

**GRANDSOUTH BANCORPORATION**

	CPP Disbursement Date 01/09/2009	RSSD (Holding Company) 2929833	Number of Insured Depository Institutions 1	
<b>Selected balance and off-balance sheet items</b>	<b>2008</b> \$ millions	<b>2009</b> \$ millions	%chg from prev	
<b>Assets</b>	\$374	\$382	2.2%	
Loans	\$302	\$305	1.1%	
<i>Construction &amp; development</i>	\$76	\$68	-10.5%	
<i>Closed-end 1-4 family residential</i>	\$57	\$56	-0.1%	
<i>Home equity</i>	\$6	\$6	6.3%	
<i>Credit card</i>	\$0	\$0		
<i>Other consumer</i>	\$5	\$4	-12.1%	
<i>Commercial &amp; Industrial</i>	\$43	\$47	10.5%	
<i>Commercial real estate</i>	\$108	\$115	6.3%	
Unused commitments	\$67	\$73	8.7%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$23	\$19	-16.4%	
Asset-backed securities	\$0	\$0		
Other securities	\$25	\$15	-38.4%	
Cash & balances due	\$13	\$29	126.3%	
<b>Residential mortgage originations</b>				
<i>Closed-end mortgage originated for sale (quarter)</i>	\$0	\$0		
<i>Open-end HELOC originated for sale (quarter)</i>	\$0	\$0		
<i>Closed-end mortgage originations sold (quarter)</i>	\$0	\$0		
<i>Open-end HELOC originations sold (quarter)</i>	\$0	\$0		
<b>Liabilities</b>	\$343	\$343	0.0%	
Deposits	\$313	\$318	1.6%	
Total other borrowings	\$29	\$24	-17.2%	
FHLB advances	\$29	\$24	-17.2%	
<b>Equity</b>				
Equity capital at quarter end	\$31	\$39	26.6%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$1	\$8	NA	
<b>Performance Ratios</b>				
Tier 1 leverage ratio	8.1%	10.2%	--	
Tier 1 risk based capital ratio	9.7%	12.5%	--	
Total risk based capital ratio	10.9%	13.7%	--	
Return on equity <sup>1</sup>	-3.7%	1.4%	--	
Return on assets <sup>1</sup>	-0.3%	0.1%	--	
Net interest margin <sup>1</sup>	3.2%	4.5%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	57.0%	40.4%	--	
Loss provision to net charge-offs (qtr)	159.4%	213.0%	--	
Net charge-offs to average loans and leases <sup>1</sup>	1.3%	1.0%	--	
<sup>1</sup> Quarterly, annualized.				
	<b>Noncurrent Loans</b>		<b>Gross Charge-Offs</b>	
<b>Asset Quality (% of Total Loan Type)</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
<i>Construction &amp; development</i>	5.6%	11.8%	0.0%	0.5%
<i>Closed-end 1-4 family residential</i>	1.1%	8.8%	0.0%	0.4%
<i>Home equity</i>	0.0%	0.0%	1.8%	0.0%
<i>Credit card</i>	0.0%	0.0%	0.0%	0.0%
<i>Other consumer</i>	0.2%	0.1%	0.0%	0.0%
<i>Commercial &amp; Industrial</i>	0.6%	0.4%	2.5%	0.3%
<i>Commercial real estate</i>	2.0%	2.3%	0.1%	0.1%
<i>Total loans</i>	2.4%	5.2%	0.4%	0.2%