



PRESS RELEASE
For Immediate Release

blueharbor bank Reports Profitability for 2010

MOORESVILLE, N.C., January 27, 2011 – **blueharbor bank** today reported net income of \$41,923, or \$0.02 per share, for the fourth quarter of 2010, and \$186,569, or \$0.10 per share, for the year ending December 31, 2010. Total assets grew to \$130.3 million at December 31, 2010, compared to \$114.0 million at December 31, 2009.

“As we continue to navigate through these difficult financial times and slow economic growth, we are pleased to report positive earnings in the fourth quarter of 2010 and for the full year 2010.” said Jim Marshall, President and Chief Executive Officer. Mr. Marshall added, “While our asset and deposit growth slowed in 2010 compared to the growth we experienced in 2009, we took what growth the market would allow and continued to focus on credit quality and preserving capital while serving our clients’ banking needs.”

Total deposits grew to \$110.7 million at December 31, 2010, compared to \$93.7 million at December 31, 2009. Mr. Marshall noted, “We continue to be well received in the markets we serve and are pleased to report that in the 28117 zip code of our headquarters, where there are 18 different bank branches, we grew to #2 in deposit market share as of the June 30, 2010 FDIC market share reports. We think our message of “Your money *lives* here” is gaining traction among those that want to bank locally and experience the exceptional personal customer service and deposit rates we offer.”

Mr. Marshall noted, “We are also very well capitalized with a total risk-based capital ratio of 17.2% which will allow us to grow and serve our clients’ loan needs nicely as the economy recovers. While seeing headwinds well into 2011, we have strengthened our lending team with specific expertise in the U.S. Small Business Administration programs allowing us to fully assist our clients with all available opportunities to grow their businesses.”

Additional unaudited financial information is available on the attached unaudited condensed balance sheet and statement of operations.

blueharbor bank’s website is www.blueharborbank.com and our common stock is quoted on the OTC Bulletin Board under the symbol “BLHK.OB”

SOURCE: blueharbor bank

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Condensed Balance Sheet

	(Unaudited) December 31, 2010	(Audited) December 31, 2009
Assets		
Cash and due from banks	\$ 6,539,488	\$ 3,228,974
Federal funds sold	-	-
Investment securities	17,066,202	12,784,086
Gross loans	100,297,654	94,216,888
Allowance for loan losses	(1,437,174)	(1,561,840)
Net loans	98,860,480	92,655,048
Property and equipment	2,297,789	2,474,296
Interest receivable	339,221	337,223
Other real estate owned	3,132,324	187,352
Deferred tax asset, net	1,622,562	1,786,900
Other assets	482,917	544,376
Total Assets	\$ 130,340,983	\$ 113,998,255
Liabilities		
Deposits		
Noninterest bearing demand	\$ 5,983,495	\$ 4,082,600
Other interest bearing demand	24,264,969	15,762,724
Money market	34,368,138	39,633,934
Savings	3,519,684	534,820
Certificates of deposit	42,593,931	33,719,603
Total Deposits	110,730,217	93,733,681
Borrowings		
Repurchase agreements	462,808	583,877
Federal funds purchased	-	1,040,000
Total Borrowings	462,808	1,623,877
Interest payable	92,314	125,772
Other liabilities	588,023	428,462
Total Liabilities	\$ 111,873,362	\$ 95,911,792
Commitments and contingencies	-	-
Shareholders' Equity		
Preferred stock	\$ -	\$ -
Common stock	9,500,000	9,500,000
Surplus	10,623,763	10,504,521
Retained deficit	(1,745,156)	(1,931,725)
Accumulated other comprehensive income	89,014	13,667
Total Shareholders' Equity	\$ 18,467,621	\$ 18,086,463
Total Liabilities and Shareholders' Equity	\$ 130,340,983	\$ 113,998,255

We use local money to build local houses,
grow local businesses and do local good.
See a pattern here?

Condensed Statement of Operations (unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Interest Income				
Loans and fees on loans	\$ 1,329,621	\$ 1,225,700	\$ 5,257,738	\$ 3,511,823
Federal funds sold	-	193	-	9,265
Investment securities	126,837	97,148	514,076	280,363
Other	20	796	51	796
Total Interest Income	1,456,478	1,323,837	5,771,865	3,802,247
Interest Expense				
Deposits	357,730	426,753	1,655,827	1,402,296
Federal funds purchased	1,862	114	3,142	1,007
Borrowings	2,219	2,744	11,169	14,811
Total Interest Expense	361,811	429,611	1,670,138	1,418,114
Net interest income	1,094,667	894,226	4,101,727	2,384,133
Provision for Loan Losses	349,992	247,848	955,967	1,034,909
Net Interest Income after Provision	744,675	646,378	3,145,760	1,349,224
Noninterest Income				
Service charges on deposit accounts	38,957	30,110	140,986	90,750
Gain on sale of investment securities	-	1,992	39,970	5,977
Mortgage fees	31,590	1,715	57,937	1,715
Gain on sale of loans	-	-	111,506	-
Other	5,121	195	10,016	510
Total Noninterest Income	75,668	34,012	360,415	98,952
Noninterest Expense				
Salaries and Employee Benefits	353,926	561,072	1,653,832	1,763,586
Occupancy	78,463	104,311	321,510	414,207
Equipment	47,198	58,768	180,241	208,421
Data processing	99,280	95,915	367,833	272,307
Professional services	33,764	48,925	141,339	158,131
Regulatory fees	57,723	45,648	211,414	169,628
Advertising	18,636	20,282	70,414	93,742
Other real estate owned, net	(15,402)	3,278	30,118	3,278
Other	78,528	53,446	225,843	229,955
Total Noninterest Expense	752,116	991,645	3,202,544	3,313,255
Net Income (Loss) before Income Taxes	68,227	(311,255)	303,631	(1,865,079)
Income Taxes	26,304	(1,795,475)	117,062	(1,795,475)
Net Income (Loss) before Income Taxes	\$ 41,923	\$ 1,484,220	\$ 186,569	\$ (69,604)
Basic Income (Loss) per Share	\$ 0.02	\$ 0.78	\$ 0.10	\$ (0.04)
Diluted Income (Loss) per Share	\$ 0.02	\$ 0.78	\$ 0.10	\$ (0.04)
Weighted Average Shares Outstanding:				
Basic	1,900,000	1,900,000	1,900,000	1,900,000
Diluted	1,900,000	1,900,000	1,900,000	1,900,000