GRANDSOUTH BANCORPORATION ANNOUNCES THIRD QUARTER 2015 EARNINGS

GREENVILLE, S.C.--(BUSINESS WIRE)—**GrandSouth Bancorporation** (OTC: GRRB), parent company for GrandSouth Bank (GrandSouth), announced earnings of $1.36 million or $.37 per common share, diluted, for the quarter ended September 30, 2015 – an increase of 28% from earnings for the third quarter ended September 30, 2014 of $1.06 million or $.30 per common share, diluted. Net income for the nine months ended September 30, 2015 equaled $4.81 million or $1.34 per common share, diluted – an increase of 52% from earnings for the nine month period ended September 30, 2014 of $3.16 million or $.91 per common share, diluted. Annualized returns on average assets and average equity for the quarter ended September 30, 2015 were 1.32% and 12.6%, respectively, compared with the quarter ended September 30, 2014 annualized returns on average assets and average equity of 1.07% and 9.20%, respectively. Annualized returns on average assets and average equity for the nine months ended September 30, 2015 were 1.60% and 15.0%, respectively, compared with the nine months ended September 30, 2014 annualized returns on average assets and average equity of 1.06% and 9.30%, respectively.

“The third quarter results are a continuation of the strong performance that occurred during the first two periods of 2015”, stated Ron Earnest, President of GrandSouth. Earnest continued, “Robust loan and deposit growth continued during the third period while credit and non-interest costs remained controlled resulting in strong margins and favorable earnings compared to the same period in 2014.” At September 30, 2015, total assets equaled $424 million compared to $388 million at September 30, 2104. Gross loans totaled $351 million at September 30, 2105 - an increase of 14% when compared to $308 million at September 30, 2104. Total deposits equaled $350 million and $320 million at September 30, 2015 and September 30, 2014 respectively.

GrandSouth Bank was chartered and opened for business in 1998 and operates three offices located in Greenville, Fountain Inn and Anderson with a new office under construction and expected to be open in Greer in late 2015. The company’s website is www.grandsouth.com and GrandSouth Bancorporation currently trades its common stock on the OTC market under the symbol “GRRB”.

Certain matters set forth in this news release may contain forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements.

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GrandSouth Bancorporation
Financial Results
September 30, 2015
(Unaudited)

	Quarter ended				Nine Months Ended September 30		
	September 2015	June 2015	March 2015	December 2014	2015	2014	Period over period change
Earnings Summary (dollars in thousands, except for per share data):							
Net income	$ 1,360	$ 1,662	$ 1,788	$ 1,218	$ 4,810	$ 3,156	52%
Net income available to common shareholder	1,330	1,619	1,753	1,186	4,702	3,015	56%
Earnings per common share, diluted	0.37	0.46	0.51	0.35	1.34	0.91	48%
Net interest margin	6.61%	6.59%	6.75%	6.41%	6.63%	6.00%	10%
Return on average equity	12.6%	15.4%	17.2%	10.5%	15.0%	9.3%	62%
Return on average common equity	14.9%	19.1%	21.6%	15.4%	18.4%	14.0%	31%
Dividend payout ratio	20.7%	10.3%	9.5%	11.2%	12.9%	9.3%	39%
Dividend yield	2.4%	1.6%	2.4%	2.1%	1.8%	1.7%	6%
Return on average assets	1.32%	1.67%	1.84%	1.26%	1.60%	1.06%	51%
Asset Quality Ratios:							
Nonperforming assets as percentage of total assets	1.96%	2.03%	2.20%	2.64%	1.96%	3.08%	-36%
Net charge-offs as percentage of average loans (annualized)	0.50%	0.34%	0.24%	0.01%	0.36%	0.34%	6%
Allowance for loan losses as percentage of gross loans	1.19%	1.27%	1.44%	1.56%	1.19%	1.56%	-24%
Allowance for loan losses as percentage of nonperforming loans	208.54%	241.16%	232.63%	201.08%	208.54%	193.33%	8%
Capital:							
Tier 1 leverage ratio	11.8%	12.7%	12.6%	12.2%	11.8%	13.6%	-13%
Common share tangible book value	$ 10.35	$ 10.06	$ 9.67	$ 9.16	$ 10.35	$ 8.81	18%
Share price	13.25	12.25	8.24	7.50	13.25	6.65	99%
Share price to tangible book value	128%	122%	85%	82%	128%	76%	70%
Share price to earnings per share	9.0	6.6	4.0	5.4	7.4	5.5	35%
Common shares outstanding	3,453,075	3,337,331	3,325,481	3,325,481	3,453,075	3,313,881	4%
Balance Sheet (dollars in thousands):							
Gross loans	$ 350,811	$ 334,173	$ 318,291	$ 308,270	$ 350,811	$ 308,407	14%
Total deposits	349,896	333,214	332,267	306,849	349,896	319,516	10%
Total assets	423,999	403,903	401,558	379,120	423,999	388,224	9%