



GrandSouth
BANCORPORATION

Investor Presentation

February 2020

DISCLAIMER

This presentation contains certain “forward-looking statements” as defined by federal securities law, including those identified by words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “project”, and other similar expressions and variations. These forward-looking statements contain GrandSouth Bancorporation’s (“GrandSouth”) expectations, plans, future financial performance, and other statements that are not historical facts. Although GrandSouth believes that its assumptions regarding these forward-looking statements are based on reasonable assumptions, actual results of performance could differ materially and are not guaranteed. The forward-looking statements involve known and unknown risks including, but not limited to, the following factors: changes in general local, regional and national economy, changes in deposit composition and controlling the growth of deposits, changes in banking laws, compliance, and the regulatory climate, changes in interest rates and the management of interest rate risk, demand for banking services, both lending and deposit products in our market area, risks inherent in making loans such as repayment risks and fluctuating collateral values, changes in loan quality, delinquencies and defaults by our borrowers, changes in the market value of real estate and the GrandSouth’s markets securing loans made by GrandSouth, changes in technology, product delivery channels, and end user demands and acceptance, changes in consumer spending, borrowings, and savings habits, increased competition with other financial institutions, risks related to cyber incidents, changes in the loan loss reserve requirements related to the Current Expected Credit Loss model, ability to establish and success of new branches, and changes in accounting principles, policies, and guidelines. These risks and inherent uncertainties should be considered in evaluating forward-looking statements contained in this presentation. We caution readers not to place undue reliance on those statements, which are specific as of the date of the presentation. GrandSouth undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

COMPANY OVERVIEW

- Established in 1998 and headquartered in Greenville, SC, GrandSouth Bancorporation (“Grand South” or the “Company”) is a bank holding company of GrandSouth Bank with:

- 7 full-service locations in the Greenville, Charleston & Columbia MSA
- An approved full-service office under construction in Greenville, SC
- A specialty automobile floor plan lending division

- Company Balance Sheet:** ⁽¹⁾

- Assets: \$912 million
- Gross Loans: \$756 million
- Tangible Common Equity: \$75 million

- Company Profitability 2019:** ⁽¹⁾

- Net Income: \$8.1 million
- ROAA: 0.94%
- ROAE: 11.5%
- Efficiency Ratio: 68.2%

- Asset Quality:** ⁽¹⁾

- NPAs/Assets (incl. TDRs): 0.58%
- NPAs/Assets (excl. TDRs): 0.42%
- Loan Loss Reserves/Loans: 1.36%

- Current Market Data:** ⁽³⁾

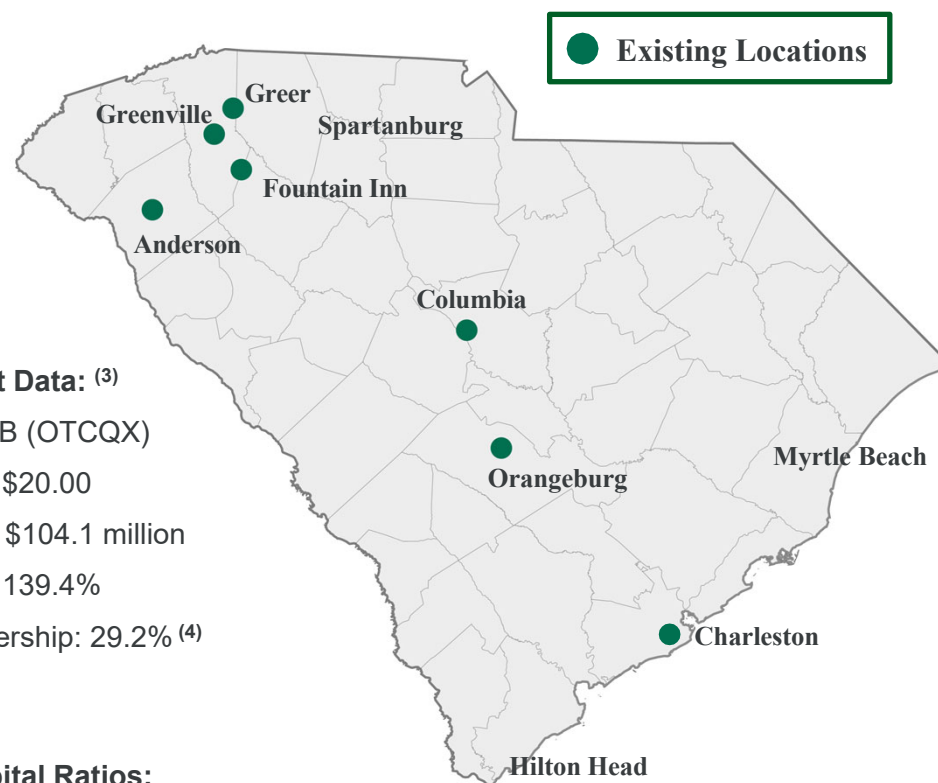
- Ticker: GRRB (OTCQX)
- Stock Price: \$20.00
- Market Cap: \$104.1 million
- Price / TBV: 139.4%
- Insider Ownership: 29.2% ⁽⁴⁾

- Company Capital Ratios:**

- TCE/TA Ratio ⁽¹⁾: 8.18%

- Bank Capital Ratios:**

- Leverage Ratio ⁽²⁾: 10.05%
- Total RBC Ratio ⁽²⁾: 12.65%



STRATEGIC BRANCH NETWORK



Greenville, SC
Main Office
Full Service
Opened: 2001



Columbia, SC
Full Service
Opened: Aug. 2016



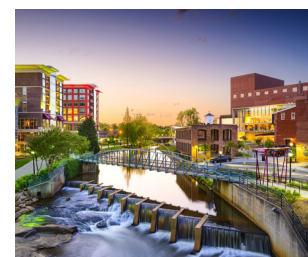
Charleston, SC
Full Service
Opened: July 2019



Fountain Inn, SC
Full Service
Opened: Sept. 1998



Orangeburg, SC
Full Service
Opened: Sept. 2016



Greenville, SC
An approved full-service branch at 2204 Augusta Street



Anderson, SC
Full Service
Opened: 2006

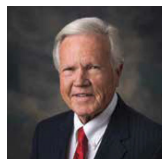


Greer, SC
Full Service
Opened: Dec. 2015

Deposits by Branch

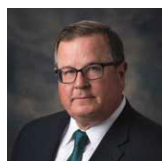
Location	2015	2016	2017	2018	2019	CAGR
Fountain Inn, SC	\$ 81,637	\$ 87,001	\$ 99,320	\$ 115,905	\$ 121,489	10.4%
Greenville, SC	144,121	150,120	164,123	202,649	233,331	12.8%
Anderson, SC	111,228	121,244	152,018	166,922	187,780	14.0%
Greer, SC	NA	18,449	24,316	39,725	56,832	45.5%
Columbia, SC	NA	NA	36,845	51,005	66,038	33.9%
Orangeburg, SC	NA	NA	43,844	79,285	105,757	55.3%
Charleston, SC ⁽¹⁾	NA	NA	NA	NA	NA	NA
	\$ 336,986	\$ 376,814	\$ 520,466	\$ 655,491	\$ 771,227	23.0%

EXPERIENCED MANAGEMENT TEAM



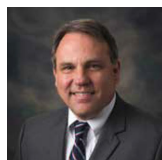
Mason Y. Garrett, Chairman & Chief Executive Officer

Mr. Garrett serves as the Company's Chairman and Chief Executive Officer and is one of the founders of the company. Mr. Garrett has been employed in the banking industry for approximately 50 years in various capacities, including as an organizer and Chief Executive Officer of three banking companies, including GrandSouth. Mr. Garrett was Chairman, CEO, and the founder of First United Bancorporation, an Anderson, SC bank holding company that was sold to Regions Financial Corporation in March 1998, prior to organizing GrandSouth in August 1998.



J.B. Schwiers, President & Chief Operating Officer

Mr. Schwiers serves as the Company's President and Chief Operating Officer and Chief Executive Officer of GrandSouth Bank. Mr. Schwiers has been employed in the banking industry for approximately 40 years including as an organizer and executive of Summit Financial Corporation, a Greenville, SC based banking company organized in 1990, and later sold to First Citizens Bank in 2005.



J.B. Garrett, Chief Financial Officer

Mr. Garrett is a CPA and serves as the Company's Chief Financial Officer, having joined the Company in that capacity shortly after organization in 1998. Mr. Garrett's prior experience included positions with manufacturing companies and a real estate management company.



Kristi A. Eller, E.V.P.

Mrs. Eller serves as the Chief Operations Officer and joined the Company in 2019. Mrs. Eller has over 30 years experience in the banking industry in North Carolina.



Robert G. Phillips, E.V.P.

Mr. Phillips serves as the Midlands/Coastal Regional Executive and joined the Company in 2017. Mr. Phillips has over 40 years experience in the banking industry in the Midlands and Low Country of South Carolina.



John B. Wood, E.V.P.

Mr. Wood serves as the Upstate Regional Executive and joined the Company in 2015. Mr. Wood has over 36 years experience in the banking industry in the Upstate of South Carolina.

TALENTED BOARD OF DIRECTORS

Mason Young Garrett – Chairman of the Board & Chief Executive Officer

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J.B. Schwiers – President & Chief Operating Officer

See Previous Page

J.B. Garrett – Chief Financial Officer

See Previous Page

Outside Directors

Harold E. Garrett – Director

Hal is the owner of Garrett's Discount Golf Carts located in Fountain Inn, SC. He is the son of Mason Garrett and brother of J.B. Garrett.

Michael L. Gault – Director

Michael is retired. Previously he was the owner of Gault's Service Center in Fountain Inn, SC.

Baety O. Gross, Jr. – Director

Baety is an attorney who practices in Fountain Inn, SC. His practice was established the same year as GrandSouth Bank in 1998.

S. Hunter Howard Jr. – Director

Hunter is currently the owner of The Springs at Simpsonville Assisted Living Community. Previously he was the President at Palmetto Real Estate Trust and President and CEO of the South Carolina Chamber of Commerce.

Anthony P. Morgan – Director

Tony is President and Chief Executive Officer of APMI LLC in Easley, SC. He also serves as a Director for ACL Airshop Easley, SC and as Director for Pal Net GmbH Air Cargo Products in Wiesbaum, Germany.

J. Randolph Potter - Director

Randy co-founded and was the CEO of Savannah River Banking Company and Summit Financial Corporation. He previously served on the Board of Directors of three other banks.

J. Calhoun Pruitt Jr. – Director

Calhoun is an attorney at Pruitt and Pruitt of Anderson, SC.

Edward M. Rast – Director

Monty is the owner of Rast Farms and Cameron Ag Products in Cameron, SC. He is also a managing partner and owner of Carolina Peanut in Cameron.

John W. Shealy – Director

Rusty is the President of Capital Concrete Company in Columbia, SC. He was previously the President of Cabarrus Concrete Company in North Carolina. He previously served as a Director and Chair of the Audit Committee of Uwharrie Bank.

ATTRACTIVE MARKET DEMOGRAPHICS

GrandSouth Market Demographics		2019 Market Data			
Market	Population (Actual)	Unemployment Rate ⁽¹⁾	Median Household Income (Actual)	GrandSouth Deposits (\$000s)	Market Share (%)
County					
Greenville, SC	525,914	1.8%	62,573	\$411,652	3.44%
Anderson, SC	203,524	2.0%	54,485	\$187,780	6.22%
Orangeburg, SC	82,810	4.2%	40,273	\$105,757	9.87%
Richland, SC	419,499	2.0%	56,588	\$66,038	0.47%
MSA					
Greenville-Anderson-Mauldin, SC	922,974	2.0%	57,828	\$599,432	3.43%
Orangeburg, SC	85,810	6.8%	40,273	\$105,757	9.87%
Columbia, SC	844,469	2.0%	59,033	\$66,038	0.33%
State					
South Carolina	5,175,593	2.6%	55,993	\$771,227	0.86%
Country					
United States	330,342,293	3.6%	66,010	\$771,227	NM

Green shading represents statistics equal to or better than the national average

SOUTH CAROLINA DEPOSIT MARKET SHARE

Top 15 Community Banks Under \$10 Billion in Total Assets

2019 Rank	Institution	2019			Presence in 3 Key SC Markets		
		Branches (#)	Deposits (\$000)	Market Share (%)	Columbia	Charleston	Greenville
1	Southern First Bancshares Inc.	9	1,679,593	9.35	✓	✓	✓
2	Carolina Financial Inc.	24	1,620,342	8.92	✓	✓	✓
3	CNB Corp.	16	998,130	5.50			
4	First Community Corp.	18	998,130	5.50	✓		✓
5	GrandSouth Bancorporation	7	771,227	4.25	✓	✓	✓
6	Anderson Bancshares Inc.	23	751,344	4.14		✓	
7	Security Federal Corporation	14	722,331	3.98	✓		
8	Travelers Rest Bancshares Inc.	10	693,225	3.82			✓
9	South Atlantic Bancshares Inc.	9	649,934	3.58	✓	✓	
10	First Palmetto Financial Corp	22	641,387	3.53	✓	✓	
11	First Reliance Bancshares Inc.	10	522,641	2.88	✓	✓	✓
12	Citizens Bancshares Corp.	19	485,090	2.67			
13	Arthur Financial Corp.	17	467,348	2.65	✓	✓	
14	CoastalSouth Bancshares, Inc.	4	451,055	2.48			
15	Palmetto State Bankshares Inc.	8	445,945	2.46			
	All Other Banks	202	6,358,666	35.02			
Total For Institutions in Market Under \$10 billion		411	18,156,043	100			

2019 FINANCIAL HIGHLIGHTS

2019 Full Year

- **Profitability:**
 - Net income of \$8.1 million
 - Net interest margin of 4.94%
 - ROAA of 0.94%
 - Efficiency ratio of 68.2%
- **Balance Sheet Growth**
 - Gross loans : \$93.1 million or 14.0%
 - Total deposits: \$131.7 million or 19.4%

Q4 2019

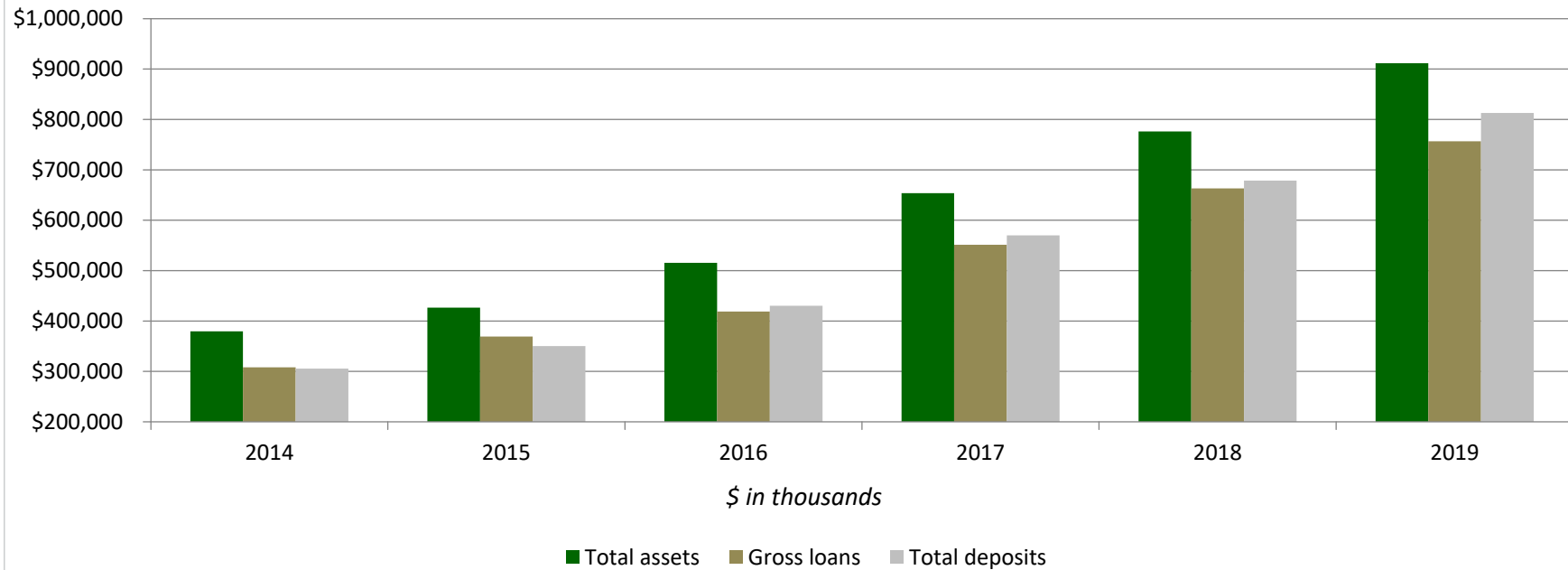
- **Profitability:**
 - Net income of \$2.1 million
 - Net interest margin of 4.79%
 - ROAA of 0.94%
 - Efficiency ratio of 68.8%
- **Balance Sheet Growth**
 - Gross loans: \$36.2 million or 20.1% annualized
 - Total deposits: \$23.3 million or 11.8% annualized

Asset Quality

- NPAs / Assets have decreased in 2019 by 11 bps, to 0.42%
- Noncurrent but still accruing loans ⁽¹⁾ / total loans at December 31, 2019 are 0.07%, a decrease of 25 bps, or 78.1%, from Q4 2018

STRONG FIVE YEAR GROWTH HISTORY

Company Growth 2014 through 2019



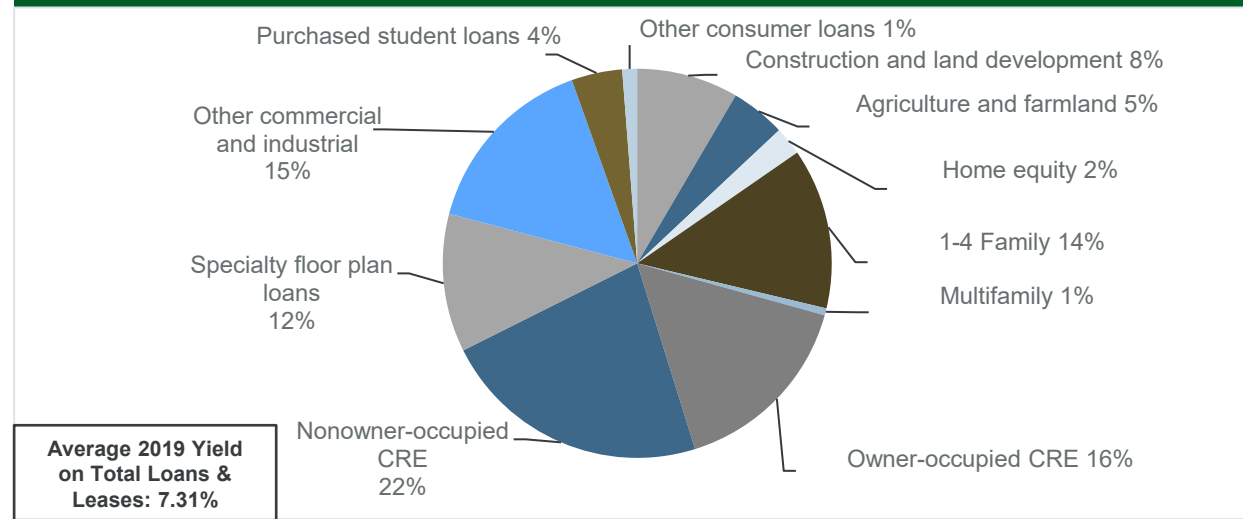
	2014	2015	2016	2017	2018	2019	CAGR
Total assets	\$ 379,526	\$ 426,490	\$ 515,514	\$ 653,733	\$ 776,206	\$ 911,556	16.4%
Gross loans	\$ 308,270	\$ 369,350	\$ 418,791	\$ 551,394	\$ 663,279	\$ 756,626	15.4%
Total deposits	\$ 305,585	\$ 350,261	\$ 430,327	\$ 569,998	\$ 678,795	\$ 812,795	18.3%

DIVERSIFIED LOAN MIX

Commentary

- Well diversified loan portfolio with limited concentrations
- CAGR of 19.6% since 2015 driven by strong growth in C&I and CRE
- Charleston loan balance of \$136.5 million represents significant growth since opening in May 2017
- Top 10 credit exposures comprise 12.5% of total loan portfolio
- 98% of purchased student loan portfolio is government guaranteed

December 2019 Loan Composition



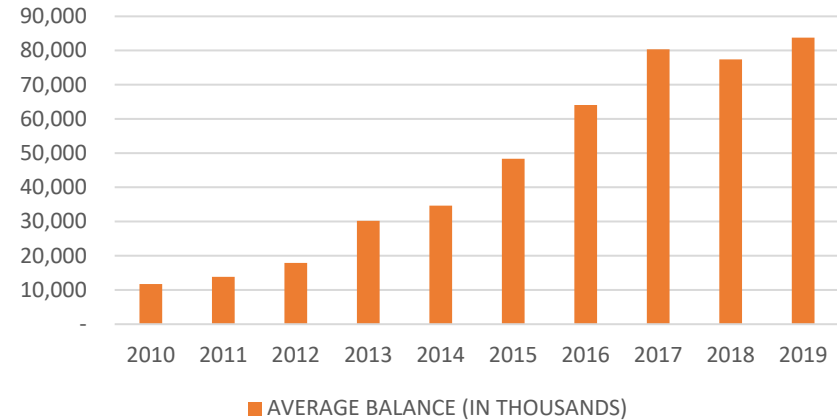
Loan Type	2015	2016	2017	2018	2019	CAGR
Construction and land development	47,715	38,372	54,580	57,205	63,880	7.6%
Agriculture and farmland	1,053	5,778	20,777	31,744	34,493	139.2%
Home equity	6,425	10,354	14,034	12,916	17,811	29.0%
1-4 Family	47,777	56,808	80,313	96,956	101,071	20.6%
Multifamily	2,945	3,456	5,720	4,239	4,410	10.6%
Owner-occupied CRE	40,308	37,026	51,967	97,445	120,177	31.4%
Nonowner-occupied CRE	84,202	104,439	129,904	139,062	169,593	19.1%
Specialty floor plan loans	58,405	81,060	78,787	82,486	86,887	10.4%
Other commercial and industrial	41,654	46,335	64,601	94,946	116,774	29.4%
Purchased student loans	35,868	30,219	43,500	36,596	31,887	-2.9%
Other consumer loans	2,999	4,946	7,212	9,684	9,406	33.1%
Total Loans	369,351	418,793	551,395	663,279	756,389	19.6%

CARBUCKS OVERVIEW

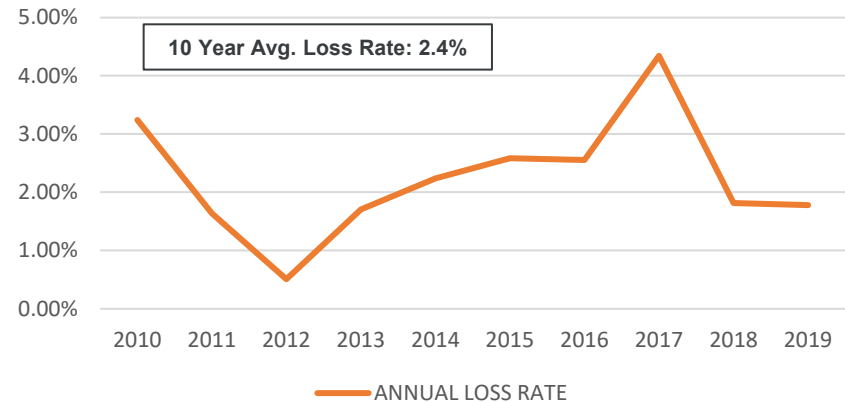
Commentary

- Acquired in 2005, CarBucks is a division of GrandSouth Bank
- Provides floor plan financing to independent auto dealers for purchasing and holding of their inventory
- Operating in 22 states in Southeast and Midwest
- Currently serves ~ 1,600 dealers with over \$180 million in aggregate loan commitment
- Comprises ~12% of the total loan portfolio
- Average loan size of approximately \$51 thousand and average yield of 22.7% ⁽¹⁾
- CarBucks generated ~\$19.0 million of interest income in 2019

Historical Performance



Annual Loss Rate



CarBucks Leadership



Jeff Miles – President

Jeff is the President of the CarBucks division. He has been with CarBucks since 2005.



Danny Myers - Vice-President

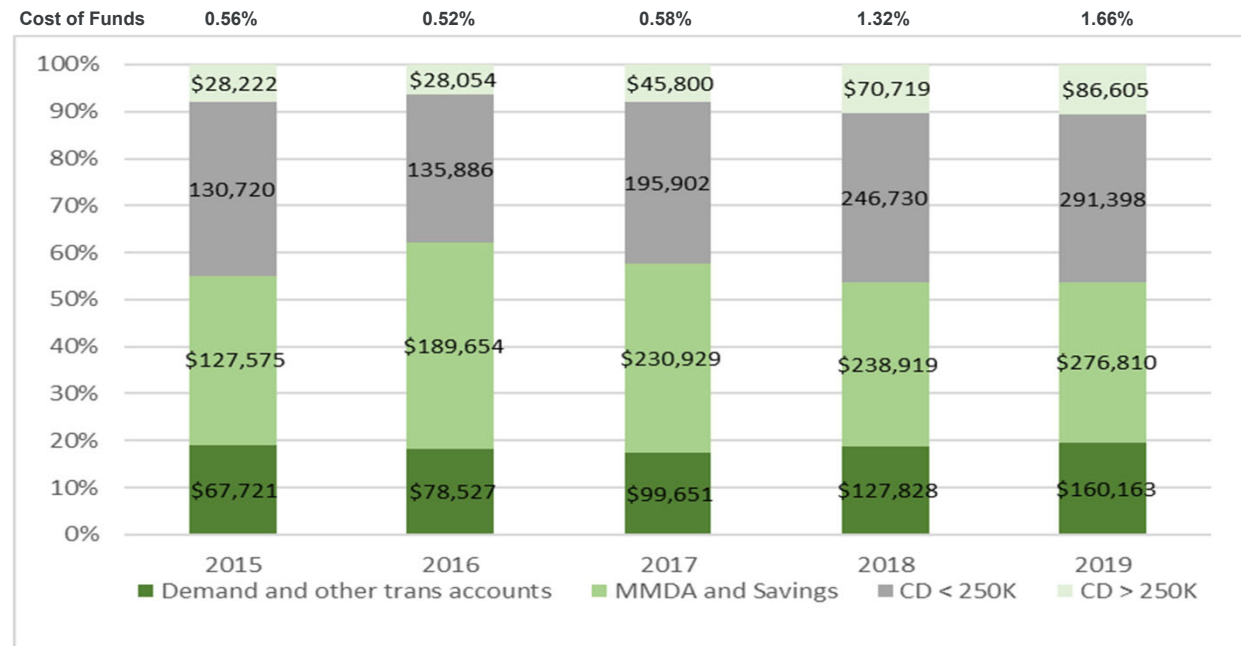
Danny previously was a national used car buyer and now he is using that experience with car dealerships as VP of CarBucks. He has been in this position since 2013.

STRONG DEPOSIT GROWTH & IMPROVING COMPOSITION

Commentary

- Focus on growing DDA through treasury management bankers
- Plan to add additional Greenville full-service office in 2020 should enhance deposit gathering in that market
- 27.4% growth in Bank Noninterest Bearing Deposit in 2019

GrandSouth Bank Deposit Composition History



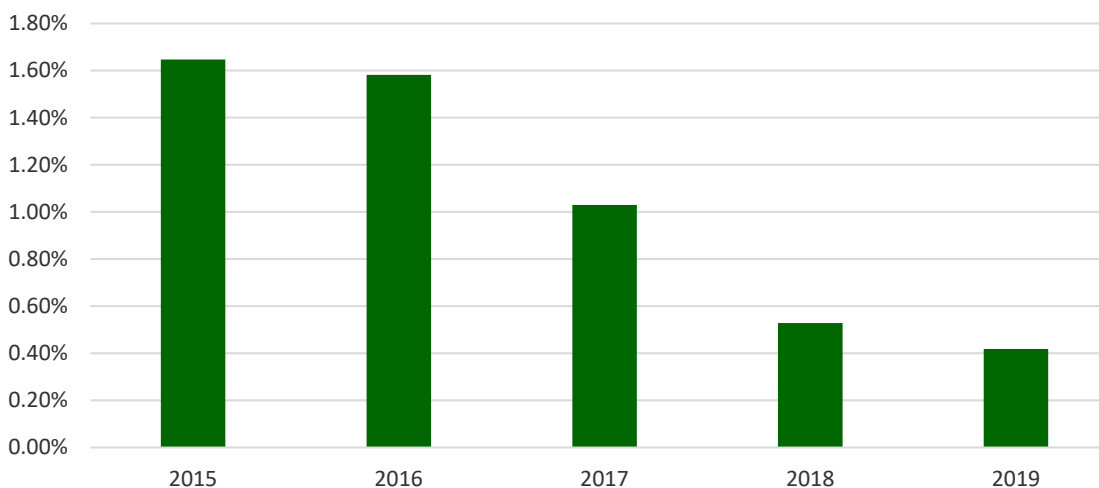
Deposit Type	2015	2016	2017	2018	2019	CAGR
Demand and other trans accounts	\$ 67,721	\$ 78,527	\$ 99,651	\$ 127,828	\$ 160,163	24.0%
MMDA and Savings	\$ 127,575	\$ 189,654	\$ 230,929	\$ 238,919	\$ 276,810	21.4%
CD < 250K	\$ 130,720	\$ 135,886	\$ 195,902	\$ 246,730	\$ 291,398	22.2%
CD > 250K	\$ 28,222	\$ 28,054	\$ 45,800	\$ 70,719	\$ 86,605	32.4%
Total Deposits	\$ 354,238	\$ 432,121	\$ 572,282	\$ 684,196	\$ 814,976	23.2%

STRONG ASSET QUALITY

Commentary

- Less than 1% NPAs / Assets with above average reserve levels
- Over 5x reserve coverage on nonperforming loans
- Company receives semi-annual third party loan reviews
- CarBucks division loss of 4.34% in 2017 contributed to higher level of charge offs in 2017; 2019 loss at CarBucks of 1.78%

NPAs ⁽¹⁾/ Assets (%)



(1) – Nonperforming assets excluding performing TDR loans

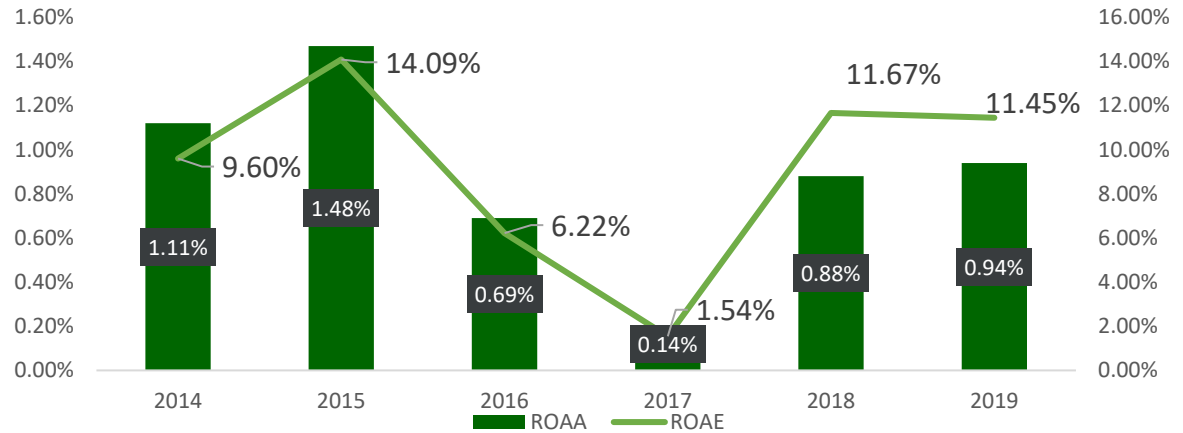
Asset Quality Overview	2015	2016	2017	2018	2019
Nonaccrual Loans	1,608	3,170	1,744	491	1,897
Performing TDRs	1,760	1,679	2,002	1,100	1,427
Loans past due 90 days and accruing (2)	142	82	61	43	64
OREO	5,275	4,902	4,923	3,564	1,855
Nonperforming Assets	8,785	9,833	8,730	5,198	5,243
NPAs/ Assets	2.06%	1.91%	1.34%	0.67%	0.58%
NPAs (Ex. Performing TDR Loans)/Total Assets	1.65%	1.58%	1.03%	0.53%	0.42%
Net Charge Offs / Avg. Loans	0.47%	0.65%	0.80%	0.14%	0.24%
Loan Loss Reserves / Gross Loans	1.17%	1.23%	1.34%	1.39%	1.36%
Reserves / Nonaccrual Loans	268.3	162.7	425.1	1871.3	542.3

IMPROVING BOTTOM LINE RESULTS

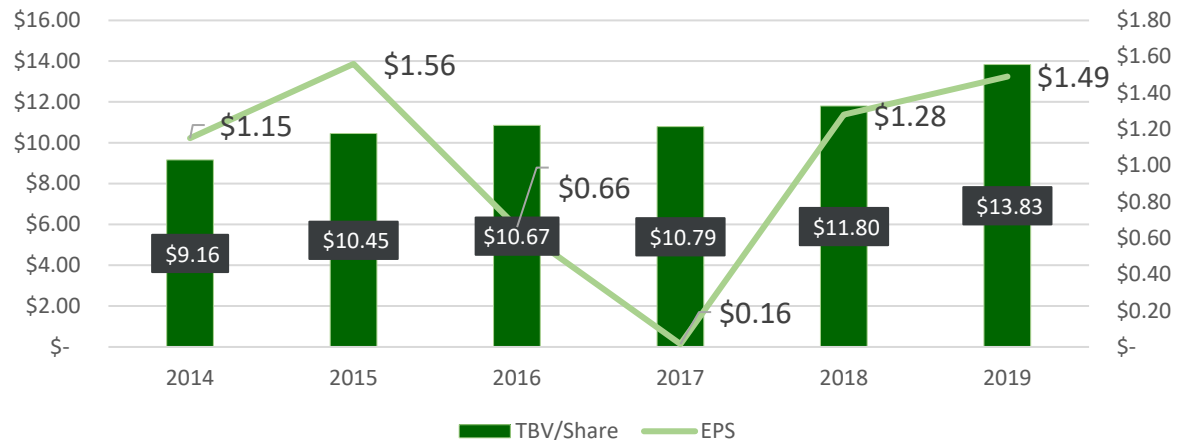
Commentary

- 2019 net income of \$8.1 million
- Completed \$10 million Common Equity Raise in the Second Quarter of 2019
- Completed \$10 million Subordinated Debt Raise in November 2018
- 2017 earnings impacted by \$890,000 revaluation of the Company's deferred tax asset as well as higher non-interest expense from expansion into Charleston (May 2017), Columbia (August 2016), and Orangeburg (September 2016)
- Focus on driving higher returns through efficiency gains and realization of investment into expansion markets

Return on Average Assets and Average Equity



TBV per Share ⁽¹⁾ & Earnings per Share Diluted



INVESTMENT CONSIDERATIONS

- ✓ **Favorable Markets:** The Greenville, Columbia, and Charleston MSA's have ample small businesses, affluent professionals, and are thriving business hubs
- ✓ **Proven Leadership:** Experienced and proven executive management team with excellent senior management teams in all markets
- ✓ **Growth Opportunity:** The Company plans to open an additional branch in the attractive Greenville, SC market in 2020
- ✓ **Improving Profitability:** Accelerating earnings growth as the recent expansion into new markets matures and operational investments continued to be leveraged
- ✓ **Strong Asset Quality:** Low levels of non-performing assets with a continued focus on high quality growth and maintaining top-tier asset quality

SUPERIOR RETURN ON INVESTMENT

Three Year Stock Return

