



2010 Financial Statements

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TRUST ATLANTIC FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2010 and 2009

<i>(In thousands, except share data)</i>	2010	2009
Assets		
Cash and due from banks:		
Interest-earning	\$ 6,492	\$ 8,334
Noninterest earning	3,614	1,736
Federal funds sold and short term investments	2,717	1,842
Investment securities - available for sale, at fair value	51,686	50,704
Investment securities - held to maturity, at amortized cost	2,287	2,649
Loans-net of unearned income and deferred fees	274,238	279,690
Allowance for loan losses	(6,406)	(4,220)
Net Loans	267,832	275,470
Bank premises and equipment, net	3,864	3,107
Goodwill and other intangibles, net	3,687	3,725
Other investments	1,103	726
Bank owned life insurance	1,645	1,574
Other assets	6,169	6,350
Total Assets	\$ 351,096	\$ 356,217
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	\$ 21,096	\$ 20,818
Savings, money market accounts, and interest checking	97,312	74,949
Time deposits	187,232	210,357
Total Deposits	305,640	306,124
Short-term borrowings	-	10,000
Long-term borrowings	2,000	-
Other liabilities	1,809	1,524
Total Liabilities	309,449	317,648
Stockholders' Equity:		
Preferred stock, no par value; 20,000,000 shares authorized; none issued and outstanding.	-	-
Common stock, no par value; 100,000,000 shares authorized; 5,015,015 and 4,741,821 issued and outstanding as of December 31, 2010 and 2009, respectively	48,318	46,286
Accumulated other comprehensive (loss) income	696	(54)
Retained (deficit) earnings	(7,367)	(7,663)
Total Stockholders' Equity	41,647	38,569
Total Liabilities and Stockholders' Equity	\$ 351,096	\$ 356,217

TRUST ATLANTIC FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2010 and 2009

<i>(In thousands)</i>	2010	2009
Interest Income		
Loans and fees on loans	\$ 15,326	\$ 13,940
Investment securities	2,283	2,599
Federal funds sold and other short-term investments	24	32
Total Interest Income	17,633	16,571
Interest Expense		
Deposits	4,659	6,255
Borrowings	27	10
Total Interest Expense	4,686	6,265
Net Interest Income	12,947	10,306
Provision for loan losses		
Net Interest Income after Provision for Loan Losses	8,854	8,333
Non-Interest Income		
Service charges and fees	305	206
BOLI Income	70	74
Gain (loss) on sale of securities	41	177
Total other-than-temporary impairment losses	(469)	(2,449)
Portion of other-than-temporary impairment recognized in other comprehensive income	(123)	838
Net impairment losses recognized in earnings	(592)	(1,611)
Other fees and income	44	53
Total Non-Interest Income	(132)	(1,101)
Non-Interest Expense		
Salaries and employee benefits	4,141	4,171
Occupancy expense	1,076	818
Director fees	56	65
Data processing	573	645
Advertising	231	275
Amortization of deposit premiums	38	39
Professional fees	326	384
Telecommunications	119	106
Other real estate owned losses and expenses	783	125
FDIC Insurance	473	708
Other	610	594
Total Non-Interest Expense	8,426	7,930
Income (loss) before Income Taxes	296	(698)
Income Tax Expense		
Net Income (loss)	\$ 296	\$ (698)

TRUST ATLANTIC FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2010 and 2009

<i>(In thousands, except share data)</i>	Common Stock		Retained (Deficit) Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount			
Balance at January 1, 2009	4,741,821	\$ 46,082	\$ (6,965)	\$ (1,112)	\$ 38,005
Stock based compensation		204			204
Net income (loss)			(698)		(698)
Net unrealized gain on securities, net of deferred tax liability of \$545				1,058	1,058
Comprehensive income					360
Balance at December 31, 2009	4,741,821	\$ 46,286	\$ (7,663)	\$ (54)	\$ 38,569
Issuance of shares, net of expenses	273,194	1,855			1,855
Stock based compensation		177			177
Net income (loss)			296		296
Net unrealized gain on securities, net of deferred tax asset of \$464				750	750
Comprehensive income					1,046
Balance at December 31, 2010	5,015,015	\$ 48,318	\$ (7,367)	\$ 696	\$ 41,647

TRUST ATLANTIC FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

<i>(In thousands)</i>	2010	2009
Net (loss) income	\$ 296	\$ (698)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of deposit premium	38	39
Depreciation and amortization	327	287
Provision for loan losses	4,093	1,973
Loss on sale of foreclosed assets	531	36
Increase in cash surrender value of bank owned life insurance	(70)	(74)
Amortization of premiums/discounts on securities, net	229	2
Gains on sale of securities available for sale	(41)	(177)
Impairment charge on investment securities	592	1,611
Deferred tax benefit	-	-
Stock based compensation	177	204
Changes in assets and liabilities:		
Accrued interest receivable and other assets	212	(2,479)
Accrued interest payable and other liabilities	(150)	(55)
Net cash provided by (used in) operating activities	6,234	669
Cash flows from investing activities:		
Loan originations, net of principal repayments	1,045	(40,436)
Proceeds from sale of foreclosed assets	1,532	1,832
Additions to premises and equipment	(1,129)	(388)
Proceeds from sale of equipment	45	-
Net increase in federal funds sold and short-term investments	(875)	(810)
Purchases of securities available for sale	(25,829)	(31,531)
Purchases of securities held to maturity	(3,294)	(1,649)
Proceeds from maturities of securities available for sale	23,927	18,520
Proceeds from sale of securities available for sale	1,353	5,410
Proceeds from call of securities held to maturity	3,656	1,000
Net cash provided by (used in) investing activities	431	(48,052)
Cash flows from financing activities:		
Net (decrease) increase deposits	(484)	44,424
Net proceeds from the issuance of common stock	1,855	-
Net increase (decrease) in short-term borrowings	(8,000)	10,000
Net cash provided by (used in) financing activities	(6,629)	54,424
Net change increase in cash and cash equivalents	36	7,041
Cash and cash equivalents at beginning of year	10,070	3,029
Cash and cash equivalents at end of year	\$ 10,106	\$ 10,070