

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

	Three Months Ended 12/31/2010 (Dollars in thousands) (Unaudited)	Twelve Months Ended 12/31/2010 (Dollars in thousands) (Audited)
INTEREST INCOME		
Loans	3,378	13,634
Investment securities	117	470
Other interest-bearing deposits	7	24
TOTAL INTEREST INCOME	<u>3,502</u>	<u>14,128</u>
INTEREST EXPENSE		
Deposit accounts	1,135	4,822
Borrowings	165	924
TOTAL INTEREST EXPENSE	<u>1,300</u>	<u>5,746</u>
NET INTEREST INCOME	<u>2,202</u>	<u>8,382</u>
PROVISION FOR LOSSES ON LOANS	<u>526</u>	<u>827</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>1,676</u>	<u>7,555</u>
NON-INTEREST INCOME		
Service charges and fees	249	798
Income from bank-owned life insurance	152	482
Gain on sale of premises and equipment	0	0
Other	88	208
TOTAL NON-INTEREST INCOME	<u>489</u>	<u>1,488</u>
NON-INTEREST EXPENSES		
Compensation and benefits	1,286	4,635
Net occupancy and equipment	183	720
Data processing	128	503
Losses on sales and writedowns of foreclosed real estate	4	24
Federal insurance premiums	75	430
Professional fees	37	188
Other	199	790
TOTAL NON-INTEREST EXPENSES	<u>1,912</u>	<u>7,290</u>
INCOME BEFORE INCOME TAXES	<u>253</u>	<u>1,753</u>
INCOME TAXES	<u>98</u>	<u>500</u>
NET INCOME	<u>155</u>	<u>1,253</u>
Dividends on preferred stock	<u>1</u>	<u>7</u>
Net income available to common shareholders	<u>154</u>	<u>1,246</u>
BASIC AND DILUTED NET INCOME PER COMMON SHARE	<u>0.06</u>	<u>0.49</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	<u>2,520,777</u>	<u>2,520,777</u>

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

	December 31, 2010 *	December 31, 2009 *
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	3,790	4,067
Interest-bearing deposits	22,861	19,784
Total cash and cash equivalents	26,651	23,851
Securities held to maturity	16,589	9,995
Securities available for sale	199	280
Federal Home Loan Bank stock	2,209	2,401
Loans receivable, net	232,218	240,474
Real estate held for investment	560	560
Foreclosed real estate	2,910	88
Properties and equipment, net	9,857	10,167
Bank owned life insurance	9,419	8,908
Prepaid expenses and other assets	5,159	5,150
Total assets	305,771	301,874
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	252,302	233,568
Borrowings	25,063	40,563
Advance payments by borrowers for taxes and insurance	195	192
Accrued expenses and other liabilities	6,067	6,235
Total liabilities	283,627	280,558
 STOCKHOLDERS' EQUITY		
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	20,423	19,479
Accumulated other comprehensive (loss)	(944)	(828)
Total stockholder's equity	22,144	21,316
Total liabilities and stockholder's equity	305,771	301,874
Book value per share	\$ 8.60	\$ 8.27
Number of shares outstanding	2,576,119	2,576,119
(Common 2,520,777; Preferred 55,342)		

* Derived from audited financial statements