



blueharbor bank Reports Fourth Quarter 2021 Net Income

MOORESVILLE, NC, January 26, 2022 – **blueharbor bank** (the “Bank”) today reported net income of \$1,232,123 and \$0.41 per diluted share for the fourth quarter of 2021, an increase of 19% or \$195,788 as compared to \$1,036,335 and \$0.34 per diluted share for the fourth quarter of 2020. For the twelve months ended December 31, 2021, the Bank is reporting net income of \$4,829,549 and \$1.60 per diluted share, an increase of 45% or \$1,487,912 as compared to \$3,341,637 and \$1.11 per diluted share for the same twelve months in 2020.

The Bank reported total assets of \$410.8 million at December 31, 2021, an increase of \$86.0 million, or 27%, when compared to \$324.8 million at December 31, 2020. Gross loans increased \$48.0 million, or 20%, to \$286.3 million at December 31, 2021, from \$238.3 million at December 31, 2020. Core loans, loans excluding Paycheck Protection Program (PPP) loans, grew \$61.0 million, or 27%, for 2021. Total deposits were \$366.7 million at December 31, 2021, an increase of \$81.4 million, or 29%, when compared to \$285.3 million at December 31, 2020. The growth in deposits consisted mainly of core deposits which increased \$92.5 million, or 38%, to \$335.4 million at December 31, 2021, compared to \$243.0 million at December 31, 2020.

Asset quality remained very strong for 2021, with total non-performing assets representing only 0.02% of total assets at December 31, 2021. This number is down from the 0.27% reported at December 31, 2020, due primarily to the sale of a foreclosed property in 4th quarter of 2021.

Capital levels also remained very solid at December 31, 2021, with total risk based capital at 14.0%, both common equity tier 1 and tier 1 to risk-weighted assets of 13.1%, and tier 1 leverage ratio of 9.7%.

Net interest income, a key metric, was \$2,944,928 for the quarter ending December 31, 2021, an increase of \$551,496, or 23%, from the same period in 2020. Included in net interest income for the quarter ended December 30, 2021, was \$73,302 in fees recognized on PPP loans and \$55,350 in PPP loan fees were recognized for the quarter ended December 31, 2020. Excluding these fees, net interest income for the quarter ending December 31, 2021, would have been \$2,871,626, an increase of \$533,544, or 23%, over the net interest income excluding PPP fees of \$2,338,082 reported for the quarter ended December 31, 2020. The change in net interest income was due primarily to loan growth and the steady decrease in our cost of funds.

Net interest income was \$10,718,059 for the twelve months ending December 31, 2021, an increase of \$1,661,137, or 18%, from the same period in 2020. When PPP fees of \$444,631 and \$55,630 are excluded for the years ended 2021 and 2020, net interest income would have been \$10,273,428 and \$9,001,292, respectively. The increase of \$1,272,136 was due to loan growth and the steady decrease in our cost of funds for 2021. The increase in our investment portfolio also contributed to this change in net interest income.

Provision for loan losses for the quarter ended December 31, 2021, was \$101,183 compared to \$29,081 for the same period in 2020. The increase in the provision expense is due to higher loan growth in the quarter ended December 31, 2021, than in the quarter ended December 31, 2020. Recovery of loan losses for the year ended December 31, 2021, was (\$37,174) compared to provision for loan losses of \$819,186 recorded for the year ended December 31, 2020. The decreases were due to better economic conditions in 2021 than those in 2020 and also due to the recovery of a charged off loan during 2021.

Noninterest income was \$703,566 for the quarter ended December 31, 2021, compared to \$522,683 for the quarter ended December 31, 2020. An increase of \$180,883, or 35%. The increase is due partially to increase in mortgage fees and to income recorded on fund investments. Noninterest income was \$2,525,790 for the year ended December 31, 2021, an increase of \$681,640, or 37%, over \$1,844,150 that was recorded for the year ended December 31, 2020. This increase is due to several factors including the increase in mortgage fees, leasing income, debit card/ATM Network Fees due to increase in the number of deposit accounts, and income recorded on fund investments.

Noninterest Expense was \$1,967,631 for the quarter ended December 31, 2021, an increase of \$398,584, or 25%, when compared to \$1,569,047 for the quarter ended December 31, 2020. The increase was due to increases in salary and benefit expenses, data processing costs, and charitable contributions. Noninterest Expense was \$7,093,808 for the year ended December 31, 2021, compared to \$5,826,983 for the year ended December 31, 2020. The increase of \$1,266,825 was due to increases in salary and benefit expenses, FDIC Insurance costs, and data processing fees.

Jim Marshall, President and Chief Executive Officer, commented, "The increase in net interest income continues to be a nice bright spot for us and is derived from our growth in loans coupled with lower cost of funds. As our loans continue to grow, utilizing our excess liquidity that is being maintained in overnight deposits, our net interest margin will continue to improve further enhancing our increases in net interest income in 2022."

blueharbor bank is headquartered in Mooresville with additional branches in Huntersville, Statesville and Downtown Mooresville and loan production offices in Belmont and Morehead City. blueharbor bank's website is www.blueharborbank.com and our common stock is quoted on the Pink Market under the symbol "BLHK."

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; 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

CONTACT: Jim Marshall
President and Chief Executive Officer
blueharbor bank
(704) 662-7700

SUMMARY SELECTED FINANCIAL DATA

	(Unaudited) December 31, 2021	(Audited) December 31, 2020
Balance Sheet Data:		
Total Assets	\$ 410,808,535	\$ 324,753,413
Total Gross Loans	286,275,297	238,280,897
Allowance for Loan Losses	2,862,753	2,761,570
Total Deposits	366,731,922	285,254,935
Total Shareholders' Equity	39,990,927	36,128,196

	(Unaudited) Three Months Ended December 31,		(Unaudited) Twelve Months Ended December 31,	
Earnings and Per Share Data:	2021	2020	2021	2020
Interest Income	\$ 3,093,803	\$ 2,688,133	\$ 11,601,516	\$ 10,459,981
Interest Expense	148,875	294,701	883,457	1,403,059
Net Interest Income	2,944,928	2,393,432	10,718,059	9,056,922
Provision for Loan Losses	101,183	29,081	(37,174)	819,186
Net Interest Income after Provision for Loan Losses	2,843,745	2,364,351	10,755,233	8,237,736
Noninterest Income	703,566	522,683	2,525,790	1,844,150
Noninterest Expense	1,967,631	1,569,047	7,093,808	5,826,983
Net Income before Taxes	1,579,680	1,317,987	6,187,215	4,254,903
Income Taxes	347,557	281,652	1,357,666	913,266
Net Income	\$ 1,232,123	\$ \$1,036,335	\$ 4,829,549	\$ 3,341,637
Basic Income per Share	\$ 0.42	\$ \$0.35	\$ 1.65	\$ 1.14
Diluted Income per Share	\$ 0.41	\$ \$0.34	\$ 1.60	\$ 1.11

Annualized Performance

Ratios:

Return on average assets	1.19%	1.30%	1.27%	1.18%
Return on average equity	12.39%	11.69%	12.81%	9.81%
Efficiency ratio	53.9%	53.8%	53.6%	53.5%
Overhead ratio	42.9%	43.7%	42.6%	44.0%

SUMMARY SELECTED FINANCIAL DATA (CONTINUED)

	(Unaudited) December 31, 2021	(Unaudited) December 31, 2020
<u>Financial Ratios:</u>		
Book Value	\$ 13.66	\$ 12.25
Texas Ratio	0.21%	2.26%
Nonperforming Assets to Total Assets Ratio	0.02%	0.27%
Tier 1 Leverage Ratio	9.7%	11.2%
Common Equity Tier 1 Risk-Based Capital Ratio	13.1%	14.6%
Tier 1 Risk-Based Capital Ratio	13.1%	14.6%
Total Risk-Based Capital Ratio	14.0%	15.7%