

**SBT BANCORP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Dollars in thousands, except for per share amounts)

	<b>For the quarter ended</b>		<b>For the year ended</b>	
	<b>12/31/09</b>	<b>12/31/08</b>	<b>12/31/09</b>	<b>12/31/08</b>
Interest and dividend income				
Interest and fees on loans	\$ 2,567	\$ 2,484	\$ 9,821	\$ 9,814
Investment securities	517	292	1,945	1,105
Federal funds sold and overnight deposits	4	19	25	145
Total interest and dividend income	<u>3,088</u>	<u>2,795</u>	<u>11,791</u>	<u>11,064</u>
Interest expense				
Deposits	584	774	2,808	2,976
Repurchase agreements	1	4	8	48
Federal Home Loan Bank advances	-	14	7	18
Total interest expense	<u>585</u>	<u>792</u>	<u>2,823</u>	<u>3,042</u>
Net interest and dividend income	2,503	2,003	8,968	8,022
Provision for loan losses	<u>225</u>	<u>200</u>	<u>547</u>	<u>450</u>
Net interest and dividend income after provision for loan losses	<u>2,278</u>	<u>1,803</u>	<u>8,421</u>	<u>7,572</u>
Noninterest income (charge)				
Service charges on deposit accounts	149	116	544	479
Gain (loss) on sales of available for sale securities	(1)	-	39	10
Write-downs of available for sale securities	-	(87)	-	(1,755)
Other service charges and fees	149	140	562	576
Increase in cash surrender value of life insurance policies	43	12	142	61
BOLI death benefit income	-	-	-	328
Gain on loans sold	-	-	60	-
Investment services fees and commissions	27	16	101	82
Other income	12	9	74	65
Total noninterest income (charge)	<u>379</u>	<u>206</u>	<u>1,522</u>	<u>(154)</u>
Noninterest expense				
Salaries and employee benefits	1,132	1,141	4,165	4,285
Premises and equipment	369	406	1,478	1,699
Impairment on Operating Lease	-	299	-	299
Advertising and promotions	92	105	398	384
Forms and supplies	48	34	186	152
Professional fees	118	211	513	408
Directors fees	33	45	132	146
Correspondent charges	66	68	272	241
Postage	27	28	104	106
FDIC Assessment	201	66	516	140
Data Processing Fees	115	31	365	122
Other expenses	215	240	868	849
Total noninterest expense	<u>2,416</u>	<u>2,674</u>	<u>8,997</u>	<u>8,831</u>
Income (loss) before taxes	241	(665)	946	(1,413)
Income tax provision (benefit)	<u>50</u>	<u>(951)</u>	<u>228</u>	<u>(768)</u>
Net income (loss)	<u>\$ 191</u>	<u>\$ 286</u>	<u>\$ 718</u>	<u>\$ (645)</u>
Less: Preferred stock dividend and accretion	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ -</u>
Net income (loss) available to common shareholders	<u>\$ 126</u>	<u>\$ 286</u>	<u>\$ 522</u>	<u>\$ (645)</u>
Average shares outstanding, basic	864,976	864,976	864,976	860,030
Net income (loss) available per common share, basic	<u>\$ 0.15</u>	<u>\$ 0.33</u>	<u>\$ 0.60</u>	<u>\$ (0.75)</u>
Average shares outstanding, assuming dilution	865,001	865,276	864,976	860,030
Net income (loss) available per common share, assuming dilution	<u>\$ 0.15</u>	<u>\$ 0.33</u>	<u>\$ 0.60</u>	<u>\$ (0.75)</u>