GrandSouth Bancorporation Announces Annual and Fourth Quarter Results, Increased Cash Dividend and Successful Completion of $12 Million Capital Raise

Highlights

- Net Income of $6.0 million for 2015, a 38% increase over the results of 2014
- Earnings Per Common Share, Diluted equaled $1.67 for 2015 versus $1.23 for 2014
- Cash Dividend Increased to $.10 Per Common Share, a 25% Increase in Cash Dividend Rate
- Loan Growth in 2015 of $61 million or an Increase of 20%
- Deposit Growth in 2015 of $46 million or an Increase of 15%
- Completion of $12 Million Capital Raise

GREENVILLE, S.C., February 16, 2016 (BUSINESS WIRE) -- GrandSouth Bancorporation (OTCQB: GRRB), the holding company for GrandSouth Bank, reported net income for the year and fourth quarter ended December 31, 2015. For the year ended December 31, 2015, net income totaled $6.0 million compared to $4.4 million for the period ended December 31, 2014. Following the amortization (accretion) and payment of preferred stock dividends, net income available to common shareholders for the year ended December 31, 2015 amounted $5.9 million or $1.67 per share, diluted compared to $4.2 million or $1.23 per share, diluted for the same period of 2014. Net income for the fourth quarter of 2015 amounted to $1.2 million, an amount equal to the net income for the fourth quarter of 2014 of $1.2 million. Following the amortization (accretion) and payment of preferred stock dividends, net income available to common shareholders for the fourth quarter of 2015 amounted $1.2 million or $.33 per share, diluted compared to $1.2 million or $.35 per share, diluted for the same period of 2014. GrandSouth's President Ron Earnest stated "We are very pleased with the performance of the company during 2015 with good growth in earning assets and deposits, strong margins, improved asset quality and some significant key personnel additions during the year as well as the opening of a new office serving the Greer market."

The Board of Directors has declared a cash dividend of $.10 per common share ($.105 per Series A Preferred Share) payable to shareholders of record February 26, 2016 payable on March 11, 2016.

The Company previously announced the successful completion of the sale of $12 million in common stock through a private placement. The proceeds of the sale will be used for general corporate purposes including increasing the capital of GrandSouth Bank to support future growth opportunities.

GrandSouth Bank was chartered and opened for business in 1998 and operates four offices located in Greenville, Fountain Inn, Anderson and Greer, S.C. 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
December 31, 2015
(Unaudited)

	Quarter ended				Twelve Months Ended December 31		
	December 2015	September 2015	June 2015	March 2015	2015	2014	Period over period change
Earnings Summary (dollars in thousands, except for per share data):							
Net income	$ 1,201	$ 1,360	$ 1,662	$ 1,788	$ 6,011	$ 4,371	38%
Net income available to common shareholder	1,167	1,330	1,619	1,753	5,869	4,198	40%
Earnings per common share, diluted	0.33	0.37	0.46	0.51	1.67	1.23	36%
Net interest margin	6.42%	6.61%	6.59%	6.75%	6.57%	6.14%	7%
Return on average equity	11.3%	12.6%	15.4%	17.2%	14.1%	9.6%	47%
Return on average common equity	12.4%	14.9%	19.1%	21.6%	16.8%	14.4%	17%
Dividend payout ratio	24.2%	20.7%	10.3%	9.5%	15.2%	9.8%	54%
Dividend yield	2.3%	2.4%	1.6%	2.4%	1.9%	1.7%	12%
Return on average assets	1.12%	1.32%	1.67%	1.84%	1.48%	1.11%	33%
Asset Quality Ratios:							
Nonperforming assets as percentage of total assets	1.65%	1.96%	2.03%	2.20%	1.65%	2.64%	-38%
Net charge-offs as percentage of average loans (annualized)	0.70%	0.44%	0.34%	0.24%	0.42%	0.26%	63%
Allowance for loan losses as percentage of gross loans	1.17%	1.19%	1.27%	1.44%	1.17%	1.56%	-25%
Allowance for loan losses as percentage of nonperforming loans	246.92%	208.54%	241.16%	232.63%	246.92%	201.08%	23%
Capital:							
Tier 1 leverage ratio	11.7%	11.8%	12.7%	12.6%	11.7%	12.2%	-4%
Common share tangible book value	$ 10.45	$ 10.35	$ 10.06	$ 9.67	$ 10.45	$ 9.16	14%
Share price	13.95	13.25	12.25	8.24	13.95	7.50	86%
Share price to tangible book value	133%	128%	122%	85%	133%	82%	63%
Share price to earnings per share	10.5	9.0	6.6	4.0	8.3	6.0	39%
Common shares outstanding	3,522,645	3,453,075	3,337,331	3,325,481	3,522,645	3,325,481	6%
Balance Sheet (dollars in thousands):							
Gross loans	$ 369,350	$ 350,811	$ 334,173	$ 318,291	$ 369,350	$ 308,270	20%
Total deposits	351,243	349,896	333,214	332,267	351,243	305,585	15%
Total assets	426,295	423,999	403,903	401,558	426,295	379,526	12%