

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

	Three Months Ended 6/30/2010	Six Months Ended 6/30/2010
	(Dollars in thousands)	(Dollars in thousands)
	(Unaudited)	(Unaudited)
INTEREST INCOME		
Loans	3,427	6,862
Investment securities	127	228
Other interest-bearing deposits	7	9
TOTAL INTEREST INCOME	3,561	7,099
INTEREST EXPENSE		
Deposit accounts	1,214	2,470
Borrowings	271	557
TOTAL INTEREST EXPENSE	1,485	3,027
NET INTEREST INCOME	2,076	4,072
PROVISION FOR LOSSES ON LOANS	225	250
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,851	3,822
NON-INTEREST INCOME		
Service charges and fees	181	335
Income form bank-owned life insurance	182	236
Other	22	51
TOTAL NON-INTEREST INCOME	385	622
NON-INTEREST EXPENSES		
Compensation and benefits	1,131	2,196
Net occupancy	174	358
Federal insurance premiums	137	273
Data processing	123	251
Other	234	481
TOTAL NON-INTEREST EXPENSES	1,799	3,559
INCOME BEFORE INCOME TAXES	437	885
INCOME TAXES	169	342
NET INCOME	268	543
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

	June 30, 2010 (Unaudited)	December 31, 2009 *
(Dollars in thousands)		
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	5,567	4,067
Interest-bearing deposits	21,834	19,784
Securities held to maturity	12,749	10,259
Securities available for sale	3,518	16
Federal Home Loan Bank stock	2,473	2,401
Loans receivable, net	239,226	240,320
Real estate held for investment	560	560
Foreclosed real estate	2,525	88
Properties and equipment, net	10,016	10,168
Bank owned life insurance	9,140	8,908
Prepaid expenses and other assets	4,676	5,026
	<u>312,284</u>	<u>301,597</u>
Total assets	312,284	301,597
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	248,633	233,406
Borrowings	34,563	39,100
Advance payments by borrowers for taxes and insurance	466	187
Accrued expenses and other liabilities	6,917	7,589
	<u>290,579</u>	<u>280,282</u>
Total liabilities	290,579	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	2,615	2,615
Retained earnings, substantially restricted	19,867	19,479
Accumulated other comprehensive (loss)	(827)	(829)
	<u>21,705</u>	<u>21,315</u>
Total stockholder's equity	21,705	21,315
Total liabilities and stockholder's equity	312,284	301,597
Book value per share	\$ 8.43	\$ 8.27
Number of shares outstanding (Common 2,520,777; Preferred 55,342)	2,576,119	2,576,119

* Derived from audited financial statements