



FOR IMMEDIATE RELEASE

**Morris State Bancshares Announces Strong Quarterly Earnings and
Declares Fourth Quarter Dividend**

DUBLIN, GA. (October 31, 2025) – Morris State Bancshares, Inc. (OTCQX: MBLU) (the “Company”), the parent of Morris Bank (the “Bank”), today announced net income of \$9.2 million for the quarter ending September 30, 2025, representing an increase of \$3.2 million, or 53.43%, compared to net income of \$5.9 million for the quarter ended June 30, 2025. Year-over-year the Company’s net income increased \$3.7 million, or 68.98%, compared to net income of \$5.4 million for the quarter ended September 30, 2024. The Bank’s record quarterly net earnings were primarily driven by two non-recurring items, one that increased non-interest income and another, an accounting change, that reduced non-interest expenses.

“We had a very strong third quarter. Core earnings continued to grow steadily this quarter, supported by higher net interest income as our net interest margin (NIM) increased 5 basis points (bp) to 4.48%. Additionally, we had a couple of one-time items that enhanced both our non-interest income and non-interest expense levels, producing the highest quarterly income in the Bank’s history. The Bank received the COVID Employee Retention Credit (ERC) of just under \$2.5 million in July as a result of eligible payroll expenses incurred during the pandemic under the federal relief program. We also retroactively adopted FASB’s Proportional Amortization Method (PAM) as it relates to the Bank’s investment tax credits at the beginning of the year. Due to the adoption of PAM, we recorded a reduction to equity and a corresponding increase in accumulated amortization of investment tax credits. However, this retroactive adoption of PAM reduced our current year amortization expense, which resulted in the reversal of \$1.7 million in amortization expenses during the third quarter. So combined, the ERC and PAM adoption boosted pre-tax income by \$4.2 million and increased overall net income by \$3.2 million from the prior quarter.” said Spence Mullis, Chairman and CEO. “Again, even without these one-time items, our net interest income grew due to our NIM expanding as a result of solid loan growth. Future earnings will also be enhanced by reduced amortization expense with the shift to PAM.”

The net interest margin was 4.48% for the third quarter of 2025 compared to 4.43% for the second quarter of 2025 and 4.10% for the third quarter of 2024. The average yield on earning assets grew three basis points from 6.20%, as of June 30, 2025, to 6.23%, while the Bank’s cost of funds decreased two basis points from 1.98% to 1.96% during the same period.

Total deposits declined slightly during the quarter by \$5.5 million, or 0.42%. Loans increased \$18.2 million during the third quarter. Management expects loan demand to remain largely unchanged for the remainder of the year, with the potential for a slight increase resulting from recent M&A activity by other banks in its markets.

The Bank's allowance for credit losses as a percentage of total loans was 1.27% for September 30, 2025, as compared to 1.28% for June 30, 2025, and 1.30% as of September 30, 2024. The Company's adversely classified index reduced slightly from 9.51% as of June 30, 2025, to 9.39% as of September 30, 2025. The Bank's efficiency ratio improved significantly from 50.97% as of June 30, 2025, to 36.96% as of September 30, 2025, because of the previously mentioned additional income from the ERC and PAM amortization accounting adjustment.

The Company's total shareholders' equity increased 2.27% to \$207.5 million as of September 30, 2025, as compared to \$202.9 million as of June 30, 2025. Tangible book value per share increased to \$18.51 as of September 30, 2025, a 2.49% increase from \$18.06 per share on June 30, 2025. On October 15, 2025, the board of directors approved its fourth quarter dividend of \$0.12 per share payable on or about December 10th to all shareholders of record as of November 10th.

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," "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.

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MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets September 30, 2025



	September 30, 2025 <i>(Unaudited)</i>	June 30, 2025 <i>(Unaudited)</i>	Change	% Change	September 30, 2024 <i>(Unaudited)</i>	Change	% Change
<u>ASSETS</u>							
Cash and due from banks	\$ 84,825,539	\$ 106,289,134	\$ (21,463,595)	-20.19%	\$ 48,180,615	\$ 36,644,924	76.06%
Federal funds sold	15,499,910	24,863,860	(9,363,950)	-37.66%	11,932,122	3,567,788	29.90%
Total cash and cash equivalents	100,325,449	131,152,994	(30,827,545)	-23.51%	60,112,737	40,212,712	66.90%
Interest-bearing time deposits in other banks	100,000	100,000	--	0.00%	100,000	--	0.00%
Securities available for sale, at fair value	22,248,768	9,805,608	12,443,160	126.90%	6,299,609	15,949,159	0.00%
Securities held to maturity, at cost (net of CECL Reserve)	191,253,253	205,814,736	(14,561,483)	-7.08%	224,532,603	(33,279,350)	-14.82%
Federal Home Loan Bank stock, restricted, at cost	1,084,200	1,084,200	--	0.00%	1,740,300	(656,100)	-37.70%
Loans, net of unearned income	1,174,036,110	1,155,735,771	18,300,339	1.58%	1,088,132,851	85,903,259	7.89%
Less-allowance for credit losses	(14,959,466)	(14,816,647)	(142,819)	0.96%	(14,179,392)	(780,074)	5.50%
Loans, net	1,159,076,644	1,140,919,124	18,157,520	1.59%	1,073,953,459	85,123,185	7.93%
Bank premises and equipment, net	14,698,463	14,720,155	(21,692)	-0.15%	12,912,111	1,786,352	13.83%
ROU assets for operating lease, net	660,649	601,700	58,949	9.80%	854,808	(194,159)	-22.71%
Goodwill	9,361,704	9,361,704	--	0.00%	9,361,704	--	0.00%
Intangible assets, net	1,085,256	1,167,611	(82,355)	-7.05%	1,422,326	(337,070)	-23.70%
Other real estate and foreclosed assets	5,700	3,300	2,400	72.73%	39,755	(34,055)	-85.66%
Accrued interest receivable	7,388,887	6,760,207	628,680	9.30%	6,640,617	748,270	11.27%
Cash surrender value of life insurance	15,450,301	15,340,444	109,857	0.72%	15,022,374	427,927	2.85%
Other assets	17,652,382	17,574,139	78,243	0.45%	22,311,520	(4,659,138)	-20.88%
Total Assets	\$ 1,540,391,656	\$ 1,554,405,922	\$ (14,014,266)	-0.90%	\$ 1,435,303,923	105,087,733	7.32%
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>							
Deposits:							
Non-interest bearing	\$ 335,465,880	\$ 346,323,393	\$ (10,857,513)	-3.14%	\$ 320,503,732	14,962,148	4.67%
Interest bearing	978,169,036	972,826,660	5,342,376	0.55%	876,274,737	101,894,299	11.63%
	1,313,634,916	1,319,150,053	(5,515,137)	-0.42%	1,196,778,469	116,856,447	9.76%
Other borrowed funds	4,124,000	19,039,839	(14,915,839)	-78.34%	34,009,138	(29,885,138)	-87.87%
Lease liability for operating lease	660,649	601,700	58,949	9.80%	854,808	(194,159)	-22.71%
Accrued interest payable	2,941,286	3,331,983	(390,697)	-11.73%	2,114,956	826,330	39.07%
Accrued expenses and other liabilities	11,494,708	9,362,044	2,132,664	22.78%	10,938,057	556,651	5.09%
Total liabilities	1,332,855,559	1,351,485,619	(18,630,060)	-1.38%	1,244,695,428	88,160,131	7.08%
Shareholders' Equity:							
Common stock	10,754,034	10,754,034	--	0.00%	10,688,223	65,811	0.62%
Paid in capital surplus	36,029,228	35,876,904	152,324	0.42%	34,867,691	1,161,537	3.33%
Retained earnings	143,109,304	147,779,527	(4,670,223)	-3.16%	131,085,914	12,023,390	9.17%
Current year earnings	20,116,252	10,912,007	9,204,245	84.35%	15,660,043	4,456,209	28.46%
Accumulated other comprehensive income (loss)	1,083,287	1,153,839	(70,552)	-6.11%	1,582,952	(499,665)	-31.57%
Treasury Stock, at cost 103,922	(3,556,008)	(3,556,008)	--	0.00%	(3,276,328)	(279,680)	8.54%
Total shareholders' equity	207,536,097	202,920,303	4,615,794	2.27%	190,608,495	16,927,602	8.88%
Total Liabilities and Shareholders' Equity	\$ 1,540,391,656	\$ 1,554,405,922	(14,014,266)	-0.90%	\$ 1,435,303,923	105,087,733	7.32%

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Income for the Three Months Ended



	September 30, 2025 (Unaudited)	June 30, 2025 (Unaudited)	Change	% Change	September 30, 2024 (Unaudited)	Change	% Change
Interest and Dividend Income:							
Interest and fees on loans	\$ 20,986,965	\$ 20,414,871	\$ 572,094	2.80%	\$ 18,630,690	\$ 2,356,275	12.65%
Interest income on securities	1,600,983	1,568,867	32,116	2.05%	1,825,236	(224,253)	-12.29%
Income on federal funds sold	156,033	201,101	(45,068)	-22.41%	163,624	(7,591)	-4.64%
Income on time deposits held in other banks	1,034,737	850,388	184,349	21.68%	338,433	696,304	205.74%
Other interest and dividend income	19,768	19,576	192	0.98%	21,031	(1,263)	-6.01%
Total interest and dividend income	23,798,486	23,054,803	743,683	3.23%	20,979,014	2,819,472	13.44%
Interest Expense:							
Deposits	6,634,933	6,545,646	89,287	1.36%	6,671,982	(37,049)	-0.56%
Interest on other borrowed funds	208,252	289,514	(81,262)	-28.07%	309,265	(101,013)	-32.66%
Interest on federal funds purchased	--	--	--	--	--	--	0.00%
Total interest expense	6,843,185	6,835,160	8,025	0.12%	6,981,247	(138,062)	-1.98%
Net interest income before provision for loan losses	16,955,301	16,219,643	735,658	4.54%	13,997,767	2,957,534	21.13%
Less-provision for credit losses	1,133,932	439,040	694,892	158.28%	252,021	881,911	349.94%
Net interest income after provision for credit losses	15,821,369	15,780,603	40,766	0.26%	13,745,746	2,075,623	15.10%
Noninterest Income:							
Service charges on deposit accounts	618,127	546,848	71,279	13.03%	576,751	41,376	7.17%
Other service charges, commissions and fees	372,841	384,400	(11,559)	-3.01%	399,839	(26,998)	-6.75%
Gain on sales of foreclosed assets	--	--	--	--	--	--	0.00%
Gain on sales of premises and equipment	--	--	--	--	--	--	0.00%
Increase in CSV of life insurance	109,856	106,932	2,924	2.73%	106,407	3,449	3.24%
Other income	2,865,191	332,498	2,532,693	761.72%	23,002	2,842,189	12356.27%
Total noninterest income	3,966,015	1,370,678	2,595,337	189.35%	1,105,999	2,860,016	258.59%
Noninterest Expense:							
Salaries and employee benefits	5,024,507	4,951,680	72,827	1.47%	4,794,940	229,567	4.79%
Occupancy and equipment expenses, net	566,265	609,642	(43,377)	-7.12%	592,165	(25,900)	-4.37%
Loss on sales and calls of securities	--	--	--	--	--	--	0.00%
Loss on Sales of premises and equipment	--	--	--	--	--	--	0.00%
Loss on sales of foreclosed assets	--	1,400	(1,400)	-100.00%	2,065	(2,065)	0.00%
Other expenses	2,065,393	3,706,152	(1,640,759)	-44.27%	3,752,517	(1,687,124)	-44.96%
Total noninterest expense	7,656,165	9,268,874	(1,612,709)	-17.40%	9,141,687	(1,485,522)	-16.25%
Income Before Income Taxes	12,131,219	7,882,407	4,248,812	53.90%	5,710,058	6,421,161	112.45%
Provision for income taxes	2,926,975	1,883,456	1,043,519	-55.40%	263,212	2,663,763	1012.02%
Net Income	\$ 9,204,244	\$ 5,998,951	3,205,293	53.43%	\$ 5,446,846	3,757,398	68.98%
Earnings per common share:							
Basic	\$ 0.87	\$ 0.57	0.30	52.01%	\$ 0.51	0.36	69.90%
Diluted	\$ 0.87	\$ 0.57	0.30	52.63%	\$ 0.51	0.36	70.59%

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Selected Financial Information



	September 30, 2025 (Unaudited)	June 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Dollars in thousand, except per share data			
Per Share Data			
Basic Earnings per Common Share	\$ 0.87	\$ 0.57	\$ 0.51
Diluted Earnings per Common Share	0.87	0.57	0.51
Dividends per Common Share	0.12	0.12	0.092
Book Value per Common Share	19.49	19.05	17.99
Tangible Book Value per Common Share	18.51	18.06	16.97
Average Diluted Shares Outstanding	10,622,703	10,608,771	10,602,348
End of Period Common Shares Outstanding	10,650,112	10,650,112	10,596,345
Annualized Performance Ratios (Bank Only)			
Return on Average Assets	2.43%	1.71%	1.65%
Return on Average Equity	18.97%	13.33%	12.37%
Equity/Assets	13.03%	12.70%	13.23%
Yield on Earning Assets	6.23%	6.20%	6.05%
Cost of Funds	1.96%	1.98%	2.18%
Net Interest Margin	4.48%	4.43%	4.10%
Efficiency Ratio	36.96%	50.97%	58.90%
Credit Metrics			
Allowance for Loan Losses to Total Loans	1.27%	1.28%	1.30%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	9.39%	9.51%	6.15%