



PRESS RELEASE
For Immediate Release

blueharbor bank Reports Third Quarter 2011 Net Income

MOORESVILLE, N.C., October 28, 2011 – **blueharbor bank** today reported net income of \$207,576 for the third quarter of 2011 compared to net income of \$68,688 for the third quarter of 2010.

The increase in net income was driven by improved net interest margin through the bank's continued efforts to decrease its cost of liabilities. In addition, during the third quarter of 2011 blueharbor bank recovered some loan loss provision that was allocated in the second quarter of 2011 on assets that were successfully resolved in the third quarter of 2011. Offsetting these increases were property valuation write-downs experienced in the third quarter of 2011 on some bank owned foreclosed properties.

Jim Marshall, President and Chief Executive Officer, commented, "We continue to add new clients to the blueharbor bank family each week who are seeking a banking environment where they feel valued and appreciated. From June 30, 2011 to September 30, 2011, our noninterest bearing deposits increased 14.6%. We believe this increase was driven by customers looking for a bank that values their relationship and won't charge them for use of their debit card. I'd like to personally thank our clients who are our local advocates and recommend blueharbor bank to their friends and neighbors. We look forward to continuing to build on the strong relationships we have in the Mooresville / Lake Norman region as we reinvest in the local economy to support local growth."

Mr. Marshall added, "We continue to focus on the things we can control like operating expenses and cost of liabilities. For year to date 2011 compared to 2010, we experienced a decline of 2.7% in total interest and fee income while conversely, we have seen an 8.0% increase in net interest income driven by our lower interest expense on liabilities."

blueharbor bank's capital position continues to be very strong with a total risk-based capital ratio of 18.8% relative to the FDIC minimum well-capitalized standard of 10.0%.

The bank anticipates further volatility in its local and state economies in the quarters to come. Commercial real estate values continue to be impacted by the foreclosure and short sale prices which often become the comparable sales prices used by appraisers to set market valuations. Until much more of this activity is resolved, blueharbor bank believes real estate valuations may continue to decline and possibly impact future earnings. The Bank's nonperforming assets to total assets ratio improved to 4.64% at September 30, 2011, from 5.42% at June 30, 2011, but increased from 3.41% at September 30, 2010.

blueharbor bank, with \$137 million in assets, is located 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:	September 30, 2011	December 31, 2010	September 30, 2010	
Total Assets	\$ 137,901,742	\$ 130,340,983	\$ 130,092,233	
Total Gross Loans	95,084,268	100,297,654	102,734,486	
Allowance for Loan Losses	1,495,848	1,437,174	1,742,932	
Total Deposits	117,393,335	110,730,217	106,043,114	
Total Shareholders' Equity	19,111,199	18,467,621	18,574,231	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
Earnings and Per Share Data:	2011	2010	2011	2010
Interest Income	\$ 1,360,763	\$ 1,475,885	\$ 4,200,621	\$ 4,315,387
Interest Expense	299,806	397,140	951,783	1,308,327
Net Interest Income	1,060,957	1,078,745	3,248,838	3,007,060
Provision for Loan Losses	(355,156)	257,757	193,294	605,975
Net Interest Income after Provision for Loan Losses	1,416,113	820,988	3,055,544	2,401,085
Noninterest Income	118,962	80,701	331,964	284,747
Noninterest Expense	1,187,215	789,903	2,870,139	2,450,429
Net Income before Taxes	347,860	111,786	517,369	235,403
Income Taxes	140,284	43,098	217,924	90,757
Net Income	\$ 207,576	\$ 68,688	\$ 299,445	\$ 144,646
Basic Income per Share	\$ 0.11	\$ 0.04	\$ 0.16	\$ 0.08
Diluted Income per Share	\$ 0.11	\$ 0.04	\$ 0.16	\$ 0.08