

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets June 30, 2025



	June 30, 2025	March 31, 2025	Change	% Change	June 30, 2024	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
ASSETS							
Cash and due from banks	\$ 106,289,134	\$ 92,342,678	\$ 13,946,456	15.10%	\$ 43,688,884	\$ 62,600,250	143.29%
Federal funds sold	24,863,860	15,606,716	9,257,144	59.32%	14,624,710	10,239,150	70.01%
Total cash and cash equivalents	<u>131,152,994</u>	<u>107,949,394</u>	<u>23,203,600</u>	<u>21.49%</u>	<u>58,313,594</u>	<u>72,839,400</u>	<u>124.91%</u>
Interest-bearing time deposits in other banks	100,000	100,000	--	0.00%	100,000	--	0.00%
Securities available for sale, at fair value	9,805,608	9,414,147	391,461	4.16%	7,669,642	2,135,966	0.00%
Securities held to maturity, at cost (net of CECL Reserve)	205,814,736	208,561,077	(2,746,341)	-1.32%	227,532,821	(21,718,085)	-9.55%
Federal Home Loan Bank stock, restricted, at cost	1,084,200	1,084,200	--	0.00%	1,027,800	56,400	5.49%
Loans, net of unearned income	1,155,735,771	1,139,719,828	16,015,943	1.41%	1,081,790,223	73,945,548	6.84%
Less-allowance for credit losses	(14,816,647)	(14,829,709)	13,062	-0.09%	(14,109,191)	(707,456)	5.01%
Loans, net	<u>1,140,919,124</u>	<u>1,124,890,119</u>	<u>16,029,005</u>	<u>1.42%</u>	<u>1,067,681,032</u>	<u>73,238,092</u>	<u>6.86%</u>
Bank premises and equipment, net	14,720,155	14,844,597	(124,442)	-0.84%	13,051,972	1,668,183	12.78%
ROU assets for operating lease, net	601,700	692,339	(90,639)	-13.09%	945,268	(343,568)	-36.35%
Goodwill	9,361,704	9,361,704	--	0.00%	9,361,704	--	0.00%
Intangible assets, net	1,167,611	1,253,288	(85,677)	-6.84%	1,508,214	(340,603)	-22.58%
Other real estate and foreclosed assets	3,300	15,503	(12,203)	-78.71%	43,408	(40,108)	-92.40%
Accrued interest receivable	6,760,207	6,369,932	390,275	6.13%	6,421,999	338,208	5.27%
Cash surrender value of life insurance	15,340,444	15,233,512	106,932	0.70%	14,915,967	424,477	2.85%
Other assets	17,574,139	21,726,495	(4,152,356)	-19.11%	21,721,225	(4,147,086)	-19.09%
Total Assets	<u>\$ 1,554,405,922</u>	<u>\$ 1,521,496,307</u>	<u>\$ 32,909,615</u>	<u>2.16%</u>	<u>\$ 1,430,294,646</u>	<u>124,111,276</u>	<u>8.68%</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits:							
Non-interest bearing	\$ 346,323,393	\$ 330,414,834	\$ 15,908,559	4.81%	\$ 298,997,994	47,325,399	15.83%
Interest bearing	972,826,660	963,948,287	8,878,373	0.92%	914,360,430	58,466,230	6.39%
	<u>1,319,150,053</u>	<u>1,294,363,121</u>	<u>24,786,932</u>	<u>1.91%</u>	<u>1,213,358,424</u>	<u>105,791,629</u>	<u>8.72%</u>
Other borrowed funds	19,039,839	19,029,606	10,233	0.05%	18,998,904	40,935	0.22%
Lease liability for operating lease	601,700	692,339	(90,639)	-13.09%	945,268	(343,568)	-36.35%
Accrued interest payable	3,331,983	2,778,669	553,314	19.91%	1,730,280	1,601,703	92.57%
Accrued expenses and other liabilities	9,362,044	6,726,119	2,635,925	39.19%	9,038,821	323,223	3.58%
Total liabilities	<u>1,351,485,619</u>	<u>1,323,589,854</u>	<u>27,895,765</u>	<u>2.11%</u>	<u>1,244,071,697</u>	<u>107,413,922</u>	<u>8.63%</u>
Shareholders' Equity:							
Common stock	10,754,034	10,701,756	52,278	0.49%	10,688,223	65,811	0.62%
Paid in capital surplus	35,876,904	35,307,009	569,895	1.61%	34,729,351	1,147,553	3.30%
Retained earnings	147,779,527	149,055,224	(1,275,697)	-0.86%	132,061,494	15,718,033	11.90%
Current year earnings	10,912,007	4,913,056	5,998,951	122.10%	10,213,197	698,810	6.84%
Accumulated other comprehensive income (loss)	1,153,839	1,289,137	(135,298)	-10.50%	1,648,392	(494,553)	-30.00%
Treasury Stock, at cost 83,142	(3,556,008)	(3,359,729)	(196,279)	5.84%	(3,117,708)	(438,300)	14.06%
Total shareholders' equity	<u>202,920,303</u>	<u>197,906,453</u>	<u>5,013,850</u>	<u>2.53%</u>	<u>186,222,949</u>	<u>16,697,354</u>	<u>8.97%</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,554,405,922</u>	<u>\$ 1,521,496,307</u>	<u>\$ 32,909,615</u>	<u>2.16%</u>	<u>\$ 1,430,294,646</u>	<u>124,111,276</u>	<u>8.68%</u>

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Income for the Three Months Ended



	June 30, 2025 <i>(Unaudited)</i>	March 31, 2025 <i>(Unaudited)</i>	Change	% Change	June 30, 2024 <i>(Unaudited)</i>	Change	% Change
Interest and Dividend Income:							
Interest and fees on loans	\$ 20,414,871	\$ 19,338,360	\$ 1,076,511	5.57%	\$ 17,879,134	\$ 2,535,737	14.18%
Interest income on securities	1,568,867	1,671,657	(102,790)	-6.15%	1,837,396	(268,529)	-14.61%
Income on federal funds sold	201,101	534,479	(333,378)	-62.37%	156,184	44,917	28.76%
Income on time deposits held in other banks	850,388	605,454	244,934	40.45%	590,205	260,183	44.08%
Other interest and dividend income	19,576	25,413	(5,837)	-22.97%	64,639	(45,063)	-69.71%
Total interest and dividend income	<u>23,054,803</u>	<u>22,175,363</u>	<u>879,440</u>	<u>3.97%</u>	<u>20,527,558</u>	<u>2,527,245</u>	<u>12.31%</u>
Interest Expense:							
Deposits	6,545,646	6,413,065	132,581	2.07%	6,568,679	(23,033)	-0.35%
Interest on other borrowed funds	289,514	286,480	3,034	1.06%	389,629	(100,115)	-25.69%
Interest on federal funds purchased	--	--	--	0.00%	--	--	0.00%
Total interest expense	<u>6,835,160</u>	<u>6,699,545</u>	<u>135,615</u>	<u>2.02%</u>	<u>6,958,308</u>	<u>(123,148)</u>	<u>-1.77%</u>
Net interest income before provision for loan losses	16,219,643	15,475,818	743,825	4.81%	13,569,250	2,650,393	19.53%
Less-provision for credit losses	439,040	577,123	(138,083)	-23.93%	272,419	166,621	61.16%
Net interest income after provision for credit losses	<u>15,780,603</u>	<u>14,898,695</u>	<u>881,908</u>	<u>5.92%</u>	<u>13,296,831</u>	<u>2,483,772</u>	<u>18.68%</u>
Noninterest Income:							
Service charges on deposit accounts	546,848	540,600	6,248	1.16%	535,847	11,001	2.05%
Other service charges, commissions and fees	384,400	380,482	3,918	1.03%	397,787	(13,387)	-3.37%
Gain on sales of premises and equipment	--	--	--	--	141	(141)	0.00%
Increase in CSV of life insurance	106,932	104,750	2,182	2.08%	102,828	4,104	3.99%
Other income	332,498	20,407	312,091	1529.33%	355,155	(22,657)	-6.38%
Total noninterest income	<u>1,370,678</u>	<u>1,046,239</u>	<u>324,439</u>	<u>31.01%</u>	<u>1,391,758</u>	<u>(21,080)</u>	<u>-1.51%</u>
Noninterest Expense:							
Salaries and employee benefits	4,951,680	5,122,152	(170,472)	-3.33%	4,650,704	300,976	6.47%
Occupancy and equipment expenses, net	609,642	527,532	82,110	15.56%	536,330	73,312	13.67%
Loss on sales and calls of securities	--	--	--	--	265	(265)	-100.00%
Loss on sales of foreclosed assets	1,400	--	--	--	--	1,400	0.00%
Other expenses	3,706,152	3,905,857	(199,705)	-5.11%	3,860,188	(154,036)	-3.99%
Total noninterest expense	<u>9,268,874</u>	<u>9,555,541</u>	<u>(286,667)</u>	<u>-3.00%</u>	<u>9,047,487</u>	<u>221,387</u>	<u>2.45%</u>
Income Before Income Taxes	7,882,407	6,389,393	1,493,014	23.37%	5,641,102	2,241,305	39.73%
Provision for income taxes	1,883,456	1,476,337	407,119	27.58%	318,723	1,564,733	490.94%
Net Income	<u>\$ 5,998,951</u>	<u>\$ 4,913,056</u>	<u>1,085,895</u>	<u>22.10%</u>	<u>\$ 5,322,379</u>	<u>676,572</u>	<u>12.71%</u>
Earnings per common share:							
Basic	\$ 0.57	\$ 0.46	0.10	21.92%	\$ 0.50	0.06	12.74%
Diluted	\$ 0.57	\$ 0.46	0.11	22.93%	\$ 0.50	0.07	13.09%

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Selected Financial Information



	June 30, 2025	March 31, 2025	June 30, 2024
Dollars in thousand, except per share data	(Unaudited)	(Unaudited)	(Unaudited)
Per Share Data			
Basic Earnings per Common Share	\$ 0.57	\$ 0.46	\$ 0.50
Diluted Earnings per Common Share	0.57	0.46	0.50
Dividends per Common Share	0.12	0.12	0.092
Book Value per Common Share	19.05	18.66	17.56
Tangible Book Value per Common Share	18.06	17.66	16.53
Average Diluted Shared Outstanding	10,608,771	10,593,370	10,611,811
End of Period Common Shares Outstanding	10,650,112	10,606,258	10,605,080
Annualized Performance Ratios (Bank Only)			
Return on Average Assets	1.71%	1.41%	1.73%
Return on Average Equity	13.33%	11.12%	13.12%
Equity/Assets	12.70%	12.75%	13.18%
Yield on Earning Assets	6.20%	6.07%	5.96%
Cost of Funds	1.98%	1.97%	2.16%
Net Interest Margin	4.43%	4.29%	4.02%
Efficiency Ratio	50.97%	57.90%	58.36%
Credit Metrics			
Allowance for Loan Losses to Total Loans	1.28%	1.30%	1.30%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	9.51%	4.66%	6.02%