



**It Pays to Bank Blue.**

**FOR IMMEDIATE RELEASE**

**Morris State Bancshares Announces Solid Earnings in 2025 and Declares Quarterly and Special Dividend**

DUBLIN, GA. (February 3, 2026) – Morris State Bancshares, Inc. (OTCQX: MBLU) (the “Company”), the parent of Morris Bank (the “Bank”), today reported its financial results for the quarter and year ended December 31, 2025. Year-over-year and quarter-by-quarter comparisons are included herewith.

On January 28, 2026, the Company’s Board of Directors declared a quarterly cash dividend of \$0.13 per common share—an increase of \$0.01 per share or 8.33% over the quarterly dividend of \$0.12 paid in each quarter 2025. This dividend will be payable on or about March 10, 2026, to all shareholders of record as of February 10, 2026. In addition to this quarterly dividend, the Board also approved a one-time special dividend of \$0.16 per common share. This special dividend will be payable on or about March 20, 2026, to all shareholders of record as of February 16, 2026.

“We had another strong year in 2025 and I couldn’t be more proud of what our team accomplished. We delivered net earnings of \$26.5 million, driven by steady, disciplined execution across the balance sheet. We continued to build momentum in our core earnings, growing our net interest margin from 4.06% for 2024 to 4.48% in 2025. That improvement reflects thoughtful pricing, better earning-asset yields, and continued progress in lowering our cost of funds while realizing healthy growth in our non-interest-bearing deposits. Altogether, those efforts generated more than \$6 million in additional net interest income beyond what came from balance-sheet growth alone.” said Spence Mullis, Chairman and CEO. “At the bank level, we produced a 1.86% return on average assets and a 14.42% return on average equity, results that speak to the strength of our operating model and the consistency of our execution. Most importantly, these results are a direct reflection of our people. Their focus, discipline, and commitment to serving our customers and communities continue to make the difference. While we did benefit from a couple of one-time items we discussed in our third quarter release, the underlying performance of the bank is very strong and well-positioned for our anticipated upcoming merger with Vallant Financial, Inc. and its subsidiary Pinnacle Bank based in Elberton, Georgia.”

Mullis further commented “I and the rest of our team are looking forward with great optimism as we approach our partnership with the great folks at Vallant. I’m pleased to report that we’ve received approval for our merger from each of our banking regulators and look to forward to

completing the process as we move through a fairness hearing with the Georgia Secretary of State's office and a final shareholder vote planned for March of this year."

Following is a summary of the quarterly and annual highlights:

### **Fourth Quarter 2025 Highlights**

- Net income for the fourth quarter of 2025 was \$6.4 million, compared to \$9.2 million for the third quarter of 2025 and \$6.1 million for the fourth quarter of 2024.
- Diluted earnings per share for the fourth quarter of 2025 was \$0.60, compared to \$0.86 for the third quarter of 2025 and \$0.52 for the fourth quarter of 2024.
- Earnings before taxes for the fourth quarter of 2025 was \$8.5 million, compared to \$12.1 million for the third quarter of 2025 and \$6.6 million for the fourth quarter of 2024.
- Net loans at year end 2025 totaled \$1.18 billion, versus \$1.16 billion at September 30, 2025 and \$1.10 billion at year end 2024.
- Average cost of funds for the fourth quarter of 2025 was 184 basis points, compared to 196 basis points for the third quarter of 2025 and 206 basis points for the fourth quarter of 2024.
- Return on average assets (annualized) at the bank level for the fourth quarter of 2025 was 1.86%, compared to 2.43% for the third quarter of 2025 and 1.79% for the fourth quarter of 2024.

### **Full Year 2025 Highlights**

- Total assets increased to \$1.55 billion at December 31, 2025, compared to \$1.49 billion at December 31, 2024.
- Earnings before income taxes totaled \$34.9 million for 2025 compared to \$23.0 million in 2024.
- Full year net income of \$26.5 million in 2025, compared to \$21.8 million in 2024.
- Return on average assets at the bank level of 1.86% for the full year 2025, compared to 1.68% for 2024.
- Diluted earnings per share of \$2.49 in 2025, compared to \$2.06 in 2024.
- Total shareholders' equity increased 8.57% or \$16.8 million to \$212.4 million at December 31, 2025, compared to \$195.6 million at December 31, 2024.
- Tangible book value per share of \$18.99 at December 31, 2025, compared to \$17.45 at December 31, 2024.
- Net loans grew \$78.5 million, or 7.13%, during 2025.
- The Bank's asset quality remains solid, ending the year with nonperforming assets to total loans and other real estate of 0.28%, past due and nonaccrual loans of 1.10% and net charge offs to average loans of 0.15% for 2025.
- Bank-level efficiency ratio was 47.94% in 2025, compared to 58.27% in 2024.

### **Forward-Looking Statements**

Certain statements contained in this release may not be based on historical facts and are forward-looking statements. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "plan," "will," "would," "could" or "intend." We caution you not to place undue reliance on the forward-looking statements contained in this news

release, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors, including, among others, the expected timing of the closing of the proposed merger with Vallant Financial, Inc.; the ability of the parties to complete the proposed transaction considering the various closing conditions; risks related to the integration of the Company and Vallant Financial, Inc.; the business and economic conditions; changes in management personnel; interest rate risk; ability to execute on planned expansion and organic growth; credit risk and concentrations associated with the Company's loan portfolio; asset quality and loan charge-offs; inaccuracy of the assumptions and estimates management of the Company makes in establishing reserves for probable loan losses and other estimates; lack of liquidity; impairment of investment securities, goodwill or other intangible assets; the Company's risk management strategies; increased competition; system failures or failures to prevent breaches of our network security; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes; and increases in capital requirements. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this news release.

CONTACT:  
Morris State Bancshares  
Chris Bond  
Chief Financial Officer  
478-272-5202

---

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidated Balance Sheet December 31, 2025



	December 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	Change	% Change
<b>ASSETS</b>				
Cash and due from banks	\$ 68,557,088	\$ 53,898,138	\$ 14,658,950	27.20%
Federal funds sold	24,222,527	42,064,131	(17,841,604)	-42.42%
Total cash and cash equivalents	<u>92,779,615</u>	<u>95,962,269</u>	<u>(3,182,654)</u>	<u>-3.32%</u>
Interest-bearing time deposits in other banks	100,000	100,000	--	0.00%
Securities available for sale, at fair value	23,890,954	9,726,716	14,164,238	0.00%
Securities held to maturity, at cost	186,027,966	215,836,502	(29,808,536)	-13.81%
Federal Home Loan Bank stock, restricted, at cost	1,084,300	1,032,800	51,500	4.99%
Loans, net of unearned income	1,195,494,788	1,116,074,659	79,420,129	7.12%
Less-allowance for loan losses	(15,367,077)	(14,488,525)	(878,552)	6.06%
Loans, net	<u>1,180,127,711</u>	<u>1,101,586,134</u>	<u>78,541,577</u>	<u>7.13%</u>
Bank premises and equipment, net	14,915,617	12,780,014	2,135,603	16.71%
ROU assets for operating lease, net	565,759	776,979	(211,220)	-27.18%
Goodwill	9,361,704	9,361,704	--	0.00%
Intangible assets, net	1,009,542	1,338,964	(329,422)	-24.60%
Other real estate and foreclosed assets	1,059,930	21,898	1,038,032	4740.31%
Accrued interest receivable	7,871,717	7,278,258	593,459	8.15%
Cash surrender value of life insurance	15,559,812	15,128,762	431,050	2.85%
Other assets	15,673,514	22,674,658	(7,001,144)	-30.88%
<b>Total Assets</b>	<b><u>\$ 1,550,028,141</u></b>	<b><u>\$ 1,493,605,658</u></b>	<b><u>\$ 56,422,483</u></b>	<b><u>3.78%</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Deposits:				
Non-interest bearing	\$ 350,297,726	\$ 325,534,335	\$ 24,763,391	7.61%
Interest bearing	970,980,044	939,354,005	31,626,039	3.37%
	<u>1,321,277,770</u>	<u>1,264,888,340</u>	<u>56,389,430</u>	<u>4.46%</u>
Other borrowed funds	4,124,000	19,019,372	(14,895,372)	-78.32%
Lease liability for operating lease	565,759	776,979	(211,220)	-27.18%
Accrued interest payable	2,873,678	2,111,093	762,585	36.12%
Accrued expenses and other liabilities	8,828,315	11,206,717	(2,378,402)	-21.22%
<b>Total liabilities</b>	<b><u>1,337,669,522</u></b>	<b><u>1,298,002,501</u></b>	<b><u>39,667,021</u></b>	<b><u>3.06%</u></b>
Shareholders' Equity:				
Common stock	10,754,034	10,688,723	65,311	0.61%
Paid in capital surplus	36,181,552	34,936,059	1,245,493	3.57%
Retained earnings	141,831,290	130,111,050	11,720,240	9.01%
Current year earnings	26,486,986	21,804,345	4,682,641	21.48%
Accumulated other comprehensive income (loss)	920,256	1,422,709	(502,453)	-35.32%
Treasury Stock, at cost 116,428 shares	(3,815,499)	(3,359,729)	(455,770)	13.57%
Total shareholders' equity	<u>212,358,619</u>	<u>195,603,157</u>	<u>16,755,462</u>	<u>8.57%</u>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 1,550,028,141</u></b>	<b><u>\$ 1,493,605,658</u></b>	<b><u>\$ 56,422,483</u></b>	<b><u>3.78%</u></b>

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Statement of Income December 31, 2026



**MORRIS**  
BANK

	December 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	Change	% Change
<b>Interest and Dividend Income:</b>				
Interest and fees on loans	\$ 82,359,442	\$ 72,453,630	\$ 9,905,812	13.67%
Interest income on securities	6,364,282	7,368,157	(1,003,875)	-13.62%
Income on federal funds sold	1,043,787	851,717	192,070	22.55%
Income on time deposits held in other banks	3,051,688	1,699,224	1,352,464	79.59%
Other interest and dividend income	84,634	183,239	(98,605)	-53.81%
Total interest and dividend income	<u>92,903,833</u>	<u>82,555,967</u>	<u>10,347,866</u>	<u>12.53%</u>
<b>Interest Expense:</b>				
Deposits	25,690,690	25,981,731	(291,041)	-1.12%
Interest on other borrowed funds	808,907	1,548,980	(740,073)	-47.78%
Interest on federal funds purchased	827	296	531	179.39%
Total interest expense	<u>26,500,424</u>	<u>27,531,007</u>	<u>(1,030,583)</u>	<u>-3.74%</u>
Net interest income before provision for loan losses	66,403,409	55,024,960	11,378,449	20.68%
Less-provision for loan losses	<u>2,794,426</u>	<u>556,913</u>	<u>2,237,513</u>	<u>401.77%</u>
Net interest income after provision for loan losses	<u>63,608,983</u>	<u>54,468,047</u>	<u>9,140,936</u>	<u>16.78%</u>
<b>Noninterest Income:</b>				
Service charges on deposit accounts	2,315,270	2,164,988	150,282	6.94%
Other service charges, commissions and fees	1,561,610	1,553,493	8,117	0.52%
Gain on sales of foreclosed assets	--	--	--	0.00%
Gain on sales and calls of securities	--	182	(182)	0.00%
Gain on sale of premises and equipment	12,950	--	12,950	--
Increase in CSV of life insurance	431,050	417,139	13,911	3.33%
Other income	<u>3,542,178</u>	<u>644,868</u>	<u>2,897,310</u>	<u>449.29%</u>
Total noninterest income	<u>7,863,058</u>	<u>4,780,670</u>	<u>3,082,388</u>	<u>64.48%</u>
<b>Noninterest Expense:</b>				
Salaries and employee benefits	20,601,965	19,050,416	1,551,549	8.14%
Occupancy and equipment expenses, net	2,336,478	2,223,832	112,646	5.07%
(Gain) Loss on sales of other assets	2,326	9,681	(7,355)	0.00%
Other expenses	<u>13,588,142</u>	<u>14,961,004</u>	<u>(1,372,862)</u>	<u>-9.18%</u>
Total noninterest expense	<u>36,528,911</u>	<u>36,244,933</u>	<u>283,978</u>	<u>0.78%</u>
<b>Income Before Income Taxes</b>	34,943,130	23,003,784	11,939,346	51.90%
Provision for income taxes	<u>8,456,145</u>	<u>1,199,439</u>	<u>7,256,706</u>	<u>605.01%</u>
<b>Net Income</b>	<u>\$ 26,486,985</u>	<u>\$ 21,804,345</u>	<u>4,682,640</u>	<u>21.48%</u>
<b>Earnings per common share:</b>				
Basic	\$ 2.49	\$ 2.06	0.43	21.09%
Diluted	<u>\$ 2.49</u>	<u>\$ 2.06</u>	<u>0.43</u>	<u>21.09%</u>

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Selected Financial Information



(Dollars in thousand, except per share data)	Year Ending		Quarter Ended					
	December 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	December 31, 2025 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Unaudited)	March 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Per Share Data</b>								
Basic Earnings per Common Share	\$ 2.49	\$ 2.06	\$ 0.60	\$ 0.86	\$ 0.57	\$ 0.46	\$ 0.52	
Diluted Earnings per Common Share	2.49	2.06	0.60	0.86	0.57	0.46	0.52	
Dividends per Common Share	0.63	0.368	0.12	0.120	0.120	0.270	0.092	
Book Value per Common Share	19.96	18.46	19.96	19.49	19.05	18.66	18.46	
Tangible Book Value per Common Share	18.99	17.45	18.99	18.51	18.06	17.66	17.45	
Average Diluted Shares Outstanding	10,629,599	10,603,218	10,649,977	10,622,703	10,608,771	10,593,370	10,596,432	
End of Period Common Shares Outstanding	10,637,606	10,593,225	10,637,606	10,650,112	10,650,112	10,606,258	10,593,225	
<b>Selected Balance Sheet Data (Bank Only)</b>								
Net Loans	1,180,128	1,101,586	1,180,128	1,159,077	1,140,919	1,124,890	1,101,286	
Non-Interest Bearing Deposits	361,832	347,929	361,832	344,745	370,879	353,158	347,929	
Interest Bearing Demand Deposits	246,320	260,371	246,320	245,707	252,487	264,937	260,371	
Savings & Money Market Deposits	405,914	402,641	405,914	406,430	404,427	397,973	402,641	
Time Deposits	319,109	276,898	319,109	326,022	316,118	301,281	276,898	
<b>Earnings Summary</b>								
Net Interest Income	66,403	55,025	17,716	16,955	16,220	15,476	14,496	
Provision for Credit Losses	2,794	557	644	1,134	439	577	28	
Non-Interest Income	7,863	4,781	1,480	3,966	1,371	1,046	1,076	
Non-Interest Expense	36,529	36,245	10,012	7,656	9,269	9,555	8,934	
Earnings before Taxes	34,943	23,004	8,540	12,131	7,882	6,389	6,610	
Income Taxes	8,456	1,199	2,169	2,927	1,883	1,476	465	
Net Income	26,487	21,805	6,371	9,204	5,999	4,913	6,145	
<b>Annualized Performance Ratios (Bank Only)</b>								
Return on Average Assets	1.86%	1.68%	1.86%	2.43%	1.71%	1.41%	1.79%	
Return on Average Equity	14.42%	12.74%	14.05%	18.97%	13.33%	11.12%	13.69%	
Equity/Assets	13.20%	12.84%	13.20%	13.03%	12.70%	12.75%	12.84%	
Cost of Funds	1.93%	2.12%	1.84%	1.96%	1.98%	1.97%	2.06%	
Net Interest Margin	4.48%	4.06%	4.73%	4.48%	4.43%	4.29%	4.17%	
Efficiency Ratio	47.94%	58.27%	48.42%	36.96%	50.97%	57.90%	54.21%	
Nonperforming Assets to Total Loans and Other Real Estate	0.28%	0.41%	0.38%	0.38%	0.37%	0.41%	0.41%	
Past Due and Nonaccrual Loans Ratio	1.10%	0.72%	0.69%	0.69%	0.61%	0.68%	0.72%	
Net Chargeoffs to Average Loans	0.15%	0.04%	0.10%	0.31%	0.18%	0.01%	0.01%	