GrandSouth Bancorporation Announces First Quarter Results

GREENVILLE, S.C., April 20, 2016 (BUSINESS WIRE) -- GrandSouth Bancorporation (OTCQB: GRRB), the holding company for GrandSouth Bank, reported net income for the first quarter ended March 31, 2016. Net income for the first quarter of 2016 totaled $1.51 million compared to $1.79 million for the same period in 2015. Following the amortization (accretion) and payment of preferred stock dividends, net income available to common shareholders for the quarter ended March 31, 2016 amounted to $1.45 million or $.34 per common share, diluted compared to $1.75 million or $.51 per common share, diluted for the same period of 2015. Net interest income for the three month period ended March 31, 2016 was 14.7% higher than the same period in 2015. However, non-interest expenses, including provisions made to the reserve for loan losses, grew 43% offsetting the higher revenues and resulting in lower net earnings for the period when compared with the year earlier quarter. The annualized return on average assets for the first quarter of 2016 equaled 1.37%. The annualized return on average common equity at March 31, 2016 equaled 12.7%. Loans declined by 4%, or $14 million to $355 million from $369 million at December 31, 2015. Deposits grew significantly during the first quarter to $374 million or 6% over the balance at year end of $351 million.

The Board of Directors approved at the April 20, 2016 meeting, the payment of a cash dividend of $.10 to holders of common stock ($.105 to holders of the corporation's Series A Preferred Stock) payable on May 25, 2016 to holders of record on May 10, 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
March 31, 2016
(Unaudited)

	Quarter ended				Three Months Ended March 31		
	March 2016	December 2015	September 2015	June 2015	2016	2015	Period over period change
Earnings Summary (dollars in thousands, except for per share data):							
Net income	$ 1,510	$ 1,201	$ 1,360	$ 1,662	$ 1,510	$ 1,788	-16%
Net income available to common shareholder	1,450	1,167	1,330	1,619	1,450	1,753	-17%
Earnings per common share, diluted	0.34	0.33	0.37	0.46	0.34	0.51	-33%
Net interest margin	6.68%	6.42%	6.61%	6.59%	6.68%	6.75%	-1%
Return on average equity	12.6%	11.3%	12.6%	15.4%	12.6%	17.2%	-27%
Return on average common equity	12.7%	12.4%	14.9%	19.1%	12.7%	21.6%	-41%
Dividend payout ratio	31.3%	24.2%	20.7%	10.3%	31.3%	9.5%	230%
Dividend yield	3.2%	2.3%	2.4%	1.6%	3.2%	2.4%	30%
Return on average assets	1.37%	1.12%	1.32%	1.67%	1.37%	1.84%	-25%
Asset Quality Ratios:							
Nonperforming assets as percentage of total assets	1.58%	1.65%	1.96%	2.03%	1.58%	2.20%	-28%
Net charge-offs as percentage of average loans (annualized)	0.69%	0.64%	0.53%	0.41%	0.69%	0.29%	137%
Allowance for loan losses as percentage of gross loans	1.22%	1.17%	1.19%	1.27%	1.22%	1.44%	-16%
Allowance for loan losses as percentage of nonperforming loans	214.64%	246.92%	208.54%	241.16%	214.64%	232.63%	-8%
Capital:							
Tier 1 leverage ratio	13.3%	11.7%	11.8%	12.7%	13.3%	12.6%	6%
Common share tangible book value	$ 10.89	$ 10.45	$ 10.35	$ 10.06	$ 10.89	$ 9.67	13%
Share price	12.63	13.95	13.25	12.25	12.63	8.24	53%
Share price to tangible book value	116%	133%	128%	122%	116%	85%	36%
Share price to earnings per share	9.2	10.5	9.0	6.6	9.2	4.0	129%
Common shares outstanding	4,540,665	3,522,645	3,453,075	3,337,331	4,540,665	3,325,481	37%
Balance Sheet (dollars in thousands):							
Gross loans	$ 355,199	$ 369,350	$ 350,811	$ 334,173	$ 355,199	$ 318,291	12%
Total deposits	373,860	351,243	349,896	333,214	373,860	332,267	13%
Total assets	435,946	426,295	423,999	403,903	435,946	401,558	9%