

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

	Three Months Ended 3/31/2010
	(Dollars in thousands) (Unaudited)
INTEREST INCOME	
Loans	3,434
Investment securities	102
Other interest-bearing deposits	3
TOTAL INTEREST INCOME	3,539
INTEREST EXPENSE	
Deposit accounts	1,256
Borrowings	287
TOTAL INTEREST EXPENSE	1,543
	NET INTEREST INCOME 1,996
PROVISION FOR LOSSES ON LOANS	25
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,971
NON-INTEREST INCOME	
Service charges and fees	154
Income from bank-owned life insurance	54
Other	29
TOTAL NON-INTEREST INCOME	237
NON-INTEREST EXPENSES	
Compensation and benefits	1,065
Net occupancy	184
Federal Insurance premiums	136
Data processing	128
Other	247
TOTAL NON-INTEREST EXPENSES	1,760
INCOME BEFORE INCOME TAXES	448
INCOME TAXES	173
NET INCOME	\$ 275
BASIC AND DILUTED NET INCOME PER COMMON SHARE	\$ 0.107
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	2,576,119

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

	March 31, 2010 (Unaudited)	December 31, 2009 *
(Dollars in thousands)		
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	4,772	4,067
Interest-bearing deposits	22,599	19,784
Securities held to maturity	9,967	10,259
Securities available for sale	1,518	16
Federal Home Loan Bank stock	2,473	2,401
Loans receivable, net	236,739	240,320
Real estate held for investment	560	560
Foreclosed real estate	2,143	88
Properties and equipment, net	10,095	10,168
Bank owned life insurance	8,963	8,908
Prepaid expenses and other assets	4,672	5,026
	<u>304,501</u>	<u>301,597</u>
Total assets	<u>304,501</u>	<u>301,597</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	236,235	233,406
Borrowings	40,563	39,100
Advance payments by borrowers for taxes and insurance	337	187
Accrued expenses and other liabilities	5,851	7,589
	<u>282,986</u>	<u>280,282</u>
Total liabilities	<u>282,986</u>	<u>280,282</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, 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 March 31, 2010 and 2,520,777 shares at December 31, 2009	2,615	2,615
Retained earnings, substantially restricted	19,677	19,479
Accumulated other comprehensive (loss)	(827)	(829)
	<u>21,515</u>	<u>21,315</u>
Total stockholder's equity	<u>21,515</u>	<u>21,315</u>
Total liabilities and stockholder's equity	<u>304,501</u>	<u>301,597</u>
Book value per share	\$ 8.35	\$ 8.27
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

* Derived from audited financial statements