

GrandSouth

BANCORPORATION

GrandSouth Bancorporation reports fourth quarter 2019 earnings of \$2.1 million and declares a dividend of \$0.08 per common share.

GREENVILLE, SC, January 16, 2020

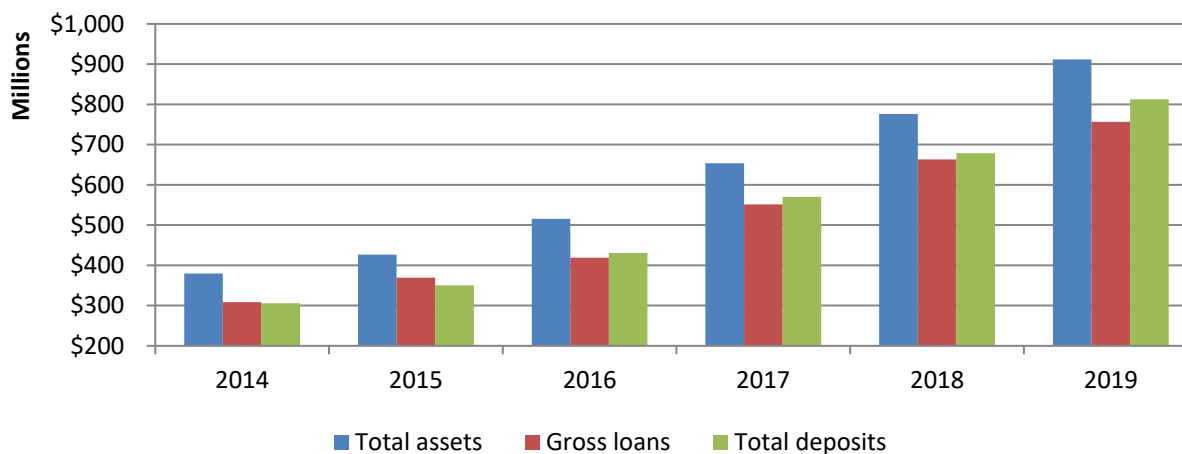
GrandSouth Bancorporation (GRRB:OTCQX), the holding company for GrandSouth Bank

GrandSouth Bancorporation today reported earnings of \$2.1 million for the fourth quarter and \$8.1 million year to date through December 31, 2019. Annualized returns on average assets were 0.94% for the same periods, respectively. For the quarter, this performance represents a 19.56% increase over the same period of 2018's earnings of \$1.8 million. The increase in net income was primarily driven by a \$810 thousand, or 8.44%, increase in net interest income, a \$194 thousand, or 23.83%, decrease in provision for loan losses expense and a \$105 thousand, or 30.88%, increase in noninterest income, partially offset by \$693 thousand, or 10.22%, increase in noninterest expenses. Year to date, the Company experienced a \$1.8 million, or 28.06%, increase in net income over the same period in 2018. This increase was primarily driven by a \$4.4 million, or 12.07%, increase in net interest income, partially offset by a \$136 thousand, or 5.17%, increase in provision for loan losses and a \$2.3 million, or 8.52%, increase in noninterest expense.

The Company finished the fourth quarter of 2019 with total assets of \$911.8 million. This is a \$23.6 million, or 2.66%, increase over the prior quarter and \$135.5 million, or 17.46%, increase year to date. The main funding source for asset growth was noninterest and interest bearing deposits, which increased \$14.4 million, or 11.86%, and \$8.8 million, or 1.33%, respectively, for the quarter and \$27.4 million, or 25.17% and \$104.3 million, or 18.29%, respectively, year to date. Total gross loans ended the fourth quarter at \$756.4 million, reflecting an increase of \$36.2 million, or 5.02%, for the quarter and \$93.1 million, or 14.04%, year to date. Gross loans, excluding specialty floor plan and purchased student loans ("Core Bank loans") ended the quarter at \$637.6 million reflecting an increase of \$33.5 million, or 5.55%, during the quarter and \$91.8 million, or 16.81%, year to date.

Nonperforming assets ended the quarter at \$3.8 million, or 0.42% of total assets, unchanged from 0.42% as of the prior quarter's end. Past due, but still accruing loans, net of the amounts guaranteed by the U.S. Government, held steady at 0.07% of total gross loans as of quarter end, consistent with the prior quarter and down from 0.32% at same date a year ago.

Company Growth for 2014 through 2019



The specialty floor plan lending division continued to experience solid performance during the fourth quarter, finishing the period with \$86.9 million in loans outstanding. The credit loss for the fourth quarter of 2019 was

2.06%, up from 1.18% in the prior quarter and 1.81% in the same quarter a year ago. The credit loss for 2019 was 1.79% down from 1.89% in 2018. This division continues to make a significant contribution to our earnings.

2019 has been an excellent year for our Company. These results demonstrate the exceptional teamwork and effort of every employee at GrandSouth Bank. We are optimistic that our momentum will continue in 2020 as we open our 8th location at 2204 Augusta Road in Greenville. Several of our Greenville bankers live in this neighborhood and have strong relationships, some dating all the way back to their time at Summit National Bank. We appreciate the support from our clients and shareholders.

Sincerely,

A handwritten signature in blue ink, appearing to read "JB Schwiers", with a long horizontal flourish extending to the right.

JB Schwiers
President & CEO
GrandSouth Bank

GrandSouth Bancorporation (GRRB:OTCQX), the holding company for GrandSouth Bank, announced today that net income for the fourth quarter of 2019 was \$2.1 million.

The Board of Directors declared a dividend of \$0.08 per common share (\$0.084 per Series A preferred share) payable on February 20, 2020 to shareholders of record on February 4, 2020.

Overview

- Net income was \$2.1 million for the quarter.
- Net loans increased \$36.0 million, or 5.07%, during the quarter.
- Gross loans, excluding specialty floor plan and purchased student loans (“Core Bank loans”), grew \$33.5 million, or 5.55%, during the quarter.
- The Company’s net charge off ratio for the quarter was 0.23%, consistent with the prior quarter. The Core Bank’s charge off ratio was -0.02%, compared to 0.11% in the prior quarter.
- The Company’s quarterly efficiency ratio was 68.83%, compared to 68.20% for the same quarter a year ago.
- In the second quarter of 2019, the Company completed a capital raise issuing 606,061 shares of common stock with net proceeds of \$10.0 million.
- In the fourth quarter of 2019, the Company reinstated its cash dividend payable to common and preferred shareholders.

Net Interest Income

Net interest income before provision for loan losses was \$10.4 million for the quarter ended December 31, 2019, up \$810 thousand, or 8.44%, from the same period in 2018. For the twelve months ended December 31, 2019, net interest income before provision for loan losses increased \$4.4 million, or 12.07%, to \$40.5 million from the same period in the prior year.

Gross loans averaged \$725.4 million for the fourth quarter of 2019, up \$96.5 million, or 15.34%, from \$628.9 million for the fourth quarter of 2018. The net interest margin for the fourth quarter of 2019 was 4.79%, lower than the same period in 2018, when it was 5.37%. Year to date through December 31, 2019, the net interest margin was 4.94%, again lower than the same period in 2018, when it was 5.41%. For the fourth quarter of 2019 and year to date, the Company is seeing mixed changes in yields on investment securities as compared to the same periods in 2018, experiencing a 0.25% decrease for the quarter and a 0.06% increase for the year to date. Cash equivalents’ yields have decreased 0.52% and increased 0.07% for the same periods, respectively. Total gross loans’ yields are down 0.27% for the quarter and up 0.02% for the year to date. As compared to the same period last year, in the fourth quarter of 2019, the yield on student loans has increased 0.39%, the yield on specialty floor plan loans has increased 0.34% and the yield on core bank loans has decreased 0.24%. As compared to the same period in 2018, year to date, the yields on the same portfolios have increased, 0.40%, 0.17% and 0.36%, 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 0.12% and 0.36%, 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 70.22% and 66.23% for the quarter and year to date, respectively while total interest-bearing assets have only increased 21.57% and 22.66% 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 \$445 thousand for the fourth quarter of 2019, an increase of \$105 thousand, or 30.88%, from the fourth quarter of 2018. Year to date through December 31, 2019, noninterest income increased \$450 thousand, or 37.66%, to \$1.6 million from \$1.2 million 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 \$693 thousand, or 10.22%, in the fourth quarter of 2019 when compared to the same period of 2018. For the year to date through the fourth quarter of 2019, noninterest expense increased \$2.3 million, or 8.52%, 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 \$36.2 million, or 5.02%, during the fourth quarter of 2019 and \$93.1 million, or 14.04%, for the year to date. Specialty floor plan loans grew by \$3.6 million, or 4.37%, and \$6.1 million, or 7.50%, for the quarter and year to date ended December 31, 2019, respectively. During the same respective periods, Core Bank loans grew by \$33.5 million, or 5.55%, and \$91.8 million or 16.81% and purchased student loans continued to experience paydowns totaling \$967 thousand, or 2.94%, and \$4.7 million, or 12.87%.

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

	December 31, 2019	September 30, 2019	December 31, 2018
	(Dollars in thousands)		
Commercial, financial and agricultural	\$ 140,109	\$ 130,497	\$ 119,201
Specialty floor plan loans	86,853	83,218	80,792
Real estate - construction, land development and other	63,729	58,413	57,206
Real estate – mortgage	424,590	406,095	359,798
Purchased student loans	31,887	32,854	36,596
Installment loans to individuals	9,221	9,126	9,686
Loans, gross	<u>756,389</u>	<u>720,203</u>	<u>663,279</u>
Allowance for possible loan losses	<u>(10,287)</u>	<u>(10,083)</u>	<u>(9,188)</u>
Loans, net	<u>\$ 746,102</u>	<u>\$ 710,120</u>	<u>\$ 654,091</u>

Loan Loss Provision and Asset Quality

For the quarter ended December 31, 2019, the provision for loan losses was \$620 thousand, a decrease of \$194 thousand, or 23.83%, from the same quarter a year ago. Year to date, the provision for loan losses was \$2.8 million, an increase of \$136 thousand, or 5.17%, over the same period a year ago. Charge offs for the quarter ended December 31, 2019 were \$416 thousand, down from \$490 thousand in the same period in 2018. Year to date in 2019, charge offs were \$1.7 million, up from \$858 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 December 31, 2018 were \$82 thousand and \$1.4 million, respectively. For the same periods in 2019, gross recoveries were \$179 thousand and \$452 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 1.36% and 1.39% at December 31, 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 \$1.9 million at December 31, 2019, down \$306 thousand, or 14.16%, from the \$2.2 million balance at September 30, 2019 and \$3.6 million at December 31, 2018. Nonaccrual loans increased to \$1.9 million at December 31, 2019 from \$1.5 million at September 30, 2019 and \$491 thousand at December 31, 2018.

Securities Portfolio

Investment securities, all of which are available-for-sale, were \$73.9 million at December 31, 2019, up \$16.5 million, or 28.68% from \$57.4 million at September 30, 2019 and up \$33.6 million, or 83.21%, from \$40.3 million at December 31, 2018.

Securities in our investment portfolio as of December 31, 2019 were as follows:

- callable agency securities in the amount of \$4.0 million
- residential government-sponsored mortgage-backed securities in the amount of \$32.4 million
- collateralized mortgage obligations in the amount of \$30.5 million
- taxable municipal bonds in the amount of \$4.1 million
- nontaxable municipal bonds in the amount of \$2.4 million
- corporate debt securities in the amount of \$500 thousand

During the fourth quarter of 2019, the Company purchased four taxable municipal bonds, two collateralized mortgage obligation bonds, two residential government-sponsored mortgage-backed bonds, and one corporate debt security.

Deposits

Total deposits grew \$23.3 million, or 2.96%, during the fourth quarter of 2019 and \$131.7 million, or 19.40%, during the year to date to \$810.4 million at quarter end. Noninterest bearing deposits increased \$14.4 million, or 11.86%, during the quarter and \$27.4 million, or 25.17%, during the year to \$136.2 million at December 31, 2019.

Borrowings

As of December 31, 2019, the Company had no Federal Home Loan Bank advances outstanding.

Shareholders' Equity

Shareholders' equity was \$76.7 million at December 31, 2019, an increase of \$1.8 million, or 2.35%, for the quarter and \$19.2 million, or 33.44% 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, payment of dividends, 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 11.61% and 11.19% for GrandSouth Bancorporation and GrandSouth Bank, respectively, as of December 31, 2019.

GrandSouth Bancorporation is a bank holding company with assets of \$911.8 million at December 31, 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)

	December 31, 2019	September 30, 2019	December 31, 2018
	(Dollars in thousands)		
Assets			
Cash and due from banks	\$ 31,604	\$ 67,323	\$ 21,048
Interest bearing transaction accounts with other banks	4,900	7,098	7,658
Federal funds sold	6,275	3,984	4,250
Restricted cash	-	-	2,060
Cash, cash equivalents and restricted cash	42,779	78,405	35,016
Certificates of deposit with other banks	7,751	8,500	13,750
Securities available-for-sale	73,885	57,416	40,329
Other investments, at cost	698	698	1,183
Loans, gross	756,389	720,203	663,279
Allowance for loan losses	(10,287)	(10,083)	(9,188)
Loans, net of allowance for loan losses	746,102	710,120	654,091
Premises and equipment, net	14,136	14,609	12,105
Bank owned life insurance	14,447	6,406	6,686
Assets acquired in settlement of loans	1,855	2,161	3,564
Interest receivable	5,743	5,316	5,185
Deferred income taxes	2,259	2,332	1,896
Goodwill	737	737	737
Other assets	1,362	1,425	1,664
Total assets	\$ 911,754	\$ 888,125	\$ 776,206
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Noninterest bearing	\$ 136,224	\$ 121,784	\$ 108,828
Interest bearing	674,225	665,394	569,967
Total deposits	810,449	787,178	678,795
Federal Home Loan Bank advances	-	-	14,000
Other borrowings	791	1,117	-
Junior subordinated debentures	18,088	18,077	18,047
Interest payable	506	667	416
Other liabilities	5,270	6,194	7,506
Total liabilities	835,104	813,233	718,764
Shareholders' equity			
Preferred stock - Series A - no par value	1,298	1,298	1,298
Common stock - no par value	44,327	44,008	33,374
Retained earnings	30,841	29,154	23,218
Accumulated other comprehensive loss	184	432	(448)
Total shareholders' equity	76,650	74,892	57,442
Total liabilities and shareholders' equity	\$ 911,754	\$ 888,125	\$ 776,206

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

	For the three months ended December 31,		For the twelve months ended December 31,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Interest income	\$ 13,695	\$ 12,201	\$ 53,483	\$ 44,832
Interest expense	3,283	2,599	13,005	8,715
Net interest income	10,412	9,602	40,478	36,117
Provision for loan losses	620	814	2,768	2,632
Net interest income after provision for loan losses	9,792	8,788	37,710	33,485
Noninterest income				
Service charges on deposit accounts	236	200	911	683
Gain on sale of securities	-	-	13	-
Net gain on sale of premises and equipment	26	16	49	151
Increase in value of life insurance assets	41	35	144	143
Other	142	89	528	218
Total noninterest income	445	340	1,645	1,195
Noninterest expenses				
Salaries and employee benefits	5,010	4,269	18,454	16,734
Premises and equipment	556	543	2,211	2,030
Net (gain)/loss on sale and impairment of assets acquired in settlement of loans	(65)	(15)	(204)	282
Data processing	415	371	1,654	1,423
Other expenses	1,557	1,612	6,614	6,004
Total noninterest expenses	7,473	6,780	28,729	26,473
Income before income taxes	2,764	2,348	10,626	8,207
Income tax provision	637	569	2,562	1,910
Net income	2,127	1,779	8,064	6,297
Deductions for amounts not available to common shareholders:				
Dividends declared or accumulated on preferred stock	(24)	-	(24)	-
Net income available to common shareholders	\$ 2,103	\$ 1,779	\$ 8,040	\$ 6,297

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

	For the three months ended					
	December 31, 2019			December 31, 2018		
	Average balance	Interest	Average Yield	Average balance	Interest	Average Yield
Interest earning assets						
Investment securities						
FHLB stock	916	13	5.64%	1,014	16	6.32%
US agency securities and treasuries	5,288	30	2.29%	14,667	82	2.22%
Mortgage backed securities & CMOs	50,385	278	2.21%	18,331	118	2.57%
Municipals	3,427	23	2.66%	7,048	45	2.58%
Subtotal, investment securities	60,016	344	2.29%	41,060	261	2.54%
Cash equivalents						
Due from banks, fed funds sold, certificates of deposit and CDARS						
	77,153	341	1.76%	39,525	226	2.27%
Subtotal, cash equivalents	77,153	341	1.76%	39,525	226	2.27%
Total investment securities and cash equivalents	137,169	685	1.99%	80,585	487	2.41%
Loans						
Consumer loans and line of credit loans	9,069	125	5.46%	9,541	125	5.20%
FFELP student loans	32,427	419	5.13%	37,807	452	4.74%
Commercial loans	100,860	1,383	5.44%	83,806	1,161	5.50%
Commercial real estate loans	441,545	5,502	4.94%	362,617	4,785	5.24%
Specialty floor plan loans	86,041	4,905	22.62%	79,650	4,473	22.28%
Residential loans and equity loans	55,453	676	4.84%	55,513	718	5.13%
Total loans	725,395	13,010	7.12%	628,934	11,714	7.39%
Total interest bearing assets	862,564	13,695	6.30%	709,519	12,201	6.82%
Interest bearing funds						
Interest-bearing deposits						
Premium accounts	22,772	6	0.11%	11,872	3	0.10%
Money market accounts	264,562	826	1.24%	239,168	841	1.40%
Regular savings accounts	5,962	1	0.10%	4,711	2	0.15%
Certificates of deposit, IRAs and CDARS	380,975	2,188	2.28%	309,924	1,524	1.95%
Total interest bearing deposits	674,271	3,021	1.78%	565,675	2,370	1.66%
Other interest bearing liabilities						
Other borrowings	-	-	0.00%	591	8	5.12%
Junior subordinated debentures	17,835	262	5.83%	12,402	160	5.11%
Federal Home Loan Bank advances	-	-	0.00%	10,011	62	2.46%
Total other interest bearing liabilities	17,835	262	5.83%	23,004	230	3.96%
Total interest bearing funds	692,106	3,283	1.88%	588,679	2,600	1.75%
Rate spread			4.42%			5.07%
Non-interest bearing funds						
Demand deposit accounts	130,595			112,164		
Total funds and cost of funds	822,701	3,283	1.58%	700,843	2,600	1.47%
Rate spread on funds			4.72%			5.35%
Net interest margin		10,412	4.79%		9,601	5.37%

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

	For the twelve months ended					
	Decembere 31, 2019			December 31, 2018		
	Average balance	Interest	Average Yield	Average balance	Interest	Average Yield
Interest earning assets						
Investment securities						
FHLB stock	921	57	6.18%	1,001	62	6.15%
US agency securities and treasuries	10,614	242	2.28%	9,537	212	2.23%
Mortgage backed securities & CMOs	33,772	803	2.38%	16,243	363	2.24%
Municipals	4,826	129	2.67%	4,742	118	2.48%
Subtotal, investment securities	50,133	1,231	2.46%	31,523	755	2.40%
Cash equivalents						
Due from banks, fed funds sold, certificates of deposit and CDARS	76,599	1,609	2.10%	44,717	908	2.03%
Subtotal, cash equivalents	76,599	1,609	2.10%	44,717	908	2.03%
Total investment securities and cash equivalents	126,732	2,840	2.24%	76,240	1,663	2.18%
Loans						
Consumer loans and line of credit loans	8,936	486	5.44%	8,353	424	5.08%
FFELP student loans	33,974	1,813	5.34%	40,310	1,992	4.94%
Commercial loans	97,287	5,493	5.65%	75,325	3,922	5.21%
Commercial real estate loans	413,036	21,140	5.12%	337,475	16,816	4.98%
Specialty floor plan loans	83,708	18,967	22.66%	77,344	17,390	22.48%
Residential loans and equity loans	55,806	2,744	4.92%	53,044	2,625	4.95%
Total loans	692,747	50,643	7.31%	591,851	43,169	7.29%
Total interest bearing assets	819,479	53,483	6.53%	668,091	44,832	6.71%
Interest bearing funds						
Interest-bearing deposits						
Premium accounts	20,448	25	0.12%	9,687	10	0.10%
Money market accounts	243,581	3,564	1.46%	236,582	3,045	1.29%
Regular savings accounts	5,537	7	0.13%	4,508	7	0.15%
Certificates of deposit, IRAs and CDARS	370,136	8,251	2.23%	288,667	4,988	1.73%
Total interest bearing deposits	639,702	11,847	1.85%	539,444	8,050	1.49%
Other interest bearing liabilities						
Other borrowings	-	(1)	0.00%	600	30	4.94%
Junior subordinated debentures	17,820	1,057	5.93%	9,295	407	4.39%
Federal Home Loan Bank advances	4,123	102	2.48%	10,151	228	2.25%
Total other interest bearing liabilities	21,943	1,158	5.28%	20,046	665	3.32%
Total interest bearing funds	661,645	13,005	1.97%	559,490	8,715	1.56%
Rate spread			<u>4.56%</u>			<u>5.15%</u>
Non-interest bearing funds						
Demand deposit accounts	120,642			102,014		
Total funds and cost of funds	782,287	13,005	1.66%	661,504	8,715	1.32%
Rate spread on funds			<u>4.86%</u>			<u>5.39%</u>
Net interest margin		<u>40,478</u>	<u>4.94%</u>		<u>36,117</u>	<u>5.41%</u>

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

	For the three months ended December 31,		For the twelve months ended December 31,	
	2019	2018	2019	2018
	(Dollars in thousands, except per share)		(Dollars in thousands, except per share)	
Per share data:				
Earnings per share, basic	0.40	0.39	1.59	1.39
Earnings per share, diluted	0.38	0.36	1.49	1.28
Book value per share	14.49	14.42	14.49	12.42
Tangible book value per share	14.34	12.26	14.34	12.26
Tangible book value adjusted for the conversion of Series A preferred stock per share	13.83	11.80	13.83	11.80
Weighted average shares outstanding, basic	5,198,421	4,518,644	5,041,420	4,522,127
Weighted average shares outstanding, diluted	5,563,426	4,926,193	5,399,472	4,905,397
Shares outstanding at end of period	5,201,951	4,518,840	5,201,951	4,553,490
Selected performance ratios and other data:				
Annualized return on average assets	0.94%	0.93%	0.94%	0.88%
Annualized return on average equity	11.08%	12.50%	11.45%	11.67%
Annualized net interest margin	4.79%	5.37%	4.94%	5.41%
Efficiency ratio	68.83%	68.20%	68.20%	70.95%
Annualized charge-offs, net to average loans	0.23%	0.30%	0.24%	0.14%
			As of	
			December 31,	December 31,
			2019	2018
			(Dollars in thousands)	
Shareholders' equity to total assets			8.41%	7.40%
Tier 1 risk-based capital ratio			11.61%	11.36%
Intangible assets				
Goodwill			737	737
Other real estate owned			1,855	3,564
Nonaccrual loans			1,897	491
Loans past due 90 days and accruing interest (a)			64	43
Total nonperforming assets			3,816	4,098
Allowance for loan losses to loans, gross			1.36%	1.39%

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