



It Pays to Bank Blue.

FOR IMMEDIATE RELEASE

Morris State Bancshares Announces Solid Earnings in 2024, Declares Special Dividend, and Increases Quarterly Dividend

DUBLIN, GA. (February 4, 2025) – 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, 2024. Year over year and quarter by quarter comparisons are included herewith.

On January 29, 2025, the Company’s Board of Directors announced a 30.43% increase in its quarterly cash dividend, raising it to \$0.12 per common share—an increase of \$0.028 per share over the quarterly dividend of \$0.092 paid in each of the prior quarters last year¹. This dividend will be payable on or about March 14, 2025, to all shareholders of record as of February 15, 2025. In addition to this increase, the Board also approved a one-time special dividend of \$0.15 per common share. This special dividend will be payable on or about March 21, 2025, to all shareholders of record as of February 15, 2025.

"We are extremely pleased with the Company's strong financial performance in 2024, achieving net earnings of \$21.8 million. As the Federal Reserve pivoted during the year and decreased interest rates for the first time since March of 2020, our team effectively managed our net interest margin, closing the year at 4.06%—an increase of 8 basis points from the prior year end," said Spence Mullis, Chairman and CEO. "At the bank level, we achieved a 1.68% return on average assets and a 12.74% return on average equity, closing the year with a leverage ratio of 12.84%, placing us in the top 10% of our FDIC peer group* in terms of capital strength. As mentioned in our third-quarter earnings release, given our strong capital position at both the bank and holding company and solid cash position at the holding company, we have the ability and plan to retire the remaining \$15.0 million in subordinated debt when the window for retirement opens in July 2025. With our robust capital levels and strong earnings performance, we are well-positioned to capitalize on strategic opportunities and drive continued organic growth within our existing footprint while continuing to grow value for our shareholders through earnings and dividends."

Following is a summary of the quarterly and annual highlights:

¹ Per share amounts for March 31, 2024 and previous quarters have been adjusted to reflect the April 22, 2024 4-for-1 stock dividend.

Fourth Quarter 2024 Highlights

- Net income for the fourth quarter of 2024 was \$6.1 million, compared to \$5.4 million for the third quarter of 2024 and \$5.9 million for the fourth quarter of 2023.
- Diluted earnings per share for the fourth quarter of 2024 was \$0.52, compared to \$0.51 for the third quarter of 2024 and \$0.56 for the fourth quarter of 2023.
- Earnings before taxes for the fourth quarter of 2024 was \$6.6 million, compared to \$5.7 million for the third quarter of 2024 and \$5.5 million for the fourth quarter of 2023.
- Net loans in the fourth quarter of 2024 totaled \$1.10 billion, versus \$1.05 billion in the third quarter of 2024 and \$1.06 billion at year end 2023.
- Average cost of funds for the fourth quarter of 2024 was 206 basis points, compared to 218 basis points for the third quarter of 2024 and 192 basis points for the fourth quarter of 2023.
- Return on average assets (annualized) at the bank level for the fourth quarter of 2024 was 1.79%, compared to 1.65% for the third quarter of 2024 and 1.84% for the fourth quarter of 2023.

Full Year 2024 Highlights

- Total assets remained level at \$1.49 billion at December 31, 2024, compared to \$1.44 billion at December 31, 2023.
- Earnings before income taxes totaled \$23.0 million at December 31, 2024 compared to \$21.5 million at December 31, 2023.
- Full year net income of \$21.8 million in 2024, compared to \$19.3 million in 2023.
- Return on average assets at the bank level of 1.68% for the full year 2024, compared to 1.55% for 2023.
- Diluted earnings per share of \$2.72 in 2024, compared to \$1.83 in 2023.
- Total shareholders' equity increased 9.81% or \$17.5 million to \$195.6 million at December 31, 2024, compared to \$178.1 million at December 31, 2023.
- Tangible book value per share of \$17.45 at December 31, 2024, compared to \$15.79 at December 31, 2023.
- Net loans grew \$52.1 million, or 4.96%, during 2024.
- The Bank's asset quality remains solid, ending the year with nonperforming assets to total loans and other real estate of 0.41%, past due and nonaccrual loans of 0.72% and net charge offs to average loans of 0.04% for 2024.
- Bank-level efficiency ratio net of tax credit amortization expense was 53.30% in 2024, compared to 52.99% in 2023.

*as defined in the FDIC's Uniform Bank Performance Report

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 business and economic conditions; risks related to the integration of acquired businesses and any future acquisitions;

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 Sheets December 31, 2024 and 2023



MORRIS
BANK

| | December 31, 2024 <i>(Unaudited)</i> | December 31, 2023 <i>(Unaudited)</i> | Change | % Change |
|---|--|--|----------------------|---------------|
| ASSETS | | | | |
| Cash and due from banks | \$ 53,898,138 | \$ 51,060,389 | \$ 2,837,749 | 5.56% |
| Federal funds sold | 42,064,131 | 17,268,446 | 24,795,685 | 143.59% |
| Total cash and cash equivalents | <u>95,962,269</u> | <u>68,328,835</u> | <u>27,633,434</u> | <u>40.44%</u> |
| Interest-bearing time deposits in other banks | 100,000 | 100,000 | -- | 0.00% |
| Securities available for sale, at fair value | 9,726,716 | 7,875,780 | 1,850,936 | 0.00% |
| Securities held to maturity, at cost | 215,836,502 | 240,205,635 | (24,369,133) | -10.15% |
| Federal Home Loan Bank stock, restricted, at cost | 1,032,800 | 1,029,600 | 3,200 | 0.31% |
| Loans, net of unearned income | 1,116,074,659 | 1,063,772,222 | 52,302,437 | 4.92% |
| Less-allowance for loan losses | (14,488,525) | (14,291,923) | (196,602) | 1.38% |
| Loans, net | <u>1,101,586,134</u> | <u>1,049,480,299</u> | <u>52,105,835</u> | <u>4.96%</u> |
| Bank premises and equipment, net | 12,780,014 | 13,188,353 | (408,339) | -3.10% |
| ROU assets for operating lease, net | 776,979 | 1,126,156 | (349,177) | -31.01% |
| Goodwill | 9,361,704 | 9,361,704 | -- | 0.00% |
| Intangible assets, net | 1,338,964 | 1,679,989 | (341,025) | -20.30% |
| Other real estate and foreclosed assets | 21,898 | 3,611,235 | (3,589,337) | -99.39% |
| Accrued interest receivable | 7,278,258 | 6,424,090 | 854,168 | 13.30% |
| Cash surrender value of life insurance | 15,128,762 | 14,711,623 | 417,139 | 2.84% |
| Other assets | 22,674,658 | 25,321,092 | (2,646,434) | -10.45% |
| Total Assets | <u>\$ 1,493,605,658</u> | <u>\$ 1,442,444,391</u> | <u>\$ 51,161,267</u> | <u>3.55%</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Deposits: | | | | |
| Non-interest bearing | \$ 325,534,335 | \$ 316,224,444 | \$ 9,309,891 | 2.94% |
| Interest bearing | 939,354,005 | 909,976,336 | 29,377,669 | 3.23% |
| Total deposits | <u>1,264,888,340</u> | <u>1,226,200,780</u> | <u>38,687,560</u> | <u>3.16%</u> |
| Other borrowed funds | 19,019,372 | 27,151,283 | (8,131,911) | -29.95% |
| Lease liability for operating lease | 776,979 | 1,126,156 | (349,177) | -31.01% |
| Accrued interest payable | 2,111,093 | 1,059,226 | 1,051,867 | 99.31% |
| Accrued expenses and other liabilities | 11,206,717 | 8,773,430 | 2,433,287 | 27.73% |
| Total liabilities | <u>1,298,002,501</u> | <u>1,264,310,875</u> | <u>33,691,626</u> | <u>2.66%</u> |
| Shareholders' Equity: | | | | |
| Common stock | 10,688,723 | 10,645,508 | 43,215 | 0.41% |
| Paid in capital surplus | 34,936,059 | 33,711,561 | 1,224,498 | 3.63% |
| Retained earnings | 130,111,050 | 115,232,196 | 14,878,854 | 12.91% |
| Current year earnings | 21,804,345 | 19,332,489 | 2,471,856 | 12.79% |
| Accumulated other comprehensive income (loss) | 1,422,709 | 1,968,846 | (546,137) | -27.74% |
| Treasury Stock, at cost 95,498 shares | (3,359,729) | (2,757,084) | (602,645) | 21.86% |
| Total shareholders' equity | <u>195,603,157</u> | <u>178,133,516</u> | <u>17,469,641</u> | <u>9.81%</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 1,493,605,658</u> | <u>\$ 1,442,444,391</u> | <u>\$ 51,161,267</u> | <u>3.55%</u> |

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES



MORRIS
BANK

Consolidated Statements of Income For the Years Ended December 31, 2024 and 2023

| | December 31, 2024 <i>(Unaudited)</i> | December 31, 2023 <i>(Unaudited)</i> | Change | % Change |
|---|--|--|-------------------|---------------|
| Interest and Dividend Income: | | | | |
| Interest and fees on loans | \$ 72,453,630 | \$ 62,157,217 | \$ 10,296,413 | 16.57% |
| Interest income on securities | 7,368,157 | 8,196,152 | (827,995) | -10.10% |
| Income on federal funds sold | 851,717 | 627,235 | 224,482 | 35.79% |
| Income on time deposits held in other banks | 1,699,224 | 1,214,072 | 485,152 | 39.96% |
| Other interest and dividend income | 183,239 | 255,689 | (72,450) | -28.34% |
| Total interest and dividend income | <u>82,555,967</u> | <u>72,450,365</u> | <u>10,105,602</u> | <u>13.95%</u> |
| Interest Expense: | | | | |
| Deposits | 25,981,731 | 18,599,664 | 7,382,067 | 39.69% |
| Interest on other borrowed funds | 1,548,980 | 2,148,019 | (599,039) | -27.89% |
| Interest on federal funds purchased | 296 | 842 | (546) | -64.85% |
| Total interest expense | <u>27,531,007</u> | <u>20,748,525</u> | <u>6,782,482</u> | <u>32.69%</u> |
| Net interest income before provision for loan losses | 55,024,960 | 51,701,840 | 3,323,120 | 6.43% |
| Less-provision for loan losses | 556,913 | 450,475 | 106,438 | 23.63% |
| Net interest income after provision for loan losses | <u>54,468,047</u> | <u>51,251,365</u> | <u>3,216,682</u> | <u>6.28%</u> |
| Noninterest Income: | | | | |
| Service charges on deposit accounts | 2,164,988 | 2,143,550 | 21,438 | 1.00% |
| Other service charges, commissions and fees | 1,553,493 | 1,589,747 | (36,254) | -2.28% |
| Gain on sales of foreclosed assets | -- | -- | -- | 0.00% |
| Gain on sales and calls of securities | 182 | -- | 182 | 0.00% |
| Gain on sale of loans | -- | -- | -- | -- |
| Increase in CSV of life insurance | 417,139 | 378,079 | 39,060 | 10.33% |
| Other income | 644,868 | 606,754 | 38,114 | 6.28% |
| Total noninterest income | <u>4,780,670</u> | <u>4,718,130</u> | <u>62,540</u> | <u>1.33%</u> |
| Noninterest Expense: | | | | |
| Salaries and employee benefits | 19,050,416 | 17,414,685 | 1,635,731 | 9.39% |
| Occupancy and equipment expenses, net | 2,223,832 | 2,250,663 | (26,831) | -1.19% |
| (Gain) Loss on sales of foreclosed assets and other real estate | 9,681 | 321,783 | (312,102) | 0.00% |
| Loss on sales of premises and equipment | -- | 54,269 | (54,269) | -100.00% |
| Tax credit amortization expense | 2,920,825 | 2,733,248 | 187,577 | 6.86% |
| Other expenses | 12,040,179 | 11,713,425 | 326,754 | 2.79% |
| Total noninterest expense | <u>36,244,933</u> | <u>34,488,073</u> | <u>1,756,860</u> | <u>5.09%</u> |
| Income Before Income Taxes | 23,003,784 | 21,481,422 | 1,522,362 | 7.09% |
| Provision for income taxes | 1,199,439 | 2,148,933 | (949,494) | -44.18% |
| Net Income | <u>\$ 21,804,345</u> | <u>\$ 19,332,489</u> | <u>2,471,856</u> | <u>12.79%</u> |
| Earnings per common share: | | | | |
| Basic | <u>\$ 2.72</u> | <u>\$ 1.83</u> | <u>0.89</u> | <u>48.63%</u> |
| Diluted | <u>\$ 2.72</u> | <u>\$ 1.83</u> | <u>0.89</u> | <u>48.63%</u> |

Per share amounts for December 31, 2023 has been adjusted to reflect the April 22, 2024 4-for-1 stock dividend.

50690.0001 205802v2

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Selected Financial Information



| | Year Ending | | Quarter Ended | | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| | December 31, 2024 (Unaudited) | December 31, 2023 (Unaudited) | December 31, 2024 (Unaudited) | September 30, 2024 (Unaudited) | June 30, 2024 (Unaudited) | March 31, 2024 (Unaudited) | December 31, 2023 (Unaudited) |
| (Dollars in thousand, except per share data) | | | | | | | |
| Per Share Data | | | | | | | |
| Basic Earnings per Common Share | \$ 2.72 | \$ 1.83 | \$ 0.52 | \$ 0.51 | \$ 0.50 | \$ 0.46 | \$ 0.56 |
| Diluted Earnings per Common Share | 2.72 | 1.83 | 0.52 | 0.51 | 0.50 | 0.46 | 0.56 |
| Dividends per Common Share | 0.368 | 0.352 | 0.092 | 0.092 | 0.092 | 0.092 | 0.088 |
| Book Value per Common Share | 18.46 | 16.84 | 18.46 | 17.99 | 17.56 | 17.20 | 16.84 |
| Tangible Book Value per Common Share | 17.45 | 15.79 | 17.45 | 16.97 | 16.53 | 16.17 | 15.79 |
| | | | | | | | |
| Average Diluted Shares Outstanding | 10,603,218 | 10,582,377 | 10,596,432 | 10,602,348 | 10,611,811 | 10,582,377 | 10,582,820 |
| End of Period Common Shares Outstanding | 10,593,225 | 10,582,219 | 10,593,225 | 10,596,345 | 10,605,080 | 10,582,218 | 10,581,052 |
| Selected Balance Sheet Data (Bank Only) | | | | | | | |
| Net Loans | \$ 1,101,586 | \$ 1,049,480 | \$ 1,101,586 | \$ 1,048,418 | \$ 1,023,367 | \$ 1,040,412 | \$ 1,063,772 |
| Non-Interest Bearing Deposits | 347,929 | 315,953 | 347,929 | 336,698 | 339,177 | 346,232 | 339,785 |
| Interest Bearing Demand Deposits | 260,371 | 286,112 | 260,371 | 249,649 | 243,744 | 260,624 | 270,473 |
| Savings & Money Market Deposits | 402,641 | 393,139 | 402,641 | 401,234 | 422,048 | 441,911 | 444,170 |
| Time Deposits | 276,898 | 231,692 | 276,898 | 211,590 | 193,110 | 175,534 | 161,933 |
| Earnings Summary | | | | | | | |
| Net Interest Income | 55,025 | 51,701 | 14,496 | 13,998 | 13,569 | 12,963 | 12,934 |
| Provision for Credit Losses | 557 | 450 | 28 | 252 | 272 | 5 | 242 |
| Non-Interest Income | 4,781 | 4,718 | 1,076 | 1,106 | 1,392 | 1,208 | 1,098 |
| Non-Interest Expense | 36,245 | 34,488 | 8,934 | 9,142 | 9,047 | 9,123 | 8,275 |
| Earnings before Taxes | 23,004 | 21,481 | 6,610 | 5,710 | 5,641 | 5,043 | 5,515 |
| Income Taxes | 1,199 | 2,149 | 465 | 263 | 319 | 152 | (416) |
| Net Income | 21,804 | 19,332 | 6,144 | 5,447 | 5,322 | 4,891 | 5,931 |
| Annualized Performance Ratios (Bank Only) | | | | | | | |
| Return on Average Assets | 1.68% | 1.55% | 1.79% | 1.65% | 1.73% | 1.55% | 1.84% |
| Return on Average Equity | 12.74% | 12.25% | 13.69% | 12.37% | 13.12% | 11.74% | 14.11% |
| Equity/Assets | 12.84% | 13.07% | 12.84% | 13.23% | 13.18% | 13.09% | 13.07% |
| Cost of Funds | 2.12% | 1.57% | 2.06% | 2.18% | 2.16% | 2.09% | 1.92% |
| Net Interest Margin | 4.06% | 3.98% | 4.17% | 4.10% | 4.02% | 3.95% | 3.97% |
| Efficiency Ratio | 58.27% | 57.51% | 54.21% | 58.90% | 58.36% | 61.92% | 55.17% |
| Efficiency Ratio Net of Tax Credit Amortization Expense | 53.30% | 52.99% | 49.45% | 53.96% | 53.40% | 56.68% | 50.90% |
| Nonperforming Assets to Total Loans and Other Real Estate | 0.41% | 0.58% | 0.41% | 0.46% | 0.39% | 0.28% | 0.58% |
| Past Due and Nonaccrual Loans Ratio | 0.72% | 0.65% | 0.72% | 1.01% | 0.68% | 0.73% | 0.65% |
| Net Chargeoffs to Average Loans | 0.04% | 0.01% | 0.01% | 0.03% | 0.02% | 0.00% | 0.33% |

Shares outstanding and per share amounts for March 31, 2024 and prior quarters have been adjusted to reflect the April 22, 2024 4-for-1 stock dividend.