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**COMMUNITYSOUTH FINANCIAL CORPORATION REPORTS
FOURTH QUARTER 2009 AND YEAR END FINANCIAL RESULTS**
Company Also Announces Development of Near Term Strategic Plan

Easley, SC -- February 26, 2010 -- CommunitySouth Financial Corporation (OTCBB: CBSO), parent company of CommunitySouth Bank & Trust, today announced its fourth quarter and year end financial results, and also unveiled a near term strategic plan designed to help it better weather the recession that is impacting banks across the region and nation.

For 2009, the Company had a net loss totaling \$18.30 million, or \$3.89 per diluted share. This compares to a loss of \$3.35 million, or 71 cents per diluted share for 2008.

For the fourth quarter of 2009, the Bank's net loss was \$15.32 million, or \$3.26 per diluted share, compared to a net loss of \$2.39 million, or \$0.51 per diluted share, for the same period of 2008.

"In this economy much of our industry, including our Bank, continues to be affected negatively by unemployment and the struggling real estate markets," said CommunitySouth Chief Executive Officer C. Allan Ducker, III. "Despite our efforts to reduce our concentration of commercial real estate loans, management and the board deemed it prudent to continue making significant provisions for loan losses. As such, we allocated \$10.7 million in the fourth quarter to account for problem loans. In an effort to accurately identify the level of problem loans, we engaged an outside credit risk assessment firm to review our portfolio for potential exposure in individual loans and loan categories. Based upon their independent review, we are confident that we know our portfolio better than ever and we are recognizing potential problems expediently and in the Bank's best interest."

Among other results:

- Deposits grew 26.94 percent for the year, increasing to \$376.6 million. The growth in total deposits, due in large part to a local savings campaign, is an essential element in the Bank's funds management and liquidity plan.
- Total assets ended the year at \$421.5 million, an increase of 8.69 percent over 2008 and a decrease of 4.10 percent compared to the third quarter of 2009. Total loans decreased 14.27 percent for the year to \$275.1 million. The reduction in total assets is a primary component of our plan to restructure our balance sheet and reduce the overall concentration within our loan portfolio.
- Non-interest income increased \$1.3 million, or 95.62 percent, over the prior year. The increase was the result of an increase in mortgage loan fees as well as gains on the sale of securities.
- Net interest income increased \$498,000, or 4.92 percent over 2008. The increase in net interest income was due primarily to a decrease in deposit rates, translating into lower interest expense.

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- Net interest margin for the year was 2.73 percent compared to 2.74 percent in 2008.
- Non-interest expenses totaled \$13.7 million for 2009, a 43.73 percent increase from 2008. The increase was partly a result of increased FDIC insurance premiums, including a one-time special assessment for all FDIC insured banks. This assessment totaled \$178,000 for our Bank. In addition, the Bank incurred write-downs on Other Real Estate Owned and Repossessed Collateral totaling \$2.1 million.

According to Ducker, CommunitySouth's management team recognized the signs of the downturn in 2008 and proactively began adjusting its strategic plan to better weather the challenging road ahead. Among other items, the CommunitySouth strategic plan includes aggressively managing and reducing problem assets, assuring adequate loan-loss coverage, enhancing funds management and liquidity, increasing and strengthening its capital position, decreasing concentrations in its loan portfolio, and managing operating efficiencies – while also focusing on providing excellence in customer service.

“We have a proactive business plan and are measuring progress on a weekly basis,” said Ducker. “Our core deposits have increased, we’ve enhanced our credit policies and procedures, decreased concentrations in our loan portfolio, and focused aggressively on managing and reducing problem assets. Additionally, we are working to steadily reduce our reliance on brokered deposits and other non-core sources of funding.”

“We are also focused on providing the outstanding service that distinguishes us in markets dominated by the very large banks,” Ducker continued. “We intend to emerge from this economy a viable institution well-positioned in the markets we serve.”

CommunitySouth's stock is quoted on the Over the Counter Bulletin Board under the symbol CBSO.

About CommunitySouth Bank & Trust

CommunitySouth Financial Corporation, parent company of CommunitySouth Bank & Trust, was founded in 2004. The Bank has since grown assets to over \$400 million and currently employs more than 90 banking professionals.

CommunitySouth serves the Upstate region of South Carolina and operates full-service offices in Greenville, Spartanburg, Anderson, Greer, Mauldin and Easley. The Company also operates full-service mortgage and investment divisions.

CommunitySouth offers a complete line of financial products and services, including free checking, nationwide free ATMs, free online banking & bill pay, free business courier service, remote deposit, and freshly baked cookies from its Free Refreshment Centers.

For more information, call 864-306-2540 or visit www.communitysouthbankandtrust.com.

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Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by our company or any person that the future events, plans, or expectations contemplated by our company will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.