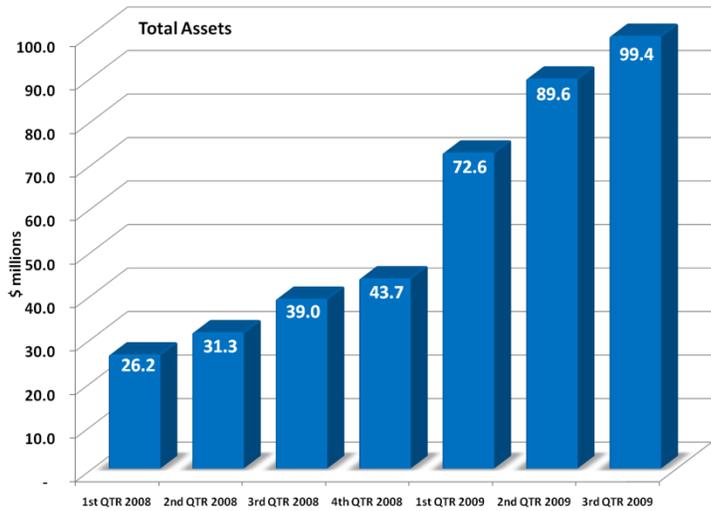




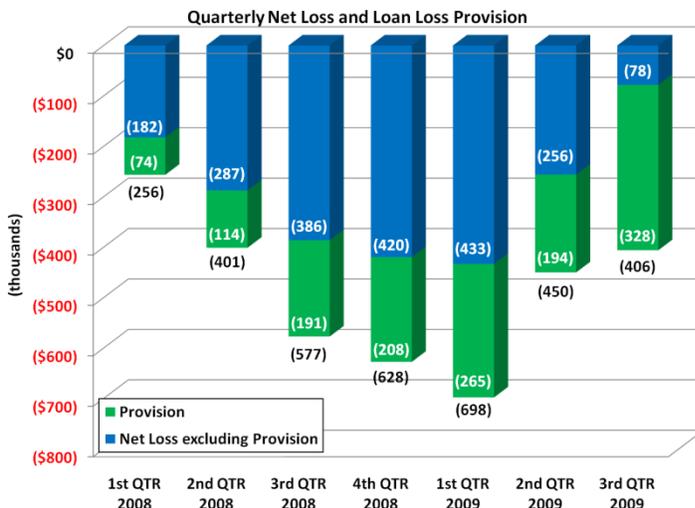
Greetings Shareholders!

We are pleased to report our third quarter 2009 results. As of September 30, 2009, blueharbor bank has \$99.4 million in total assets, an increase of \$9.7 million, or 10.9%, over June 30, 2009, and an increase of \$55.7 million, or 127.4%, over December 31, 2008.

Our trend of quarterly balance sheet growth continued in the third quarter of 2009. From June 30, 2009 to September 30, 2009, our loan portfolio increased \$16.6 million, or 25.5%, to \$81.7 million. During the same period, deposits increased \$10.6 million, or 14.9%, to \$81.9 million. Our year-to-date balance sheet growth from December 31, 2008 to September 30, 2009 has been significant as our loan portfolio increased \$44.9 million, or 121.7%, our investment portfolio increased \$8.4 million, or 277.7%, to \$11.5 million, and our deposits increased \$59.6 million, or 267.2%.



Since we are a de novo bank or new bank, losses are expected in the first two to three years of existence; accordingly, we have lost \$1,553,824 for the first nine months of 2009. We are encouraged that our loss for the third quarter of 2009 was \$405,700 compared to a loss for the second quarter of 2009 of \$450,328, an improvement of \$44,628, or 9.9%. These improvements should continue as our



balance sheet grows. Our reserve for possible loan losses is a significant portion of our net loss. Year to date September 30, 2009, 50.7% of our net loss has gone into this reserve. As the graph to the left highlights, our quarterly trend of net losses excluding the provision for loan losses is improving. Our net loss excluding the provision for loan losses was \$78,029 in the third quarter of 2009 compared to \$255,989 in the second quarter of 2009, an improvement of \$177,960, or 69.5%.

Our net interest income before provisions for loan losses continues to grow as a result of our balance sheet growth increasing 48.2% during the third quarter 2009 compared to the prior quarter. The driver of this increase was the \$16.6 million of loan growth for the third quarter of 2009.

We continue to be pleased with our reception in the face of the difficult and challenging economic climate. Our ability to double our total assets in just 9 months speaks to the fact that our simple message of *More for your money...More personal service...More local decisions* is being well received by our clients as they build relationships with us.

In an effort to express appreciation to our clients and to the community, we recently placed a Thank You ad in the local paper highlighting some of our accomplishments we have made together during the past twenty one months of our existence. Please take a moment to review it as well. Notice how we have climbed to third from sixteenth in local deposits (Mooresville, NC) as published by the FDIC as of June 30, 2009.

We would like to remind you that our home mortgage loan originator, Jennifer Dugan, has several nice products with competitive rates available to help you should you have a need there. As an experienced originator, she can quickly help tailor the best options for you and eliminate possible unpleasant surprises at the closing table. Please call Jennifer at 704-990-7208 to discuss your mortgage needs.

Thank you again for the trust you have placed in us with your relationship and investing in blueharbor bank. Call on us anytime we may be of service, and please tell a friend that may be looking for a new banking home about blueharbor bank! From time to time I send out emails on various bank related issues. If we don't have your email address and you would like to receive these messages, please send an email to info@blueharborbank.com and we will add you to the list.

Sincerely,

Jim Marshall

President & CEO

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