

## PRESS RELEASE

**GREENVILLE, S.C., October 18, 2008** – GrandSouth Bancorporation (OTCBB:GRRB), the bank holding company for GrandSouth Bank, today announced earnings of \$1.71 million for the nine months ended September 30, 2008. Net income for the same period in 2007 equaled \$2.06 million. The net income for the nine months ended September 30, 2008 equaled an annualized return on average equity of 9.58%. Earnings per diluted share for the nine months ended September 30, 2008, were \$.48 versus \$.57 per diluted share for the same period of 2007.

Net income for the quarter ended September 30, 2008 equaled \$473 thousand or \$.13 per diluted share compared to net income of \$706 thousand or \$.20 per diluted share for the quarter ended September 30, 2007.

Total assets ended the quarter at \$377 million, an increase of 9% over total assets of \$345 million at December 31, 2007. Loans, net of reserves for losses, grew to \$290 million, an increase of 12% above year end 2007 totals of \$260 million. Deposits equaled \$312 million at September 30, 2008, compared to \$306 million at December 31, 2006, an increase of 2%.

The decline in net earnings experienced during the first three quarters of 2008 compared to the year earlier period resulted from an increase in the provision for loan loss expense and a further decline in the net interest margin. Provisions to the allowance for loan losses were increased during the first three quarters of 2008 and totaled \$1.4 million versus \$680 thousand for the same period in 2007. Net interest margin declined from 4.11% at September 30, 2007 to 3.71% at September 30, 2008. Nonperforming assets equaled 1.85% of total assets at September 30, 2008 compared to .84% at December 31, 2007.

GrandSouth Bancorporation is a public company trading in the over-the-counter market under the symbol GRRB.OB with three offices located at 381 Halton Road, Greenville, S.C., 325 South Main Street, Fountain Inn, S.C. and at 1601 North Fant Street, Anderson, S.C.

*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.*

Contact: Ronald K. Earnest, President (864) 770 – 1000