

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name MORRIS STATE BANCSHARES, INC.		2 Issuer's employer identification number (EIN) 58-1834122	
3 Name of contact for additional information CHRIS BOND	4 Telephone No. of contact (478)274-2865	5 Email address of contact CBOND@MORRIS.BANK	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 301 BELLEVUE AVENUE		7 City, town, or post office, state, and ZIP code of contact DUBLIN, GA 31021	
8 Date of action 04/30/2019		9 Classification and description COMMON STOCK OF FMB EQUIBANK, INC.	
10 CUSIP number N/A	11 Serial number(s) N/A	12 Ticker symbol N/A	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **SEE ATTACHED STATEMENT**

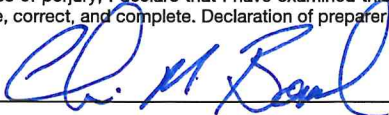
15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **SEE ATTACHED STATEMENT**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **SEE ATTACHED STATEMENT**

Part II Organizational Action (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____**SEE ATTACHED STATEMENT****18** Can any resulting loss be recognized? ▶ _____**SEE ATTACHED STATEMENT****19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____**SEE ATTACHED STATEMENT****Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶



Date ▶

Print your name ▶ **CHRIS BOND**Title ▶ **EVP & CFO****Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Attachment to Form 8937
Report of Organizational Action Affecting Basis of Securities
Morris State Bancshares, Inc.
FEIN # 58-1834122

For purposes of this attachment, Morris State refers to the issuer, Morris State Bancshares, Inc. and FMB Equibank refers to FMB Equibank, Inc. (FEIN # 58-2582553).

Part II, Line 14

The organizational action was a reorganization for U.S. federal tax purposes in which FMB Equibank merged with and into Morris State, with Morris State surviving the merger and continuing under the name "Morris State Bancshares, Inc." The effective time of the merger was May 1, 2019 ("Merger Effective Time").

Part II, Line 15

Each FMB Equibank common shareholder of record as of the Merger Effective Time became entitled to receive 0.1423 shares of Morris common stock for each of their former shares of FMB Equibank common stock subject to the surrender of FMB Equibank shares; plus potentially a cash payment in lieu of the issuance of any fractional share of FMB common stock.

Part II, Line 16

The basis of Morris Bank shares received in the merger will generally be determined in accordance with IRC Section 358(a), as follows:

- The basis of FMB Equibank shares exchanged
- Reduced by the cash received in the merger
- Increased by any gain recognized in the exchange, computed on a per share basis

The basis of Morris State shares received, once computed as per above, must be allocated to the individual Morris State shares received in accordance with Treasury Regulations Sec. 1.358-2(a). See also Proposed Treasury Regulation Sec. 1.358-2(b).

Part II, Line 17

Tax treatment of the merger constitutes a recapitalization and is based on IRC Sec 368(a) of the Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder, and IRC Sec 354 and 368 of the Code and Treasury regulations thereunder.

Part II, Line 18

FMB Equibank shareholders generally will not recognize loss for U.S. federal income tax purposes by reason of the merger, except with respect to cash received in lieu of a fractional share of Morris State common stock. FMB Equibank shareholders generally will recognize gain or loss equal to the difference between the cash received and the FMB Equibank shareholder's basis in the fractional share of Morris State common stock.

Part II, Line 19

The merger became effective May 1, 2019; therefore the reportable tax year is 2019.