

From: Jim Marshall
Sent: Friday, February 27, 2009 3:13 PM
To: Info
Subject: Greetings from blueharbor bank!

Dear Shareholder,

With all the negative news throughout the media lately, I wanted to reach out to you to share some good news. Our company is alive and well given the worst economy in decades. In our first year of operations ending December 31, 2008, we closed with total assets of \$43.7 million which mainly consisted of gross loans of \$36.9 million. Total deposits and repurchase agreements for deposits were \$25.2 million. As expected, we did lose \$1.9 million for the year. These losses are expected with de novo banks which typically take two to three years to become profitable. Of this amount, \$0.6 million was used to fund the allowance for loan losses. The purpose of the allowance is to provide a reserve for possible losses in the loan portfolio. Our overall credit quality is strong with no non-performing assets or loan charge-offs during 2008.

We opened our second branch location in Huntersville at the end of November and are growing nicely each week there too. Stop by and visit us right off of Exit #23 on I-77.

Folks, we have good capital and did not apply for any government TARP ("Troubled Asset Relief Program") funds. Our simple message of:

More for your money *More personal touch* *More local decisions*

is striking a cord that is being well received.

How can you help? Bring us your checking accounts. We need core deposits to build this bank on a solid foundation and fund our loan growth. It's a pretty simple formula when you think about it.

Let me tell you quickly about your blueharbor bank common stock. It traded very infrequently last year, 500 shares here and there with the last known trade that I am aware of at \$10.95 in 2008. With such little trading activity our stock is subject to wide fluctuations in trading prices. Due to such infrequent trading, some brokerage houses will only list the bid price (i.e., \$5.00 at December 31, 2008) for the stock on their brokerage statements. The bid price is the lowest price someone has offered to pay for the stock. It is not unusual for someone to put a low bid out in hopes of picking up some shares at a very low price from someone that needs to sell quickly. It's difficult to value a stock with little trading volume. We all knew that this would be a long term investment and that has not changed. I hope this brief explanation helps with any questions you may have. Expect more information with our annual report to be mailed out in April.

We are pleased with our progress given the world as we know it today. Invest a little time to come by or call us about moving your relationship dollars over today. Tell your friends, family and colleagues about us too.

Thanks again for your relationship and please contact me if you have questions or if I can be of service.

Sincerely,

Jim Marshall

President & CEO



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The foundation stones for a balanced success are honesty, character, integrity, faith, love and loyalty. - Zig Ziglar

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