

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

	Three Months Ended 12/31/2009 (Dollars in thousands) (Unaudited)	Twelve Months Ended 12/31/2009 (Dollars in thousands) (Unaudited)
<b>INTEREST INCOME</b>		
Loans	3,367	13,653
Investment securities	79	544
Other interest-bearing deposits	10	38
<b>TOTAL INTEREST INCOME</b>	<b>3,456</b>	<b>14,235</b>
<b>INTEREST EXPENSE</b>		
Deposit accounts	1,399	6,419
Borrowings	290	1,137
<b>TOTAL INTEREST EXPENSE</b>	<b>1,689</b>	<b>7,556</b>
<b>NET INTEREST INCOME</b>	<b>1,767</b>	<b>6,679</b>
<b>PROVISION FOR LOSSES ON LOANS</b>	50	50
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>1,717</b>	<b>6,629</b>
<b>NON-INTEREST INCOME</b>		
Service charges and fees	176	746
Loss from equity investment in Silverton Bank	0	(1,146)
Gain on sale of investments	125	390
Gain on sale of premises and equipment	0	9
Loss on sale of foreclosed real estate	0	(7)
Income from bank-owned life insurance	146	329
Other	132	211
<b>TOTAL NON-INTEREST INCOME</b>	<b>579</b>	<b>532</b>
<b>NON-INTEREST EXPENSES</b>		
Compensation and benefits	880	3,989
Net occupancy and equipment	183	813
Federal insurance premiums	241	664
Data processing	136	508
Other	210	849
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>1,650</b>	<b>6,823</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>646</b>	<b>338</b>
<b>INCOME TAXES</b>	70	70
<b>NET INCOME</b>	<b>576</b>	<b>268</b>
Dividends on preferred stock	0	6
Net income available to common shareholders	576	268
<b>BASIC AND DILUTED NET INCOME PER COMMON SHARE</b>	<b>0.23</b>	<b>0.11</b>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED</b>	<b>2,520,777</b>	<b>2,520,777</b>

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

	December 31, 2009 *	December 31, 2008 *
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and cash equivalents:		
Non-interest-bearing deposits	4,067	3,875
Interest-bearing deposits	19,784	20,005
Federal funds sold	0	1,127
Securities held to maturity	9,995	3,352
Securities available for sale	280	11,514
Federal Home Loan Bank stock	2,401	2,280
Loans receivable, net	240,474	243,637
Real estate held for investment	560	560
Foreclosed real estate	88	506
Properties and equipment, net	10,167	10,484
Bank owned life insurance	8,908	8,579
Prepaid expenses and other assets	5,150	3,367
Total assets	301,874	309,286
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Deposits	233,568	241,381
Borrowings	40,563	40,448
Advance payments by borrowers for taxes and insurance	192	209
Accrued expenses and other liabilities	6,235	5,847
Total liabilities	280,558	287,885
 <b>STOCKHOLDERS' EQUITY</b>		
Series A Preferred stock, non-cumulative, non-voting, no par value; authorized 500,000 shares; issued 55,342 shares at December 31, 2009 and 55,342 at December 31, 2008.	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 December 31, 2009 and 2,520,777 shares at December 31, 2008	2,615	2,615
Retained earnings, substantially restricted	19,479	19,519
Accumulated other comprehensive (loss)	(828)	(783)
Total stockholder's equity	21,316	21,401
Total liabilities and stockholder's equity	301,874	309,286
Book value per share	\$ 8.27	\$ 8.31
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

\* Derived from audited financial statements