnings and Per Share Data:	2013	2012	2013	2012
Interest Income	\$ 1,340,095	\$ 1,398,778	\$ 5,513,281	\$ 5,450,232
Interest Expense	149,181	181,739	648,760	852,519
Net Interest Income	1,190,914	1,217,039	4,864,521	4,597,713
Provision for Loan Losses	-	176,759	222,637	395,428
Net Interest Income after Provision for Loan Losses	1,190,914	1,040,280	4,641,884	4,202,285
Noninterest Income	111,410	55,935	331,664	220,374
Noninterest Expense	883,413	824,834	3,352,633	3,681,350
Net Income before Taxes	418,911	271,381	1,620,915	741,309
Income Taxes	188,718	111,704	679,408	310,513
Net Income	\$ 230,193	\$ 159,677	\$ 941,507	\$ 430,796
Basic Income per Share	\$ 0.10	\$ 0.07	\$ 0.41	\$ 0.19
Diluted Income per Share	\$ 0.09	\$ 0.07	\$ 0.39	\$ 0.19