

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

	Three Months Ended 9/30/2009 <u>(Dollars in thousands)</u> (Unaudited)	Nine Months Ended 9/30/2009 <u>(Dollars in thousands)</u> (Unaudited)
INTEREST INCOME		
Loans	3,315	10,286
Investment securities	117	465
Other interest-bearing deposits	3	28
	<u>3,435</u>	<u>10,779</u>
INTEREST EXPENSE		
Deposit accounts	1,556	5,020
Borrowings	282	847
	<u>1,838</u>	<u>5,867</u>
	NET INTEREST INCOME	4,912
	<u>1,597</u>	<u>4,912</u>
PROVISION FOR LOSSES ON LOANS	<u>0</u>	<u>0</u>
	NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,912
	<u>1,597</u>	<u>4,912</u>
NON-INTEREST INCOME		
Service charges and fees	176	570
Loss from equity investment in Silverton Bank	0	(1,146)
Gain on sale of investments	265	265
Gain on sale of loans	10	93
Income form bank-owned life insurance	39	183
Other	32	79
	<u>522</u>	<u>44</u>
NON-INTEREST EXPENSES		
Compensation and benefits	1,043	3,109
Net occupancy	214	630
Federal insurance premiums	293	423
Data processing	123	372
Other	180	639
	<u>1,853</u>	<u>5,173</u>
	INCOME BEFORE INCOME TAXES	(217)
	<u>266</u>	<u>(217)</u>
INCOME TAXES	<u>0</u>	<u>0</u>
	NET INCOME	(217)
	<u>266</u>	<u>(217)</u>
BASIC AND DILUTED NET INCOME PER COMMON SHARE	<u>0.10</u>	<u>(0.08)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	<u>2,576,119</u>	<u>2,576,119</u>

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Consolidated Statement of Income (Unaudited)

SOUTH STREET FINANCIAL CORP. AND SUBSIDIARY

Consolidated Statements of Financial Condition

	September 30, 2009 (Unaudited)	December 31, 2008 *
(Dollars in thousands)		
ASSETS		
Cash and cash equivalents:		
Non-interest-bearing deposits	3,991	3,875
Interest-bearing deposits	24,243	20,005
Federal funds sold	0	1,127
Securities held to maturity	2,809	3,352
Securities available for sale	5,250	11,514
Federal Home Loan Bank stock	2,401	2,280
Loans receivable, net	237,521	243,637
Real estate held for investment	560	560
Foreclosed real estate	88	506
Properties and equipment, net	10,184	10,484
Bank owned life insurance	8,762	8,579
Prepaid expenses and other assets	3,432	3,367
Total assets	299,241	309,286
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	242,063	241,381
Borrowings	30,448	40,448
Advance payments by borrowers for taxes and insurance	151	209
Accrued expenses and other liabilities	5,758	5,847
Total liabilities	278,420	287,885
 STOCKHOLDERS' EQUITY		
Series A Preferred stock, non-cumulative, non-voting, no par value; authorized 500,000 shares; issued 55,342 shares at September 30, 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 September 30, 2009 and 2,520,777 shares at December 31, 2008	2,615	2,615
Retained earnings, substantially restricted	19,071	19,519
Accumulated other comprehensive (loss)	(915)	(783)
Total stockholder's equity	20,821	21,401
Total liabilities and stockholder's equity	299,241	309,286
Book value per share	\$ 8.08	\$ 8.31
Number of shares outstanding	2,576,119	2,576,119
(Common 2,520,777; Preferred 55,342)		

* Derived from audited financial statements