

GrandSouth

BANCORPORATION

GREENVILLE, S.C.--(BUSINESS WIRE)—**GrandSouth Bancorporation** (OTC: GRRB), parent company for GrandSouth Bank (GrandSouth), announced earnings of \$1.79 million or \$.51 per common share, diluted, for the quarter ended March 31, 2015 – an increase of 69% from earnings for the first quarter ended March 31, 2014 of \$1.06 million or \$.30 per common share, diluted. Returns on average assets and average equity for the quarter ended March 31, 2015 were 1.84% and 17.2%, respectively, compared with the quarter ended March 31, 2014 returns on average assets and average equity of 1.08% and 9.6%, respectively.

Ron Earnest, President of GrandSouth, stated, “Performance in the first quarter of 2015 was strong across all of our business lines with higher margins, lower credit costs and problem assets and good growth in earning assets and deposits. We are pleased with the progress we are making and are working hard to implement a number of initiatives that will support the company’s performance in future periods.”

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
March 31, 2015
(Unaudited)

	Quarter ended				Three Months Ended		Period over period change
	March 2015	December 2014	September 2014	June 2014	2015	2014	

Earnings Summary (dollars in thousands, except for per share data):

Net income	\$ 1,788	\$ 1,218	\$ 1,061	\$ 1,035	\$ 1,788	\$ 1,060	69%
Net income available to common shareholder	1,753	1,186	1,014	987	1,753	1,014	73%
Earnings per common share, diluted	0.51	0.35	0.30	0.30	0.51	0.30	67%
Net interest margin	6.75%	6.41%	6.00%	5.93%	6.75%	6.00%	12%
Return on average equity	17.2%	10.5%	9.2%	9.1%	17.2%	9.6%	79%
Return on average common equity	21.6%	15.4%	13.7%	13.7%	21.6%	14.7%	47%
Dividend payout ratio	9.5%	11.2%	9.8%	10.1%	9.5%	8.1%	17%
Dividend yield	2.4%	2.1%	1.8%	1.8%	2.4%	1.7%	46%
Return on average assets	1.84%	1.26%	1.07%	1.04%	1.84%	1.08%	71%

Asset Quality Ratios:

Nonperforming assets as percentage of total assets	2.20%	2.64%	3.08%	3.25%	2.20%	3.12%	-29%
Net charge-offs as percentage of average loans (annualized)	0.24%	0.01%	0.03%	0.62%	0.24%	0.36%	-35%
Allowance for loan losses as percentage of gross loans	1.44%	1.56%	1.56%	1.45%	1.44%	1.42%	1%
Allowance for loan losses as percentage of nonperforming loans	232.63%	201.08%	193.33%	119.31%	232.63%	145.27%	60%

Capital:

Leverage ratio	12.6%	12.2%	13.6%	13.3%	12.6%	13.2%	-4%
Common share book value	\$ 9.67	\$ 9.16	\$ 8.81	\$ 8.52	\$ 9.67	\$ 8.19	18%
Share price	8.24	7.50	6.65	6.60	8.24	6.01	37%
Share price to tangible book value	85%	82%	76%	77%	85%	73%	16%
Share price to earnings per share	4.0	5.4	5.5	5.6	4.0	4.9	-18%
Common shares outstanding	3,325,481	3,325,481	3,313,881	3,313,881	3,325,481	3,313,881	0%

Balance Sheet (dollars in thousands):

Gross loans	\$ 318,291	\$ 308,270	\$ 308,407	\$ 309,249	\$ 318,291	\$ 320,635	-1%
Total deposits	332,267	306,849	319,516	317,725	332,267	326,962	2%
Total assets	401,558	379,120	388,224	393,374	401,558	401,724	0%