

NEWS RELEASE

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CONTACT: John D. Kimberly
President and CEO
828-255-5713

FOREST COMMERCIAL BANK REPORTS INCREASE IN NET INCOME, SECOND CONSECUTIVE QUARTERLY PROFIT

ASHEVILLE—Forest Commercial Bank reported a 110.8 percent increase in net income for the quarter ending March 31, 2010, according to President and CEO John D. Kimberly. The total net income of \$27,296 represents an increase of \$279,749 over the same period in 2009 and the bank's second consecutive quarterly profit.

As of March 31, the bank reported total assets of \$80.9 million, total loans of \$61.2 million and total deposits of \$58.8 million, increases of 58.6 percent, 52.6 percent and 77.3 percent, respectively.

The bank's net interest margin—the difference between interest income and interest expense—was 3.81 percent as of March 31, increased from 3.54 percent a year ago. This surpasses the average net interest margins of all other North Carolina banks as well as the averages of Forest Commercial's eight "peer banks," those chartered in North Carolina between 2007 and 2009.

Since Forest Commercial opened in 2007, it has had no loan charge-offs. Further, as of March 31 of this year, the bank had no non-performing assets or non-accrual loans.

At quarter end, the bank's Total Risk-Based Capital Ratio—the ratio of its capital to its risk-weighted assets—was 26.43 percent. Bank regulators consider an institution with a ratio of 10 percent or greater "well capitalized."

"As a locally owned and managed bank, we are proud of what we have accomplished in such a short time," said Kimberly. "We've achieved profitability in only 19 months, which is very early for a start-up bank. And in terms of the three most important measures of bank soundness and security, asset quality—that is, loan quality—net interest margin and capital, we've positioned ourselves for long-term success."

Currently located at One North Pack Square in downtown Asheville, Forest Commercial will open its new headquarters office on Hendersonville Road in August.

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