

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

	Three Months Ended 9/30/2010	Nine Months Ended 9/30/2010
	(Dollars in thousands)	(Dollars in thousands)
	(Unaudited)	(Unaudited)
INTEREST INCOME		
Loans	3,394	10,256
Investment securities	125	353
Other interest-bearing deposits	7	16
TOTAL INTEREST INCOME	3,526	10,625
INTEREST EXPENSE		
Deposit accounts	1,216	3,687
Borrowings	203	759
TOTAL INTEREST EXPENSE	1,419	4,446
NET INTEREST INCOME	2,107	6,179
PROVISION FOR LOSSES ON LOANS	51	301
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,056	5,878
NON-INTEREST INCOME		
Service charges and fees	214	549
Income from bank-owned life insurance	94	330
Other	49	100
TOTAL NON-INTEREST INCOME	357	979
NON-INTEREST EXPENSES		
Compensation and benefits	1,153	3,350
Net occupancy	178	536
Federal insurance premiums	81	354
Data processing	124	375
Other	263	743
TOTAL NON-INTEREST EXPENSES	1,799	5,358
INCOME BEFORE INCOME TAXES	614	1,499
INCOME TAXES	237	579
NET INCOME	377	920
BASIC AND DILUTED NET INCOME PER COMMON SHARE	0	0
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	2,576,119	2,576,119

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

	September 30, 2010 (Unaudited)	December 31, 2009 *
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	3,548	4,067
Interest-bearing deposits	25,985	19,784
Securities held to maturity	12,410	10,259
Securities available for sale	2,416	16
Federal Home Loan Bank stock	2,296	2,401
Loans receivable, net	235,972	240,320
Real estate held for investment	560	560
Foreclosed real estate	2,930	88
Properties and equipment, net	9,938	10,168
Bank owned life insurance	9,220	8,908
Prepaid expenses and other assets	4,838	5,026
Total assets	310,113	301,597
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	252,475	233,406
Borrowings	29,063	39,100
Advance payments by borrowers for taxes and insurance	163	187
Accrued expenses and other liabilities	6,408	7,589
Total liabilities	288,109	280,282
 STOCKHOLDERS' EQUITY		
Series A Preferred stock, non-cumulative, non-voting, no par value; authorized 500,000 shares; issued 55,342 shares at June 30, 2010 and 55,342 at December 31, 2009.	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 June 30, 2010 and 2,520,777 shares at December 31, 2009	2,614	2,615
Retained earnings, substantially restricted	20,168	19,479
Accumulated other comprehensive (loss)	(828)	(829)
Total stockholder's equity	22,004	21,315
Total liabilities and stockholder's equity	310,113	301,597
Book value per share	\$ 8.54	\$ 8.27
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

* Derived from audited financial statements