

SOUTH STREET FINANCIAL CORP. AND SUBSIDIARY
Consolidated Statement of Income (Unaudited)

	Three Months Ended
	3/31/2011
	(Dollars in thousands)
	(Unaudited)
INTEREST INCOME	
Loans	3,264
Investment securities	117
Other interest-bearing deposits	5
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TOTAL INTEREST INCOME	3,386
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INTEREST EXPENSE	
Deposit accounts	1,010
Borrowings	158
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TOTAL INTEREST EXPENSE	1,168
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NET INTEREST INCOME	2,218
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PROVISION FOR LOSSES ON LOANS	23
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,195
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NON-INTEREST INCOME	
Service charges and fees	185
Income form bank-owned life insurance	75
Other	22
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TOTAL NON-INTEREST INCOME	282
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NON-INTEREST EXPENSES	
Compensation and benefits	1,227
Net occupancy	183
Federal Insurance premiums	108
Data processing	127
Other	246
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TOTAL NON-INTEREST EXPENSES	1,891
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INCOME BEFORE INCOME TAXES	586
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INCOME TAXES	226
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NET INCOME	\$ 360
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BASIC AND DILUTED NET INCOME PER COMMON SHARE	\$ 0.140
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WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	2,576,119

SOUTH STREET FINANCIAL CORP. AND SUBSIDIARY
Consolidated Statements of Financial Condition

	March 31, 2011 (Unaudited)	December 31, 2010 *
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	4,151	3,790
Interest-bearing deposits	23,881	22,861
Securities held to maturity	11,383	16,589
Securities available for sale	4,914	199
Federal Home Loan Bank stock	2,209	2,209
Loans receivable, net	229,384	232,218
Real estate held for investment	560	560
Foreclosed real estate	3,100	2,910
Properties and equipment, net	10,031	9,857
Bank owned life insurance	9,494	9,419
Prepaid expenses and other assets	4,992	5,159
	<u>304,099</u>	<u>305,771</u>
Total assets	<u>304,099</u>	<u>305,771</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	248,584	252,302
Borrowings	26,063	25,063
Advance payments by borrowers for taxes and insurance	320	195
Accrued expenses and other liabilities	6,707	6,067
	<u>281,674</u>	<u>283,627</u>
Total liabilities	<u>281,674</u>	<u>283,627</u>
 STOCKHOLDERS' EQUITY		
Series A Preferred stock, non-cumulative, non-voting, no par value; authorized 500,000 shares; issued 55,342 shares at March 31, 2011 and 55,342 at December 31, 2010.	50	50
Preferred stock, no par value: authorized 4,500,000 shares; none issued	0	0
Common stock, no par value: authorized 20,000,000 shares; issued 2,520,777 shares March 31, 2011 and 2,520,777 shares at December 31, 2010	2,615	2,615
Retained earnings, substantially restricted	20,705	20,423
Accumulated other comprehensive (loss)	(945)	(944)
	<u>22,425</u>	<u>22,144</u>
Total stockholder's equity	<u>22,425</u>	<u>22,144</u>
Total liabilities and stockholder's equity	<u>304,099</u>	<u>305,771</u>
Book value per share	\$ 8.70	\$ 8.60
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

* Derived from audited financial statements