



**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

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# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidated Balance Sheet December 31, 2025



|  | December 31,<br>2025<br><i>(Unaudited)</i> | December 31,<br>2024<br><i>(Unaudited)</i> | Change               | % Change     |
|--|--|--|----------------------|--------------|
| <b><u>ASSETS</u></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                    | 92,779,615                                 | 95,962,269                                 | (3,182,654)          | -3.32%       |
| 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   | 1,180,127,711                              | 1,101,586,134                              | 78,541,577           | 7.13%        |
| 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>\$ 1,550,028,141</b>                    | <b>\$ 1,493,605,658</b>                    | <b>\$ 56,422,483</b> | <b>3.78%</b> |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></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%        |
|  | 1,321,277,770                              | 1,264,888,340                              | 56,389,430           | 4.46%        |
| 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%      |
| Total liabilities                                  | 1,337,669,522                              | 1,298,002,501                              | 39,667,021           | 3.06%        |
| 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                         | 212,358,619                                | 195,603,157                                | 16,755,462           | 8.57%        |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>\$ 1,550,028,141</b>                    | <b>\$ 1,493,605,658</b>                    | <b>\$ 56,422,483</b> | <b>3.78%</b> |

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Statement of Income December 31, 2026



|  | December 31,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(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                   | 92,903,833                          | 82,555,967                          | 10,347,866       | 12.53%        |
| <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                               | 26,500,424                          | 27,531,007                          | (1,030,583)      | -3.74%        |
| Net interest income before provision for loan losses | 66,403,409                          | 55,024,960                          | 11,378,449       | 20.68%        |
| Less-provision for loan losses                       | 2,794,426                           | 556,913                             | 2,237,513        | 401.77%       |
| Net interest income after provision for loan losses  | 63,608,983                          | 54,468,047                          | 9,140,936        | 16.78%        |
| <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   | 3,542,178                           | 644,868                             | 2,897,310        | 449.29%       |
| Total noninterest income                             | 7,863,058                           | 4,780,670                           | 3,082,388        | 64.48%        |
| <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                                       | 13,588,142                          | 14,961,004                          | (1,372,862)      | -9.18%        |
| Total noninterest expense                            | 36,528,911                          | 36,244,933                          | 283,978          | 0.78%         |
| <b>Income Before Income Taxes</b>                    | 34,943,130                          | 23,003,784                          | 11,939,346       | 51.90%        |
| Provision for income taxes                           | 8,456,145                           | 1,199,439                           | 7,256,706        | 605.01%       |
| <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  | <u>\$ 2.49</u>                      | <u>\$ 2.06</u>                      | <u>0.43</u>      | <u>21.09%</u> |
| 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



|   | Year Ending          |                      | Quarter Ended        |                       |                  |                   |                      |
|---|----------------------|----------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
|   | December 31,<br>2025 | December 31,<br>2024 | December 31,<br>2025 | September 30,<br>2025 | June 30,<br>2025 | March 31,<br>2025 | December 31,<br>2024 |
|   | (Unaudited)          | (Unaudited)          | (Unaudited)          | (Unaudited)           | (Unaudited)      | (Unaudited)       | (Unaudited)          |
| (Dollars in thousand, except per share data)              |                      |                      |                      |                       |                  |                   |                      |
| <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%                |