

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

	Three Months Ended 6/30/2011	Six Months Ended 6/30/2011
	(Dollars in thousands)	(Dollars in thousands)
	(Unaudited)	(Unaudited)
<b>INTEREST INCOME</b>		
Loans	3,223	6,488
Investment securities	116	233
Other interest-bearing deposits	0	4
<b>TOTAL INTEREST INCOME</b>	<b>3,339</b>	<b>6,725</b>
<b>INTEREST EXPENSE</b>		
Deposit accounts	915	1,925
Borrowings	149	308
<b>TOTAL INTEREST EXPENSE</b>	<b>1,064</b>	<b>2,233</b>
<b>NET INTEREST INCOME</b>	<b>2,275</b>	<b>4,492</b>
<b>PROVISION FOR LOSSES ON LOANS</b>	52	75
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>2,223</b>	<b>4,417</b>
<b>NON-INTEREST INCOME</b>		
Service charges and fees	159	344
Income from bank-owned life insurance	68	144
Other	29	50
<b>TOTAL NON-INTEREST INCOME</b>	<b>256</b>	<b>538</b>
<b>NON-INTEREST EXPENSES</b>		
Compensation and benefits	1,237	2,464
Net occupancy	178	361
Federal Insurance premiums	108	216
Data processing	114	240
Other	239	485
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>1,876</b>	<b>3,766</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>603</b>	<b>1,189</b>
<b>INCOME TAXES</b>	233	459
<b>NET INCOME</b>	<b>\$ 370</b>	<b>\$ 730</b>
<b>BASIC AND DILUTED NET INCOME PER COMMON SHARE</b>	<b>\$ 0.144</b>	<b>\$ 0.283</b>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED</b>	<b>2,576,119</b>	<b>2,576,119</b>

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

	June 30, 2011 (Unaudited)	December 31, 2010 *
	(Dollars in thousands)	
<b>ASSETS</b>		
Cash and cash equivalents:		
Non-interest-bearing deposits	3,544	3,790
Interest-bearing deposits	21,895	22,861
Securities held to maturity	10,974	16,589
Securities available for sale	4,913	199
Federal Home Loan Bank stock	2,028	2,209
Loans receivable, net	226,618	232,218
Real estate held for investment	560	560
Foreclosed real estate	4,795	2,910
Properties and equipment, net	9,955	9,857
Bank owned life insurance	9,563	9,419
Prepaid expenses and other assets	5,014	5,159
	<u>299,859</u>	<u>305,771</u>
Total assets	<u>299,859</u>	<u>305,771</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Deposits	243,715	252,302
Borrowings	26,563	25,063
Advance payments by borrowers for taxes and insurance	439	195
Accrued expenses and other liabilities	6,425	6,067
	<u>277,142</u>	<u>283,627</u>
Total liabilities	<u>277,142</u>	<u>283,627</u>
 <b>STOCKHOLDERS' EQUITY</b>		
Series A Preferred stock, non-cumulative, non-voting, no par value; authorized 500,000 shares; issued 55,342 shares at June 30, 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 June 30, 2011 and 2,520,777 shares at December 31, 2010	2,615	2,615
Retained earnings, substantially restricted	20,998	20,423
Accumulated other comprehensive (loss)	(946)	(944)
	<u>22,717</u>	<u>22,144</u>
Total stockholder's equity	<u>22,717</u>	<u>22,144</u>
Total liabilities and stockholder's equity	<u>299,859</u>	<u>305,771</u>
Book value per share	\$ 8.82	\$ 8.60
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

\* Derived from audited financial statements