

GrandSouth Bancorporation reports third quarter 2019 earnings of \$1.8 million and declares a dividend of \$0.08 per common share.

GREENVILLE, SC, October 23, 2019

GrandSouth Bancorporation (GRRB:OTCQX), the holding company for GrandSouth Bank

GrandSouth Bancorporation today reported earnings of \$1.8 million for the third quarter and \$5.9 million year to date through September 30, 2019. Annualized returns on average assets were 0.82% and 0.94% for the same periods, respectively. For the quarter, this performance represents a 25.57% increase over the same period of 2018's earnings of \$1.4 million. The increase in net income was primarily driven by a \$1.2 million, or 12.76%, increase in net interest income and a \$258 thousand, or 98.47%, increase in noninterest income, partially offset by a \$776 thousand, or 11.40%, increase in noninterest expenses. Much of the noninterest expense increase during the period was a one-time expense related to the settlement of existing litigation. Year to date, the Company experienced a \$1.4 million, or 31.44%, increase in net income over the same period in 2018. This increase was primarily driven by a \$3.6 million, or 13.39%, increase in net interest income, partially offset by a \$330 thousand, or 18.15%, increase in provision for loan losses and a \$1.6 million, or 7.92%, increase in noninterest expense.

The Company finished the third quarter of 2019 with total assets of \$888.1 million. This is a \$23.7 million, or 2.74%, increase over the prior quarter and \$111.9 million, or 14.42%, increase year to date. The main funding source for asset growth was interest bearing deposits, which increased \$11.8 million, or 1.80%, for the quarter and \$95.4 million, or 16.74%, year to date. Total gross loans ended the third quarter at \$720.2 million, reflecting an increase of \$29.0 million, or 4.20%, for the quarter and \$56.9 million, or 8.58%, year to date.

Nonperforming assets ended the quarter at \$3.8 million, or 0.42% of total assets, a decrease from 0.56% as of the prior quarter's end. Past due, but still accruing loans, net of the amounts guaranteed by the U.S. Government, increased to 0.07% of total gross loans as of quarter end, up slightly from 0.04% at June 30, 2019 and 0.32% at December 31, 2018. During the quarter, the Company moved two nonaccrual relationships out of the bank, recovering \$37 thousand in lost interest. The Company also sold two assets acquired in the settlement of loans for a total of \$600 thousand, recognizing a gain of \$119 thousand. Asset quality remains a primary focus of the Company.

The specialty floor plan lending division continued to experience solid performance during the third quarter, finishing the period with \$83.2 million in loans outstanding. The credit loss for the third quarter of 2019 was 1.18%, down from 2.01% in the prior quarter and 2.57% in the same quarter a year ago. This division continues to make a significant contribution to our earnings.

We are pleased to welcome J. Randolph (Randy) Potter as a new member of the Board of Directors of our Company. He brings exceptional leadership and community banking experience to our board. Randy co-founded and was Chief Executive Officer of Savannah River Banking Company and Summit Financial Corporation and previously served on the Board of Directors of three banks. He began his career as a Certified Public Accountant with KPMG.

Our team of experienced bankers continues to grow with the addition of Jill Waters and Chris Robinson in our Greenville Office. Jill has 30 years of experience and comes to us from BB&T where she served as a Commercial Relationship Manager. Chris has 12 years of experience and comes to us from South State Bank where he served as a Commercial Team Leader. Talented bankers who are empowered to serve our clients with local decision making and responsive service continue to be key to our success. It is our belief that recruiting and maintaining a team of proven performers positions GrandSouth to be the best choice for financing and cash management services for small businesses in South Carolina.

Sincerely,



JB Schwiers
President & CEO
GrandSouth Bank

GrandSouth Bancorporation (GRRB:OTCQX), the holding company for GrandSouth Bank, announced today that net income for the third quarter of 2019 was \$1.8 million.

The Board of Directors declared a dividend of \$0.08 per common share (\$0.084 per Series A preferred share) payable on November 20, 2019 to shareholders of record on November 4, 2019.

Overview

- Net income was \$1.8 million for the quarter.
- Net loans increased \$28.6 million, or 4.20%, during the quarter.
- Gross loans, excluding specialty floor plan and purchased student loans (“Core Bank loans”), grew \$28.7 million, or 4.98%, during the quarter.
- The Company’s net charge off ratio for the quarter was 0.23%, down from 0.25% in the prior quarter. The Core Bank’s charge off ratio was 0.11%, compared to 0.02% in the prior quarter.
- The Company’s quarterly efficiency ratio was 70.12%, improving from 72.47% in the same quarter a year ago.

Net Interest Income

Net interest income before provision for loan losses was \$10.3 million for the quarter ended September 30, 2019, up \$1.2 million, or 12.76%, from the same period in 2018. For the nine months ended September 30, 2019, net interest income before provision for loan losses increased \$3.6 million, or 13.39%, to \$30.1 million from the same period in the prior year.

Gross loans averaged \$698.1 million for the third quarter of 2019, up \$95.4 million, or 15.83%, from \$602.7 million for the third quarter of 2018. The net interest margin for the third quarter of 2019 was 4.86%, slightly lower than the same period in 2018, when it was 5.35%. Year to date through September 30, 2019, the net interest margin was 4.99%, again slightly lower than the same period in 2018, when it was 5.42%. For the third quarter of 2019 and year to date, the Company is seeing higher yields on investment securities as compared to the same periods in 2018 of 0.23% and 0.20%, respectively. Cash equivalents’ yields have decreased 0.25% and increased 0.26% for the same periods, respectively. Total gross loans’ yields are up 0.10% and 0.12% for the quarter and the year to date, respectively. As compared to the same period last year, in the third quarter of 2019, the yield on student loans has increased 0.19%, the yield on specialty floor plan loans has not fluctuated and the yield on core bank loans has increased 0.24%. As compared to the same period in 2018, year to date, the yields on the same portfolios have increased, 0.40%, 0.12% and 0.50%, respectively. The Company’s interest-bearing funds are also experiencing increases. For the same periods, the yield on interest-bearing deposits and liabilities has increased 0.33% and 0.45%, respectively. The primary driver of the net interest margin compression is the growth in investment securities and cash equivalents as a percentage of total interest-bearing assets. When compared to the average balance in the prior year, investment securities and cash equivalents have grown 92.24% and 64.78% for the quarter and year to date, respectively while total interest-bearing assets have only increased 24.20% and 23.06% for the same respective periods. The Company’s management continues to monitor these balances and rates, adjusting as appropriate to better position the balance sheet.

Noninterest Income

Noninterest income was \$520 thousand for the third quarter of 2019, an increase of \$258 thousand, or 98.47%, from the third quarter of 2018. Year to date through September 30, 2019, noninterest income increased \$343 thousand, or 40.45%, to \$1.2 million from \$848 thousand in the same period in 2018.

This change was primarily driven by increases in service charges on deposit accounts and other noninterest income fees.

Noninterest Expense

Noninterest expense increased \$776 thousand, or 11.40%, in the third quarter of 2019 when compared to the same period of 2018. For the year to date through the third quarter of 2019, noninterest expense increased \$1.6 million, or 7.92%, over the same period in 2018. These increases are primarily attributable to increases in salaries and employee benefits from the addition of new staff, decreases in the net loss on sale and impairment of assets acquired in the settlement of loans and a one-time expense related to the settlement of existing litigation.

Loan Portfolio

The Company grew gross loans by \$29.0 million, or 4.20%, during the third quarter of 2019 and \$56.9 million, or 8.58%, for the year to date. Specialty floor plan loans grew by \$1.3 million, or 1.64%, and \$2.4 million, or 3.00%, for the quarter and year to date ended September 30, 2019, respectively. During the same respective periods, Core Bank loans grew by \$28.7 million, or 4.98%, and \$58.2 million or 10.67% and purchased student loans continued to experience paydowns totaling \$975 thousand, or 2.88%, and \$3.7 million, or 10.23%.

The composition of our loan portfolio consisted of the following at September 30, 2019, June 30, 2019, and December 31, 2018:

	September 30, 2019	June 30, 2019	December 31, 2018
	(Dollars in thousands)		
Commercial, financial and agricultural	\$ 130,497	\$ 126,261	\$ 119,201
Specialty floor plan loans	83,218	81,872	80,792
Real estate - construction, land development and other	58,413	53,764	57,206
Real estate – mortgage	406,095	386,648	359,798
Purchased student loans	32,854	33,829	36,596
Installment loans to individuals	9,126	8,798	9,686
Loans, gross	<u>720,203</u>	<u>691,172</u>	<u>663,279</u>
Allowance for possible loan losses	<u>(10,083)</u>	<u>(9,677)</u>	<u>(9,188)</u>
Loans, net	<u>\$ 710,120</u>	<u>\$ 681,495</u>	<u>\$ 654,091</u>

Loan Loss Provision and Asset Quality

For the quarter ended September 30, 2019, the provision for loan losses was \$810 thousand, a decrease of \$17 thousand, or 2.06%, from the same quarter a year ago. Year to date, the provision for loan losses was \$2.1 million, an increase of \$330 thousand, or 18.15%, over the same period a year ago. Charge offs for the quarter ended September 30, 2019 were \$404 thousand, down from \$431 thousand in the same period in 2018. Year to date in 2019, charge offs were \$1.3 million, up from \$368 thousand in the same period of 2018. In 2018, to much success, the Company's management made a concerted effort to recover previously charged off loan balances. The results of this effort had the biggest impact in the second quarter of 2018 and a significant impact in the third quarter of 2018. Gross recoveries in the quarter and year to date ending September 30, 2018 were \$306 thousand and \$1.4 million, respectively.

For the same periods in 2019, gross recoveries were \$137 thousand and \$273 thousand, respectively, most of which was related to the normal quarterly activity of the specialty floor plan loan portfolio.

The Allowance for loan losses as a percentage of total gross loans was 1.40% and 1.39% at September 30, 2019 and December 31, 2018, respectively. The Company's management believes the allowance is adequate and continues to monitor trends in environmental factors which may potentially affect future losses.

Assets acquired in the settlement of loans were \$2.2 million at September 30, 2019, down \$601 thousand, or 21.76%, from the \$2.8 million balance at June 30, 2019 and \$3.6 million at December 31, 2018. Nonaccrual loans decreased to \$1.5 million at September 30, 2019 from \$2.0 million at June 30, 2019 and \$491 thousand at December 31, 2018.

Securities Portfolio

Investment securities, all of which are available-for-sale, were \$57.4 million at September 30, 2019, up \$14.4 million, or 33.54% from \$43.0 million at June 30, 2019 and up \$17.1 million, or 42.37%, from \$40.3 million at December 31, 2018.

Securities in our investment portfolio as of September 30, 2019 were as follows:

- callable agency securities in the amount of \$4.0 million
- residential government-sponsored mortgage-backed securities in the amount of \$23.2 million
- Collateralized mortgage obligations in the amount of \$25.3 million
- taxable municipal bonds in the amount of \$0.5 million
- nontaxable municipal bonds in the amount of \$2.4 million
- treasury securities in the amount of \$2.0 million

During the third quarter of 2019, the Company purchased three collateralized mortgage obligations and two mortgage-backed securities.

Deposits

Total deposits grew \$20.7 million, or 2.70%, during the third quarter of 2019 and \$108.4 million, or 15.97%, during the year to date to \$787.2 million at quarter end. Noninterest bearing deposits increased \$9.0 million, or 7.94%, during the quarter and \$13.0 million, or 11.91%, during the year to \$121.8 million at September 30, 2019.

Borrowings

During the prior quarter, the Company paid off a \$7 million of Federal Home Loan Bank advance, which was accruing interest at 2.34% before its pay off. As of September 30, 2019, the Company no longer had any Federal Home Loan Bank advances outstanding.

Shareholders' Equity

Shareholders' equity was \$74.9 million at September 30, 2019, an increase of \$2.2 million, or 3.01%, for the quarter and \$17.5 million, or 30.38% for the year. In addition to the normal retention of earnings, exercise of stock options, expense of stock option grants and changes in the fair value of investments, the balance change was impacted in the first two quarters of 2019 by the issuance of \$10.0 million, or 606,061 shares, of the Company's common stock. Along with the \$10.0 million in proceeds from the Subordinated Debt issued in the fourth quarter of 2018, the proceeds from the stock issuances have

been and will continue to be used to support the Bank's continued organic growth across its current footprint.

Tier 1 Risk Based Capital Ratios were 12.17% and 11.72% for GrandSouth Bancorporation and GrandSouth Bank, respectively, as of September 30, 2019.

GrandSouth Bancorporation is a bank holding company with assets of \$888.1 million at September 30, 2019. GrandSouth Bank provides a range of financial services to individuals and small and medium sized businesses. GrandSouth Bank has seven branches in South Carolina, located in Greenville, Fountain Inn, Anderson, Greer, Columbia, Orangeburg and Charleston.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that relate to future events or the future performance of GrandSouth Bancorporation. Forward-looking statements are not guarantees of performance or results. These forward-looking statements are based on the current beliefs and expectations of the respective management of GrandSouth Bancorporation and GrandSouth Bank and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond their respective control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed or implied in these forward-looking statements because of numerous possible uncertainties. Words like "may," "plan," "contemplate," "anticipate," "believe," "intend," "continue," "expect," "project," "predict," "estimate," "could," "should," "would," "will," and similar expressions, should be considered as identifying forward-looking statements, although other phrasing may be used. Such forward-looking statements involve risks and uncertainties and may not be realized due to a variety of factors. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the reports (such as Annual Reports) filed by GrandSouth Bancorporation. You should consider such factors and not place undue reliance on such forward-looking statements. No obligation is undertaken by GrandSouth Bancorporation to update such forward-looking statements to reflect events or circumstances occurring after the issuance of this press release.

GrandSouth Bancorporation and Subsidiary
Greenville, SC
Condensed Consolidated Balance Sheets (Unaudited)

	September 30, 2019	June 30, 2019	December 31, 2018
	(Dollars in thousands)		
Assets			
Cash and due from banks	\$ 67,323	\$ 41,693	\$ 21,048
Interest bearing transaction accounts with other banks	7,098	8,091	7,658
Federal funds sold	3,984	45,241	4,250
Restricted cash	-	-	2,060
Cash, cash equivalents and restricted cash	78,405	95,025	35,016
Certificates of deposit with other banks	8,500	11,000	13,750
Securities available-for-sale	57,416	42,996	40,329
Other investments, at cost	698	698	1,183
Loans, gross	720,203	691,172	663,279
Allowance for loan losses	(10,083)	(9,677)	(9,188)
Loans, net of allowance for loan losses	710,120	681,495	654,091
Premises and equipment, net	14,609	14,843	12,105
Bank owned life insurance	6,406	6,373	6,686
Assets acquired in settlement of loans	2,161	2,762	3,564
Interest receivable	5,316	5,380	5,185
Deferred income taxes	2,332	2,189	1,896
Goodwill	737	737	737
Other assets	1,425	977	1,664
Total assets	\$ 888,125	\$ 864,475	\$ 776,206
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Noninterest bearing	\$ 121,784	\$ 112,828	\$ 108,828
Interest bearing	665,394	653,650	569,967
Total deposits	787,178	766,478	678,795
Federal Home Loan Bank advances	-	-	14,000
Other borrowings	1,117	1,181	-
Junior subordinated debentures	18,077	18,067	18,047
Interest payable	667	510	416
Other liabilities	6,194	5,535	7,506
Total liabilities	813,233	791,771	718,764
Shareholders' equity			
Preferred stock - Series A - no par value	1,298	1,298	1,298
Common stock - no par value	44,008	43,789	33,374
Retained earnings	29,154	27,338	23,218
Accumulated other comprehensive loss	432	279	(448)
Total shareholders' equity	74,892	72,704	57,442
Total liabilities and shareholders' equity	\$ 888,125	\$ 864,475	\$ 776,206

GrandSouth Bancorporation and Subsidiary
Greenville, SC
Condensed Consolidated Statements of Income (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Interest income	\$ 13,743	\$ 11,459	\$ 39,787	\$ 32,630
Interest expense	3,446	2,327	9,712	6,107
Net interest income	10,297	9,132	30,075	26,523
Provision for loan losses	810	827	2,148	1,818
Net interest income after provision for loan losses	9,487	8,305	27,927	24,705
Noninterest income				
Service charges on deposit accounts	240	173	674	483
Gain on sale of securities	-	-	13	-
Net gain on sale of premises and equipment	4	6	23	135
Increase in value of life insurance assets	33	36	104	108
Other	243	47	377	122
Total noninterest income	520	262	1,191	848
Noninterest expenses				
Salaries and employee benefits	4,634	4,230	13,445	12,466
Premises and equipment	590	532	1,655	1,487
Net (gain)/loss on sale and impairment of assets acquired in settlement of loans	(119)	173	(139)	297
Data processing	490	399	1,238	1,052
Other expenses	1,990	1,475	5,056	4,393
Total noninterest expenses	7,585	6,809	21,255	19,695
Income before income taxes	2,422	1,758	7,863	5,858
Income tax provision	605	311	1,926	1,341
Net income	\$ 1,817	\$ 1,447	\$ 5,937	\$ 4,517

GrandSouth Bancorporation and Subsidiary
Greenville, SC
Net Interest Margin Analysis (Unaudited)

	For the three months ended					
	September 30, 2019			September 30, 2018		
	Average balance	Interest	Average Yield	Average balance	Interest	Average Yield
Interest earning assets						
Investment securities						
FHLB stock	698	11	6.16%	911	15	6.70%
US agency securities and treasuries	9,594	55	2.31%	11,774	76	2.59%
Mortgage backed securities & CMOs	42,813	265	2.47%	21,205	112	2.10%
Municipals	2,930	19	2.63%	6,298	46	2.95%
Subtotal, investment securities	56,035	350	2.50%	40,188	249	2.27%
Cash equivalents						
Due from banks, fed funds sold, certificates of deposit and CDARS	86,523	476	2.18%	33,969	208	2.43%
Subtotal, cash equivalents	86,523	476	2.18%	33,969	208	2.43%
Total investment securities and cash equivalents	142,558	826	2.31%	74,157	457	2.46%
Loans						
Consumer loans and line of credit loans	8,737	122	5.52%	9,114	118	5.13%
FFELP student loans	33,493	445	5.27%	39,358	504	5.08%
Commercial loans	96,663	1,395	5.72%	78,495	1,034	5.23%
Commercial real estate loans	422,201	5,561	5.23%	346,449	4,408	5.05%
Specialty floor plan loans	81,758	4,701	22.81%	74,308	4,272	22.81%
Residential loans and equity loans	55,235	693	4.98%	54,940	666	4.81%
Total loans	698,087	12,917	7.34%	602,664	11,002	7.24%
Total interest bearing assets	840,645	13,743	6.49%	676,821	11,459	6.72%
Interest bearing funds						
Interest-bearing deposits						
Premium accounts	23,255	8	0.14%	10,630	3	0.10%
Money market accounts	247,234	957	1.54%	241,421	865	1.42%
Regular savings accounts	5,780	2	0.12%	4,745	2	0.15%
Certificates of deposit, IRAs and CDARS	383,459	2,221	2.30%	289,395	1,319	1.81%
Total interest bearing deposits	659,728	3,188	1.92%	546,191	2,189	1.59%
Other interest bearing liabilities						
Other borrowings	-	-	0.00%	625	8	4.92%
Junior subordinated debentures	18,072	258	5.67%	8,247	86	4.12%
Federal Home Loan Bank advances	-	-	0.00%	7,098	44	2.48%
Total other interest bearing liabilities	18,072	258	5.67%	15,970	138	3.42%
Total interest bearing funds	677,800	3,446	2.02%	562,161	2,327	1.64%
Rate spread			4.47%			5.08%
Non-interest bearing funds						
Demand deposit accounts	120,543			105,274		
Total funds and cost of funds	798,343	3,446	1.71%	667,435	2,327	1.38%
Rate spread on funds			4.77%			5.34%
Net interest margin		10,297	4.86%		9,132	5.35%

GrandSouth Bancorporation and Subsidiary
Greenville, SC
Net Interest Margin Analysis (Unaudited), continued

	For the nine months ended					
	September 30, 2019			September 30, 2018		
	Average balance	Interest	Average Yield	Average balance	Interest	Average Yield
Interest earning assets						
Investment securities						
FHLB stock	923	44	6.36%	997	46	6.09%
US agency securities and treasuries	12,408	212	2.28%	7,808	131	2.23%
Mortgage backed securities & CMOs	28,174	525	2.48%	15,539	245	2.11%
Municipals	5,297	106	2.68%	3,965	72	2.43%
Subtotal, investment securities	46,802	887	2.53%	28,309	494	2.33%
Cash equivalents						
Due from banks, fed funds sold, certificates of deposit and CDARS	76,412	1,267	2.22%	46,467	681	1.96%
Subtotal, cash equivalents	76,412	1,267	2.22%	46,467	681	1.96%
Total investment securities and cash equivalents	123,214	2,154	2.33%	74,776	1,175	2.10%
Loans						
Consumer loans and line of credit loans	8,891	361	5.43%	7,952	299	5.02%
FFELP student loans	34,496	1,394	5.40%	41,154	1,540	5.00%
Commercial loans	96,083	4,109	5.72%	72,467	2,761	5.09%
Commercial real estate loans	403,428	15,639	5.18%	329,003	12,030	4.89%
Specialty floor plan loans	82,922	14,062	22.67%	76,567	12,917	22.55%
Residential loans and equity loans	55,925	2,068	4.94%	52,211	1,908	4.88%
Total loans	681,745	37,633	7.38%	579,354	31,455	7.26%
Total interest bearing assets	804,959	39,787	6.61%	654,130	32,630	6.67%
Interest bearing funds						
Interest-bearing deposits						
Premium accounts	19,665	18	0.12%	8,951	7	0.10%
Money market accounts	236,510	2,738	1.55%	235,711	2,204	1.25%
Regular savings accounts	5,393	6	0.14%	4,439	5	0.15%
Certificates of deposit, IRAs and CDARS	366,485	6,063	2.21%	281,503	3,463	1.64%
Total interest bearing deposits	628,053	8,825	1.88%	530,604	5,679	1.43%
Other interest bearing liabilities						
Other borrowings	-	(1)	0.00%	603	22	4.88%
Junior subordinated debentures	18,062	786	5.82%	8,247	240	3.90%
Federal Home Loan Bank advances	5,513	102	2.48%	10,198	166	2.18%
Total other interest bearing liabilities	23,575	887	5.03%	19,048	428	3.01%
Total interest bearing funds	651,628	9,712	1.99%	549,652	6,107	1.49%
Rate spread			4.62%			5.18%
Non-interest bearing funds						
Demand deposit accounts	117,287			98,594		
Total funds and cost of funds	768,915	9,712	1.69%	648,246	6,107	1.26%
Rate spread on funds			4.92%			5.41%
Net interest margin		30,075	4.99%		26,523	5.42%

GrandSouth Bancorporation and Subsidiary
Greenville, SC
Financial Highlights (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands, except per share)		(Dollars in thousands, except per share)	
Per share data:				
Earnings per share, basic	0.35	0.32	1.19	1.00
Earnings per share, diluted	0.33	0.29	1.11	0.91
Book value per share	14.18	11.85	14.18	11.85
Tangible book value per share	14.04	11.69	14.04	11.69
Tangible book value adjusted for the conversion of Series A preferred stock per share	13.54	11.26	13.54	11.26
Weighted average shares outstanding, basic	5,186,668	4,521,230	4,988,511	4,511,623
Weighted average shares outstanding, diluted	5,541,631	4,915,760	5,344,987	4,941,966
Shares outstanding at end of period	5,188,151	4,552,490	5,188,151	4,552,490
Selected performance ratios and other data:				
Annualized return on average assets	0.82%	0.79%	0.94%	0.86%
Annualized return on average equity	9.73%	10.51%	11.59%	11.38%
Annualized net interest margin	4.86%	5.35%	4.99%	5.42%
Efficiency ratio	70.12%	72.47%	67.98%	71.95%
Annualized charge-offs, net to average loans	0.23%	0.28%	0.24%	0.08%
			As of	
	September 30,	December 31,	September 30,	
	2019	2018	2018	
	(Dollars in thousands)			
Shareholders' equity to total assets	8.43%	7.40%	7.46%	
Tier 1 risk-based capital ratio	12.17%	11.36%	10.08%	
Intangible assets				
Goodwill	737	737	737	
Other real estate owned	2,161	3,564	2,883	
Nonaccrual loans	1,534	491	1,644	
Loans past due 90 days and accruing interest (a)	75	43	74	
Total nonperforming assets	3,770	4,098	4,601	
Allowance for loan losses to loans, gross	1.40%	1.39%	1.40%	

(a) - Amount represents the net of the loans wholly or partially guaranteed by the US Government.