



PRESS RELEASE
For Immediate Release

blueharbor bank Reports Third Quarter 2020 Net Income

MOORESVILLE, NC, October 21, 2020 – **blueharbor bank** (the “Bank”) today reported net income of \$789,152 and \$0.26 per diluted share for the third quarter of 2020, a decrease of 9% or \$79,591 as compared to \$868,743 and \$0.29 per diluted share for the third quarter of 2019. For the nine months ended September 30, 2020, the Bank reported net income of \$2,305,302 and \$0.76 per diluted share, an increase of \$141,680 or 7% as compared to \$2,163,622 and \$0.71 per diluted share for the same nine months in 2019.

The Bank reported total assets of \$312.0 million at September 30, 2020, an increase of \$72.2 million, or 30%, when compared to \$239.8 million at September 30, 2019. Gross loans increased \$38.9 million, or 20%, to \$237.1 million at September 30, 2020, from \$198.2 million at September 30, 2019. Total deposits were \$273.8 million at the end of the 2020 third quarter, an increase of \$68.4 million, or 33%, when compared to \$205.4 million at September 30, 2019.

Net interest income for the quarter grew 8% from \$2,140,911 for the quarter ended September 30, 2019, to \$2,307,149 for the quarter ended September 30, 2020. When comparing the nine months, net interest income grew 9% to \$6,663,491 for the nine months ended September 30, 2020, from \$6,128,150 for the nine months ended September 30, 2019. The increase in net interest income was due to loan growth and the steady decrease in our cost of funds for 2020.

Provision for loan losses for the quarter ended September 30, 2020, was \$300,000 compared to no provision recorded for the quarter ended September 30, 2019. Provision for loan losses for the nine months ended September 30, 2020, was \$790,106 compared to \$120,583 for the nine months ended September 30, 2019, an increase of \$669,523. The increases in the provision for loan losses were due to economic uncertainties from the COVID-19 Pandemic.

Jim Marshall, President and Chief Executive Officer, commented, “Despite the effects of the COVID-19 Pandemic and economic downturn, we continue to see nice increases in several areas of the balance sheet and income statement. Loans grew 5% for the third quarter of 2020 compared to the prior quarter even when excluding the \$16.4 million in loans originated under the Small Business Administration’s Paycheck Protection Program (PPP).

Average earning assets were up 10% to \$275.0 million when compared to the second quarter balance of \$250.4 million.

Net interest income was up nicely at 5% when comparing the third quarter of 2020 to the previous quarter, reflecting solid asset growth and liability expense control.

Noninterest income continued to improve with a 26% jump from second quarter to third 2020 due to mortgage fee income and facility rental income gains.

Our overall cost and efficiency ratio of 53% for the nine months ended September 30, 2020, continues to reflect very well in comparison to the industry in general and especially to similar size peer banks.

Given all the variables and uncertainties we have seen in 2020 and continue to see in the headwinds, we are pleased with our positioning to face these challenges.”

Stock Repurchase

blueharbor bank “BLHK” has in place a stock repurchase program. If you are interested in selling your shares of the Bank under this program, please contact Jim Marshall at his contact information listed below.

blueharbor bank is headquartered in Mooresville with additional branches in Huntersville, Statesville and Downtown Mooresville. Our website is www.blueharborbank.com and our common stock is quoted on the OTC Bulletin Board under the symbol “BLHK.” The blueharbor wealth advisors website is www.blueharborwealthadvisors.com.

Summary Selected Financial Data Schedule attached below.

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; the impact of the COVID-19 Pandemic upon the United States generally and the markets served by the Bank in particular; 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

	(Unaudited) September 30, 2020	(Unaudited) June 30, 2020	(Audited) December 31, 2019	(Unaudited) September 30, 2019	
Balance Sheet Data:					
Total Assets	\$ 311,988,455	\$ 285,436,220	\$ 245,680,057	\$ 239,806,976	
Total Gross Loans	237,077,311	227,388,080	206,891,923	198,177,942	
Allowance for Loan Losses	2,864,197	2,564,022	2,068,919	1,986,628	
Total Deposits	273,784,994	247,647,202	207,521,409	205,356,523	
Total Shareholders' Equity	34,905,380	34,120,955	32,003,529	31,046,026	
		(Unaudited) Three Months Ended		(Unaudited) Nine Months Ended	
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Earnings and Per Share Data:					
Interest Income	\$ 2,614,632	\$ 2,577,130	\$ 2,567,954	\$ 7,771,847	\$ 7,412,675
Interest Expense	307,483	383,733	427,043	1,108,356	1,284,525
Net Interest Income	2,307,149	2,193,397	2,140,911	6,663,491	6,128,150
Provision for Loan Losses	300,000	328,397	-	790,106	120,583
Net Interest Income after Provision for Loan Losses	2,007,149	1,865,000	2,140,911	5,873,385	6,007,567
Noninterest Income	518,923	410,909	321,394	1,321,468	747,614
Noninterest Expense	1,520,726	1,234,513	1,375,649	4,257,937	4,061,547
Net Income before Taxes	1,005,346	1,041,396	1,086,656	2,936,916	2,693,634
Income Taxes	216,194	224,336	217,913	631,614	530,012
Net Income	\$ 789,152	\$ 817,060	\$ 868,743	\$ 2,305,302	\$ 2,163,622
Basic Income per Share	\$ 0.27	\$ 0.28	\$ 0.30	\$ 0.78	\$ 0.75
Diluted Income per Share	\$ 0.26	\$ 0.27	\$ 0.29	\$ 0.76	\$ 0.71
Annualized Performance Ratios:					
Return on average assets	1.06%	1.19%	1.49%	1.13%	1.27%
Return on average equity	9.04%	9.79%	11.22%	9.15%	9.58%
Efficiency ratio	53.8%	47.4%	55.9%	53.3%	59.1%
	(Unaudited) September 30, 2020	(Unaudited) June 30, 2020	(Unaudited) September 30, 2019		
Financial Ratios:					
Book Value	\$ 11.86	\$ 11.59	\$ 10.70		
Texas Ratio	2.85%	2.11%	2.37%		
Nonperforming Assets to Total Assets Ratio	0.34%	0.27%	0.33%		
Tier 1 Leverage Ratio	11.6%	12.2%	13.4%		
Common Equity Tier 1 Risk-Based Capital Ratio	14.7%	14.8%	15.0%		
Tier 1 Risk-Based Capital Ratio	14.7%	14.8%	15.0%		
Total Risk-Based Capital Ratio	15.9%	16.0%	15.9%		