

**MORRIS STATE BANCSHARES, INC.  
AND SUBSIDIARIES**

**Consolidated Balance Sheet  
December 31,**

	2019 (Unaudited)	2018	\$ Change	% Change
<b><u>ASSETS</u></b>				
Cash and due from banks	\$ 77,696,887	\$ 29,257,366	\$ 48,439,521	165.6%
Federal funds sold	16,293,628	14,044,014	2,249,614	16.0%
Interest bearing time deposits in other banks	1,350,000	2,098,000	(748,000)	-35.7%
Securities available for sale, at fair value	124,315,098	70,845,928	53,469,170	75.5%
Securities held to maturity, at cost	4,752,384	5,716,318	(963,934)	-16.9%
Federal Home Loan Bank stock	842,900	993,300	(150,400)	-15.1%
Loans, less allowance for loan losses of \$9,716,060 and \$9,480,989 respectfully	729,170,345	603,548,731	125,621,614	20.8%
Premises and equipment, net	15,618,198	8,884,433	6,733,765	75.8%
Goodwill	9,361,770	2,237,890	7,123,880	318.3%
Intangible assets, net	3,067,075	288,920	2,778,155	961.6%
Other real estate and foreclosed assets	396,486	835,921	(439,435)	-52.6%
Accrued interest receivable	3,962,807	3,064,254	898,553	29.3%
Cash surrender value of life insurance	13,248,384	7,035,138	6,213,246	88.3%
Other assets	7,979,800	1,215,978	6,763,822	556.2%
<b>Total assets</b>	<b>\$ 1,008,055,762</b>	<b>\$ 750,066,191</b>	<b>\$ 257,989,571</b>	<b>34.4%</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
Deposits:				
Non-interest-bearing demand	\$ 195,016,771	\$ 122,899,907	\$ 72,116,864	58.7%
Interest-bearing	682,509,497	532,608,585	149,900,912	28.1%
	877,526,268	655,508,492	222,017,776	33.9%
Other borrowed funds	15,003,206	9,857,143	5,146,063	52.2%
Accrued interest payable	537,928	401,934	135,994	33.8%
Accrued expenses and other liabilities	3,556,513	2,066,457	1,490,056	72.1%
<b>Total liabilities</b>	<b>896,623,915</b>	<b>667,834,026</b>	<b>228,789,889</b>	<b>34.3%</b>
Shareholders' Equity:				
Common stock	2,144,917	1,882,740	262,177	13.9%
Paid in capital surplus	39,298,458	24,225,182	15,073,276	62.2%
Less: treasury stock	(1,379,632)	(1,211,099)	(168,533)	13.9%
Retained earnings	55,916,996	42,556,445	13,360,551	31.4%
Current year earnings	13,620,624	15,236,144	(1,615,520)	-10.6%
Accumulated other comprehensive income (loss)	1,830,484	(457,247)	2,287,731	-500.3%
<b>Total shareholders' equity</b>	<b>111,431,847</b>	<b>82,232,165</b>	<b>29,199,682</b>	<b>35.5%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,008,055,762</b>	<b>\$ 750,066,191</b>	<b>257,989,571</b>	<b>34.4%</b>

**MORRIS STATE BANCSHARES, INC.  
AND SUBSIDIARIES**

**Consolidated Statement of Income  
December 31,**

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
	(Unaudited)			
<b>Interest and dividend income:</b>				
Loans, including fees	\$ 42,472,550	\$ 35,472,471	\$ 7,000,079	19.73%
Securities	2,885,821	1,755,255	1,130,566	64.41%
Federal funds sold	513,422	312,613	200,809	64.24%
Interest-bearing deposits in banks	925,860	42,579	883,281	2074.45%
FHLB stock	71,588	79,172	(7,584)	-9.58%
Other interest and dividend income	751,317	317,821	433,496	136.40%
Total interest income	<u>47,620,558</u>	<u>37,979,911</u>	<u>9,640,647</u>	<u>25.38%</u>
<b>Interest expense:</b>				
Deposits	7,963,852	5,408,394	\$ 2,555,458	47.25%
Borrowed funds	733,660	319,560	414,100	129.58%
Federal funds purchased	151	946	(795)	-84.04%
Total interest expense	<u>8,697,663</u>	<u>5,728,900</u>	<u>2,968,763</u>	<u>51.82%</u>
Net interest income	38,922,895	32,251,011	6,671,884	20.69%
Provision for loan losses	<u>1,650,000</u>	<u>1,425,000</u>	<u>225,000</u>	<u>15.79%</u>
Net interest income after provision for loan losses	<u>37,272,895</u>	<u>30,826,011</u>	<u>6,446,884</u>	<u>20.91%</u>
<b>Noninterest income:</b>				
Service charges on deposit accounts	3,076,556	2,384,911	691,645	29.00%
Other fees and commissions	61,413	155,083	(93,670)	-60.40%
Gain (loss) on sales and calls of securities	(24,471)	(3,351)	(21,120)	630.26%
Gain on sale of loans	263,029	47,493	215,536	453.83%
Increase in CSV of life insurance	213,246	183,956	29,290	15.92%
Other income	443,079	394,494	48,585	12.32%
Total noninterest income	<u>4,032,852</u>	<u>3,162,586</u>	<u>870,266</u>	<u>27.52%</u>
<b>Noninterest expense:</b>				
Salaries and employee benefits	14,056,471	11,006,233	3,050,238	27.71%
Occupancy and equipment expenses, net	2,372,548	1,771,953	600,595	33.89%
Loss (gain) on sales and impairments of of foreclosed and other real estate	(270,572)	265,900	(536,472)	-201.76%
Loss (gain) on sales of premises and equipment	(1,000)	435	(1,435)	-329.89%
Other operating	9,418,971	5,707,932	3,711,039	65.02%
Total noninterest expense	<u>25,576,418</u>	<u>18,752,453</u>	<u>6,823,965</u>	<u>36.39%</u>
Income before Taxes	<u>15,729,329</u>	<u>15,236,144</u>	<u>493,185</u>	<u>3.24%</u>
<b>Income Taxes</b>	<u>2,108,705</u>	<u>--</u>	<u>2,108,705</u>	
<b>Net Income</b>	<u>\$ 13,620,624</u>	<u>\$ 15,236,144</u>	<u>\$ (1,615,520)</u>	<u>-10.60%</u>
Earnings per Share	<u>\$ 6.82</u>	<u>\$ 8.34</u>	<u>\$ (1.52)</u>	<u>-18.23%</u>
TBV per Common Share	<u>\$ 47.18</u>	<u>\$ 43.35</u>	<u>\$ 3.83</u>	<u>8.84%</u>