



PARK STERLING BANK

NEWS RELEASE

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Park Sterling Bank Reports 1st-Quarter Profit of \$157,000

Bank Increases Reserves and Core Funding while Shareholders Approve Increase in Number of Authorized Shares

Charlotte, N.C., May 26, 2010 – [Park Sterling Bank](http://www.parksterlingbank.com) reported earnings of \$157,000 for the quarter ending March 31, 2010 while the Charlotte-based bank experienced progress toward its 2010 priorities of building reserves and increasing core funding.

First quarter earnings were down slightly from the 2009 first quarter earnings of \$186,000. However, the \$157,000 in earnings was posted after increasing its quarterly provision for potential future loan losses from \$284,000 last year to \$1.5 million this year. This position has allowed Park Sterling Bank to increase its reserve for loan losses from 1.50% of gross loans at March 31, 2009 to 2.12% at March 31, 2010. Non-performing assets at the end of the first quarter were 1.1%, compared to the North Carolina banks' median of 3.9%. During the last 12 months, total assets increased 6.6% to \$475 million, while loans were up 1.9% to \$394 million, and deposits increased 6.6% to \$393 million. Park Sterling Bank has continued to grow its local deposit base and has increased core funding from 53% to 65% of total deposits.

At Park Sterling Bank's annual meeting on May 4, shareholders overwhelmingly approved a proposal to increase the number of authorized shares. The Bank is waiting for regulatory approval on a proposed change in its business plan which will move it from pure organic growth to a combination of organic growth and acquisitions of regional and community banks primarily in the Carolinas and Virginia.

"Park Sterling Bank is pleased with its earnings progress and its performance on its 2010 priorities. The Bank remained focused on its core business and personalized attention to its clients while proposing a major capital raise and change in business plan," said Bryan F. Kennedy III, President and CEO of Park Sterling Bank.

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About Park Sterling Bank

Park Sterling Bank, headquartered in Charlotte, N.C., is dedicated to providing personal, comfortable banking services tailored to the needs and goals of its customers and delivered by a remarkably experienced team of bankers. For more information, visit www.parksterlingbank.com.

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