PROXY STATEMENT/OFFERING CIRCULAR

MERGER PROPOSED – YOUR VOTE IS VERY IMPORTANT

To the shareholders of Morris State Bancshares, Inc.:

The boards of directors of Morris State Bancshares, Inc., or Morris, and Vallant Financial, Inc., formerly Pinnacle Financial Corporation, or Vallant, have each unanimously approved an Agreement and Plan of Merger, dated as of November 19, 2025, which we refer to as the merger agreement, by and between Vallant and Morris, pursuant to which Morris will merge with and into Vallant, with Vallant as the surviving legal entity, which we refer to as the merger. Immediately following the merger, Morris Bank, Morris' wholly-owned bank subsidiary, will merge with and into Vallant's wholly-owned bank subsidiary, Pinnacle Bank, with Pinnacle Bank as the surviving bank, which we refer to as the bank merger. Upon completion of the bank merger, the combined bank will operate under the name Vallant Bank.

If the merger is completed, each share of Morris common stock issued and outstanding immediately prior to the effective time of the merger (subject to certain exceptions discussed below) will be converted into the right to receive 0.1095 shares of Vallant common stock, which, together with cash in lieu of any fractional shares, we refer to as the merger consideration. In addition, the merger agreement permits Morris to declare and pay a one-time special cash dividend of $5.7 million, or $0.54 per share of Morris common stock outstanding as of the record date, which we refer to as the transaction dividend, immediately prior to closing of the merger. The following shares will not be exchanged for the merger consideration: (i) shares held by Morris, Vallant, Morris Bank or Pinnacle Bank, in each case, other than shares held in a fiduciary capacity or as a result of collection of debts previously contracted, which shares will be cancelled for no consideration; (ii) shares held by Morris shareholders who properly exercise dissenters' rights, which shares shall be exchanged for their fair value pursuant to Georgia law; and (iii) shares held by shareholders residing in certain states where an available exemption from registration is not available, which will be exchanged for cash in an amount equal to $215.00 per share of Vallant common stock to which each such shareholder would otherwise be entitled to receive.

Vallant common stock is not currently listed or traded on any securities exchange, and there is no established public market for Vallant common stock. As a result of the combination, Vallant's shareholders will own approximately 54% of the outstanding common shares of the combined company, and Morris' shareholders will own approximately 46% of the common shares. The common shares of the combined company will trade on the OTCQX under a new ticker symbol to be determined prior to consummation of the merger.

Each of Morris and Vallant expects that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Accordingly, if you are a U.S. Shareholder (as defined under the section titled "Material U.S. Federal Income Tax Consequences of the Merger") of Morris common stock, you will not recognize any gain or loss for U.S. federal income tax purposes upon your exchange of shares of Morris common stock for shares of Vallant common stock in the merger. However, to the extent that you receive cash, you may recognize gain for U.S. federal income tax purposes.

Morris will hold a special meeting of its shareholders, referred to as the special meeting, where Morris shareholders will be asked to consider and vote upon a proposal to approve the merger agreement, together with the transactions contemplated thereby, including the merger. We collectively refer to this proposal as the merger proposal.

The special meeting will be held at the Morris Bank Operations Center, Training Room, located at 310 Academy Avenue, Dublin Georgia 31021, at 6 p.m. on March 17, 2026, subject to any adjournment or postponement thereof.

Morris shareholders will also be asked to approve the adjournment of the Morris special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger proposal. We refer to this proposal as the adjournment proposal.

Your vote is important. Completion of the merger is subject to the approval of the merger agreement by the shareholders of Morris. Regardless of whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope or submit your proxy via the Internet or by telephone by following the instructions in the enclosed proxy statement/offering circular and on your proxy card. Submitting a proxy now will not prevent you from being able to vote in person at the special meeting.

The Morris board of directors has unanimously adopted and approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Morris and its shareholders. The Morris board of directors unanimously recommends that Morris shareholders vote "FOR" the merger proposal and "FOR" the adjournment proposal.

The enclosed proxy statement/offering circular describes the special meeting, the merger, the merger agreement and the other documents related to the merger and other related matters. **Please carefully read this entire proxy statement/offering circular, including "*Risk Factors*," beginning on page 9, for a discussion of the risks relating to the proposed merger.**

If you have any questions concerning the merger, please contact Spencer N. Mullis, Chairman of the Board of Directors, President and Chief Executive Officer, at (478) 272-5202. We look forward to seeing you at the meeting.

Spencer N. Mullis
Chairman of the Board of Directors, President and Chief Executive Officer

THE SECURITIES TO BE ISSUED IN THE MERGER ARE NOT DEPOSITS. THE SECURITIES TO BE ISSUED IN THE MERGER ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF YOUR ENTIRE INVESTMENT.

EXCEPT FOR THE FAIRNESS DETERMINATION ISSUED BY THE SECURITIES DIVISION OF THE SECRETARY OF STATE OF THE STATE OF GEORGIA AS SET FORTH HEREIN, THE SECURITIES TO BE ISSUED IN THE MERGER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS PROXY STATEMENT/OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

MORRIS STATE BANCSHARES, INC.
301 Bellevue Avenue
Dublin, Georgia 31021

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 17, 2026

NOTICE IS HEREBY GIVEN that the Special Meeting of Shareholders of Morris State Bancshares, Inc. will be held at the Morris Bank Operations Center, Training Room, located at 310 Academy Avenue, Dublin, Georgia 31021, at 6:00 p.m. on March 17, 2026, for the following purposes:

1. To consider and vote on the approval of the Agreement and Plan of Merger, dated November 19, 2025, by and between Vallant Financial, Inc. (formerly Pinnacle Financial Corporation) and Morris State Bancshares, Inc. (the "Merger Agreement"), pursuant to which Morris State Bancshares, Inc. will merge with and into Vallant Financial, Inc., with Vallant Financial, Inc. as the surviving entity (the "Merger"), together with the transactions contemplated by the Merger Agreement, including the Merger.

2. If necessary, to consider and vote on a proposal to authorize management to adjourn the Special Meeting of Shareholders to a later date, to allow additional time to solicit votes needed to approve Proposal 1 above.

Shareholders of record at the close of business on January 30, 2026, the record date, are entitled to notice of and to vote at the Special Meeting of Shareholders and at any adjournments or postponements thereof. Shareholders are entitled to one vote per share on all matters to be presented for action by the shareholders at the Special Meeting of Shareholders.

You are cordially invited to attend the meeting in person; however, whether or not you plan to attend, we urge you to complete, date, and sign the accompanying proxy card and to return it promptly in the enclosed postage-paid envelope or submit your proxy via the Internet or by telephone by following the instructions in the enclosed proxy statement/offering circular and on your proxy card.

Our board of directors has adopted and approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and is recommending that our shareholders approve the Merger Agreement described above and the transactions contemplated thereby, including the Merger, because our board of directors has concluded, after careful consideration, that the transactions contemplated thereby are in the best interests of Morris State Bancshares, Inc. and its shareholders.

OUR BOARD RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSALS LISTED ABOVE, INCLUDING FOR THE APPROVAL OF THE MERGER AGREEMENT. We encourage you to read carefully the proxy statement/offering circular and the attached Exhibits that accompany this notice.

If our shareholders approve the Merger Agreement and if the Merger and the related transactions contemplated thereby are completed, each holder of shares of Morris common stock will be entitled to receive, for each share of Morris common stock held, 0.1095 shares of the voting common stock of Vallant Financial, Inc.

You are entitled to dissenters' rights under the provisions of the Georgia Business Corporation Code (the "GBCC"). If the merger is completed, shareholders perfecting their dissenters' rights are entitled, if they have complied with the provisions of the GBCC regarding rights of dissenting shareholders, to be paid the "fair value" of their shares in cash, as provided in the relevant sections of the GBCC. See "*Dissenters' Rights*" on page 87 in the accompanying proxy statement/offering circular and Exhibit F thereto for a description of the procedures required to be followed in order to perfect dissenters' rights.

A proxy statement/offering circular and form of proxy card are enclosed. To ensure representation at the Special Meeting of Shareholders, each shareholder is requested to sign, date, and return the proxy card promptly in the enclosed postage-paid envelope or submit your proxy via the Internet or by telephone by following the instructions in the enclosed proxy statement/offering circular and on your proxy card. A properly signed and returned proxy card, if not revoked, will be voted at the Special Meeting of Shareholders in the manner specified by the duly submitted proxy. Submitting your proxy does not affect your right to vote in person at the Special Meeting of Shareholders, should you wish to do so. A previously submitted proxy may be revoked by notifying the Secretary of Morris State Bancshares, Inc. in writing or by submitting an executed, later-dated proxy to Morris State Bancshares, Inc., 301 Bellevue Avenue, Dublin, Georgia 31021, in either case, prior to the Special Meeting of Shareholders. A previously submitted proxy also may be revoked by attending the Special Meeting of Shareholders and requesting the right to vote in person.

By Order of the Board of Directors,

Spencer N. Mullis
Chairman of the Board of Directors,
President and Chief Executive Officer

February 10, 2026
Dublin, Georgia

Please complete, sign, date, and return the enclosed proxy card promptly, whether or not you plan to be present at the Special Meeting of Shareholders.

OFFERING CIRCULAR
FOR

PROXY STATEMENT
FOR

This proxy statement/offering circular is furnished to shareholders of Morris State Bancshares, Inc., a corporation organized under the laws of the State of Georgia, or Morris, in connection with the solicitation of proxies by Morris' board of directors for use at Morris' Special Meeting of Shareholders, which we refer to as the Special Meeting, to be held at the Morris Bank Operations Center, Training Room, located at 310 Academy Avenue, Dublin, Georgia 31021, at 6:00 p.m. on March 17, 2026, and at any adjournments or postponements thereof, for the purposes set forth in the foregoing Notice of Special Meeting of Shareholders. The principal executive offices of Morris are located at 301 Bellevue Avenue, Dublin, Georgia 31021. This proxy statement/offering circular was first mailed to shareholders of Morris on or about February 17, 2026.

At the Special Meeting, Morris shareholders will be asked to (i) approve the Agreement and Plan of Merger, dated November 19, 2025, by and between Vallant Financial, Inc., formerly Pinnacle Financial Corporation, or Vallant, and Morris, which we refer to as the merger agreement, a copy of which is attached as Exhibit A to this proxy statement/offering circular, pursuant to which Morris will merger with and into Vallant, which we refer to as the merger, with Vallant as the surviving entity, together with the other transactions contemplated by the merger agreement and (ii) if necessary, approve adjourning the Special Meeting to a later date to permit further solicitation of proxies to approve the merger agreement and the transactions contemplated thereby, including the merger.

If Morris shareholders approve the merger agreement and the merger is completed, each share of Morris common stock, $1.00 par value per share, or Morris Common Stock, issued and outstanding immediately prior to the effective time of the merger (subject to certain exceptions discussed in this proxy statement/offering circular) will be converted into the right to receive 0.1095 shares of voting stock of the combined company, which shall be the Vallant voting common stock, no par value per share, or Vallant Common Stock, which together with cash in lieu of any fractional shares we refer to as the merger consideration.

This proxy statement/offering circular contains information regarding the merger agreement, the proposed merger, and the entities participating in the merger. Ownership of Vallant Common Stock involves certain risks. See "*Risk Factors*" beginning on page 9 of this proxy statement/offering circular.

This document also serves as the offering circular for the Vallant Common Stock to be issued in the merger.

THE SECURITIES TO BE ISSUED IN THE MERGER ARE NOT DEPOSITS. THE SECURITIES OF VALLANT ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF YOUR ENTIRE INVESTMENT.

EXCEPT FOR THE FAIRNESS DETERMINATION ISSUED BY THE SECURITIES DIVISION OF THE SECRETARY OF STATE OF THE STATE OF GEORGIA AS SET FORTH HEREIN, THE SECURITIES TO BE ISSUED IN THE MERGER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES

REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS PROXY STATEMENT/OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The date of this Proxy Statement/Offering Circular is February 10, 2026.
We first mailed this Proxy Statement/Offering Circular on or about February 17, 2026.

IMPORTANT NOTICE

References in this proxy statement/offering circular to "Morris," "we," "us," and "our" refer to Morris State Bancshares, Inc. References to "Vallant" refer to Vallant Financial, Inc., formerly Pinnacle Financial Corporation. References to the "Federal Reserve" refer to the Board of Governors of the Federal Reserve System. References to "GDBF" refer to the Georgia Department of Banking and Finance. References to "FDIC" refer to the Federal Deposit Insurance Corporation. Unless the context indicates otherwise, all references in these risk factors to the combined company refer to the combined entities Vallant Financial, Inc. and Morris State Bancshares, Inc. on a consolidated basis.

Morris shareholders should read this proxy statement/offering circular in its entirety, including the merger agreement attached as Exhibit A and the other exhibits attached hereto. No person has been authorized to give any information or to make any representations other than those contained in this proxy statement/offering circular. Any further information given or representations made by any person must not be relied upon as having been authorized by Morris or Vallant.

This proxy statement/offering circular contains information about Morris, Vallant and the combined company that shareholders should know when evaluating the merger and should be retained for future reference. The information in this proxy statement/offering circular speaks only as of the date hereof unless the information indicates specifically that another date applies. The delivery of this proxy statement/offering circular shall not, under any circumstances, create any implication that there has been no change in the affairs of Morris or Vallant since the date hereof.

In considering a decision whether or not to adopt and approve the merger agreement together with the transactions contemplated thereby, including the merger, Morris shareholders must rely on their own comprehensive review and analysis of the terms of the merger, including the merits and risks involved. Morris shareholders should also consult with their own tax and financial advisors with respect to the merger.

Information on the websites of Morris or Vallant, or any subsidiary of Morris or Vallant, is not part of this proxy statement/offering circular. You should not rely on that information in deciding how to vote.

This proxy statement/offering circular does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this proxy statement/offering circular regarding Morris has been provided by Morris and information contained in this proxy statement/offering circular regarding Vallant has been provided by Vallant.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this proxy statement/offering circular contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about the financial condition, results of operations, earnings outlook and business plans, goals, expectations and prospects of Morris, Vallant and the combined company following the proposed merger and statements for the period after the merger. Words such as "anticipate," "believe," "feel," "expect," "estimate," "indicate," "seek," "strive," "plan," "intend," "outlook," "forecast," "project," "position," "target," "mission," "contemplate," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may," or similar expressions, as they relate to Morris, Vallant, the proposed merger or the combined company following the merger often identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements are predicated on the beliefs and assumptions of Vallant's and Morris' management based on information known to Vallant's and Morris' management as of the date of this proxy statement/offering circular and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the merger; the expected timing of the completion of the merger; the ability to complete the merger; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, including the execution of integration plans; any statements of expectations or belief and any statements of assumptions underlying any of the foregoing.

The forward-looking statements contained or incorporated by reference in this proxy statement/offering circular reflect the view of Vallant's and Morris' management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Such risks and uncertainties include, among others, the following possibilities:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including under circumstances that could require Morris to pay a termination fee to Vallant;
- the inability to complete the merger contemplated by the merger agreement due to the failure to satisfy conditions necessary to close the merger, including the receipt of the requisite approvals of Morris shareholders;
- the risk that a regulatory approval that may be required for the merger is not obtained or is obtained subject to conditions that are not anticipated;
- risks associated with the timing of the completion of the merger;
- management time and effort may be diverted to the resolution of merger-related issues;
- the risk that the businesses of Morris and Vallant will not be integrated successfully, or such integration may be more difficult, time-consuming or costly than expected;
- the combined company's inability to achieve the synergies, growth opportunities and value creation contemplated by the proposed merger;
- the expected costs savings from the merger may not be fully realized or may take longer to realize than expected;
- revenues following the transaction may be lower than expected as a result of loss of customers, personnel or other reasons;

- potential deposit attrition, higher than expected costs, customer loss and business disruption associated with the integration of Vallant and Morris, including, without limitation, potential difficulties in maintaining relationships with key personnel;
- the outcome of any legal proceedings that may be instituted against Morris, Vallant, the combined company or their respective boards of directors;
- general economic conditions, either globally, nationally, or in the specific markets in which Morris or Vallant operate;
- limitations placed on the ability of Morris and Vallant to operate their respective businesses by the merger agreement;
- the effect of the announcement of the merger on Morris' and Vallant's business relationships, employees, customers, suppliers, vendors, other partners, standing with regulators, operating results and businesses generally;
- customer acceptance of the combined company's products and services;
- the amount of any costs, fees, expenses, impairments, and charges related to the merger;
- the introduction, withdrawal, success and timing of business initiatives;
- significant increases in competition in the banking and financial services industry;
- legislation, regulatory changes or changes in monetary or fiscal policy that adversely affect the businesses in which Vallant or Morris are engaged;
- credit risk of borrowers, including any increase in those risks due to changing economic conditions;
- changes in consumer spending, borrowing, and savings habits;
- competition among depository and other financial institutions;
- liquidity risk affecting the combined bank's ability to meet its obligations when they become due;
- risks relating to the effect of changes in market interest rates;
- compliance risk resulting from violations of, or nonconformance with, laws, rules, regulations, prescribed practices or ethical standards;
- strategic risk resulting from adverse business decisions or improper implementation of business decisions; and
- reputational risk that adversely affects earnings or capital arising from negative public opinion.

You are cautioned not to place undue reliance on any forward-looking statements made in this proxy statement/offering circular or in any documents incorporated by reference into this proxy statement/offering circular, which speak only as of the date of this proxy statement/offering circular or the date of any documents incorporated by reference in this proxy statement/offering circular. Vallant and Morris do not undertake to update or release any revisions to any forward-looking statements to reflect events, facts, circumstances or assumptions that occur after the date of the forward-looking statements are made, unless and only to the extent otherwise required by law. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/offering circular and attributable to Morris and/or Vallant or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this proxy statement/offering circular.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the Special Meeting, the merger agreement and the merger. These questions and answers may not address all questions that may be important to you as a Morris shareholder. To better understand these matters, and for a description of the legal terms governing the merger, you should carefully read this entire proxy statement/offering circular, including the exhibits.

Q: Why did I receive this proxy statement/offering circular?

A: You are being asked to approve the merger agreement, a copy of which is attached as Exhibit A to this proxy statement/offering circular, and the transactions contemplated by the merger agreement, including the merger. You are also being asked to approve the adjournment of the Morris special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger proposal. The Morris board of directors is soliciting proxies to be voted on this matter at the Special Meeting. This proxy statement/offering circular summarizes the information you need to know to vote by proxy or in person at the Special Meeting. **You do not need to attend the Special Meeting in person in order to vote**.

Q: How does the board of directors recommend I vote?

A: The board of directors recommends that you vote "**FOR**" approval of each of the proposals presented.

Q: What will Morris shareholders receive if the merger agreement is approved?

A: If the merger is completed, each share of Morris Common Stock, issued and outstanding immediately prior to the effective time of the merger (subject to certain exceptions discussed below) will be converted into the right to receive 0.1095 shares of Vallant Common Stock, which together with cash in lieu of any fractional shares we refer to in this proxy statement/offering circular as the merger consideration.

In addition, the merger agreement permits Morris to declare and pay a one-time special cash dividend of $5.7 million, or $0.54 per share of Morris common stock outstanding as of the record date, which we refer to as the transaction dividend, immediately prior to closing of the merger.

Q: Which shares of Morris Common Stock will not be exchanged for the merger consideration?

A: The following shares of Morris Common Stock will not be exchanged for the merger consideration:

- shares held by Morris, Vallant, Morris Bank or Pinnacle Bank, in each case, other than shares held in a fiduciary capacity or as a result of collection of debts previously contracted, which shares will be cancelled for no consideration;
- shares held by Morris shareholders who properly exercise dissenters' rights, which shares shall be exchanged for their fair value pursuant to Georgia law; and
- shares held by shareholders residing in certain states where an available exemption from registration is not available, which will be exchanged for cash in an amount equal to $215.00 per share of Vallant Common Stock to which each such shareholder would otherwise be entitled to receive.

Q: Could I receive a fractional share of Vallant Common Stock in exchange for my shares of Morris Common Stock?

A: No. Any Morris shareholder who would otherwise receive a fractional share of Vallant Common Stock due to the 0.1095 exchange ratio will, in lieu of such fractional share, receive cash an amount equal to $215.00 times the fraction of the share of Vallant Common Stock that they would otherwise receive.

Q: What will happen to outstanding Morris restricted stock units if the merger is completed?

A: Unless exercised or forfeited prior to the effective time of the merger, all outstanding Morris restricted stock units issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan will vest at the maximum payout opportunity levels under each related award agreement and such number of shares of Morris Common Stock subject to such vested restricted stock units will be converted to shares of Vallant Common Stock and cash in lieu of fractional shares in the merger. Additionally, holders of Morris restricted stock units will receive a cash payment for any accrued but unpaid dividend equivalents related to such holder's Morris restricted stock units.

Q: When will the merger be completed?

A: The Merger is expected to be completed at the end of the first quarter or early in the second quarter of 2026. Consummation of the merger is subject to regulatory approvals, shareholder approval and certain other conditions precedent. See "*The Merger Agreement – Conditions to the Closing of the Merger*" on page 51.

Q: If the merger is completed, when will I receive my shares of Vallant Common Stock?

A: All shares of Vallant Common Stock to be issued in the merger will be issued in non-certificated, book entry form.

Promptly after the effective time of the merger (and within five business days), Vallant's exchange agent, Continental Stock Transfer & Trust, will send you separate written instructions, which we refer to as a letter of transmittal, for surrendering your shares of Morris Common Stock in exchange for the merger consideration.

If you hold your shares of Morris Common Stock in certificated form, you must complete and return a letter of transmittal in order to receive the merger consideration. Morris shareholders who hold their shares of Morris Common Stock in certificated form will not be entitled to receive any portion of the merger consideration until they have surrendered their stock certificates representing Morris Common Stock. Interest will not be paid on the merger consideration, and dividends will not be paid on any shares of Vallant Common Stock owing to former Morris shareholders until they surrender their stock certificates representing Morris Common Stock.

If you currently hold your shares of Morris Common Stock in book entry form, your shares will be automatically exchanged for the merger consideration at the effective time of the merger, regardless of whether you return a letter of transmittal. We encourage you to complete and return the letter of transmittal to provide the address to which the check for cash in lieu of fractional shares should be sent or to update the name(s) in which such shares of the combined company are to be held or the holder's address.

Q: How do I convert my stock certificate(s) to book-entry shares?

A: Morris shareholders may convert their stock certificate(s) representing shares of Morris Common Stock to book-entry shares to facilitate the exchange of such shares for Vallant Common Stock following the completion of the merger. To convert stock certificate(s) to book-entry shares, you must send your stock certificate(s), along with a signed written request to deposit the enclosed certificate(s) into your account, to Morris' transfer agent, Computershare, ATTN: Stock Transfer Department, 150 Royall Street, Suite 101, Canton, MA 02021. Do not sign the back of the certificate(s). We recommend that you send your certificate(s) by registered mail or a courier service that provides a return receipt.

Q: **What are the material U.S. federal income tax consequences of the merger to Morris shareholders?**

A: The merger is intended to be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. Accordingly, if you are a U.S. Shareholder (as

defined in the section entitled "*Material U.S. Federal Income Tax Consequences of the Merger*") of Morris Common Stock, you will not recognize any gain or loss for U.S. federal income tax purposes upon your exchange of shares of Morris Common Stock for shares of Vallant Common Stock in the merger. However, to the extent that you receive cash, including any cash received in lieu of fractional shares of Vallant Common Stock, you may recognize gain for U.S. federal income tax purposes. For further information, please see the section entitled "*Material U.S. Federal Income Tax Consequences of the Merger*" beginning on page 38.

The foregoing tax treatment may not apply to every Morris shareholder. Determining the actual tax consequences of the merger to a Morris shareholder may be complicated and will depend on that shareholder's specific situation. You are urged to consult your tax advisor for a full understanding of the federal income tax consequences of the merger to you.

Q: What will happen to Morris Bank as a result of the merger?

A: Immediately following the effective time of the merger, Morris Bank, which is a wholly-owned subsidiary of Morris, will be merged with and into Pinnacle Bank, which is a wholly-owned subsidiary of Vallant. We may refer to this transaction as the "bank merger." Pinnacle Bank will be the surviving legal entity in the bank merger and will change its name to Vallant Bank upon consummation of the bank merger. Following the closing of the bank merger, all former customers of Morris Bank will become customers of the combined bank.

Pinnacle Bank serves Northeast and Eastern Geogia through its 26 full-service branch offices and three loan production offices located in 16 counties, while Morris Bank serves Georgia's I-16 corridor through its nine full-service branch offices located in four counties. Following the bank merger, customers of combined bank will benefit from the convenience of an expanded branch network that extends across Eastern Georgia from Blairsville in North Georgia to Statesboro in Southeast Georgia.

Following the completion of the merger, the boards of directors of the combined company and bank will each be expanded to seventeen members, with nine members to be current Vallant board members and eight current Morris board members. As of the date of this proxy statement/offering circular, the parties have not identified which eight current Morris directors would continue as directors of the combined company and bank other than Mr. McConnell from Vallant, who will serve as chairman of the combined company's board of directors and executive chairman of the combined bank's board of directors, David Voyles from Vallant, Leonard Blount from Morris who will serve as lead independent director of the board of directors of each of the combined company and bank, and Mr. Mullis from Morris.

Q: When and where is the Special Meeting?

A: The Special Meeting will be held at the Morris Bank Operations Center, Training Room, located at 310 Academy Avenue, Dublin, Georgia 31021, 6:00 p.m. on March 17, 2026.

If your shares are held in "street name" by a bank, broker, trustee or other nominee, that institution will send you separate instructions describing the procedure for attending the Special Meeting and voting your shares.

Q: Who is entitled to vote at the Special Meeting?

A: Holders of Morris' Common Stock at the close of business on January 30, 2026, which we refer to as the record date, are entitled to vote on all of the proposals presented at the Special Meeting. Whether or not you plan to attend the Special Meeting, please take the time to vote by completing and returning to us the enclosed proxy card in the self-addressed, stamped envelope enclosed with these materials, or by submitting your proxy via the Internet or by telephone by following the instructions below and on your proxy card.

If your shares are held in "street name" by a bank, broker, trustee or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. You may not vote shares held in "street name" by returning the proxy directly to Morris or by voting at the Special Meeting, unless you provide a "legal proxy," which you must obtain from your bank, broker, trustee or other nominee.

Q: What are the quorum requirements for the Special Meeting?

A: In order for any business to be conducted, the holders of a majority of the shares of Morris Common Stock entitled to vote at the Special Meeting must be present, either in person or represented by proxy. For the purpose of determining the presence of a quorum, abstentions and broker non-votes (which occur when shares held by brokers or nominees for beneficial owners are voted on some matters but not on others) will be counted as present. As of the Record Date, 10,637,607 shares of Morris Common Stock were issued and outstanding and were held by approximately 360 shareholders of record. If you fail to submit a proxy or to vote at the Special Meeting, or fail to instruct your bank, broker, trustee or other nominee how to vote, your shares of Morris Common Stock will not be counted toward a quorum.

Q: How many votes do I have?

A: Each share of Morris Common Stock outstanding on the Record Date is entitled to one vote on each proposal submitted for consideration at the Special Meeting.

Q: How do I vote?

A: By Mail: Vote, sign, and date your proxy card and return it to Morris in the enclosed postage-paid envelope.

By Telephone: Call 1-800-652-VOTE (8683) and follow the recorded instructions;

By Internet: Access the website www.investorvote.com/MBLU and following the instructions on the website.

In Person: Vote at the Special Meeting.

Whether or not you plan to attend the Special Meeting, please take the time to vote by completing and returning your proxy card as soon possible.

Q: How many votes are required to approve the merger?

A: The approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Morris Common Stock. Abstentions and broker non-votes will be counted towards the tabulation of votes and will have the same effect as a vote against the merger.

Q: How many votes are required to approve the adjournment proposal?

A: If a quorum is present, approval of the adjournment proposal requires the affirmative vote of the holders of at least a majority of the shares of Morris common stock represented, in person or by proxy, at the Special Meeting.

Q: If my shares of Morris Common Stock are held in "street name" by my bank, broker, trustee or other nominee, will my bank, broker, trustee or other nominee vote my shares for me?

A: No. If your shares are held in "street name" by a bank, broker, trustee or other nominee, that institution will send you separate instructions describing the procedure for voting your shares, which may be subject to an earlier deadline If your shares are held by a bank, broker, trustee or other nominee, you should contact your

bank, broker, trustee or other nominee to change your vote. Your bank, broker, trustee or other nominee may have an earlier deadline by which you must change your vote. You may not vote shares held in "street name" by returning the proxy directly to Morris or by voting at the Special Meeting, unless you provide a "legal proxy," which you must obtain from your bank, broker, trustee or other nominee.

Banks, brokers, trustees or other nominees who hold shares of Morris Common Stock in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers, trustees or other nominees are not allowed to exercise voting discretion with respect to the approval of matters determined to be "non-routine," without specific instructions from the beneficial owner. Morris expects that all proposals to be voted on at the Special Meeting will be "non-routine" matters on which banks, brokers, trustees or other nominees do not have discretionary voting power to vote.

If you are a Morris shareholder and you do not instruct your bank, broker or other nominee on how to vote your shares:

- your bank, broker or other nominee may not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote "AGAINST" such proposal (assuming a quorum is present); and

- your bank, broker or other nominee may not vote your shares on the adjournment proposal, which broker non-votes will have no effect on such proposal (whether or not a quorum is present).

Q: What happens if I return my proxy card without indicating how to voting on all of the proposals?

A: If you sign and return your proxy card without indicating how to vote on any particular proposal, your shares of Morris Common Stock represented by your proxy will be voted as recommended by the Morris board of directors with respect to such proposal.

Q: What if I want to change my vote after I return my proxy?

A: You may change or revoke your proxy at any time before your proxy is voted at the Special Meeting by:

(i) delivering written notice of revocation to our Secretary, Susan Brandon, at 301 Bellevue Avenue, Dublin, Georgia 31021;

(ii) submitting to Morris a duly executed proxy card bearing a later date; or

(iii) appearing at the Special Meeting and voting in person;

provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by our Secretary at or before the Special Meeting.

If your shares are held by a bank, broker, trustee or other nominee, you should contact your bank, broker, trustee or other nominee to change your vote. Your bank, broker, trustee or other nominee may have an earlier deadline by which you must change your vote.

Q: Are holders of Morris Common Stock entitled to appraisal or dissenters' rights?

A: Morris shareholders who vote against the merger proposal, and follow certain procedural steps, will be entitled to dissenters' rights under Georgia law.

For more information, see the section entitled "*The Merger—Dissenters' Rights of Appraisal*" beginning on page 87. In addition, a copy of the applicable Georgia law is attached as Exhibit F to this proxy statement/prospectus.

Q: Are there any risks that I should consider in deciding whether to vote for the approval of the proposals?

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled "*Risk Factors*" beginning on page 9.

Q: What do I need to do now?

A: After carefully reviewing this entire proxy statement/offering circular (including the Exhibits attached hereto), if you hold shares of Morris Common Stock as of the Record Date, you should complete, date and sign the enclosed proxy card and return it to Morris in the self-addressed, stamped envelope or submit your proxy by Internet or telephone. If your shares are held in "street name" by a bank, broker, trustee or other nominee, you should follow the instructions describing the procedure for voting your shares that are provided to you by that institution.

Q: Should I send in my Morris common stock certificates now?

A: No. After the merger is completed, Vallant's exchange agent, Continental Stock Transfer & Trust, will send you written instructions explaining how you should exchange your Morris common stock certificates and book entry shares.

Q: What is the purpose of the proxy card?

A: The proxy card allows holders of Morris Common Stock to vote with respect to the proposals being considered at the Special Meeting in lieu of attending the Special Meeting. Whether or not you plan to attend the Special Meeting, if you are a holder of Morris Common Stock, please take the time to vote by completing and returning your proxy card.

Q: Whom may I contact with any questions I may have?

A: Spencer N. Mullis
Chairman of the Board, President & Chief Executive Officer
Morris State Bancshares, Inc.
301 Bellevue Avenue
Dublin, Georgia 31021
Telephone: (478) 272-5202

RISK FACTORS

An investment in the combined company's common stock involves a significant degree of risk. Accordingly, you should consider certain risks and speculative features inherent in and affecting the business and common stock of the combined company, as well as risks related to the merger and other general risks contained in this proxy statement/offering circular. The risks described below apply to Morris' and Vallant's current operations and to the combined company's expected operations following the merger but are not the only risks that the combined company faces. Additional risks, including those not presently known to Vallant or Morris or that Vallant or Morris currently consider immaterial, may also impair the combined company's business following the merger. Morris urges you to read all of the information contained in this proxy statement/offering circular and to consider carefully the following factors. Unless the context indicates otherwise, all references in these Risk Factors to Vallant, Morris or the combined company refer to the combined entities Vallant Financial, Inc., formerly Pinnacle Financial Corporation, and Pinnacle Bank, Morris Bancshares, Inc. and Morris Bank, and the combined company and bank.

Risks Related to the Merger

The merger has been structured as a strategic merger allowing each company to continue its business on a combined basis, resulting in a lower premium being paid for shares of Morris common stock than generally would be expected in a typical merger transaction.

The value of the merger consideration may be lower because the merger was negotiated on the basis of each company's contribution to the combined company's financial profile and without accounting for meaningful cost savings associated with eliminating jobs and associated compensation expense. Morris is pursuing the merger due to its strategic benefits and did not seek a traditional sale of its company. As a result, the merger consideration may not reflect the change-in-control premium or acquisition premium that might be paid by a larger acquiror in a more traditional acquisition.

Because there is a limited public market for Morris Common Stock and no established public market for Vallant Common Stock, it is difficult to determine how the fair value of Morris Common Stock compares with the merger consideration.

Although Morris Common Stock is listed on the OTCQX Best Market under the symbol MBLU, trading is limited. Vallant Common Stock is privately held and not traded in any public market. This lack of an established public trading market for Vallant Common Stock and limited market for Morris Common Stock makes it difficult to determine the fair value of Vallant Common Stock and Morris Common Stock.

The Merger Consideration is fixed despite any changes in the value of Vallant's or Morris' common stock.

Each share of Morris Common Stock will be converted into the right to receive 0.1095 shares of Vallant Common Stock. The value of the Vallant Common Stock received, as well as the value of the Morris Common Stock currently owned, may vary between the date of the merger agreement, the date of this proxy statement/offering circular, the date of the Special Meeting, and the closing of the merger. Such variations in the value of Morris Common Stock and Vallant Common Stock may result from changes in the business, operations or prospects of Morris or Vallant, regulatory considerations, general market and economic conditions as well as other factors. Despite any such variations, the merger consideration that Morris' shareholders are entitled to receive will not change.

The opinion delivered to the board of directors of Morris by Morris' financial advisor prior to the signing of the merger agreement does not reflect changes in circumstances that may have occurred since the date of the opinion.

The opinion of Morris' financial advisor, Keefe, Bruyette & Woods, Inc., or KBW, to the board of directors of Morris was delivered on and dated November 19, 2025, the date the merger agreement was signed, and speaks only as of that date. Changes in the operations and prospects of Vallant or Morris, general financial, market and economic conditions or other changes may alter the relative value of Vallant or Morris, or the values or prices of

shares of Vallant Common Stock and Morris Common Stock by the time the merger is completed. The opinion does not speak as of the date the merger will be completed or as of any date other than the date of the opinion.

The fairness determination issued by the Securities Division of the Georgia Secretary of State does not constitute a recommendation of how shareholders should vote on the merger.

In order to secure an exemption from federal registration for the issuance of Vallant Common Stock in the merger, Vallant obtained a fairness determination from the Securities Division of the Georgia Secretary of State. The purpose of that determination was strictly to determine whether the Vallant Common Stock to be issued in the merger could be issued without registration under federal securities laws. Shareholders of Morris should not consider the fairness determination to be a recommendation to vote in favor of the merger by the Georgia Secretary of State or any other governmental entity.

Morris and Vallant will be subject to business uncertainties while the merger is pending, which could adversely affect their respective businesses.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Morris and Vallant and consequently on the business and value of the combined company after the merger. Although the parties intend to take steps to reduce any adverse effects, these uncertainties may impair their ability to attract, retain, and motivate key personnel until the merger is consummated and for a period of time thereafter, and such uncertainties could cause customers and others that deal with Morris or Vallant to seek to change their existing business relationships. Employee retention could be particularly challenging during the merger, as employees may experience uncertainty about their roles in the combined company following the merger. If key employees depart because of issues relating to the perceived uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business following the merger could be harmed and the value of the combined company' common stock received by Morris shareholders in the merger could decrease.

The combined company's success will depend in part upon the ability of the combined company's management to successfully integrate Morris and Vallant.

The combined company may not realize all of the anticipated benefits of the merger. The combined company's ability to realize the anticipated benefits of the merger will depend, in part, on the ability of Vallant and Morris to integrate successfully and efficiently. Management of the combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Vallant and Morris. In addition, integration of the combined company will involve rebranding both the combined company and bank. The integration process may disrupt the business of the combined bank and, if implemented ineffectively, preclude realization of the full benefits of the merger expected by Vallant and Morris. The failure of Vallant to meet the challenges involved in integrating the operations of Morris or otherwise to realize any of the anticipated benefits of the merger could cause an interruption of, or a loss of momentum in, the activities of Vallant and could seriously harm its results of operations.

Morris' shareholders will experience a substantial reduction in percentage ownership and voting power as a result of the merger.

Morris' shareholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power through their stock ownership in the combined company after the merger relative to their percentage ownership interest in Morris prior to the merger. Following the merger, each of Morris' shareholders that receive shares of Vallant Common Stock will become a shareholder of Vallant with a percentage ownership of the combined organization that is much smaller than the shareholder's percentage ownership of Morris. It is expected that the former shareholders of Morris as a group will own approximately 46% of the outstanding shares of Vallant Common Stock immediately after the merger. Therefore, Morris' shareholders will have less influence over the management and policies of the combined company than they now have on the management and policies of Morris.

The Merger Agreement limits Morris' ability to pursue alternatives to the merger.

The merger agreement contains "no shop" provisions that limit Morris' ability to discuss competing third-party proposals to acquire all or a significant part of Morris. In addition, Morris has agreed to pay Vallant a fee of $10,000,000 if the transaction is terminated because, among other things, Morris decides to pursue another acquisition transaction. These provisions are likely to discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Morris from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per-share price than that proposed in the merger, or might result in a potential competing acquirer proposing to pay a lower per-share price to acquire Morris than it might otherwise have proposed to pay.

Vallant and Morris may waive one or more of the conditions to the merger without resoliciting Morris shareholder approval of the merger.

Each of the conditions to the obligations of Vallant and Morris to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of Vallant and Morris, if the condition is a condition to both parties' obligation to complete the merger, or by either party if such condition is a condition of its obligation to complete the merger. The boards of directors of Vallant and Morris will evaluate the materiality of any such waiver in order to determine whether amendment of this proxy statement/offering circular and the re-solicitation of the approval of the merger agreement by Morris shareholders is necessary. In the event that any such waiver is not determined to be significant enough to require re-solicitation of Morris' shareholders, the parties will have the discretion to complete the merger without seeking further shareholder approval.

If the conditions to the merger are not met or waived, the merger will not occur.

Specified conditions in the merger agreement must be satisfied or waived in order to complete the merger, including approval of the merger by Morris' shareholders. Neither Vallant nor Morris can assure you that each of the conditions will be satisfied or waived. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, which could cause some or all of the intended benefits of the merger to be lost.

If the merger is not consummated by November 30, 2026, either Vallant or Morris may choose not to proceed with the merger.

Either Vallant or Morris may terminate the merger agreement if the merger has not been completed by November 30, 2026, unless the failure of the merger to be completed has resulted from the material failure of the party seeking to terminate the merger agreement to perform its obligations.

Failure to complete the merger could negatively impact the future business and financial results of Morris.

If the merger is not completed for any reason, including as a result of Morris shareholders failing to approve the merger agreement and the merger, the ongoing business of Morris may be adversely affected and, without realizing any of the benefits of having completed the merger, Morris could be subject to a number of possible consequences, including the following:

- Morris may be required, under certain circumstances, to pay a termination fee to Vallant;
- Morris is subject to certain restrictions on the conduct of business prior to completing the merger, which may adversely affect its ability to execute certain business strategies;
- Morris may experience negative impacts on its business as a result of the reaction to announcement of the merger and announcement of the termination of the merger from customers, regulators and employees;
- Morris has incurred and will continue to incur certain costs and fees associated with the merger; and
- matters related to the merger (including integration planning) may require substantial commitments of time and resources by the management and employees of Morris, which would otherwise have been

devoted to day-to-day operations and other opportunities that may have been beneficial to Morris as an independent company.

The Merger may fail to qualify as a tax-free reorganization under the Internal Revenue Code.

The Merger has been structured to qualify as a tax-free reorganization under Section 368(a) of the Code. The closing of the merger is conditioned upon the receipt by Vallant and Morris of an opinion of Fenimore Kay Harrison LLP, dated as of the closing date of the merger, substantially to the effect that, on the basis of facts, representations and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of Vallant and Morris) which are consistent with the state of facts existing as of the effective date of the merger, the merger qualifies as a reorganization under Section 368(a) of the Code. The tax opinion to be delivered in connection with the merger will not be binding on the Internal Revenue Service or any court, and neither Vallant nor Morris intends to request a ruling from the Internal Revenue Service with respect to the United States federal income tax consequences of the merger. If the merger fails to qualify as a reorganization under Section 368(a) of the Code, a Morris shareholder generally will recognize gain or loss on each share of Morris Common Stock exchanged for Vallant Common Stock or cash in the amount of the difference between the fair market value of the Vallant Common Stock and cash received by such Morris shareholder in the exchange and the shareholder's adjusted tax basis in the Morris shares surrendered.

See "*The Merger – Material U.S. Federal Income Tax Consequences of the Merger*" beginning on page 38 for a more detailed discussion of the U.S. federal income tax consequences of the transaction.

Holders of Morris Common Stock have appraisal rights and dissenters' rights in the merger.

Appraisal rights (also known as dissenters' rights) are statutory rights that enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. If the merger agreement is approved by Morris, Morris shareholders who vote against the approval of the merger agreement and who properly demand payment of the fair value of their shares of Morris Common Stock under the applicable provisions of Georgia law will be entitled to appraisal rights in connection with the merger under the applicable provisions of Georgia law. In addition, Vallant's obligation to consummate the merger is subject to the condition that holders of no more than five percent of the issued and outstanding shares of Morris Common Stock dissent. Neither Morris nor Vallant can predict the number of Morris shareholders who will seek payment of fair cash value of their shares. See the section entitled "*The Merger—Dissenters' Rights of Appraisal*" beginning of page 87.

Certain directors and executive officers of Morris have interests in the merger in addition to their interests as shareholders.

Certain directors and executive officers of Morris have interests in the merger in addition to their interests as shareholders. The board of directors of Morris was aware of these interests at the time it approved the merger. These interests may cause Morris' directors and executive officers to view the merger differently than you may view it. See "*The Merger - Interests of Certain Persons in the merger*" at page 42.

Shares of Vallent common stock to be received by Morris shareholders as a result of the merger will have rights different from the shares of Morris common stock.

Upon completion of the merger, the rights of former Morris shareholders will be governed by the Articles of Incorporation and bylaws of Vallant. The rights associated with Morris common stock are different from the rights associated with Vallant common stock. Please see the section entitled "*Comparison of Shareholders' Rights*" for a discussion of the different rights associated with Vallant common stock.

Risks Related to Vallant Common Stock

The market for Vallant Common Stock may be limited and an active market for Vallant Common Stock may not develop after the merger.

As of the date of this proxy statement/offering circular, Vallant Common Stock is not listed or traded on any securities exchange or any other organized market. Vallant has agreed to use its commercially reasonable efforts to cause Vallant Common Stock to be listed on the OTCQX prior to the effective time of the merger and stated its intention to apply for listing on a national securities exchange within fifteen months following the effective time of the merger. However, even if listing on the OTCQX or a national securities exchange is successfully achieved, we cannot provide any assurance that an active market for the combined company's common stock will develop after either such listing. Accordingly, an investment in the combined company's common stock should be considered to have limited liquidity and you may be unable to sell your shares of the combined company's common stock following the merger in a timely fashion.

The combined company may not continue to pay dividends at the same level as Morris and Vallant have in the past; neither Vallant nor Morris can guarantee that the combined company can pay dividends in the future.

Any future determination relating to dividend policy will be made at the discretion of the combined company's board of directors and will depend on a number of factors, including the combined company's future earnings, capital requirements, financial condition, future prospects, regulatory restrictions and other factors that the board of directors may deem relevant. The combined company's principal business operations will be conducted through the combined bank. Cash available to pay dividends to the combined company's shareholders will be derived primarily, if not entirely, from dividends paid by the combined bank. The combined bank's ability to pay dividends to the combined company, as well as the combined company's ability to pay dividends to its shareholders, is subject to and limited by certain legal and regulatory restrictions, and could become subject to contractual restrictions related to the trust preferred securities and related debentures Vallant issued and will assume in connection with the merger and the subordinated debt Vallant issued in 2021. Further, any lenders making loans to the combined company or the terms of any future debt issuance may impose financial covenants that may be more restrictive than regulatory requirements with respect to the combined company's payment of dividends. Because it will exceed $3 billion in assets, the combined company will be subject to consolidated regulatory capital requirements that may further limit its ability to pay dividends. As a result, the payment of future dividends is dependent upon future earnings, financial condition, regulatory approval, contractual restrictions and other relevant factors.

The combined company's issuance of additional shares of common stock in the future could dilute your ownership of the combined company and your voting power.

Vallant's Articles of Incorporation, which will be the articles of incorporation of the combined company, authorize the issuance of up to 10 million shares of voting common stock, of which 1,369,116 shares were outstanding as of the date of this proxy statement/offering circular, 56,607 shares are reserved for issuance under existing or future stock option awards, and approximately 1,166,964 will be issued as merger consideration. The combined company may authorize the issuance additional shares of capital stock from time to time and the issuance of additional stock within these limits will not require prior shareholder approval. Sales of additional shares of stock, or the perception that shares may be sold, could negatively affect the value of the shares you hold in the combined company as a result of the merger. The issuance of additional shares could also dilute the percentage ownership interest and corresponding voting power of existing shareholders who do not participate in offerings of additional shares. Vallant's Articles of Incorporation do not provide shareholders with preemptive rights to purchase their pro rata share of any offering of additional shares.

Vallant's directors and executive officers own a significant portion of Vallant Common Stock, and will continue to own a significant portion of the combined company's common stock following the merger, and can influence shareholder decisions.

Vallant's directors and executive officers, as a group, beneficially own a significant amount of Vallant's outstanding voting securities, and will beneficially own a significant portion of the combined company's voting

securities. As a result of their ownership, the directors and executive officers have the ability, if they voted their shares in concert, to influence the outcome of all matters submitted to the combined company for approval, including the election of directors.

Your right to receive liquidation and dividend payments on the shares of Vallant Common Stock is junior to Vallant's existing and future senior indebtedness and to any senior securities Vallant may issue in the future.

With respect to dividend rights and rights upon Vallant's liquidation, winding-up or dissolution, the Vallant Common Stock will rank junior to all present indebtedness of Vallant, including its trust preferred securities and outstanding subordinated notes, and to all future senior debt of Vallant. As of September 30, 2025, Vallant had approximately $32 million of indebtedness and other liabilities which is senior in right of payment to Vallant Common Stock with respect to the rights of payment for dividends and upon liquidation, and Vallant will assume approximately $4.1 million of additional long-term liabilities in connection with the merger.

Vallant's Articles of Incorporation do not require that Vallant obtain the approval of the holders of Vallant Common Stock to incur additional indebtedness. Consequently, the combined company may incur indebtedness in the future that could limit the combined company's ability to make subsequent dividend or liquidation payments to you. In addition, in the event of the combined company's bankruptcy, liquidation or reorganization, the combined company's assets will be available to pay obligations on the its common stock only after all of it's indebtedness and all senior securities, if any, have been paid, and there may not be sufficient assets remaining to pay any amounts to holders of the combined company's common stock.

Shares of Vallant Common Stock are not FDIC insured.

Shares of Vallant Common Stock are not savings or deposit accounts or other obligations of Pinnacle Bank and are not insured by the Deposit Insurance Fund, the FDIC or any other governmental agency and are subject to investment risk, including the possible loss of principal.

Risks Related to Vallant's Business

The combined company expects to incur substantial expenses related to the merger.

The combined company expects to incur substantial expenses in connection with completing the merger and combining the businesses, operations, networks, systems, technologies, policies and procedures of Vallant and Morris. Although Vallant and Morris have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the completion of the merger. In addition, prior to completion of the merger, each of Vallant and Morris will incur or have incurred substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, Vallant and Morris would have to recognize these expenses without realizing the anticipated benefits of the merger.

The market price of the combined company's common stock may be affected by factors different from those currently affecting the independent businesses of Vallant and Morris.

Upon completion of the merger, holders of Morris Common Stock will become holders of the combined company's common stock. Vallant's business differs in important respects from that of Morris, and, accordingly, the results of operations of the combined company and the market price of the combined company's common stock after completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of Vallant and Morris. For a discussion of the businesses of Vallant and Morris and of

some important factors to consider in connection with those businesses, see "*Information about Vallant and Pinnacle Bank*" beginning on page 56 and "*Information about Morris and Morris Bank*" beginning on page 67.

The recent results of Vallant and Morris may not be indicative of the combined company's future results.

The combined company may not be able to sustain the recent performance and growth trajectories that Vallant and Morris have experienced in recent years. In the future, the combined company may not be able to find suitable expansion opportunities. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit the combined company's ability to expand its market presence. If the combined company experiences a significant decrease in its historical rate of growth, its results of operations, financial condition and the value of its common stock may be adversely affected due to the interest rate environment and to a high percentage of its operating costs, such as salaries, lease payment and insurance premiums, being fixed expenses.

As a community bank, the combined company's success depends upon local and regional economic conditions, and the combined company will have different lending risks than larger banks.

Vallant and Morris provide services to their local communities. The combined company's ability to diversify its economic risk will be limited by its own local markets and economies. Each of Vallant and Morris lends primarily to small- to medium-sized businesses, which may expose the combined company to greater lending risks than those of banks lending to larger, better-capitalized businesses with longer operating histories.

The combined company must use a number of estimates in determining the classification of loans and the establishment of credit losses, which estimates are based on experience, judgment and expectations regarding borrowers and economic conditions, as well as regulator judgments. The combined company can make no assurance that its credit loss reserves will be sufficient to absorb future credit losses or prevent a material adverse effect on its business, profitability or financial condition.

If the communities in which the combined company operates do not grow or if the prevailing economic conditions locally or nationally are less favorable than assumed, its ability to maintain its low volume of non-performing loans and other real estate owned and to implement its business strategies may be adversely affected and its actual financial performance may be materially different from its projections.

The combined company could suffer credit losses from declines in credit quality.

The combined company could sustain losses if borrowers, guarantors, and related parties fail to perform in accordance with the terms of their loans. The combined company's underwriting and credit monitoring procedures and policies, including the establishment and review of the allowance for credit losses may not prevent unexpected losses that could materially adversely affect its results of operations.

If the combined company's allowance for credit losses is not sufficient to cover actual credit losses, its earnings could decrease.

The combined company's success depends to a significant extent upon the quality of its assets, particularly loans. In originating loans, there is a risk that credit losses will be experienced. The risk of loss will vary with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the quality of the collateral for the loan.

The combined company's loan customers may not repay their loans according to the terms of these loans, and the collateral securing the payment of these loans may be insufficient to assure repayment. As a result, the combined company may experience credit losses, which could have a material adverse effect on its operating results. Management makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of its loans. In determining the size of its allowance for credit losses, the combined company will rely on an analysis of its loan portfolio based on historical loss experience, volume and types of loans, trends in

classification, volume and trends in delinquencies and non-accruals, national and local economic conditions and other pertinent information.

If its assumptions are inaccurate, the combined company's allowance may not be sufficient to cover future credit losses, and adjustments may be necessary to allow for different economic conditions or adverse developments in its loan portfolio. Material additions to its allowance would materially decrease its net income. The combined company can make no assurance that its allowance will be adequate to cover future credit losses given current and future market conditions.

In addition, federal and state regulators periodically review the allowance for credit losses and may require the combined company to increase its provision for credit losses or recognize further loan charge-offs, based on judgments different than those of its management. Any increase in its allowance for credit losses or loan charge-offs as required by these regulatory agencies could have a negative effect on its operating results.

The combined company may need to raise additional capital in the future, but that capital may not be available when it is needed or may be dilutive to its shareholders.

The combined company and combined bank are required by federal and state regulatory authorities to maintain adequate capital levels to support their operations. In order to support its operations and comply with regulatory standards, the combined company may need to raise capital in the future. Its ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Accordingly, the combined company cannot assure you of its ability to raise additional capital, if needed, on favorable terms. If the combined company cannot raise additional capital when needed, its results of operations and financial condition may be adversely affected, and its banking regulators may subject the combined company to one or more regulatory enforcement actions. Further, the issuance of additional shares of its equity securities will dilute the economic ownership interest of its common shareholders.

The combined bank's use of appraisals in deciding whether to make a loan on or secured by real property or how to value such loan in the future may not accurately describe the net value of the real property collateral that the combined bank can realize.

In considering whether to make a loan secured by real property, banks generally requires an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values in its market area have experienced changes in value in relatively short periods of time, this estimate might not accurately describe the net value of the real property collateral after the loan has been closed. If the appraisal does not reflect the amount that may be obtained upon any sale or foreclosure of the property, the combined bank may not realize an amount equal to the indebtedness secured by the property. The valuation of the property may negatively impact the continuing value of such loan and could adversely affect its operating results and financial condition.

If the combined company fails to retain its key employees, its growth and profitability could be adversely affected.

As a community bank, the success of the combined bank will be highly dependent on its senior management team and its ties to the local community. This is particularly true because, as a community bank, the combined bank will depend on its management team's ties to the community to generate business. The loss of its management may have an adverse effect upon its growth and profitability.

Competition from other financial institutions may adversely affect the combined bank's profitability.

The banking business is highly competitive, and the combined bank will experience strong competition from many other financial institutions, including local and national banks, credit unions and savings and loan associations. In addition, and to an increasing extent, the combined bank will also compete with fintech and cryptocurrency companies, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds and other financial intermediaries, which operate in its primary market areas and elsewhere.

The combined bank will compete with these institutions both in attracting deposits and in making loans. In addition, the combined bank has to attract its customer base from other existing financial institutions and from new residents. Many of its competitors are well-established and larger regional and national financial institutions. The combined bank may face a competitive disadvantage as a result of its smaller size and lack of geographic diversification.

Lower lending limits than many of the combined bank's competitors may limit its ability to attract borrowers.

The combined bank's legally mandated lending limits will be lower than those of some of its competitors because the combined bank will have less capital than such competitors. In addition, the combined bank is expected to have a lower internal lending limit in order to limit its exposure to any individual borrower. Those lower lending limits may discourage borrowers with lending needs that exceed those limits from doing business with the combined bank. While the combined bank may try to serve these borrowers by selling loan participations to other financial institutions, this strategy may not succeed.

The combined bank will rely on other companies to provide key components of its business infrastructure.

Third party vendors provide key components of Vallant's and Morris' business infrastructure such as internet connections, network access and core application processing, and the combined company will not control their actions. Any problems caused by these third parties, including as a result of their not providing their services for any reason or their performing their services poorly, could adversely affect its ability to deliver products and services to its customers and otherwise to conduct its business. Replacing these third party vendors could also entail significant delay and expense.

The combined company will be subject to liquidity risk in its operations.

Liquidity risk is the possibility of being unable, at a reasonable cost and within acceptable risk tolerances, to pay obligations as they come due, to capitalize on growth opportunities as they arise, or to pay regular dividends because of an inability to liquidate assets or obtain adequate funding on a timely basis. Liquidity is required to fund various obligations, including credit obligations to borrowers, mortgage originations, withdrawals by depositors, repayment of debt, dividends to shareholders, operating expenses, and capital expenditures. Liquidity is derived primarily from retail deposit growth and retention, principal and interest payments on loans and investment securities, net cash provided from operations, and access to other funding sources. The combined company's access to funding sources in amounts adequate to finance its activities could be impaired by factors that affect it specifically or the financial services industry in general. Factors that could detrimentally affect its access to liquidity sources include a decrease in the level of its business activity due to a market downturn or adverse regulatory action. Its ability to borrow could also be impaired by factors that are not specific to it, such as a severe disruption in the financial markets or negative views and expectations about the prospects for the financial services industry as a whole, given the recent turmoil faced by banking organizations in the domestic and worldwide credit markets. Currently, Vallant and Morris each have access to liquidity to meet their current anticipated needs; however, the combined company's access to additional borrowed funds could become limited in the future, and the combined company may be required to pay above-market rates for additional borrowed funds, if the combined company is able to obtain them at all, which may adversely affect its results of operations.

The combined company could have restrictions on the activities of its workforce and could encounter legal risk related to restrictive covenants.

As a part of its business strategy, the combined company intends to cultivate an attractive workplace culture and to hire bankers from competitors who may wish to join the combined company. In some cases, these bankers may be subject to restrictions from their prior employers on their ability to provide competitive banking services. These restrictions may limit the effectiveness of newly-hired employees, thereby limiting or delaying the financial benefits of hiring the employee. Moreover, the scope of these restrictions is frequently the subject of disagreement, thereby exposing the combined company to actual or threatened litigation risk. In the aggregate, these

risks, if realized, could have a material and adverse effect on the combined company's financial condition, results of operations, and future prospects.

Vallant and Morris continually encounter technological change, and the combined company may have fewer resources than its competition to continue to invest in technological improvements; its information systems may experience an interruption or breach in security.

The banking and financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. The combined company's future success will depend, in part, upon its ability to address the needs of its customers by using technology to provide products and services that enhance customer convenience, as well as create additional efficiencies in operations. Many of the combined company's competitors have greater resources to invest in technological improvements, and the combined company may not be able to effectively implement new technology-driven products and services, which could reduce its ability to effectively compete.

In addition, the combined company will rely heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in customer relationship management, general ledger, deposit, loan functionality and the effective operation of other systems. While Vallant and Morris have policies and procedures designed to prevent or limit the effect of a failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of its information systems could damage its reputation, result in a loss of customer business, subject the combined company to additional regulatory scrutiny, or expose the combined company to civil litigation and possible financial liability, any of which could have a material adverse effect on its financial condition and results of operations.

Pinnacle Bank has significant exposure to the poultry industry.

Pinnacle Bank has extend a significant volume of loans to participants in the poultry industry. As of September 30, 2025, its loans outstanding to poultry-related businesses were approximately $253 million, or 15.2% of Pinnacle Bank's total outstanding loans. The health of the poultry industry is subject to unique factors. While Pinnacle Bank carefully underwrites its poultry-related loans, any occurrence that has a material negative impact on the poultry industry could have an adverse impact on Pinnacle Bank's and Vallant's financial condition and results of operations.

Unauthorized access, cyber-crime and other threats to data security may require significant resources, harm the combined company's reputation, or have a material adverse effect on its business.

Morris Bank and Pinnacle Bank collect, use and hold personal and financial information concerning individuals and businesses with which they have a banking relationship. Threats to data security, including unauthorized access and cyber-attacks, rapidly emerge and change, exposing us to additional costs for protection or remediation and competing time constraints to secure our data in accordance with customer expectations and statutory and regulatory privacy and other requirements. It is difficult or impossible to defend against every risk being posed by changing technologies, as well as criminal intent on committing cyber-crime. Increasing sophistication of cyber-criminals and terrorists make keeping up with new threats difficult and could result in a breach. Controls employed by the combined company and the combined bank and their employees and vendors could prove inadequate. The combined company and the combined bank could also experience a breach due to intentional or negligent conduct on the part of employees or other internal sources, software bugs or other technical malfunctions, or other causes. As a result of any of these threats, the combined bank's customer accounts may also become vulnerable to account takeover schemes or cyber-fraud. The combined company and the combined bank's systems and those of their third-party vendors may also become vulnerable to damage or disruption due to circumstances beyond our or their control, such as from catastrophic events, power anomalies or outages, natural disasters, network failures and viruses and malware.

A breach of security that results in unauthorized access to the combined bank's data could expose them to a disruption or challenges relating to their daily operations as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs and reputational damage, any of which could have a material adverse effect on the combined company's and the combined bank's business, financial condition, results of operations and future prospects.

The combined bank's offering of traditional community bank services to consumers may expose it to additional litigation and compliance risks, including increased exposure to purported class action lawsuits.

Pinnacle Bank's and Morris Bank's business models have, and the combined bank's business model will, include a focus on providing traditional community banking services to consumers who live and work in the communities it serves. These services include offering a variety of deposit products and services, consumer loans, and home mortgage loans. In recent years, these products, particularly offering overdraft services to depositors, have been subject to increased scrutiny from banking regulators and the public and viewed as being detrimental to consumers in some circumstances. The combined bank expects to continue to offer these products in conformity with laws and regulations as it has historically.

The combined bank expects that it will receive scrutiny from banking regulators regarding these products, and banking regulators' interpretations of the circumstances under which these products are unfair to consumers continues to evolve. In addition, a number of law firms across the nation focus on bringing purported class action lawsuits against banks offering these products. Defending these lawsuits is costly and success in defending the lawsuits is not guaranteed.

If the combined bank receives material regulatory criticism of its consumer practices or if it is subject to continued purported class action lawsuits, its professional and other expenses could increase, resulting in a material and adverse impact on its results of operations.

Vallant, Pinnacle Bank, Morris and Morris Bank are, and the combined company and the combined bank will continue to be. subject to extensive regulation that could limit or restrict their activities.

Vallant, Pinnacle Bank, Morris and Morris Bank operate in a highly regulated industry and are subject to examination, supervision, and comprehensive regulation by various regulatory agencies. Vallant and Morris are, and the combined company will be, primarily regulated by the Federal Reserve and the GDBF. Pinnacle Bank and Morris Bank are, and the combined bank will be, primarily regulated by the FDIC and the GDBF. Their compliance with these regulations is costly and restricts certain of their activities, including the declaration and payment of cash dividends to common shareholders, mergers and acquisitions, investments, loans and interest rates charged, interest rates paid on deposits, and locations of offices. Pinnacle Bank and Morris Bank are also subject to capitalization guidelines established by its regulators which require them to maintain adequate capital to support its growth and operations. Additionally, following the completion of the merger, the combined company's total assets will exceed $3.0 billion, and therefore it will no longer qualify as a "small bank holding company" under Federal Reserve regulations. As a result, the combined company will be subject to additional regulations related to its capital adequacy, debt and capital structure, financial reporting and examination frequency, and composition of its audit committee.

The laws and regulations applicable to the banking industry have recently changed and may continue to change, and we cannot predict the effects of these changes on its business and profitability. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, its cost of compliance could adversely affect its ability to operate profitably. Many of these regulations are intended to protect depositors, the public, and the FDIC's insurance fund – not shareholders. In addition, the burden imposed by federal and state regulations may place the combined company and bank at a competitive disadvantage compared to competitors that are less regulated. The laws, regulations, interpretations and enforcement policies that apply to Vallant and Morris have been subject to significant changes in recent years, which have been sometimes retroactively applied and may change significantly in the future. Future legislation or government policy may also adversely affect the banking industry or its operations.

The combined bank's financial condition and results of operations will be affected by policies of monetary authorities, particularly the Board of Governors of the Federal Reserve System. Actions by monetary and fiscal authorities, including the Federal Reserve, could have an adverse effect on the combined bank's deposit levels, loan demand, and business and earnings.

Changes in the interest rate environment could reduce the combined bank's net interest income, which could reduce its profitability.

As a financial institution, the combined bank's earnings will depend on its net interest income, which is the difference between the interest income that the combined bank earns on interest-earning assets, such as investment securities and loans, and the interest expense that the combined bank pays on interest-bearing liabilities, such as deposits and borrowings. Therefore, any change in general market interest rates, including changes in federal fiscal and monetary policies, affects the combined bank more than non-financial institutions and can have a significant effect on its net interest income and total income. The combined bank's assets and liabilities may react differently to changes in overall market rates or conditions because there may be mismatches between the repricing or maturity characteristics of the assets and liabilities. As a result, an increase or decrease in market interest rates could have material adverse effects on the combined bank's net interest margin and results of operations.

In addition, we cannot predict whether interest rates will continue to remain at present levels. Changes in interest rates may cause significant changes, up or down, in the combined bank's net interest income. Depending on its portfolio of loans and investments, its results of operations may be adversely affected by changes in interest rates.

The combined bank may face increasing deposit pricing pressures, which may, among other things, reduce its profitability.

Deposit pricing pressures may result from competition as well as changes to the interest rate environment. Current economic conditions have intensified competition for deposits. This competition has had an impact on interest rates paid to attract deposits as well as fees charged on deposit products. In addition to the competitive pressures from other depository institutions, the combined bank faces heightened competition from non-depository financial products such as securities and other alternative investments. Furthermore, technology and other market changes have made it more convenient for bank customers to transfer funds for investing purposes. Bank customers also have greater access to deposit vehicles that facilitate spreading deposit balances among different depository institutions to maximize FDIC insurance coverage.

A prolonged economic downturn, especially one affecting its market areas, could adversely affect the combined company's financial condition, results of operations or cash flows.

The combined company's success depends upon the growth in population, income levels, deposits and housing starts in its primary market areas. If the communities in which the combined bank operates do not grow, or if prevailing economic conditions locally or nationally are unfavorable, its business may not succeed. Unpredictable economic conditions may have an adverse effect on the quality of its loan portfolio and its financial performance. Economic recession over a prolonged period or other economic problems in its market areas could have a material adverse impact on the quality of the loan portfolio and the demand for its products and services. Future adverse changes in the economies in its market areas may have a material adverse effect on its financial condition, results of operations or cash flows. Further, the banking industry in Georgia is affected by general economic conditions such as inflation, recession, unemployment and other factors beyond its control. As a community bank, the combined bank will be less able to spread the risk of unfavorable local economic conditions than larger or regional banks. Moreover, the combined bank cannot give any assurance that it will benefit from any market growth or favorable economic conditions in its primary market areas even if they do occur.

PROPOSAL ONE – APPROVAL OF THE MERGER AGREEMENT

The board of directors of Morris has determined that it is in the best interests of Morris and its shareholders to consummate the merger in accordance with the terms of the merger agreement, a copy of which is attached as Exhibit A to this proxy statement/offering circular, pursuant to which the following transactions will occur:

(i) Morris will merge with and into Vallant, with Vallant being the surviving corporation;

(ii) each share of Morris Common Stock will be converted into the right to receive 0.1095 shares of Vallant Common Stock (except for (a) shares held by Morris, Vallant, Morris Bank or Pinnacle Bank, in each case, other than shares held in a fiduciary capacity or as a result of collection of debts previously contracted, (b) shares held by Morris shareholders who properly exercise dissenters' rights, and (c) any ineligible state shares (as described below)); *provided, however*, the number of shares of Vallant Common Stock to be received by each holder of Morris Common Stock shall be rounded down to the nearest whole number of shares of Vallant Common Stock, and such holder shall be entitled to receive for such fractional share of Vallant Common Stock cash in an amount equal to such fractional share times $215.00;

(iii) each outstanding Morris restricted stock unit issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan will vest at the maximum payout opportunity levels under each related award agreement, and the shares of Morris Common Stock related to each vested restricted stock unit will be converted into the right to receive a number of shares of Vallant Common Stock equal to the product of: (1) the number of shares of Morris Common Stock subject to the restricted stock unit (as vested at the maximum payout opportunity level) multiplied by (2) 0.1095, as well as a cash payment for any accrued but unpaid dividend equivalents related to such holder's Morris restricted stock units; *provided, however*, the number of shares of Vallant Common Stock to be received by a holder of restricted stock units (after taking into account all shares of Vallant Common Stock to be delivered to such holder of restricted stock units) shall be rounded down to the nearest whole number of shares of Vallant Common Stock, and such holder shall be entitled to receive for such fractional share of Vallant Common Stock cash in an amount equal to such fractional share times $215.00; and

(iv) Morris Bank will merge with and into Pinnacle Bank, with Pinnacle Bank surviving as a subsidiary of Vallant.

THE MORRIS BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT AND THE MERGER.

THE MERGER

The following discussion summarizes certain terms of the merger and the merger agreement and is qualified in its entirety by reference to the complete text of the merger agreement, which is incorporated herein by reference. *You should read the merger agreement, an executed copy of which is attached as Exhibit A to this proxy statement/offering circular, in its entirety.*

General

The merger agreement provides that, subject to approval by the shareholders of Morris, receipt of necessary regulatory approvals, and satisfaction of certain other conditions described under "*The Merger Agreement - Conditions to the Closing of the Merger*" on page 51, Morris will merge with and into Vallant, with Vallant as the surviving entity. As a result of these transactions, the separate corporate existence of Morris will cease.

The Parties

Morris. Morris State Bancshares, Inc. is a bank holding company based in Dublin, Georgia. Substantially all of Morris' activities are conducted through its wholly-owned bank subsidiary, Morris Bank.

As of September 30, 2025, Morris had consolidated assets of approximately $1.54 billion, deposits of approximately $1.31 billion, and shareholders' equity of approximately $207.5 million. Book value per share of Morris Common Stock was $19.49 as of September 30, 2025.

Morris Bank. Morris Bank is a commercial bank based in Dublin, Georgia with nine banking locations. It is a state-chartered commercial bank regulated by the GDBF and the FDIC. Morris Bank is a full-service bank, providing most traditional commercial and consumer banking services primarily toward individuals and small and medium-sized businesses located in its banking market.

Vallant. Vallant Financial, Inc., formerly Pinnacle Financial Corporation, is a bank holding company based in Elberton, Georgia. Substantially all of Vallant's activities are conducted through its wholly-owned bank subsidiary, Pinnacle Bank.

At September 30, 2025, Vallant had consolidated assets of approximately $2.23 billion, deposits of approximately $1.97 billion, and shareholders' equity of approximately $205.5 million. The book value per share of Vallant Common Stock was $150.05 as of September 30, 2025.

Pinnacle Bank. Pinnacle Bank is a commercial bank based in Elberton, Georgia with 26 full-service branches and three loan production offices, and is the wholly-owned subsidiary of Vallant. Pinnacle Bank is a state-chartered commercial bank regulated by the GDBF and the FDIC. Pinnacle Bank is a full-service bank, providing most traditional commercial and consumer banking services primarily toward individuals and small and medium-sized businesses located in its banking market. Upon consummation of the bank merger, Pinnacle Bank will change its name to Vallant Bank.

Merger Consideration

Pursuant to the terms of the merger agreement, if the merger is completed, each share of Morris Common Stock issued and outstanding immediately before the effective time of the merger, subject to certain exceptions discussed below, will be converted into the right to receive, for each share of Morris Common Stock held, 0.1095 shares of Vallant Common Stock; *provided, however*, Morris shareholders who would otherwise be entitled to receive a fractional share of Vallant Common Stock as a result of the merger shall receive, in lieu of such fraction of a share of Vallant Common Stock, cash in an amount equal to such fraction multiplied by $215.00.

The following shares will not be exchanged for the merger consideration: (i) shares held by Morris, Vallant, Morris Bank or Pinnacle Bank, in each case, other than shares held in a fiduciary capacity or as a result of collection of debts previously contracted, which shares will be cancelled for no consideration; (ii) shares held by

Morris shareholders who properly exercise dissenters' rights, which shares shall be exchanged for their fair value pursuant to Georgia law; and (iii) shares held by shareholders residing in certain states where an available exemption from registration is not available, which will be exchanged for cash in an amount equal to $215.00 per share of Vallant Common Stock to which each such shareholder would otherwise be entitled to receive.

In addition, the merger agreement permits Morris to declare and pay a one-time special cash dividend of $5.7 million, or $0.54 per share of Morris common stock outstanding as of the record date, which we refer to as the transaction dividend, immediately prior to closing of the merger.

Additionally, as of the effective time of the merger, each outstanding Morris restricted stock unit issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan will vest at the maximum payout opportunity level under the related award agreement. Each such vested restricted stock unit will be converted into the right to receive a number of shares of Vallant Common Stock equal to the product of: (1) the number of shares of Morris Common Stock subject to the restricted stock unit (as vested at the maximum payout opportunity level) multiplied by (2) 0.1095; *provided, however*, the number of shares of Vallant Common Stock to be received by a holder of restricted stock units (after taking into account all shares of Vallant Common Stock to be delivered to such holder of restricted stock units) shall be rounded down to the nearest whole number of shares of Vallant Common Stock, and such holder shall be entitled to receive for such fractional share of Vallant Common Stock cash in an amount equal to such fractional share times $215.00. Holders of Morris restricted stock units will also receive a cash payment for any accrued but unpaid dividend equivalents related to such holder's Morris restricted stock units.

Background of the Merger

As part of its ongoing consideration and evaluation of its long-term prospects and strategies, the Morris board of directors considers and regularly reviews Morris' strategic direction, business objectives and long-term prospects, as well as challenges that may affect Morris' ability to grow or maintain its business and maximize shareholder value. These considerations have focused on, among other things, growth opportunities, prospects and developments in the regulatory environment, conditions and ongoing consolidation in the financial services industry, and the economy generally and financial markets, both with respect to financial institutions generally and Morris in particular.

In connection with that review, the Morris board of directors recognized the strong financial performance of Morris produced through its outstanding efficiency and high-value service to its customers. At the same time, the Morris board of directors acknowledged the need to continue to develop management depth and to pursue continuing upgrades to its technology infrastructure and product offerings. While Morris had successfully navigated those challenges while producing above-peer financial results in growing to a $1.5 billion asset company, the Morris board of directors recognized that continuing to make the needed investments in management and infrastructure would be a drag on Morris' long-term financial results. However, the Morris board of directors did not consider a sale of the company to be an attractive solution given the likely changes to its service delivery model and culture that a sale was likely to entail.

Morris' Chairman, President and Chief Executive Officer Spence Mullis and Vallant's Chairman and Chief Executive Officer Jackson McConnell are each active participants in the Georgia Bankers Association, or GBA, and have worked together as members of various GBA committees. Over the years, each of Mr. Mullis and Mr. McConnell became familiar with the other's bank, including each such bank's markets, operations and culture. As the industry continued to consolidate, the benefits of scale became clear to both banks. In January of 2024, Mr. McConnell and Vallant's President David Voyles approached Mr. Mullis to gauge Morris' potential interest in combining the two companies in a strategic merger. Mr. Mullis indicated an openness to a discussion regarding a possible combination, and in March 2024, the banks executed a Mutual Nondisclosure Agreement to allow them to further evaluate the opportunity. Over the following months, the parties reviewed various information with the assistance of their respective financial advisors and held various meetings to discuss the vision for the combined company. However, in light of various financial considerations, the parties determined that a combination was not feasible at that time. While the parties concluded formal conversations regarding a combination at that time, they continued to discuss the possibility of a combination and remained in touch over the course of the following year.

The respective boards of directors of both Vallant and Morris continued to discuss a possible combination as an attractive potential strategic option, and, in July of 2025, Mr. McConnell reached out to Mr. Mullis to share an update on Vallant, including its financial results through June 30, 2025, and inquired as to whether Morris would be open to reengaging in detailed discussions regarding a potential combination. As a result of the conversation, the banks began a review of each other's publicly-available information and began to discuss various organizational matters regarding the combined company.

On August 5, 2025, the parties executed an updated mutual non-disclosure agreement. During the following weeks, the parties provided high-level financial, operational, and legal information for due diligence purposes. In addition, they discussed various roles for various key team members within the combined company and how key processes would be governed. With the assistance of Morris' financial advisor, Keefe, Bruyette and Woods, Inc. ("KBW") and Vallant's financial advisor, Piper Sandler & Co. ("PSC"), the parties developed a financial model for the combined company and analyzed an appropriate exchange ratio to be used in the all-stock transaction. On September 23rd and 24th, key members of management of each of Vallant and Morris met in-person to discuss in detail the opportunity presented by the merger and how the two management teams would integrate with each other to lead the combined company.

With the assistance of their respective financial advisors, the parties continued financial negotiations over the following weeks. On October 7th, Vallant presented Morris with a non-binding letter of intent outlining the key transaction terms. Over the following week, the parties and their respective financial advisors negotiated the financial terms of the letter of intent, including an increase to the exchange ratio offered by Vallant to Morris. The Morris board of directors met to consider the letter of intent, as revised, on October 15, 2025. In that discussion, the Morris board of directors approved the letter of intent, and the parties executed the letter of intent on October 16, 2025.

Throughout the second half of October and the first three weeks of November, mutual due diligence on Morris and Vallant continued. On October 24, 2025, Vallant's legal counsel, Fenimore Kay Harrison LLP, delivered a draft of the merger agreement to Morris' legal counsel, Alston & Bird LLP. Subsequently, the parties and their respective legal advisors negotiated the terms of the merger agreement, including the representations and warranties of the parties, the covenants of the parties pending closing of the transaction, the rights and obligations of the parties in the event the merger agreement is terminated prior to the consummation of the merger, and the various employee-related issues. The parties also negotiated other ancillary documents, including employment agreements proposed by Vallant for Mr. Mullis, Chris Bond, Ashlee Torpy and John Hall. During the course of discussions regarding the merger agreement, representatives of Vallant and Morris also discussed their expectation that Morris' directors and certain officers would enter into customary support agreements in their capacity as shareholders of Morris agreeing to vote their shares of Morris Common Stock in favor of the merger proposal and the other transactions provided for in the merger agreement.

On November 13, 2025, the Morris board of directors met, with representatives of KBW and Alston & Bird LLP also attending the meeting, to discuss the current status of the merger negotiations, as well as the current drafts of the merger agreement and other legal documentation. Representatives of Alston & Bird LLP also provided an overview of Morris' board of directors' fiduciary duties in the context of its consideration of the proposal.

On November 19, 2025, the Morris board of directors held a special meeting to discuss the merger. The draft merger agreement and ancillary documents were provided to members of Morris' board of directors. At the special board meeting, representatives of Alston & Bird LLP again reviewed Morris' board of directors' fiduciary duties in the context of its consideration of the proposal and discussed the final terms and conditions of the proposed merger agreement, and the Morris board of directors discussed the merger and the merger agreement. Certain members of Morris' senior management and KBW also attended the meeting. At the meeting, the board discussed topics such as the respective valuations of Morris and Vallant, the special pre-closing dividend, the lack of liquidity of the combined company's stock, the advantages and disadvantages of a fixed exchange ratio, each party's termination rights, the treatment of Morris' outstanding restricted stock units, the proposed Morris board of director representation at Vallant, the proposed role of Morris' senior management in the combined company, terms regarding employee retention and exclusivity and other terms in the merger agreement. Representatives of Alston & Bird LLP also answered questions from the Morris' board of directors regarding the terms of the merger agreement and the ancillary agreements. In addition, KBW reviewed the financial aspects of the proposed merger, including the

financial analyses performed by KBW, and rendered to the Morris board of directors an opinion, which was rendered verbally and confirmed in in a written opinion, dated November 19, 2025, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in its opinion, the total per share consideration (defined in KBW's opinion as the per share merger consideration and the transaction dividend, taken together) was fair, from a financial point of view, to the holders of Morris Common Stock. Following further discussion, Morris' board of directors (i) voted unanimously to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, (ii) authorized Mr. Mullis to execute and deliver the merger agreement, and (iii) determined to recommend the merger agreement and the transactions contemplated thereby, including the merger, to the Morris shareholders for approval.

On November 19, 2025, the respective officers of Vallant and Morris executed and delivered the merger agreement. On November 20, 2025, Vallant and Morris issued a joint press release announcing the terms of the merger. On January 5, 2026, Pinnacle Financial Corporation changed its name to Vallant Financial, Inc.

Recommendation of our Board of Directors and Reasons for the Merger

After careful consideration, Morris' board of directors, at a meeting held on November 19, 2025, determined that the merger agreement and the transactions contemplated thereby were in the best interests of Morris and its shareholders. Accordingly, Morris' board of directors has approved the merger agreement and recommends that Morris' shareholders vote "**FOR**" approval of the merger agreement and the merger.

Morris' board of directors consulted with its financial advisor KBW with respect to the financial aspects of the merger and with its outside legal counsel, Alston & Bird LLP, or Alston, as to its legal and fiduciary duties and the terms of the merger agreement. The board believes that combining with Vallant will create a stronger and more diversified organization that will provide significant benefits to Morris' shareholders and customers alike.

The terms of the merger agreement, including the consideration to be paid to Morris' shareholders, were the result of arm's length negotiations between representatives of Morris and representatives of Vallant. In arriving at its determination to approve the merger agreement, Morris' board of directors considered a number of factors, including the following material factors:

- the board of directors' knowledge of and deliberation with respect to the current and prospective business and economic environment of the markets served by Morris and by Vallant, including the competitive environment in Morris' and Vallant's markets, the continuing consolidation of the financial services industry, the increased regulatory burdens on financial institutions and the uncertainties in the regulatory climate going forward, and the likely effects of these factors on Morris' and Vallant's potential growth, development, productivity, profitability and strategic options;
- the board of directors' knowledge of and deliberation with respect to Morris' business, operations, financial condition, earnings and prospects, and of Vallant's business, operations, financial condition, earnings and prospects, taking into account the results of Morris' due diligence review of Vallant;
- the board of directors' views with respect to other potential strategic alternatives, including selling to a larger company, remaining independent, competing for organic growth, making acquisitions, pursuing other strategic merger partners, or a capital offering;
- the results of Morris' exploration of possible merger partners other than Vallant, and the board of directors' views with respect to the likelihood of any such other merger occurring and providing greater long-term value to Morris shareholders;
- the complementary aspects of Morris' and Vallant's businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' respective management and operating styles;
- the board of directors' understanding of Vallant's commitment to enhancing its strategic position in Georgia;

- the consideration being offered in relation to the Morris board of directors' then-current assessment of the fair market value of Morris' stock and recent trading prices on OTCQX;
- that the merger consideration would consist of shares of Vallant Common Stock allowing Morris shareholders to participate in the future performance of the combined Morris and Vallant business, including cost savings and synergies resulting from the merger;
- the Morris board of directors' then-estimate of the future value of Morris as an independent entity;
- the short-term and long-term social and economic effects on the employees, depositors, customers, shareholders and other constituents of Morris and on the communities within which Morris operates;
- its review with Alston regarding the terms of the merger agreement, and the presentation by Alston regarding the merger and the merger agreement;
- the financial presentation of KBW on November 19, 2025 and the opinion, dated November 19, 2025, of KBW to the Morris board of directors as to the fairness, from a financial point of view, to the holders of Morris Common Stock of the total per share consideration (defined in KBW's opinion as the per share merger consideration and the transaction dividend, taken together), as more fully described below under "Opinion of Morris' Financial Advisor"; and
- the regulatory and other approvals required in connection with the merger and the Morris board of directors' determination as to the likelihood that the approvals needed to complete the merger would be obtained without unacceptable conditions.

The Morris board of directors also considered as a part of its process potential risks and potentially negative factors concerning the merger in connection with its deliberations of the proposed transaction, including the following material factors:

- that the exchange ratio is fixed, so that if the value of Vallant Common Stock at the time of the closing of the merger is lower than the value of Vallant Common Stock on the date of the merger agreement (November 19, 2025), the economic value of the merger consideration to be received by Morris' shareholders in exchange for their shares of Morris Common Stock will also be lower;
- the fact that Vallant Common Stock is not currently publicly traded, and that the common stock of the combined company will be subject to a limited trading market even when listed on OTCQX as provided in the merger agreement;
- the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;
- the provisions of the merger agreement restricting Morris' solicitation of third-party acquisition proposals and providing for the payment of a termination fee in certain circumstances, which the Morris board of directors understood, while potentially limiting the willingness of a third party to propose a competing business combination transaction with Morris, were a condition to Vallant's willingness to enter into the merger agreement;
- the fact that the Morris board of directors and executive officers have other interests in the merger that are different from, or in addition to, their interests as Morris shareholders. See "The Merger—Interests of Certain Persons in the Merger";
- the potential displacement of Morris' employees and the adverse anticipated effect on those employees;
- the potential risks associated with integrating Morris' business, operations and workforce with those of Vallant, including the execution risk of data system conversion and the possible negative effect on customer relationships;
- the possibility that the merger could be announced but not consummated, and the possibility that Morris could lose customers, business and employees as a result of announcing the transaction; and

- the possibility that the required regulatory and other approvals might not be obtained.

The foregoing discussion of the information and factors considered by the Morris board of directors is not intended to be exhaustive, but includes the material factors considered by the Morris board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated thereby, the board of directors of Morris did not assign any relative or specific weight to different factors and individual directors may have given weight to different factors. Based on the reasons stated above, the board of directors of Morris believes that the merger is in the best interest of Morris and its shareholders and therefore the board of directors of Morris approved the merger agreement and the merger.

This summary of the reasoning of Morris' board of directors and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Opinion of Morris' Financial Advisor

Morris engaged KBW to render financial advisory and investment banking services to Morris, including an opinion to the Morris board of directors as to the fairness, from a financial point of view, to the shareholders of Morris of the total per share consideration (see below) in the proposed merger. Morris selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the Morris board of directors held on November 19, 2025, at which the Morris board of directors evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the Morris board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in its opinion, the total per share consideration (defined in KBW's opinion as the per share merger consideration and the transaction dividend, taken together) was fair, from a financial point of view, to the holders of Morris Common Stock. The Morris board of directors approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex B to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW's opinion speaks only as of the date of the opinion. KBW's opinion is included in this document solely because it was considered by the Morris board in connection with the merger. The opinion was solely for the information of, and was directed solely to, the Morris board of directors (solely in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion is not to be relied upon by any other entity or person or used for any other purpose, without the prior written consent of KBW. The opinion addressed only the fairness, from a financial point of view, of the total per share consideration in the merger to the holders of Morris Common Stock. It did not address the underlying business decision of Morris to engage in the merger or enter into the merger agreement or constitute a recommendation to the Morris board of directors in connection with the merger, and it does not constitute a recommendation to any holder of Morris Common Stock or any shareholder of any other entity as to how to vote or act in connection with the merger or any other matter, nor does it constitute a recommendation regarding whether or not any such shareholder should enter into a voting, shareholders', or affiliates' agreement with respect to the merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of Morris and Vallant and bearing upon the merger, including, among other things:

- a draft of the merger agreement dated November 17, 2025 (the most recent draft made available to KBW);
- the audited financial statements for the three fiscal years ended December 31, 2024 of Morris;
- the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2025, June 30, 2025 and September 30, 2025 of Morris;
- the audited financial statements for the three fiscal years ended December 31, 2024 of Vallant;
- the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2025, June 30, 2025 and September 30, 2025 of Vallant;
- certain regulatory filings of Morris and Vallant and their respective subsidiaries, including, as applicable, the semi-annual reports on Form FR Y-9SP and the quarterly call reports required to be filed (as the case may be) with respect to each quarter during the three-year period ended December 31, 2024 as well as the quarters ended March 31, 2025, June 30, 2025 and September 30, 2025;
- certain other interim reports and other communications of Morris and Vallant to their respective shareholders; and
- other financial information concerning the businesses and operations of Morris and Vallant furnished to KBW by Morris and Vallant or which KBW was otherwise directed to use for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

- the historical and current financial position and results of operations of Morris and Vallant;
- the assets and liabilities of Morris and Vallant;
- the nature and terms of certain other merger transactions and business combinations in the banking industry;
- a comparison of certain financial and stock market information for Morris and certain financial information for Vallant with similar information for certain other companies the securities of which are publicly traded;
- financial and operating forecasts and projections of Morris that were prepared by Morris management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management and with the consent of the Morris board of directors;
- financial and operating forecasts and projections of Vallant that were prepared by Vallant management, provided to and discussed with KBW by such management, and used and relied upon by KBW based on such discussions, at the direction of Morris management and with the consent of the Morris board of directors; and
- estimates regarding certain pro forma financial effects of the merger on Vallant (including, without limitation, the cost savings expected to result or be derived from the merger) that were prepared by Vallant management, provided to and discussed with KBW by such management, and used and relied upon by KBW based on such discussions, at the direction of Morris management and with the consent of the Morris board of directors.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also participated in

discussions held by the management of Morris and management of Vallant regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. KBW was not requested to assist, and did not assist, Morris with soliciting indications of interest from third parties regarding a potential transaction with Morris.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information that was provided to or discussed with it or that was publicly available and KBW did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of Morris as to the reasonableness and achievability of the financial and operating forecasts and projections of Morris referred to above (and the assumptions and bases therefor), and KBW assumed that such forecasts and projections were reasonably prepared and represented the best currently available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of Morris, upon Vallant management as to the reasonableness and achievability of the financial and operating forecasts and projections of Vallant and the estimates regarding certain pro forma financial effects of the merger on Vallant (including, without limitation, the cost savings expected to result or be derived from the merger), all as referred to above (and the assumptions and bases for all such information), and KBW assumed that such information was reasonably prepared and represented the best currently available estimates and judgments of such management and that the forecasts, projections and estimates reflected in such information would be realized in the amounts and in the time periods estimated by such management.

It is understood that the foregoing financial information of Morris and Vallant that was provided to KBW was not prepared with the expectation of public disclosure and that all of the foregoing financial information was based on numerous variables and assumptions that are inherently uncertain and, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective management of Morris and management of Vallant and with the consent of the Morris board of directors, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Morris or Vallant since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for credit losses and KBW assumed, without independent verification and with Morris' consent, that the aggregate allowances for credit losses for each of Morris and Vallant are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Morris or Vallant, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Morris or Vallant under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. KBW made note of the classification by each of Morris and Vallant of its loans and owned securities as either held to maturity or held for investment, on the one hand, or held for sale or available for sale, on the other hand, and KBW also reviewed reported fair value marks-to-market and other reported valuation information, if any, relating to such loans or owned securities contained in the respective financial statements of Morris and Vallant, but KBW expressed no view as to any such matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Such estimates are inherently subject to uncertainty and should not be taken as KBW's view of the actual value of any companies or assets.

KBW assumed, in all respects material to its analyses:

- that the merger (including payment of the transaction dividend) and any related transactions (including the bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed by KBW and referred to above) and in all related documents referred to in the merger agreement, with no adjustments to the total per share consideration (including the

allocation between the per share merger consideration and the transaction dividend) and with no other consideration or payments in respect of Morris Common Stock;

- that the representations and warranties of each party in the merger agreement and in all related documents were true and correct;
- that each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;
- that there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transactions and that all conditions to the completion of the merger and any related transactions would be satisfied without any waivers or modifications to the merger agreement or any of the related documents; and
- that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on Morris, Vallant or the pro forma entity, or the contemplated benefits of the merger, including without limitation the cost savings expected to result or be derived from the merger.

KBW assumed that the merger would be consummated in a manner that is exempt from or complies with the applicable provisions of the Securities Act of 1933, as amended, and all other applicable federal and state statutes, rules and regulations. KBW was further advised by representatives of Morris that Morris relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Morris, Vallant, the merger and any related transaction, and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, of the total per share consideration to the holders of Morris Common Stock. KBW expressed no view or opinion as to any other terms or aspects of the merger or any term or aspect of any related transaction (including the bank merger, the listing of shares of Vallant Common Stock on the OTCQX, the actions relating to the Morris Bank 401(k) and Employee Stock Ownership Plan or the sale to Vallant or other divestiture by Morris Bank of that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Vallant and held by Morris Bank), including, without limitation, the form or structure of the merger or any such related transaction (including the form of the total per share consideration or the allocation thereof between the per share merger consideration and the transaction dividend), any consequences of the merger or any such related transaction to Morris, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any directors' agreements, releases, claims letters or any employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger, any such related transaction, or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through the date of such opinion. There has been significant volatility in the stock and other financial markets arising from global tensions and political division, economic uncertainty, recently announced actual or threatened imposition of tariff increases, inflation, and prolonged higher interest rates. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

- the underlying business decision of Morris to engage in the merger or enter into the merger agreement;
- the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Morris or the Morris board of directors;
- the fairness of the amount or nature of any compensation to any of Morris' officers, directors or employees, or any class of such persons, relative to the compensation to the holders of Morris Common Stock;

- the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, the holders of any class of securities of Morris (other than holders of Morris Common Stock, solely with respect to the total per share consideration as described in KBW's opinion and not relative to the consideration to be received by holders of any other class of securities) or holders of any class of securities of Vallant or any other party to any transaction contemplated by the merger agreement;
- the actual value of Vallant Common Stock to be issued in the merger;
- the prices, trading range or volume at which Morris Common Stock would trade following the public announcement of the merger, the prices, trading range or volume at which Vallant Common Stock would trade following the listing thereof on the OTCQX or the prices, trading range or volume at which Vallant Common Stock would trade following the consummation of the merger;
- any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or
- any legal, regulatory, accounting, tax, environmental or similar matters relating to Morris, Vallant, their respective shareholders, or relating to or arising out of or as a consequence of the merger or any related transaction (including the bank merger), including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Morris and Vallant. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, KBW's opinion was among several factors taken into consideration by the Morris board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Morris board of directors with respect to the fairness of the total per share consideration. The type and amount of consideration payable in the merger were determined through negotiation between Morris and Vallant and the decision of Morris to enter into the merger agreement was solely that of the Morris board of directors.

The following is a summary of the material financial analyses presented by KBW to the Morris board of directors in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the Morris board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized two illustrative transaction values for the merger, one based on the Vallant stock price of $215.00 to be used for calculating cash in lieu of fractional shares in the merger pursuant to the merger agreement and the other based on the $216.35 midpoint of the range of implied values per share of Vallant Common Stock indicated in the dividend discount model analysis of Vallant performed by KBW as described below. One illustrative transaction value for the merger was $24.08 per share of Morris Common Stock, or approximately $257 million in the aggregate, based on the sum of the implied value of the per share merger

consideration of 0.1095 of a share of Vallant Common Stock using a Vallant stock price of $215.00, plus the transaction dividend. The other illustrative transaction value for the merger was $24.23 per share of Morris Common Stock, or approximately $259 million in the aggregate, based on the sum of the implied value of the per share merger consideration of 0.1095 of a share of Vallant Common Stock using a Vallant stock price of $216.35, plus the transaction dividend. In addition to the financial analyses described below, KBW reviewed with the Morris board of directors for informational purposes, among other things, implied transaction multiples for the proposed merger (based on the illustrative transaction value for the merger of $24.08 per share of Morris Common Stock and using financial and operating forecasts and projections of Morris provided by Morris management) of 8.8x Morris' estimated 2025 earnings per share ("EPS") and 9.9x Morris' estimated 2026 EPS and implied transaction multiples for the proposed merger (based on the illustrative transaction value for the merger of $24.23 per share of Morris Common Stock and using financial and operating forecasts and projections of Morris provided by Morris management) of 8.8x Morris' estimated 2025 EPS and 10.0x Morris' estimated 2026 EPS.

Vallant and Morris Selected Companies Analysis. Using publicly available information, KBW compared the financial performance and financial condition of Vallant and Morris to 18 selected major exchange-traded banks headquartered in Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia or West Virginia with total assets between $1.5 billion and $3.5 billion. KBW also compared the market performance of Morris to the selected companies. NewtekOne, Inc., a converted business development company, was excluded from the selected companies.

The selected companies were as follows (shown by column in descending order of total assets):

MVB Financial Corp.	Commercial Bancgroup, Inc.
First Community Bankshares, Inc.	MainStreet Bancshares, Inc.
Colony Bankcorp, Inc.	First Community Corporation
USCB Financial Holdings, Inc.	First National Corporation
C&F Financial Corporation	Eagle Financial Services, Inc.
Blue Ridge Bankshares, Inc.	National Bankshares, Inc.
John Marshall Bancorp, Inc.	Peoples Bancorp of North Carolina, Inc.
FVCBankcorp, Inc.	Virginia National Bankshares Corporation
CoastalSouth Bancshares, Inc.	Chain Bridge Bancorp, Inc.

To perform this analysis, KBW used profitability and other financial information as of or for the most recent completed fiscal quarter ("MRQ") or latest twelve months ("LTM") ended September 30, 2025 and market price information as of November 18, 2025. In addition, KBW used 2025 and 2026 EPS estimates taken from financial forecasts and projections of Morris provided by Morris management and consensus "street estimates" for the selected companies to the extent publicly available (consensus "street estimates" for 2025 and 2026 were not publicly available for five of the selected companies). Where consolidated holding company level financial data for Vallant, Morris and the selected companies was unreported, subsidiary bank level data was utilized to calculate ratios (subsidiary bank level data necessary to calculate Common Equity Tier 1 ("CET1") Ratio and Total Capital Ratio was also unreported for eight of the selected companies). Certain financial data presented in the tables below may not correspond to the data presented in Vallant's and Morris' historical financial statements as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of Vallant, Morris and the selected companies:

			Selected Companies			
	Vallant	Morris	25th Percentile	Median	Average	75th Percentile
LTM Core Return on Avg. Assets[1]	1.24%	1.56%	0.85%	0.98%	0.95%	1.11%
LTM Core Return on Avg. Tangible Common Equity[1]	17.0%	13.8%	9.3%	11.5%	10.4%	13.3%

LTM Core Pre-Tax Pre-Provision Return on Avg. Assets[2]	1.69%	2.29%	1.21%	1.37%	1.31%	1.57%
LTM Net Interest Margin	4.06%	4.42%	3.11%	3.34%	3.37%	3.57%
LTM Fee Income / Revenue Ratio	21.2%	7.3%	10.1%	16.3%	16.3%	22.6%
LTM Efficiency Ratio	65.0%	52.7%	57.3%	64.8%	65.8%	69.0%

(1) Based on core net income. Core net income excluded extraordinary items, non-recurring items and gains / (losses) on sale of securities, non-controlling interest and amortization of intangible and goodwill impairment. Morris core net income excluded COVID Employee Retention Credit revenues / expenses and Proportional Amortization Method expenses recorded by Morris during the fiscal quarter ended September 30, 2025 and other amortization adjustments recorded by Morris throughout the 12-month period ended September 30, 2025.
(2) Based on core net income excluding provision from loan losses and taxes.

KBW's analysis also showed the following concerning the financial condition of Vallant, Morris and, to the extent available, the selected companies:

			Selected Companies			
	Vallant	Morris	25th Percentile	Median	Average	75th Percentile
Tangible Common Equity / Tangible Assets	8.25%	12.88%	8.49%	9.85%	9.78%	10.61%
Common Equity Tier 1 Ratio	11.59%	14.44%	12.24%	13.09%	17.34%	18.59%
Total Capital Ratio	12.77%	15.69%	15.35%	15.85%	19.70%	19.54%
Loans HFI / Deposits	83.6%	89.4%	78.5%	87.1%	82.3%	92.8%
Loan Loss Reserve / Gross Loans	1.25%	1.27%	1.01%	1.02%	1.09%	1.06%
Nonperforming Assets / Loans and OREO[1]	0.06%	0.47%	0.68%	0.41%	0.51%	0.20%
LTM Net Charge-Offs / Average Loans	0.04%	0.31%	0.19%	0.08%	0.13%	0.02%

(1) Nonperforming assets included nonaccrual loans, restructured loans and OREO.

In addition, KBW's analysis showed the following concerning the market performance of Morris, and, to the extent publicly available, the selected companies (excluding the impact of the LTM Core EPS multiples for two of the selected companies and the 2025 EPS multiple for one of the selected companies, which multiples were considered to be not meaningful because they were less than 0.0x or greater than 35.0x, and excluding the impact of the MRQ dividend payout ratio for one of the selected companies, which ratio was considered to be not meaningful because it was less than 0.0%):

		Selected Companies			
	Morris	25th Percentile	Median	Average	75th Percentile
One-Year Stock Price Change	1.1%	(7.1%)	(0.0%)	(0.2%)	5.0%
Year-To-Date Stock Price Change	4.4%	(3.3%)	(0.1%)	2.2%	1.6%
Price / Tangible Book Value per Share	127%	102%	108%	115%	126%
Price / LTM Core EPS[1]	10.6x	9.8x	10.8x	10.7x	11.7x
Price / 2025 Estimated EPS	8.6x	9.8x	10.2x	10.7x	11.6x
Price / 2026 Estimated EPS	9.7x	8.4x	9.1x	9.4x	9.9x
Dividend Yield[2]	2.0%	2.3%	2.7%	2.9%	3.4%
MRQ Dividend Payout Ratio[3]	20.0%	21.5%	24.5%	28.6%	30.1%

(1) Core EPS defined as core net income divided by average diluted shares outstanding. Core net income excluded extraordinary items, non-recurring items and gains / (losses) on sale of securities, non-controlling interest and amortization of intangible and goodwill impairment. Morris core net income excluded COVID Employee

Retention Credit revenues / expenses and Proportional Amortization Method expenses recorded by Morris during the fiscal quarter ended September 30, 2025 and other amortization adjustments recorded by Morris throughout the 12-month period ended September 30, 2025.

(2) Annualized dividend for the fiscal quarter ended September 30, 2025 as a percentage of stock price. Four of the selected companies did not pay dividends.

(3) Annualized dividend for the fiscal quarter ended September 30, 2025 as a percentage of annualized MRQ Core EPS. Four of the selected companies did not pay dividends.

No company used as a comparison in the above selected companies analysis is identical to Vallant or Morris. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Selected Transactions Analysis. KBW reviewed publicly available information related to nine selected U.S. bank transactions announced since January 1, 2021 with announced deal values between $100 million and $1 billion and acquired company shareholder ownership of the combined company of at least 40%.

The selected transactions were as follows:

Acquiror	**Acquired Company**
FirstSun Capital Bancorp	First Foundation Inc.
ChoiceOne Financial Services, Inc.	Fentura Financial, Inc.
Southern California Bancorp	California BanCorp
Orrstown Financial Services, Inc.	Codorus Valley Bancorp, Inc.
Burke & Herbert Financial Services Corp.	Summit Financial Group, Inc.
LINKBANCORP, Inc.	Partners Bancorp
Shore Bancshares, Inc.	The Community Financial Corporation
CBTX, Inc.	Allegiance Bancshares, Inc.
Shore Bancshares, Inc.	Severn Bancorp, Inc.

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the respective selected transaction:

Price per common share to tangible book value per share of the acquired company;

Price per common share to LTM Core EPS of the acquired company;

Tangible equity premium to core deposits (total deposits less time deposits greater than $100,000) of the acquired company, referred to as core deposit premium.

KBW also reviewed the price per common share paid for the acquired company for each selected transaction as a premium/(discount) to the closing price of the acquired company one day prior to the announcement of the acquisition (expressed as a percentage and referred to as the one-day market premium). The resulting transaction statistics for the selected transactions were compared with the corresponding transaction statistics for the proposed merger based on the two illustrative transaction values for the merger of $24.08 and $24.23 per share of Morris Common Stock and using historical financial information for Morris as of or for the 12 month-period ended September 30, 2025 and the closing price of Morris Common Stock on November 18, 2025.

The results of the analysis are set forth in the following table (excluding the impact of the LTM Core EPS multiple for one of the selected transactions, which was considered to be not meaningful because it was less than 0.0x):

	Vallant / Morris Merger Based on Illustrative Transaction Value of $24.08	Vallant / Morris Merger Based on Illustrative Transaction Value of $24.23	Selected Transactions			
			25th Percentile	Median	Average	75th Percentile
Price / Tangible Book Value per Share [1]	130%	131%	115%	132%	126%	135%
Price / LTM Core EPS	10.6x	10.7x	8.6x	10.4x	11.5x	13.0x
Core Deposit Premium	5.6%	5.8%	1.6%	3.5%	4.4%	4.5%
One-Day Market Premium	2.5%	3.1%	3.9%	10.5%	14.1%	17.2%

(1) For illustrative purposes, the implied transaction multiple of adjusted price / tangible book value per share for the merger, inclusive of Morris' after-tax held-to-maturity securities fair value mark per its September 30, 2025 bank level regulatory filing, would be 1.46x based on the illustrative transaction value for the merger of $24.08 per share of Morris Common Stock and 1.47x based on the illustrative transaction value for the merger of $24.23 per share of Morris Common Stock.

No company or transaction used as a comparison in the above selected transaction analysis is identical to Morris or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Relative Contribution Analysis. KBW analyzed the relative standalone contribution of Vallant and Morris to various pro forma balance sheet and income statement items of the companies. This analysis did not include purchase accounting adjustments or cost savings. To perform this analysis, KBW used (i) balance sheet and income statement data as of or for the 12-month period ended September 30, 2025 for Vallant and Morris and (ii) financial forecasts and projections of Vallant provided by Vallant management and financial forecasts and projections of Morris provided by Morris management. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Vallant shareholders and Morris shareholders in the combined company based on the 0.1095x exchange ratio as provided for in the merger agreement:

	Vallant % of Total	Morris % of Total
Ownership:		
Ownership at 0.1095x Fixed Exchange Ratio [1]	54.0%	46.0%
Balance Sheet:		
Assets	59.1%	40.9%
Gross Loans Held for Investment	58.6%	41.4%
Deposits	60.0%	40.0%
Tangible Common Equity	46.5%	53.5%
Adjusted Tangible Common Equity [2]	51.0%	49.0%
Income Statement:		
LTM Core Earnings [3]	54.1%	45.9%
2025 Estimated Earnings	53.7%	46.3%
2026 Estimated Earnings	55.8%	44.2%

(1) Excluded any impact of the transaction dividend

(2) Inclusive of Morris' after-tax held-to-maturity securities fair value mark per its September 30, 2025 bank level regulatory filing, inclusive of the transaction dividend and inclusive of Vallant's after-tax gain on name sale.
(3) Core income excluded nonrecurring items and amortization of intangibles.

Financial Impact Analysis. KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Vallant and Morris. Using (i) closing balance sheet estimates assumed as of March 31, 2026 for Vallant provided by Vallant management and closing balance sheet estimates assumed as of March 31, 2026 for Morris provided by Morris management, (ii) financial forecasts and projections of Vallant provided by Vallant management and Morris provided by Morris management, and (iii) pro forma assumptions (including, without limitation, the cost savings expected to result from the merger as well as certain purchase accounting and other merger-related adjustments and the restructuring charge assumed with respect thereto) provided by Vallant management, KBW analyzed the potential financial impact of the merger on certain projected financial results of Vallant. This analysis indicated the merger could be accretive to Vallant's estimated 2026 and 2027 EPS and could be dilutive to Vallant's estimated tangible book value per share at closing assumed as of March 31, 2026. Furthermore, the analysis indicated that, pro forma for the merger, each of Vallant's tangible common equity to tangible assets ratio and Tier 1 Leverage Ratio at closing assumed as of March 31, 2026 could be higher, and each of Vallant's Common Equity Tier 1 Ratio, Tier 1 Capital Ratio and Total Risk-based Capital Ratio at closing assumed as of March 31, 2026 could be lower. For all of the above analysis, the actual results achieved by Vallant following the merger may vary from the projected results, and the variations may be material.

Vallant Dividend Discount Model Analysis. KBW performed a dividend discount model analysis of Vallant to estimate a range for the implied equity value of Vallant. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of Vallant provided by Vallant management and assumed discount rates ranging from 13.00% to 15.00%. The range of values was derived by adding (i) the present value of the estimated excess capital available for dividends that Vallant could generate over the period from March 31, 2026, through December 31, 2030 as a standalone company, and (ii) the present value of Vallant's implied terminal value at the end of such period. KBW assumed that Vallant would maintain a common equity tier 1 ratio of 11.00% and would retain sufficient earnings to maintain that level. In calculating the terminal value of Vallant, KBW applied a range of 8.5x to 10.5x Vallant's estimated 2031 earnings. This dividend discount model analysis resulted in a range of implied values per share of Vallant Common Stock of $193.83 to $240.55.

The dividend discount model analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, and discount rates. The foregoing dividend discount model analysis did not purport to be indicative of the actual values or expected values of Vallant or the pro forma combined company.

Morris Dividend Discount Model Analysis. KBW performed a dividend discount model analysis of Morris to estimate a range for the implied equity value of Morris. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of Morris provided by Morris management and assumed discount rates ranging from 13.00% to 15.00%. The range of values was derived by adding (i) the present value of the estimated excess capital available for dividends that Morris could generate over the period from March 31, 2026 through December 31, 2030 as a standalone company, and (ii) the present value of Morris' implied terminal value at the end of such period. KBW assumed that Morris would maintain a common equity tier 1 ratio of 12.00% and would retain sufficient earnings to maintain that level. In calculating the terminal value of Morris, KBW applied a range of 8.5x to 10.5x Morris' estimated 2031 earnings. This dividend discount model analysis resulted in a range of implied values per share of Morris Common Stock of $23.27 to $28.21.

The dividend discount model analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, and discount rates. The foregoing dividend discount model analysis did not purport to be indicative of the actual values or expected values of Morris.

Illustrative Pro Forma Combined Dividend Discount Model Analysis. KBW performed an illustrative dividend discount model analysis of the pro forma combined company. In this analysis, KBW used financial forecasts and projections relating to the earnings and assets of Vallant provided by Vallant management, financial forecasts and projections relating to the earnings and assets of Morris provided by Morris management, and pro forma assumptions

(including, without limitation, the cost savings and related expenses expected to result from the merger as well as certain purchase accounting and other merger-related adjustments and the restructuring charge assumed with respect thereto) provided by Vallant management, and KBW assumed discount rates ranging from 12.00% to 14.00%. An illustrative range for the implied equity value of the pro forma combined company was derived by adding (i) the present value of the implied future excess capital available for dividends that the pro forma combined company could generate over the period from March 31, 2026 through December 31, 2030, and (ii) the present value of the pro forma combined company's implied terminal value at the end of such period, in each case applying the pro forma assumptions. KBW assumed that the pro forma combined company would maintain a common equity tier 1 ratio of 11.00% and would retain sufficient earnings to maintain that level. In calculating implied terminal values of the pro forma combined company, KBW applied a range of 9.5x to 11.5x the pro forma combined company's estimated 2031 earnings. This dividend discount model analysis resulted in a range of illustrative pro forma values per share of Vallant Common Stock of $234.58 to $289.41and an illustrative range of implied values for the 0.1095 of a share of Vallant Common Stock to be received in the merger for each share of Morris Common Stock, plus the transaction dividend, of $25.69 to $31.69.

The dividend discount model analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values and discount rates. The foregoing dividend discount model analysis did not purport to be indicative of the actual values or expected values of Morris, Vallant or the pro forma combined company.

Miscellaneous. KBW acted as financial advisor to Morris in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. KBW and its affiliates, in the ordinary course of its and their broker-dealer businesses, may from time to time purchase securities from, and sell securities to, Morris and Vallant. In addition, as market makers in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of Morris for its and their own respective accounts and for the accounts of its and their respective customers and clients.

Pursuant to the KBW engagement agreement, Morris agreed to pay KBW a total cash fee equal to 1.45% of the aggregate merger consideration, $250,000 of which became payable to KBW with the rendering of its opinion, and the balance of which is contingent upon the closing of the merger. Morris also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. Other than in connection with the present engagement, during the two years preceding the date of its opinion, KBW did not provide investment banking or financial advisory services to Morris. During the two years preceding the date of its opinion, KBW did not provide investment banking or financial advisory services to Vallant. KBW may in the future provide investment banking and financial advisory services to Morris or Vallant and receive compensation for such services.

Required Approval of the Merger; Special Meeting of the Shareholders

Under Section 14-2-1101 et seq. of the GBCC, the approval of the Morris board of directors and the vote of shareholders holding a majority of the outstanding shares of Morris Common Stock are required to approve the merger and the merger agreement. The Morris board of directors has unanimously approved and adopted the merger agreement and the transactions contemplated thereby, including the merger.

Bank Regulatory Approvals

The transactions contemplated by the merger agreement are subject to the approval or non-objection of the Federal Reserve, the GDBF and the FDIC. The Merger may not be consummated until such regulatory approvals have been obtained, and Vallant is pursuing such regulatory approvals with Morris' cooperation. As of the date of this proxy statement/offering circular, all bank regulatory approvals required for consummation of the transactions contemplated by the merger agreement have been obtained.

Financial Statements

The audited financial statements of Vallant for the year ended December 31, 2024, and unaudited financial statements of Vallant as of and for the nine months ended September 30, 2025, are attached hereto as Exhibit C. The audited financial statements of Morris for the year ended December 31, 2024, and unaudited financial statements of Morris as of and for the nine months ended September 30, 2025, are attached hereto as Exhibit D.

Fairness Determination by the Securities Division of the Secretary of State of the State of Georgia

The merger agreement provides that the Vallant Common Stock to be issued to Morris shareholders in the merger will be issued pursuant to a fairness determination of the Secretary of State of the State of Georgia (the "Fairness Determination") such that the issuance of the Vallant Common Stock shall be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, or the Securities Act. Vallant, with the cooperation of Morris, prepared and filed with the Secretary of State of the State of Georgia, or the Commissioner, an application for a Fairness Determination and a request for hearing in connection with the merger in order for the issuance of the Vallant Common Stock to qualify for the exemption from registration. On or about January 15, 2026, Morris mailed each Morris shareholder a "Shareholders' Notice of Hearing" notifying them that a hearing before the Commissioner was to be held on February 6, 2026, and advised each Morris shareholder that the purpose of the hearing is for the Commissioner to determine the fairness of the terms and conditions of the merger agreement and the proposed merger. Each Morris shareholder was notified of their right to appear at the hearing and present any views and evidence as to the fairness of the merger. The hearing was conducted as scheduled and Vallant received the Fairness Determination from the Commissioner on February 10, 2026. A copy of the Commissioner's Order of Approval issuing the Fairness Determination is attached hereto as Exhibit E.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a general discussion of certain material U.S. federal income tax consequences of the merger to "U.S. Shareholders" (as defined below). This discussion and the tax opinion referred to below are based upon the Internal Revenue Code of 1986, as amended, which we refer to as the Code, the U.S. Treasury regulations promulgated thereunder and judicial and administrative authorities, rulings, and decisions, all as in effect on the date of this proxy statement/offering circular. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. The opinion referred to below will not be binding on the Internal Revenue Service, which we refer to as the IRS, or any court. Vallant and Morris have not sought and will not seek any ruling from the IRS regarding any matters relating to the merger, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which the opinion is based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected.

For purposes of this discussion, a "U.S. Shareholder" means a beneficial owner of Morris Common Stock that is, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation (or entity or arrangement treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) a trust if (a) a court within the United States is able to exercise primary supervision over its administration of the trust and one or more U.S. persons (as defined in Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of such trust, or (b) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes, or (4) an estate, the income of which is subject to U.S. federal income tax regardless of its source.

This discussion applies to U.S. Shareholders who hold their shares of Morris Common Stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to holders in light of their particular circumstances and does not apply to holders subject to special treatment under the U.S. federal income tax laws (such as, for example, dealers or brokers in securities, commodities or foreign currencies; traders in securities that elect to apply a mark-to-market method of accounting; banks and certain other financial institutions; insurance companies; regulated investment companies and real estate investment trusts; tax-exempt

organizations and entities, including pension plans, individual retirement accounts and employee stock ownership plans; holders of Morris Common Stock subject to the alternative minimum tax provisions of the Code; S corporations, partnerships or other pass-through entities (or investors in S corporations, partnerships or other pass-through entities); shareholders who are not U.S. Shareholders; U.S. expatriates; holders of Morris Common Stock whose functional currency is not the U.S. dollar; holders who hold shares of Morris Common Stock as part of a "hedge," "straddle," "constructive sale" or "conversion transaction" (as such terms are used in the Code) or other integrated investment; holders required to accelerate the recognition of any item of gross income for U.S. federal income tax purposes with respect to Vallant Common Stock as a result of such item being taken into account in an applicable financial statement; or persons who purchased their shares of Morris Common Stock as part of a wash sale).

This discussion does not address any tax consequences arising under any U.S. state or local, or foreign laws, the Medicare tax on net investment income, the alternative minimum tax or under any U.S. federal laws other than U.S. federal income tax laws (such as estate or gift tax laws).

If an entity or an arrangement treated as a partnership for U.S. federal income tax purposes holds Morris Common Stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes that holds Morris Common Stock, and any partners in such partnership, should consult their own tax advisors about the tax consequences of the merger to them.

Holders of Morris Common Stock should consult their independent tax advisors with respect to the application of U.S. federal income tax laws to their particular circumstances as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

Qualification of the Merger as a Reorganization

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. The obligation of Vallant and Morris to complete the merger is conditioned upon receipt of a written tax opinion from Fenimore Kay Harrison LLP that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. Such tax opinion will be based upon law existing on the date of the opinion and upon certain facts, assumptions, limitations, representations and covenants including those contained in representation letters executed by officers of Morris and Vallant that, if incorrect in certain material respects, would jeopardize the conclusions reached by Fenimore Kay Harrison LLP in its opinion.

Material Tax Consequences to U.S. Shareholders

The following discussion summarizes certain material U.S. federal income tax consequences of the merger to U.S. Shareholders.

- *Receipt of Vallant Common Stock*. No gain or loss will be recognized by a U.S. Shareholder upon its exchange of shares of Morris Common Stock solely for shares of Vallant Common Stock pursuant to the merger, except in respect of cash received in lieu of the issuance of a fractional share of Vallant Common Stock (as discussed below).
- *Cash Received in Lieu of Fractional Share.* A U.S. Shareholder who receives cash in lieu of the issuance of a fractional share of Vallant Common Stock generally will be treated for U.S. federal income tax purposes as having received such fractional share pursuant to the merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized in an amount equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the U.S. Shareholder's aggregate adjusted tax basis of the shares of Morris Common Stock exchanged in the merger for such fractional share of Vallant Common Stock. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. Shareholder's holding period for such shares of Morris Common Stock is more than one year.

- *Receipt of Solely Cash*. A U.S. Shareholder who receives solely cash in exchange for shares Morris Common Stock (whether in exchange for state ineligible shares or upon such U.S. Shareholder's exercise of dissenters' rights) generally will recognize gain or loss in an amount equal to the difference between the cash received and the U.S. Shareholder's adjusted tax basis in the shares of Morris Common Stock surrendered by such shareholder. Any taxable gain to a U.S. Shareholder on the exchange of Morris Common Stock generally will be treated as capital gain and will be long-term capital gain if, as of the effective date of the merger, the U.S. Shareholder has held such Morris Common Stock for more than one year.

- *Transaction Dividend.* Vallant and Morris intend to report the transaction dividend as a distribution with respect to Morris Common Stock for federal income tax purposes. The IRS may take the position that the transaction dividend is additional cash received in connection with the merger, and to the extent it were to prevail (and assuming the merger qualifies as a reorganization), the amount of the transaction dividend would not be treated as a distribution but rather as cash received by Morris shareholders in exchange for such stock, with the result that a U.S. Shareholder would recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash received in the transaction dividend and the fair market value of the Vallant Common Stock received pursuant to the merger over the shareholder's adjusted tax basis in the Morris Common Stock surrendered) and (2) the amount of cash received pursuant to the transaction dividend (excluding any cash received in lieu of a fractional share)..

  If, as expected, the transaction dividend is treated as a distribution with respect to Morris Common Stock, the amount paid to holders generally would be treated first as a taxable dividend to the extent of the U.S. Shareholder's pro rata share of Morris's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), then as a non-taxable return of capital to the extent of the U.S. Shareholder's basis in its Morris Common Stock, and finally as capital gain from the sale or exchange of Morris Common Stock. Morris cannot predict whether it will have current or accumulated earnings and profits for its current taxable year (which will end in connection with the merger). It is possible that Morris will have current earnings and profits for its current taxable year. Morris will not be able to make this determination until after the closing of the merger. If it is determined that the amount of the transaction dividend exceeds Morris's current and accumulated earnings and profits for the taxable year in which it is paid, Vallant will post this determination regarding Morris's earnings and profits on its website or otherwise inform former Morris shareholders of such determination.

  Amounts treated as dividends from earnings and profits of Morris received by individual U.S. Shareholders may qualify for reduced tax rates so long as certain holding period requirements are met. Dividends received by corporate U.S. Shareholders may be eligible for the dividends received deduction if such shareholder is an otherwise qualifying corporate holder that meets the holding period and certain other requirements. A dividend may be considered an "extraordinary dividend" under the U.S. federal income tax rules depending on the facts and circumstances of the Morris shareholder. Treatment of a dividend as an extraordinary dividend may affect a corporate U.S. Shareholder's basis in its Morris Common Stock or may affect the tax characterization of a sale of Morris Common Stock by an individual U.S. Shareholder. Morris shareholders should consult their tax advisors regarding the potential applicability of the "extraordinary dividend" provisions of the Code in light of their particular circumstances.

- *Tax Basis of Vallant Common Stock Received in the Merger*. The aggregate tax basis of the Vallant Common Stock (including a fractional share deemed received and sold for cash as described above) received in the merger will equal the aggregate tax basis of the Morris Common Stock surrendered in the exchange, reduced by the amount of cash received, if any, in exchange for Morris Common Stock (excluding any cash received in lieu of a fractional share of Vallant Common Stock), and increased by the amount of gain, if any, recognized in the exchange (including any portion of the gain that is treated as a dividend, as discussed below, but excluding any gain resulting from a fractional share deemed redeemed, as described above). If a U.S. Shareholder acquired different blocks of Morris Common Stock at different prices, such U.S. Shareholder's basis in its shares of Vallant Common Stock received in the exchange may be determined with reference to each block of Morris Common Stock surrendered.

- *Holding Period of Vallant Common Stock Received in the Merger*. The holding period for any Vallant Common Stock received in the merger will include the holding period of the Morris Common Stock surrendered in the exchange. If a U.S. Shareholder acquired different blocks of Morris Common Stock at different times, such U.S. Shareholder's holding period in its shares of Vallant Common Stock received in the exchange may be determined with reference to each block of Morris Common Stock surrendered.
- *Possible Treatment of Cash as a Dividend*. In general, the determination of whether any gain recognized by a U.S. Shareholder in the exchange will be treated as capital gain or a dividend depends upon whether and to what extent the exchange reduces the U.S. Shareholder's deemed percentage stock ownership of Vallant. For purposes of this determination, the U.S. Shareholder is treated as if it first exchanged all of its shares of Morris Common Stock solely for Vallant Common Stock and then Vallant immediately redeemed a portion of the Vallant Common Stock in exchange for the cash the U.S. Shareholder actually received (referred to herein as the "deemed redemption"). The gain recognized in the deemed redemption will be treated as capital gain rather than a dividend if the deemed redemption is (1) "substantially disproportionate" with respect to the U.S. Shareholder or (2) "not essentially equivalent to a dividend."

The deemed redemption generally will be "substantially disproportionate" with respect to a U.S. Shareholder if the percentage of the outstanding stock of Vallant that is actually and constructively owned by the U.S. Shareholder immediately after the deemed redemption is less than 80% of the percentage of the outstanding stock of Vallant that the holder is deemed to have actually and constructively owned immediately before the deemed redemption. Whether the deemed redemption is "not essentially equivalent to a dividend" with respect to a U.S. Shareholder will depend upon the U.S. Shareholder's particular circumstances. At a minimum, however, in order for the deemed redemption to be "not essentially equivalent to a dividend," the deemed redemption must result in a "meaningful reduction" in the U.S. Shareholder's deemed percentage stock ownership of Vallant. In applying the above tests, a U.S. Shareholder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons and stock underlying a U.S. Shareholder's option to purchase in addition to the stock actually owned by the U.S. Shareholder.

These rules are complex and dependent upon the specific factual circumstances particular to each U.S. Shareholder. Consequently, each U.S. Shareholder that may be subject to these rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such holder.

Backup Withholding and Information Reporting

In general, information reporting requirements may apply to the cash payments made to U.S. Shareholders of Morris Common Stock in connection with the merger, unless an exemption applies. Backup withholding may be imposed on such payments at a rate of 24% if a U.S. Shareholder (i) fails to provide a properly completed IRS Form W-9 or (ii) otherwise fails to comply with all applicable requirements of the backup withholding rules.

Any amounts withheld from payments to U.S. Shareholders of Morris Common Stock under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against their applicable U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Shareholders should consult their own tax advisors regarding the application of backup withholding based on their particular circumstances.

Certain Reporting Requirements

If you are a U.S. Shareholder that receives Vallant Common Stock in the merger and are considered a "significant holder," you will be required, as prescribed by applicable U.S. Treasury regulations, (1) to file a statement with your U.S. federal income tax return providing certain facts pertinent to the merger, including your tax basis in, and the fair market value of, the Morris Common Stock that you surrendered, and (2) to retain permanent records of these facts relating to the merger. You are a "significant holder" if, immediately before the merger, you (a) owned at least 1% (by vote or value) of the outstanding Morris Common Stock, or (b) owned Morris securities with a tax basis of $1.0 million or more.

THE DISCUSSION ABOVE OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED AS, TAX ADVICE. ALL HOLDERS OF MORRIS COMMON STOCK SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE APPLICATION OF U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Dissenters' Rights of Appraisal

You will be entitled to exercise statutory rights of dissent and appraisal and receive payment of the fair value of your shares of Morris Common Stock in cash if the merger is completed if you:

- do not vote in favor of the merger agreement; and
- comply with the statutory requirements of Georgia law concerning dissenters' rights of appraisal.

To be eligible to demand payment for your shares as a dissenter, you must file with Morris—prior to the vote on the proposal to approve the merger agreement—a written notice of your intention to demand payment for the fair value of your shares if the merger is completed. Merely voting against the merger will not entitle a shareholder to cash payment for his or her shares. Please see "*Dissenters' Rights*" below for a full discussion of the statutory requirements you must strictly follow to perfect dissenters' rights of appraisal and receive payment for your shares in cash.

Interests of Certain Persons in the Merger

In considering the recommendation of the Morris board of directors with respect to the merger agreement, the merger and the related transactions, you should be aware that Morris' directors and executive officers have interests in the merger that are different from your interests as a shareholder. These interests include those described below.

Change-in-Control Payments under Existing Employment Agreements with Morris Bank

Each of Mr. Mullis, Mr. Bond and Ms. Torpy is party to an existing employment agreement with Morris and Morris Bank. As part of these employment agreements, Morris and Morris Bank agreed to provide payments to each individual upon certain events relating to a change-in-control of Morris. Immediately prior to the effective time and conditioned upon consummation of the merger, the existing employment agreements will be terminated and the individuals shall be entitled to receive estimated aggregate pre-tax change-in-control payments of $2,637,000. The payments will be reduced to the extent necessary to avoid them constituting an "excess parachute payment" under Section 280G of the Code, but only to the extent that the net after-tax benefit to the executive is greater after such a reduction than the net-after-tax benefit to the executive prior to such a reduction.

Acceleration of Vesting of Restricted Stock Units

Pursuant to the terms of the merger agreement, unless exercised or forfeited prior to the effective time of the merger, each outstanding Morris restricted stock unit issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan will vest at the maximum payout opportunity levels under each related award agreement. The maximum payout opportunity level was selected in recognition of Morris' recent financial results and expected performance had it remained independent through the relevant measurement dates. The shares of Morris Common Stock underlying each vested restricted stock unit will be converted into the right to receive a number of shares of Vallant Common Stock on the same terms as the other outstanding shares of Morris Common Stock, including the payment of cash in lieu of fractional shares. Holders of Morris restricted stock units will also receive a cash payment for any accrued but unpaid dividend equivalents related to such holder's Morris restricted stock units. In aggregate, Morris currently estimates that it will issue approximately 19,595 shares of Morris Common Stock immediately prior to the closing of the merger in exchange for all restricted stock units and incur approximately $641,000 of incremental expense as a result of the accelerated vesting and payment of dividend equivalents.

Cash Bonuses

In connection with and immediately prior to the closing of the merger, Morris will pay one-time cash bonuses in the aggregate amount of approximately $1,400,000 to approximately 22 of its officers. The Morris board recognized that certain of its officers would become subject to a substantial tax burden in connection with the accelerated vesting of the restricted stock units and approved these bonuses in order to mitigate the impact of that on these officers.

Deferred Compensation Arrangements

Morris has adopted Supplemental Executive Retirement Plans, or SERPs, for certain of its executive officers. As a result of the merger, the vesting of certain benefits under the SERPs will be accelerated and each of the SERPs will become fully vested. In aggregate, Morris currently estimates that it will incur approximately $287,000 of incremental expense as a results of the accelerated vesting of the SERPs.

Employment Agreements with Vallant and Pinnacle Bank

In connection with the execution of the merger agreement, Vallant and Pinnacle Bank entered into employment agreements with each of Mr. Mullis, Mr. Bond, Ms. Torpy and John Hall, which will become effective upon completion of the merger for an initial term of three years. The employment agreements provide for the following roles: (i) Mr. Mullis will serve as the Director of Community Banking of the combined company and President of the combined bank, (ii) Mr. Bond will serve as Executive Vice President and Chief Accounting Officer of the combined company and bank, and (iii) Ms. Torpy and Mr. Hall will each serve as a senior officer of the combined bank. In aggregate, these new employment agreements provide for base salary of $1,392,700. Each of these individuals will also be eligible to participate in existing Pinnacle Bank bonus plans that are continued by the combined bank and all welfare benefit plans and programs sponsored by the combined bank. Each individual is entitled to severance payments if their employment is terminated by the combined company or bank without "cause" or by the individual for "good reason." Pursuant to the employment agreements, the individuals have each agreed not to compete with the combined bank or to solicit its employees or customers during the term of the agreement and for a period of one year thereafter. The terms "cause," "good reason," and "change in control" are defined in each executive's applicable employment agreement.

Director Appointment

The merger agreement provides that, following the effective time, the size of the boards of directors of the combined company and bank will be increased to consist of seventeen (17) members. The directors of the combined company and bank following the merger will be mutually designated by Vallant and Morris and will consist of nine (9) current Vallant directors and eight (8) current Morris directors. As of the date of this proxy statement/offering circular, the parties have not identified which eight (8) current Morris directors would continue as directors of the combined company and bank other than Mr. Blount and Mr. Mullis.

Indemnification and Insurance

The merger agreement provides that following the effective time of the merger, Vallant will indemnify, to the fullest extent provided by applicable law, Morris' Articles of Incorporation and other organizational documents and any indemnification agreements in effect on the date of the merger agreement, Morris' past and current directors and officers against all costs or expenses incurred in connection with any claims asserted at or before the effective time of the merger pertaining to acts or omissions in their capacities as directors, officers and employees; *provided, however*, that Vallant will have no obligation to indemnify Morris' past and current directors and officers for claims brought against Vallant or Pinnacle Bank or another director or officer of Morris or claims brought by Vallant or Pinnacle Bank against Morris' past and current directors and officers.

The merger agreement also provides that Vallant will provide directors' and officers' liability insurance policy for a period of six years following the effective time of the merger for claims against such directors and

officers arising from facts and events occurring before the effective time, which insurance will have at least the same monetary coverage and limits as that coverage previously provided by Morris.

Other than the matters discussed above, no officers or directors of Morris, nor any of their "associates," have any direct or indirect material interest in the merger, except insofar as the following might be deemed to create such an interest:

- the ownership by such person of Morris Common Stock;
- the continued employment by such person with the combined company after consummation of the merger; and
- after the effective time of the merger, the eligibility of such persons to participate in Vallant employee benefit plans.

Morris' board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the merger and the related transactions. In addition, certain of our directors and officers have ordinary banking relationships with Morris Bank, including deposits, loans, mortgages and other financial services. These banking relationships are generally provided on substantially the same terms as such services are offered to Morris Bank's other customers and none are expected to be materially affected by the merger.

Vallant and Pinnacle Bank's Board and Management

Following the effective time of the merger, Vallant has agreed to increase the size of the Vallant and Pinnacle Bank board of directors to seventeen (17) directors. The directors of Vallant and Pinnacle Bank following the merger will be mutually designated by Vallant and Morris and will consist of nine (9) current Vallant directors and eight (8) current Morris directors.

Following the merger, the executive officers of Vallant will be as set forth below. Otherwise, those officers of Vallant and Pinnacle Bank in office immediately prior to the effective time, together with such additional persons as may thereafter be elected, shall serve as the officers of Vallant and Pinnacle Bank, as applicable, from and after the effective time.

Name	**Position with Vallant**	**Position with Pinnacle Bank**
L. Jackson McConnell, Jr.	Chairman and Chief Executive Officer	Executive Chairman
David K. Voyles	President	Chief Executive Officer
Spencer N. Mullis	Director of Community Banking	President
D. Scott Wilson	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Chris M. Bond	Executive Vice President and Chief Accounting Officer	Executive Vice President and Chief Accounting Officer

Reliance on Information

You should rely only on the information contained in this proxy statement/offering circular or to which Morris has referred you. Morris has not authorized anyone to provide you with any additional information. This proxy statement/offering circular is dated as of the date listed on the cover page hereto. You should not assume that the information contained in this proxy statement/offering circular is accurate as of any date other than such date,

and neither the mailing of this proxy statement/offering circular to Morris' shareholders nor the payment of the merger consideration shall create any implication to the contrary.

THE MERGER AGREEMENT

The merger agreement has been summarized below and an executed copy is attached as Exhibit A to provide holders of Morris Common Stock with information regarding its terms. It is not intended to provide any other factual information about the parties thereto. The representations, warranties and covenants contained in the merger agreement were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the merger agreement. The representations and warranties were made for the purpose of allocating contractual risk between the parties to the agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to shareholders. Morris' shareholders should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Morris, Morris Bank, Vallant, or Pinnacle Bank.

Merger Structure

The merger agreement provides for the business combination of Morris and Vallant through the merger of Morris with and into Vallant, with Vallant as the surviving legal entity. Immediately following the merger, the bank merger will occur with Morris Bank merging with and into Pinnacle Bank, with Pinnacle Bank as the surviving bank. Upon completion of the merger, the combined bank will operate under the name Vallant Bank.

Effective Times

The Merger will become effective on the date and at the time the Articles of Merger for the merger and bank merger become effective with the Secretary of State of the State of Georgia. Following the merger and bank merger, the separate corporate existence of Morris and Morris Bank shall cease.

Articles of Incorporation and Bylaws

The Articles of Incorporation and Bylaws of Vallant in effect immediately prior to the effective time shall remain in effect as the Articles of Incorporation and Bylaws for the combined company following the merger. The Articles of Conversion and Bylaws of Pinnacle Bank in effect immediately prior to the effective time shall remain in effect as the Articles of Conversion for the combined bank following the bank merger.

Board of Directors and Officers

Following the effective time of the merger, the number of directors of each of the combined company and bank will each be increased to consist of seventeen (17) directors. For further information, see "*The Merger – Vallant and Pinnacle Bank's Board*" beginning on page 44.

Conversion of Shares; Merger Consideration

Common Stock

The merger agreement provides that at the effective time, holders of Morris Common Stock, subject to certain exceptions discussed below, will be entitled to receive 0.1095 share of Vallant Common Stock with respect to each share of Morris Common Stock held at the effective time. No shares of Morris Common Stock will be outstanding as of and following the effective time. The following shares of Morris Common Stock will not be exchanged for the merger consideration: (i) shares held by Morris, Vallant, Morris Bank or Pinnacle Bank, in each case, other than shares held in a fiduciary capacity or as a result of collection of debts previously contracted, which shares will be cancelled for no consideration; (ii) shares held by Morris shareholders who properly exercise dissenters' rights, which shares shall be exchanged for their fair value pursuant to Georgia law; and (iii) shares held

by shareholders residing in certain states where an available exemption from registration is not available, which will be exchanged for cash in an amount equal to $215.00 per share of Vallant Common Stock to which each such shareholder would otherwise be entitled to receive.

Restricted Stock Units

Unless exercised or forfeited prior to the effective time of the merger, each outstanding Morris restricted stock unit issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan will vest at the maximum payout opportunity levels under each related award agreement. The shares of Morris Common Stock related to each vested restricted stock unit will be converted into the right to receive a number of shares of Vallant Common Stock on the same terms as the other outstanding shares of Morris Common Stock, including the payment of cash in lieu of fractional shares. Holders of Morris restricted stock units will also receive a cash payment for any accrued but unpaid dividend equivalents related to such holder's Morris restricted stock units.

Transaction Dividend

The merger agreement permits Morris to declare and pay a one-time special cash dividend of $5.7 million, or $0.54 per share of Morris common stock outstanding as of the record date, which we refer to as the transaction dividend, immediately prior to closing of the merger. The transaction dividend will be payable to all shares of Morris Common Stock outstanding immediately prior to closing, including all restricted stock units.

Exchange Procedures

Prior to the effective time of the merger, Vallant shall authorize the issuance of, and make available to Vallant's exchange agent, Continental Stock Transfer & Trust, a sufficient number of shares of Vallant Common Stock and cash for payment of the merger consideration. Such amount of cash and shares of Vallant Common Stock, together with any dividends or distributions with respect thereto paid after the effective time of the merger, are referred to in merger agreement as the "conversion fund."

After the effective time of the merger, the exchange agent shall deliver to each former Morris shareholder (other than holders of shares as to which dissenters' rights of appraisal have been perfected), upon proper completion of a letter of transmittal and the surrender of such Morris shareholder's certificates representing all shares of Morris Common Stock owned at the effective time, the respective portion of the merger consideration that each such Morris shareholder is entitled to. Holders of Morris Common Stock who hold their shares in book entry form will have their shares automatically exchanged for the merger consideration at the effective time of the merger without the need to complete a letter of transmittal.

In the event that any Morris stock certificate has been lost, stolen or destroyed, in order to receive the applicable merger consideration (including cash payable in lieu of the issuance of fractional shares of Vallant Common Stock), the holder of such certificate must provide an affidavit of loss and a bond in such amount as may reasonably be required by the exchange agent or by the combined company.

No dividends or other distributions declared with respect to the combined company's common stock and payable to record holders after the effective time of the merger shall be paid to the holder of any unsurrendered stock certificates representing shares of Morris Common Stock until such holder surrenders such stock certificates. No interest will be paid or accrued on any amount payable upon surrender of a Morris stock certificate. Any portion of the conversion fund that remains unclaimed by former Morris shareholders one year after the effective time of the merger shall, subject to applicable abandoned property, escheat or similar laws, be paid to the combined company, or its successor in interest.

Vallant and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable to any Morris shareholder such amounts, if any, as they are required to deduct and withhold under any applicable federal, state, local or foreign tax law. If any such amounts are withheld, these amounts will be treated for all purposes of the merger agreement as having been paid to the Morris shareholders from whom they were withheld.

Fractional Shares

Morris shareholders who would otherwise be entitled to receive a fractional share of Vallant Common Stock as a result of the merger shall receive, in lieu of such fraction of a share of Vallant Common Stock, cash in an amount equal to such fraction multiplied by $215.00.

Dissenters' Rights

Holders of Morris Common Stock who properly elect to exercise dissenters' rights provided for in the GBCC will not have their shares converted into the right to receive the per share merger consideration, but will instead be entitled to receive the "fair value" of such shares of Morris Common Stock in accordance with the GBCC. If a holder's dissenters' rights are lost or withdrawn, such holder will receive the Per Share Cash Consideration in exchange for his, her, or its shares of Morris Common Stock. See "*Dissenters' Rights*" on page 87 and Exhibit F for additional information.

Ineligible State Shares

Morris shareholders who reside in any state where such state's securities laws or "blue sky" permits and approvals make it unlawful for Vallant to issue shares of Vallant Common Stock to Morris shareholders without registration of such shares under the states' securities laws may be deemed ineligible to receive the Vallant Common Stock in the merger if such shares of Vallant Common Stock are not registered under the states' securities laws. These ineligible shares are referred to as "ineligible state shares" in this proxy statement/offering circular. Holders of ineligible state shares shall instead receive cash in an amount equal to $215.00 per share of Vallant Common Stock that such holder of ineligible state shares would otherwise be entitled to receive; provided, however, Vallant will not pay such cash consideration with respect to ineligible state shares to the extent it represents more than 2% of the aggregate merger consideration without the written consent of Morris. As of the date of this proxy statement/offering circular, neither Vallant nor Morris is aware of any share of Morris Common Stock that would be deemed ineligible state shares.

Trust Preferred Assumption

At the effective time of the Merger, Vallant will assume all of Morris' duties and obligations relating to the trust preferred securities issued by FMB 2005 Capital Trust I, which we refer to as the Morris Trust, and the debentures issued originally issued by FMB Equibanc, Inc., and assumed in 2019 by Morris, to the Morris Trust, including the payment of interest and principal when due. Pursuant to the merger agreement, the parties have agreed to execute supplemental indentures and such other documentation satisfactory to the trustee of the Morris Trust to effectuate such assumption.

Purchase of Subordinated Note

Prior to the effective time of the merger, but no later than 10 days prior to the closing of the merger, Vallant shall offer to purchase from Morris that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Vallant and held by Morris Bank at par. If Morris accepts such offer, Vallant shall promptly execute such purchase upon submission by Morris Bank of documentation reasonably requested by Vallant prior to the effective time.

Morris KSOP

Morris Bank maintains the Morris Bank 401(k) and Employee Stock Ownership Plan, or ESOP, as most recently amended and restated effective January 1, 2024, as amended from time to time, or the "Morris KSOP." Under the terms of the merger agreement, Morris and Vallant agreed to take all necessary actions to cause the 401(k) portion

of the Morris KSOP to be merged into the Vallant 401(k) Plan, and for the ESOP portion of the Morris KSOP to be merged into the Vallant ESOP, in each case prior to the effective time of the merger.

Representations and Warranties

In the merger agreement, Morris and Vallant made a number of mutual representations and warranties to the other party relating to, among other things:

- organization, standing and power, including its authority to enter into the merger agreement and consummate the merger;
- non-contravention of (i) each party's organizational documents, (ii) laws or orders, and (iii) certain material contracts;
- capital structure;
- each party's subsidiary bank, including ownership of such subsidiary and the organization, standing and power of such subsidiary bank;
- securities offerings;
- financial statements;
- the absence of undisclosed liabilities;
- the absence of certain changes and events with respect to its business;
- tax matters;
- books and records;
- matters relating to its assets;
- certain material contracts;
- transactions with its affiliates;
- matters relating to its loan portfolio, allowance for possible credit losses and securities portfolio;
- certain intellectual property owned and licensed;
- labor relations and compliance with laws related to its employees;
- employee benefit plans;
- environmental matters;
- compliance with all applicable laws;
- privacy of customer information, anti-money laundering and information security practices and compliance;
- reporting and regulatory matters;
- applicability of state takeover laws;
- indemnification claims and legal proceedings;
- certain matters related to each party's engagement of its financial advisor in the merger;
- each party's board approval of the merger;
- mortgage banking business;
- each party's trust preferred securities; and

- matters related to each party's ESOP/KSOP trustee.

In addition to the mutual representations and warranties above, Vallant also made certain representations and warranties to Morris with respect to its ability to finance the merger.

Conduct of Business Pending Consummation of the Merger

Under the merger agreement, each party has agreed that prior to the effective time of the merger, subject to certain exceptions, unless the party obtains the other party's prior written consent, it will operate its business in the usual, regular and ordinary course, preserve intact its business organization and assets, and take no action which would materially adversely affect the ability of any party to obtain any regulatory approvals required for the transactions contemplated by the merger agreement or materially adversely affect the ability of either party to perform its covenants and agreements under the merger agreement.

Additionally, among other things, each party has agreed, subject to certain specified exceptions, not to take or agree to take any of the following actions, without the consent of the other party:

- amend of its articles of incorporation or bylaws;
- incur any debt except in the ordinary course of business;
- change the number of authorized or issued shares of its common stock, adjust or split its common stock, issue or grant any options to purchase its common stock, or redeem or otherwise acquire any of its common stock;
- replace any certificates representing its common stock without the holder of the certificate posting an adequate bond;
- enter into, modify, amend or terminate certain material contracts;
- make, declare or pay of any dividend or distribution, except for certain dividends agreed to by the parties;
- purchase or sell investment portfolio securities outside of the ordinary course of business;
- make, renew or modify certain loans or extensions of credit not complying with applicable loan policies without giving the other party notice and the opportunity to object;
- acquire by purchase any interest in a loan, including loan participations, outside of the ordinary course;
- fail to maintain its assets;
- acquire, merge or acquire a substantial portion of the assets of any other business;
- buy, sell, mortgage, transfer or dispose of any real property (other than certain dispositions of foreclosed real estate);
- enter into or amending employment contracts;
- adopt, terminate or amend any employee benefit plans;
- increase or accelerate the payment of any compensation or bonuses to officers, directors or employees or pay any bonus, other than annual salary increases for non-officer employees in the ordinary course and consistent with past practice which do not exceed 5% for any individual;
- except for salaries and benefits paid in the ordinary course of business, make any payments or enter into any transactions with any officers, directors or employees;
- change tax or accounting methods;
- reduce its allowance for credit losses other than as a result of the charge off of assets;
- commence or settle litigation; or

- take any other action, or fail to take any action outside the ordinary course of business consistent with past practices.

Employee Matters

The merger agreement provides that the combined company and bank will provide, for twelve months following the effective time of the merger, those former employees of Morris and Morris Bank who continue employment with the combined bank salary and bonus opportunity no less than those in effect immediately prior to the effective time, a primary place of employment within 40 miles of the Morris employee's primary place of employment immediately prior to the effective time, and benefits no less favorable in the aggregate than those provided immediately prior to the effective time of the merger. The merger agreement provides that employees of Morris or Morris Bank who are not offered employment with the combined bank, or who are terminated without cause within twelve months following the effective time will receive severance equal to two weeks' base salary per completed year of employment with Morris or Morris Bank, subject to a minimum of four weeks of base pay and a maximum of 26 weeks of base pay.

In connection with the execution of the merger agreement, Pinnacle Bank also entered into Employment Agreements with certain officers of Morris Bank. Certain of those agreements are described under "*Interests of Certain Persons in the Merger*" beginning on page 42.

The merger agreement provides that the 401(k) portion of the Morris KSOP to be merged into the Vallant 401(k) Plan, and for the ESOP portion of the Morris KSOP to be merged into the Vallant ESOP, in each case prior to the effective time of the merger.

Shareholder Approval

Pursuant to the merger agreement, Morris is holding the special meeting in order to obtain shareholder approval of the merger agreement and the transactions contemplated thereby, including the merger. Morris agreed that its board of directors will recommend the merger to its shareholders for approval, and make a commercially reasonable effort to solicit such votes from Morris shareholders to approve the merger agreement and the transactions contemplated thereby, including the merger.

Listing of Vallant Common Stock

Vallant Common Stock is not currently listed or traded on any securities exchange, and there is currently no established public market for Vallant Common Stock. Vallant has agreed to use its reasonable best efforts to cause the combined company's common stock to be listed on the OTCQX prior to the effective time of the merger. In addition, it is Vallant's intent to list the combined company's common stock on a national securities exchange within twelve to fifteen months following the effective time of the merger. Even if Vallant is successful in listing the combined company's common stock on the OTCQX or a national securities exchange, there is no assurance that an active market for the combined company's common stock will develop after either such listing. Accordingly, an investment in the combined company's common stock should be considered to have limited liquidity

Indemnification and Insurance

The merger agreement provides that, following the effective time of the merger, the combined company will indemnify, to the fullest extent provided by applicable law, Morris' Articles of Incorporation and other organizational documents and any indemnification agreements in effect on the date of the merger agreement, Morris' past and current directors and officers against all costs or expenses incurred in connection with any claims asserted at or before the effective time of the merger pertaining to acts or omissions in their capacities as directors, officers and employees; *provided, however*, that Vallant will have no obligation to indemnify Morris' past and current directors and officers for claims brought against Vallant or Pinnacle Bank or another director or officer of Morris or claims brought by Vallant or Pinnacle Bank against Morris' past and current directors and officers.

The merger agreement also provides that Vallant will provide directors' and officers' liability insurance policy for a period of six years following the effective time of the merger for claims against such directors and officers arising from facts and events occurring before the effective time, subject to a cap on the amount of the premium to be paid by Vallant for such coverage.

Non-Solicitation

The merger agreement restricts each party's ability to solicit "Acquisition Proposals," defined as any potential business combination proposal (other than the merger) for 20% or more of such party's ownership or assets. Specifically, the merger agreement provides that neither Morris nor Vallant, nor any of their officers, directors, employees, agents or representatives, may, directly or indirectly:

- initiate, solicit, encourage or induce any Acquisition Proposal;
- engage or participate in any negotiations regarding an Acquisition Proposal;
- provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any Acquisition Proposal; or
- unless the merger agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principal, acquisition agreement, merger agreement or other agreement (whether written or oral, binding or nonbinding) in connection with or relating to any Acquisition Proposal.

The merger agreement also requires that each party terminate any existing discussions or negotiations regarding any potential Acquisition Proposal, other than the merger.

Each party is also required to (1) promptly (within 24 hours) advise the other party following receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, and the substance of such Acquisition Proposal, (2) provide the other party with an unredacted copy of any such Acquisition Proposal and draft agreements, proposals or other materials received in connection with any inquiry or Acquisition Proposal, and (3) keep the other party apprised of any related developments, discussions and negotiations on a current basis, including any standstill agreements to which it or any of its subsidiaries is a party.

Conditions to the Closing of the Merger

Each party's obligation to effect the merger is subject to the satisfaction or waiver of various conditions, including the following:

- no order, injunction or other legal restraint prohibiting the consummation of the merger
- the obtaining of all required regulatory approvals, including the approval from the Federal Reserve, the GDBF and the FDIC, and the expiration or any statutory waiting periods and no such required regulatory approval shall impose a burdensome condition;
- the issuance of the Fairness Determination by the Commissioner (which was issued on February 10, 2026);
- the merger agreement and transactions contemplated thereby, including the merger, must have been approved by the holders of Morris Common Stock by the required vote;
- Vallant Common Stock shall be listed on the OTCQX; and
- the receipt by Vallant and Morris of the written opinion of Fenimore Kay Harrison LLP, dated as of the closing date of the merger, that the merger qualifies as a tax-free reorganization under the Code.

In addition to the mutual closing conditions above, Vallant will not be obligated to effect the merger unless the following conditions are satisfied or waived:

- the representations and warranties of Morris in the merger agreement must be accurate, subject to materiality qualifiers in certain cases;
- Morris must have performed and complied with in all material respects with all agreements and conditions required by the merger agreement to be performed or complied with by Morris prior to or on the closing date of the merger;
- Morris shall have delivered a certificate executed by its officers certifying the fulfillment of the foregoing conditions;
- Morris shall have delivered a certificate executed by its corporate secretary certifying resolutions authorizing the merger and certain other matters;
- Morris shall have delivered certificates of the good standing of Morris and Morris Bank;
- each Morris and Morris Bank executive officer and director shall have delivered a Claims Letter in the form attached as Exhibit D to the merger agreement;
- there shall be no "Morris Material Adverse Effect," defined in the merger agreement as an event, change or occurrence which, individually or together with any other event, change or occurrence, and subject to certain exceptions, has or is reasonably likely to have a material adverse effect on (i) the financial position or results of operations of Morris, Morris Bank and their affiliates, or (ii) the ability of Morris to perform its obligations under the merger agreement or to consummate the merger;
- Morris shall have obtained all required contractual consents;
- the aggregate number of shares of Morris Common Stock which have properly exercised dissenters' rights shares does not exceed five percent of the aggregate number of outstanding shares of Morris Common Stock;
- Morris Bank shall have divested that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Vallant and held by Morris Bank;
- Vallant and Morris shall deliver or cause to be delivered a supplemental indenture related to Morris' trust preferred securities, and Vallant shall have assumed the obligations under such trust preferred securities;
- Vallant shall have received the written opinion of Fenimore Kay Harrison LLP to the effect that the issuance of the Vallant Common Stock in the merger will be exempt from registration requirements of the Securities Act; and
- No payment or benefit received by a "disqualified person" with respect to Morris as a result of or in connection with the execution of the merger agreement or completion of merger shall be deemed a "parachute payment" (as such terms are defined in Section 280G of the Code).

In addition to the mutual closing conditions above, Morris will not be obligated to effect the merger unless the following conditions are satisfied or waived:

- the representations and warranties of Vallant in the merger agreement must be accurate, subject to materiality qualifiers in certain cases;
- Vallant must have performed and complied with in all material respects with all agreements and conditions required by the merger agreement to the performed or complied with by Vallant prior to or on the closing date of the merger;
- Vallant shall have delivered a certificate executed by its officers certifying the fulfillment of the foregoing conditions;
- Vallant shall have delivered a certificate executed by its corporate secretary certifying resolutions authorizing the merger and certain other matters;
- Vallant shall have delivered certificates of the good standing of Vallant and Pinnacle Bank; and

- there shall be no "Pinnacle Material Adverse Effect," defined in the merger agreement as an event, change or occurrence which, individually or together with any other event, change or occurrence, and subject to certain exceptions, has or is reasonably likely to have a material adverse effect on (i) the financial position or results of operations of Vallant, Pinnacle Bank and their affiliates, or (ii) the ability of Vallant to perform its obligations under the merger agreement or to consummate the merger.

Termination of the Merger Agreement

The merger agreement can be terminated and the merger abandoned:

- by the mutual written consent of Vallant and Morris;
- by Vallant or Morris under the following circumstances:
  - if such terminating party's board of directors determines to terminate the agreement by a majority vote of its members (1) if any required regulatory approval has been denied by final, non-appealable action or that such application has been permanently withdrawn at the request of the government authority to which is was submitted; provided that the failure to obtain the required regulatory approval was not caused by the terminating party's failure to comply with any provision of the merger agreement, or (2) a final and non-appealable order, injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the merger or bank merger has been issued;
  - in the event of a material breach of any representation, warranty, covenant or agreement by the other party that the terminating party believes is reasonably likely to have a Morris Material Adverse Effect or a Pinnacle Material Adverse Effect, as applicable, and such breach has not or cannot be cured (provided that a party may only terminate pursuant to this provision of the merger agreement if such terminating party is not itself then in material breach of any representation, warranty, covenant or agreement);
  - if the approval of the merger agreement by the requisite holders of Morris Common Stock is not obtained at a duly called and held meeting of Morris shareholders (provided that Morris may only terminate pursuant to this provision if it is not in breach of its obligations relating to the shareholder meeting);
  - if the other party breaches its non-solicitation obligations under the merger agreement;
  - if the other party fails to publicly recommend against a publicly announced Acquisition Proposal if so requested to do so; or
  - if the merger is not consummated on or before November 30, 2026 (provided that the right to terminate the merger agreement pursuant to this provision shall not be available to any party whose material breach of the merger agreement caused such failure to close);
- by Vallant under the following circumstances:
  - if the Morris board of directors:
    - breaches its obligation to call, give notice and hold the meeting Morris shareholders necessary to approve the merger agreement;
    - fails to publicly reconfirm its recommendation of the approval of the merger agreement if requested to do so by Vallant; or
    - announces an intention to take any of the foregoing actions.

Termination Fee and Expenses

Generally, all fees and expenses incurred by the parties in connection with the merger agreement and the merger will be borne by the party incurring such fees and expenses. However, the merger agreement provides for a termination fee in the amount of $10,000,000 to be paid under the following circumstances:

- by Morris to Vallant if:
  - Vallant terminates the merger agreement because (1) Morris materially breaches the non-solicitation provisions of the merger agreement, or (2) the Morris board of directors (a) breaches its obligation to call, give notice and hold the meeting Morris shareholders necessary to approve the merger agreement, (b) fails to publicly recommend against a publicly announced Acquisition Proposal if requested to do so by Vallant, (c) fails to publicly reconfirm its recommendation of the approval of the merger agreement if requested to do so by Vallant, or (d) announces an intention to take any of the foregoing actions;
  - either Morris or Vallant terminates the merger agreement after the Morris shareholders failed to approve the merger agreement at a duly called and held meeting if, (1) prior to such termination, an Acquisition Proposal shall have been made, and (2) within twelve months following such termination Morris enters into an agreement or consummates a transaction with respect to such Acquisition Proposal involving 50% or more of the outstanding shares of Morris Common Stock or 50% or more of the assets of Morris; or
  - Vallant terminates the merger agreement due to an intentional breach by Morris of its representations, warranties or covenants if, prior to such termination, an Acquisition Proposal shall have been made and within twelve months following such termination Morris enters into an agreement or consummates a transaction with respect to such Acquisition Proposal involving 50% or more of the outstanding shares of Morris Common Stock or 50% or more of the assets of Morris.
- By Vallant to Morris if:
  - Morris terminates the merger agreement because (1) Vallant materially breaches the non-solicitation provisions of the merger agreement, or (2) the Vallant board of directors fails to publicly recommend against a publicly announced Acquisition Proposal if requested to do so by Morris; or
  - Morris terminates the merger agreement due to an intentional breach by Vallant of its representations, warranties or covenants if, prior to such termination, an Acquisition Proposal shall have been made and within twelve months following such termination Vallant enters into an agreement or consummates an Acquisition Transaction with respect to such Acquisition Proposal involving 50% or more of the outstanding shares of Vallant Common Stock or 50% or more of the assets of Vallant.

Best Efforts; Cooperation

Morris and Vallant agree to exercise good faith and use their best efforts to satisfy the various covenants and conditions to closing in the merger agreement, and to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under the merger agreement and applicable law to consummate and make effective the merger and the other transactions contemplated by the merger agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to consummate the merger or any of the other transactions contemplated by the merger agreement.

Amendment, Waiver and Extension of the Merger Agreement

Subject to compliance with applicable law, the merger agreement may be amended by the parties in writing. Certain amendments made after the receipt of shareholder approval may require further approval of Morris shareholders.

At any time prior to the effective time, the parties may, to the extent legally allowed, extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered by such other party pursuant to the merger agreement, and waive compliance with any of the agreements or satisfaction of any conditions for its benefit contained in the merger agreement; *provided, however*, that after the receipt of shareholder approval, there may not be, without further approval of Morris shareholders, any extension or waiver of the merger agreement or any portion thereof that requires further approval under applicable law. Any such extension or waiver must be in writing.

Director's Agreements

In connection with the merger agreement, each current director of Morris entered into a Director's Agreement with Vallant in the form attached to the merger agreement as Exhibit B-1, which we refer to as the "Morris director's agreement." In the Morris director's agreement, each Morris director has agreed not to solicit any other Acquisition Proposal. In addition, for a period of twelve months following the effective time of the merger, each director has agreed not to engage in certain competitive behavior with Vallant such as soliciting employees of Vallant or become involved with an entity in competition with Vallant *provided, however*, the restrictions related to becoming involved with entities in competition with Vallant is limited to the geographic areas anywhere within a twenty-five (25) mile radius of the combined bank's banking locations. In addition, the Morris director's agreement provides that the director agrees not to solicit current or prospective customers of Vallant.

Likewise, in connection with the merger agreement, each current director of Vallant entered into a Director's Agreement with Morris in the form attached to the merger agreement as Exhibit B-2, which we refer to as the "Vallant director's agreement." In the Vallant director's agreement, each Vallant director has agreed not to solicit any other Acquisition Proposal. In addition, for a period of twelve months following the effective time of the merger, each director of Vallant has agreed not to engage in certain competitive behavior with Vallant such as soliciting employees of Vallant or become involved with an entity in competition with Vallant; *provided, however*, the restrictions related to becoming involved with entities in competition with Vallant is limited to the geographic anywhere within a twenty-five (25) mile radius of the combined bank's banking locations. In addition, the Director's Agreement provides that the director agrees not to solicit current or prospective customers of Vallant.

Voting and Support Agreement

In connection with the merger agreement, Morris' and Morris Bank's current directors and executive officers, in their capacity as shareholders of Morris, have entered into a Voting and Support Agreement with Morris in the form attached to the merger agreement as Exhibit C, which we refer to as the "voting and support agreement." Each Morris shareholder who is a party to a voting and support agreement has agreed to vote all shares of Morris Common Stock held by such director or executive officer for the approval of the merger agreement and the transactions contemplated thereby, including the merger.

INFORMATION ABOUT VALLANT AND PINNACLE BANK

Vallant Financial, Inc.

Vallant Financial, Inc., formerly known as Pinnacle Financial Corporation, is the bank holding company for Pinnacle Bank, a Georgia state-chartered bank headquartered in Elberton, Georgia. Vallant's headquarters and principal place of business is located at 884 Elbert Street, Elbert, Georgia 30635.

At September 30, 2025, Vallant had consolidated assets of approximately $2.23 billion, deposits of approximately $1.97 billion, and shareholders' equity of approximately $205.5 million. The book value per share of Vallant Common Stock was $150.05 as of September 30, 2025. The audited consolidated financial statements of Vallant for year ended December 31, 2024, and unaudited consolidated financial statements for the nine months ended September 30, 2025, are attached hereto as Exhibit C.

As of January 30, 2026, Vallant had 1,369,116 shares of Vallant Common Stock outstanding. In addition, Vallant had options outstanding to purchase 18,400 shares of Vallant voting common stock outstanding as of January 30, 2026.

Pinnacle Bank

Pinnacle Bank is a wholly-owned subsidiary of Vallant. Immediately following the merger and pursuant to the terms of the merger agreement and the Plan of Bank Merger attached as Exhibit B to the merger agreement, Morris Bank will merge with and into Pinnacle Bank, with Pinnacle Bank surviving the merger and continuing as a wholly-owned subsidiary of Vallant. Pinnacle Bank is a full-service commercial bank incorporated under the laws of the State of Georgia. As of September 30, 2025, Pinnacle Bank had approximately 376 full-time equivalent employees. Upon consummation of the bank merger, Pinnacle Bank will change its name to Vallant Bank.

Market Area

Vallant and Pinnacle Bank share a main office located at 884 Elbert Street, Elberton, Georgia. Pinnacle Bank serves Northeast Georgia utilizing 26 full-service branch offices and three loan production offices located in 16 counties in the region. Approximately half of Pinnacle Bank's total deposits are held in its Elbert, Franklin, Walton, and Hart County offices, and, as of June 30, 2025, the latest date that such information is available, Pinnacle Bank had the top deposit market share in Elbert, Franklin and Hart Counties. Additionally, as of June 30, 2025, among the 62 banks competing in the counties where Pinnacle Bank's branch offices are located, Pinnacle Bank ranks 9th in total market share, with all of the banks ranked ahead of Pinnacle Bank being larger regional and national financial institutions. Management believes its strong presence in these markets demonstrates its superior customer service, which is the foundation of Pinnacle Bank's community bank model in all of its markets.

Business

Pinnacle Bank is a full-service commercial bank that focuses on meeting the banking needs of individuals and small- to medium-sized businesses in its market area. Pinnacle Bank provides a broad range of banking services to its clients, including receiving deposits and making loans. In addition to traditional banking services like checking, savings, certificates of deposit and loans, Pinnacle Bank also offers credit and debit cards, lines of credit, as well as online and mobile banking. Pinnacle Bank offers these services through a variety of channels to meet the needs of its customers including in-person through our full-service branches, interactive teller machines, via telephone through a fully staffed call center, online and mobile platforms.

The products and services offered by Pinnacle Bank include:

- *Commercial Lending*. Pinnacle Bank's commercial loan portfolio is dispersed among various business lines such as a wide variety of small businesses, agricultural businesses and commercial real estate (both owner-occupied and investment property). These loans are primarily for the financing of

working capital, equipment, inventory and accounts receivable, and property and plant used in the course of business by these business operators.

Commercial lending can involve greater risks than other types of lending, as commercial loans typically involve larger loan balances concentrated among fewer borrowers. The analysis of commercial loans, which requires expertise in evaluating a commercial enterprise and its collateral, is generally more complex than the analysis required for single family residential lending. Like consumer loans, commercial loans are subject to adverse conditions in the economy, as well as the market for the specific goods and services sold by the commercial borrower. Loans secured by commercial real estate can also be affected by trends in the local real estate market. In making these loans, we manage our credit risk by actively monitoring measures such as cash flow, collateral value and other appropriate credit factors.

- *Real Estate Lending.* Pinnacle Bank's real estate loans consist of residential first and second mortgage loans, residential and commercial construction loans and term loans secured by first and second mortgages on the residences of borrowers for home improvements, education and other personal expenditures. Pinnacle Bank makes mortgage loans with a variety of terms, including fixed and floating rates. Pinnacle Bank also makes construction loans to homeowners, which are generally secured by single-family residences.

  Risks associated with real estate lending include fluctuations in the value of real estate, new job creation trends, and the borrower's financial stability. Pinnacle Bank applies its appraisal and real estate lending policies in making real estate loans, which prescribe maximum loan-to-value ratios and maturities. These loan-to-value ratios are designed to compensate for fluctuations in the real estate market and to reduce the risk of loss to the institution.

- *Consumer Lending.* Pinnacle Bank offers consumer installment loans to individuals for personal, family, and household purposes. They also offer personal lines of credit to consumers. Consumer lending presents unique risks. Consumer loan repayments depend upon a borrower's financial stability and are more likely to be adversely affected by job loss, divorce, illness and other personal hardships. Additionally, collateral securing consumer loans, such as automobiles and other personal property, depreciates rapidly and sometimes is not an adequate repayment source if a borrower defaults. In evaluating these loans, Pinnacle Bank requires its lending officers to review the borrower's level and stability of income, past credit history, and the impact of these facts on the borrower's ability to repay the loan in a timely manner. Pinnacle Bank also requires its banking officers to maintain an appropriate margin between the loan amount and the collateral value.

- *Deposits and Other Borrowings.* Deposits are a key component of Pinnacle Bank's business, serving as a source of funding for lending as well as for increasing customer account relationships. Pinnacle Bank offers competitively priced deposit products, including checking, savings, and time deposit accounts, as it seeks to increase core deposits and market share. Pinnacle Bank also offers remote deposit for commercial clients regardless of location. Borrowings, principally from the Federal Home Loan Bank, provide sources of additional liquidity and funding.

Directors

The board of directors of each of Vallant and Pinnacle Bank presently consists of ten members. Each of these members serve on the board of directors of both Vallant and Pinnacle Bank. The merger agreement provides that, following the effective time, the size of the board of directors of Vallant will be increased to consist of seventeen (17) members. The directors of Vallant and Pinnacle Bank following the merger will be mutually designated by Vallant and Morris and will consist of nine (9) current Vallant directors and eight (8) current Morris directors. The name and primary occupation of each current director of Vallant and Pinnacle Bank are set forth below.

Name	Profession
L. Jackson McConnell, Jr.	Chief Executive Officer and Chairman of the Board, Vallant and Pinnacle Bank
Rafy Bassali	Managing Partner, RB Capital Investments, LLC/Retail Entrepreneur
Danielle Benson	Construction Design Professional and Real Estate Investor
Ron Bracewell	Senior Partner, Bates, Carter & Co., LLP, Business Advisors
Greg T. Herring	Owner, Herring Properties and Big House
Jonathan Holmes	Founder/Advisor Mighty 8th Media
William McDermott	Chief Executive Officer, McDermott Financial Solutions/Retired Banker
Connie M. Melear	Chief Financial Officer, RW Allen Commissioner, Columbia County
David K. Voyles	President, Vallant and Pinnacle Bank
Kalki Yalamanchili	District Attorney, Western Judicial Circuit

VALLANT MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis are intended to review the significant factors affecting the financial condition of Vallant and its subsidiary, Pinnacle Bank, and the results of operations for these periods. The following discussion and analysis should be read along with the audited financial statements for the year ending December 31, 2024, and unaudited financial statements for the nine-month period ending September 30, 2025. All financial information as of or for the periods ended September 30, 2025 and 2024, are unaudited. These financial statements are included in this proxy statement/offering circular as Exhibit C. The discussion and analysis of the financial results that follow consider Vallant and Pinnacle Bank on a consolidated basis, except as otherwise expressly noted.

Balance Sheet Discussion

Total assets as of September 30, 2025, totaled $2.230 billion, an increase of 1.8% over the year-end total of $2.190 billion at December 31, 2024, and an increase of 4.7% over the total of $2.129 billion one year ago at September 30, 2024. Loans totaled $1.662 billion, net of loan loss reserves of $20.9 million, at September 30, 2025, as compared to gross loans of $1.557 billion at December 31, 2024. Compared to September 30, 2024, outstanding gross loan balances are up 9.3%. At year-end 2024, net loans were up 1.9% over year end 2023 when net loans totaled $1.527 billion. Loan growth was generated from several categories as illustrated below.

($000s)	**Dec 2023**	**Dec 2024**	**Sep 2024**	**Sep 2025**
Real estate:				
Construction & land development	166,060	136,495	140,365	127,452
1-4 family residential	300,581	305,141	301,963	343,401
Commercial	605,066	647,268	619,888	712,970
Other	282,442	300,385	303,748	326,923
Commercial	152,844	145,601	133,367	132,909
Consumer	24,105	25,373	24,322	22,203
	1,531,098	1,560,263	1,523,652	1,665,858
Accretable discount	(763)	(537)	(606)	(208)
Deferred loan fees	(2,911)	(2,828)	(2,784)	(3,289)
Loans, gross	**1,527,424**	**1,556,898**	**1,520,263**	**1,662,361**

At quarter-end September 30, 2025, Vallant had total liquidity in cash and deposits at other banks of $65 million. This level of liquidity is less than year-end figures, but management believes that this level of liquidity is sufficient for what is typically necessary to operate on a day-to-day basis. Management believes that continued loan and deposit growth will result in stable liquidity and reduced deposit costs. Additionally, continued loan and deposit growth can be redeployed into higher yielding investment alternatives.

Vallant's investment portfolio as of September 30, 2025, was $388 million. Vallant's investment portfolio serves as a source of liquidity, investment return, and as collateral for municipal bonds. Investments are primarily centered in highly rated municipal bonds, mortgage-backed securities, agency issued bonds, and similar assets.

Premises and equipment increased 16% during the first three quarters of 2025 as Pinnacle Bank invested in new branches in the Augusta market. These investments included the completed Walton Way branch location, and the Peach Orchard and Evans-Reagan Center branch locations, both of which are currently under construction. During the fourth quarter of 2024, there was a sale-leaseback of the Monroe Spring Street office for $3.2 million. Total net investment from year-end 2024 to September 30, 2025, has been approximately $6 million.

The following table presents information about Vallant's investment securities portfolio as of September 30, 2025 and December 31, 2024:

($000s)	Amortized Cost	Gross Unrealized Gains (Losses)	Fair Value
Available-for-Sale			
At September 30, 2025:			
U.S. Treasuries	22,526	(1,359)	21,167
U.S. Agencies and GSEs	21,528	(1,582)	19,945
State and municipal securities	130,058	(17,585)	112,473
Mortgage-backed GSE and Commercial	231,086	(23,394)	207,692
Corporate Bonds	27,412	(435)	26,976
Total	**432,610**	**(44,355)**	**388,254**
At December 31, 2024:			
U.S. Treasuries	25,660	(2,239)	23,421
U.S. Agencies and GSEs	21,072	(2,348)	18,723
State and municipal securities	130,056	(21,447)	108,608
Mortgage-backed GSE and Commercial	211,405	(31,571)	179,834
Corporate Bonds	37,108	(1,205)	35,904
Total	**425,301**	**(58,810)**	**366,491**

Other asset items include goodwill and intangibles resulting from prior acquisitions of $33 million at September 30, 2025, which is virtually unchanged from prior periods. The cash surrender value of life insurance policies on the lives of certain senior officers of Pinnacle Bank totaled $14.9 million as of September 30, 2025, which is a 1.6% decrease from prior year end values of $15.1 million.

Total deposits held at Pinnacle Bank increased in the first three quarters of 2025 by $13 million, or approximately 0.68%, totaling $1.97 billion at September 30, 2025. During this same period in 2024, total deposit grew 0.21%. Total deposits grew during 2024 by approximately 4.99%. Core deposits remain the principal funding source for Vallant and contribute tremendously to Vallant's low cost of funds and resulting profitability. Additionally, Pinnacle Bank's public fund customer base traditionally has a large increase in funds during the fourth quarter on deposits through tax collections and proceeds from bond financing, which will ultimately be used for capital purchases and constructions projects, resulting in deposit outflows during the year.

Bank Deposit Totals ($000s)	**Dec 2022**	**Dec 2023**	**Dec 2024**	**Sep 2024**	**Sep 2025**
Non-interest-bearing deposits	674,106	609,982	590,980	591,016	620,350
Interest-bearing demand deposits	433,708	381,426	372,738	321,782	345,924
Savings and money market deposits	582,670	595,558	683,251	661,580	704,539
Time deposits - retail	163,929	255,272	298,989	282,406	296,221
Time deposits - wholesale	1,545	23,081	12,408	12,396	4,681
Total Deposits	**1,855,958**	**1,865,319**	**1,958,366**	**1,869,180**	**1,971,715**

Pinnacle Bank's primary marketing efforts have historically been oriented toward attracting checking accounts. As a result of these continued marketing efforts, the number of checking accounts continues to grow. As of September 30, 2025, Pinnacle Bank had 70,828 total checking accounts, compared to 69,334 accounts as of December 31, 2024, and 67,661 accounts as of December 31, 2023. At September 30, 2025, non-interest-bearing checking account related deposits totaled $620 million and represent approximately 31.5% of Pinnacle Bank's total deposits. These totals follow several years of sustained deposit growth and represent a continuation of that growth trend.

Other significant liabilities at September 30, 2025, include $25 million in subordinated debt issued in 2021 with a maturity date of 2031 as well as debentures relating to trust preferred securities of $7.22 million issued in 2005 with a maturity date of 2035. Annual debt service for Vallant for the year ended December 31, 2024, was approximately $1.4 million, unchanged from 2023. For the nine months ended September 30, 2025, debt service for Vallant was approximately $1.3 million.

Total shareholders' equity at September 30, 2025, was $205.5 million and represented a total equity to asset ratio of 9.22%. The book value and tangible book value per share at September 30, 2025, were $157.16 and $132.38, respectively, increases of 17.65% and 21.91% from September 30, 2024, respectively. Consolidated regulatory capital ratios are illustrated in the following table.

Consolidated Capital Ratios	Actual December 31, 2022	Actual December 31, 2023	Actual December 31, 2024	Actual September 30, 2025
Common Equity Tier 1 Ratio	4.39%	4.64%	10.98%	11.07%
Tier 1 Leverage Ratio	7.37%	7.76%	9.05%	9.48%
Tier 1 Risk-based Capital Ratio	9.21%	9.70%	11.40%	11.46%
Total Risk-based Capital Ratio	11.76%	12.40%	14.04%	13.98%

Income and Operating Results

For the nine months ending September 30, 2025, Vallant had net interest income of $65.4 million, up from $56.1 million for the first nine months of 2024. The increase is largely attributable to the loan growth discussed earlier. Total interest income was up 10.4% for the first nine months of 2025 over the same period during the prior year. Interest expense decreased 5.8% due to increased balances and changes in the interest rate market. The net interest margin was 4.20%, a positive improvement from 3.78% year-over-year in the same period. Please refer to the table below for a detailed illustration of the changes in interest yields, cost of funds, and the impact on earnings.

During the first nine months of 2025, non-interest income totaled $16.7 million, which was up slightly from the $16.4 million earned in the first nine months of 2024. Non-interest income is derived from service charges, debit card interchange fees, mortgage origination fees and other miscellaneous charges and fees. Management believes its retail branch marketing approach and the numbers of accounts generated through its marketing efforts help drive the non-interest income totals and are a sustainable source of income.

Operating expenses totaled $55.0 million for the nine months ended September 30, 2025, and were up approximately 13.8% over the same period of 2024. The largest expense item is salary and employee benefits which were up compared to 2024. Occupancy and other expenses increased as well. A provision expense for credit losses was made during the nine months ended September 30, 2025, totaling $1.35 million, as compared to $900 thousand for the full year 2024 and $4.4 million in 2023.

Net income before taxes for the nine months ended September 30, 2025, was $25.8 million and compared favorably to net income before taxes of $23.2 million for the same period last year. Excluding the provision for credit losses, net income for the third quarter of 2025 was up over 13% compared to the third quarter of the prior year. Net income after taxes totaled $20.2 million. On an annualized basis, this level of net income would result in a return on average assets of approximately 1.21% and a return on average equity of approximately 14.68%.

For the year ended December 31, 2024, Vallant had net interest income of $75.9 million, up from $74.7 million for the prior year, which was an increase of 1.7%. The increase was driven primarily by the loan growth

discussed earlier. Total interest income was up 15.1% in 2024 over 2023. This increased income was offset somewhat by an increase in interest expense of 75.9%, driven both by increased balances and increases in market interest rates. The net interest margin was down, from 3.96% to 3.81%, year-over-year. Vallant's net interest income for the nine months ended September 30, 2025, was $65.4 million, an increase of 16.9% from the same period in 2024. A detailed illustration of changes in interest rates, yields, cost of funds and the impact on earnings is set forth in the following table.

Consolidated Margin Data	FY2023	FY2024	YTD 9/30/2024	YTD 9/30/2025
Yield on Earning Assets	4.83%	5.26%	5.24%	5.52%
Cost of Funds	0.87%	1.49%	1.49%	1.38%
Net Interest Spread	3.52%	3.13%	3.11%	3.55%
Net Interest Margin	3.96%	3.81%	3.78%	4.20%
Change in Earnings due to Volume		$2,190,635		$4,997,601
Change in Earnings due to Rate		($1,088,933)		$4,407,844

During 2024, non-interest income totaled $22.9 million, an increase from $16.7 million in non-interest income in 2023. As discussed earlier, Pinnacle Bank's non-interest income is mostly derived from service charges, interchange fees, treasury management fees, mortgage fees, and fees from non-deposit retail investment sales. For the nine months ended September 30, 2025, non-interest income totaled $16.7 million as compared to $16.4 million for the same period in 2024. Management believes the generation of fee income stemming from the retail and commercial activities of Pinnacle Bank is sustainable and will continue to grow. However, over half of the non-interest income increase in 2024 is attributable to one-time bonus income in the amount of $3.2 million from a new partnership with Visa for our debit card portfolio. Additionally, losses on sales in the investment portfolio were $1.1 million less in 2024. While these two items are unusual and not sustainable, the remaining growth is considered core.

Operating expenses totaled $65.2 million for the year ended December 31, 2024. This was an increase of 5.3% from the $61.9 million of operating expenses for 2023. The largest expense item is salary and employee benefits which were up 7.4% year over year. Management believes these expenses are an investment in scale for future growth and continued focus. Additional operating expenses included costs related to the Visa brand change. Vallant's management is optimistic that this investment in future potential operating leverage will be beneficial to Vallant. Operating expenses for the nine months ended September 30, 2025, totaled $55.0 million, a 13.8% increase from $48.4 million for the same period in 2024.

Net income before taxes for the twelve months ended December 31, 2024, was $32.7 million, an increase of 30.5% from $25.1 million for the twelve months ended December 31, 2023. Net income before taxes for the nine months ended September 30, 2025, was $25.8 million, as compared to $23.2 million for the same period in the previous year. For 2024, basic earnings per share before taxes totaled $19.42 compared to $15.27 for 2023. For the nine months ended September 30, 2025, basic earnings per share was $14.73 compared to $11.39 for the same period in 2024. Return on average assets before taxes for 2024 was 1.18% compared to 0.95% for 2023. Return on average equity before taxes for 2024 was 16.69% compared to 12.52% for 2023.

Dividends

Subject to the limitations described in this proxy statement/offering circular under "*Supervision and Regulation – Payment of Dividends,*" Vallant historically distributes a quarterly dividend to its shareholders. The following table describes the Company's earnings and dividends per share for the prior three years. For 2025, Vallant declared and paid dividends of $5.50 per share.

Period	Basic Earnings per Share (Book)	Dividends Paid per Share	Dividend % of Book EPS
2022	$18.23	$4.70	25.78%

2023	$15.27	$5.00	32.74%
2024	$19.42	$5.10	26.26%

Growth Outlook

Pinnacle Bank has for the last several years grown by both organic means and by merger and acquisition activity. Pinnacle Bank's Management believes the opportunity to continue this growth trend is available based on the demographic trends of the market it serves. As illustrated below, Pinnacle Bank currently has a small deposit market share in very attractive and growing markets that provide a large opportunity for growth. Counties such as Columbia, Hall, Newton, Gwinnett, Jackson, Clarke, Oconee, and Columbia have above average growth rates, large deposit bases and attractive household income averages.

County	Rank	Loc.	Total Market Deposits ($000s)	Deposits in Market ($000s)	Deposit Market Share	2024 Total Population (Estimate)	2020-2024 Population Change	2024 Median Household Income ($)	2020-2024 Projected HH Income Change (%)
Clarke	16	1	4,036,333	32,127	0.80%	129,995	1.1%	52,565	8.8%
Columbia	14	2	3,396,989	49,957	1.47%	167,472	6.6%	91,642	11.4%
Elbert	1	3	574,191	402,255	70.06%	20,152	2.5%	48,190	22.4%
Franklin	1	3	564,952	230,568	40.81%	25,208	7.4%	52,597	10.0%
Gwinnett	27	1	24,361,454	143,601	0.59%	1,003,869	4.7%	82,296	13.0%
Habersham	4	2	1,312,414	146,485	11.16%	49,665	7.6%	61,292	12.0%
Hall	11	3	5,527,794	147,377	2.67%	221,745	9.0%	74,153	16.4%
Hart	1	1	549,795	162,253	29.51%	28,052	8.4%	57,241	5.1%
Jackson	9	1	1,814,257	57,517	3.17%	93,825	22.3%	82,056	13.8%
Lumpkin	6	1	645,435	26,370	4.09%	36,016	7.1%	67,592	5.3%
Newton	5	1	1,206,192	152,164	12.62%	124,010	9.8%	70,732	19.4%
Oconee	14	2	3,259,282	31,250	0.93%	44,751	6.5%	116,221	9.47%
Oglethorpe	10	1	1,721,216	34,667	2.01%	16,172	8.8%	66,672	13.4%
Richmond	17	1	4,356,787	7	0.00%	206,303	-0.1%	58,723	22.2%
Union	3	1	1,292,706	78,661	6.08%	27,601	11.3%	59,783	13.8%
Walton	3	3	1,987,172	314,396	18.96%	109,792	13.0%	79,425	8.6%

Pinnacle Bank's management believes the strategy it has deployed historically, targeted marketing to attract retail deposit accounts coupled with direct marketing to small businesses with a suite of sophisticated lending and cash management products, will continue to produce the growth experienced over several years. In addition, Pinnacle Bank management intends to expand its branch network where appropriate to strengthen market presence in markets where the opportunity to grow is strong. Vallant is particularly interested in markets that either complement existing territories, are adjacent to areas already being served or provide the opportunity to deepen the market share in attractive markets, such as those markets currently served by Morris Bank.

STOCK OWNERSHIP OF DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

The table below sets forth certain information regarding the beneficial ownership of Vallant Common Stock by each of Vallant's directors and executive officers, by all of Vallant's directors and executive officers as a group, and by each shareholder holding 5% or more of the outstanding shares of Vallant Common Stock, in each case as of January 30, 2026. Beneficial ownership includes shares held in the name of the spouse, minor children, or other relatives of a director or executive officer living in such person's home and shares held in the name of another person under an arrangement whereby such individual can vest title in himself and shares subject to options. Percentage calculations include the individual's or group's exercisable options in the numerator and only the corresponding individual's or group's exercisable options in the denominator.

Name	Number of Shares Beneficially Owned	Percentage of Shares Outstanding
Greater than 5% Shareholders:		
Henry TAW LP	81,789	5.97%
Korotzer Family Trust	75,542	5.52%
Linton Eberhardt, IV	68,709	5.02%
L. Jackson McConnell, Jr.	183,145[(1)]	13.38%
Laura Stille	111,579[(2)]	8.15%
Directors and Executive Officers:		
Rafy Bassali	462	*
Danielle Benson	1,500	*
Ron Bracewell	3,200	*
Greg Herring	4,980[(3)]	*
Jonathan Holmes	200	*
L. Jackson McConnell, Jr.	183,145[(1)]	13.38%
William McDermott	1,780[(4)]	*
Connie Melear	1,000	*
David K. Voyles	14,509[(5)]	1.06%
Kalki Yalamanchili	750	*
D. Scott Wilson	9,987[(6)]	*
All Directors and Executive Officers as a Group	221,512	16.18%

*Represents less than 1% ownership.

(1) Includes 51,145 shares held as trustee of the Pinnacle Bank Employee Stock Ownership Plan, for which Mr. McConnell serves as trustee, of which 4,475.2366 shares are allocated to Mr. McConnell, 5,000 shares held by the Mary Margaret McConnell Trust of which Mr. McConnell serves as trustee, 5,000 shares held by the Lawson C. McConnell Trust of which Mr. McConnell serves as trustee, and 10,000 shares held by Mr. McConnell's spouse.

(2) Includes 20,984 shares held by the Alice M. Eberhardt Revocable Trust of which Ms. Stille serves as co-trustee and 23,758 shares held by the Linton W. Eberhardt, III Bypass Trust of which Ms. Stille serves as co-trustee

(3) Includes 1,359 shares held in an individual retirement account for the benefit of Mr. Herring and 1,359 shares held in an individual retirement account for the benefit of Mr. Herring's spouse.

(4) Includes 1,000 shares held jointly with Mr. McDermott's spouse, 440 shares held in an individual retirement account for the benefit of Mr. McDermott, 170 shares held by Mr. McDermott's spouse, and 170 shares held in an individual retirement account for the benefit of Mr. McDermott's spouse.

(5) Includes 1,117 shares held jointly with Mr. Voyles' spouse, 1,400 shares held individually by Mr. Voyles' spouse, 4,108.5208 shares owned by the Pinnacle Bank Employee Stock Ownership Plan and allocated to Mr. Voyles, and options to purchase 1,200 shares.

(6) Includes 3,200 shares held jointly with Mr. Wilson's spouse, 742 shares held in an individual retirement account for the benefit of Mr. Wilson, 1,210.5048 shares owned by the Pinnacle Bank Employee Stock Ownership Plan and allocated to Mr. Wilson, and options to purchase 1,200 shares.

DESCRIPTION OF VALLANT COMMON STOCK

The authorized capital stock of Vallant consists of 20,000,000 shares of common stock, no par value, of which 10,000,000 are designated as voting shares and 10,000,000 are designated as non-voting shares. As of January 30, 2026, 1,369,116 voting shares and no non-voting shares were issued and outstanding. In addition, Vallant has outstanding options to purchase 18,400 shares of its common stock at a weighted average exercise price of $137.87 per share.

Common Stock

All shares of Vallant Common Stock are entitled to share equally in dividends from funds legally available therefor, when, as and if declared by Vallant's board of directors, and upon liquidation or dissolution of Vallant, whether voluntary or involuntary, to share equally in all assets of Vallant available for distribution to the shareholders.

Each holder of Vallant Common Stock is entitled to one vote for each share on all matters submitted to the shareholders of Vallant. Shares of Vallant Common Stock are not subject to preemptive rights to acquire authorized but unissued capital stock of Vallant. There is no cumulative voting, redemption right, sinking fund provision, or right of conversion in existence with respect to Vallant's common stock. All shares of Vallant Common Stock issued in connection with the merger will be fully paid and non-assessable.

No active trading market exists for shares of Vallant Common Stock and an active market is unlikely to develop after the merger. As a result, Morris shareholders who receive shares of Vallant Common Stock in the merger who wish to or who need to dispose of all or a part of their shares of Vallant Common Stock in the future may not be able to do so except for private negotiations with third parties, assuming that third parties are willing to purchase shares of Vallant Common Stock.

Equity Incentive Plan

In August 2020, Vallant adopted the Pinnacle Financial Corporation 2020 Equity Incentive Plan, which we refer to as the Vallant equity incentive plan. The Vallant equity incentive plan provides Vallant the ability to provide employees, officers, and directors of Vallant and Pinnacle Bank with compensation in the form of stock-based compensation to attract and retain qualified and competent employees, upon whose efforts and judgment Vallant's success is largely dependent. Vallant reserved an aggregate of 103,210 shares of Vallant Common Stock to be issued under the equity incentive plan. As of the date of this proxy statement/offering circular, Vallant has issued 46,634 shares of restricted stock under the Vallant equity incentive plan, all of which are included in the total number of shares of Vallant Common Stock outstanding, and has outstanding stock option awards under the Vallant equity incentive plan representing the right to purchase an aggregate of 18,400 shares of Vallant Common Stock. The remainder of the shares reserved for issuance under the Vallant equity incentive plan are available for issuance to recruit and retain prospective executive officers and employees of Vallant and Pinnacle Bank. Exercise of these stock options or the issuance of additional equity awards under the plan may dilute the per-share book value of Vallant Common Stock.

Indebtedness Senior to Shares of Vallant Common Stock

Subordinated Notes Due 2031. Vallant has outstanding an aggregate principal amount of $25 million of subordinated notes due February 15, 2031. The notes bear interest at a fixed rate of 3.50% per annum, payable semi-annually in arrears through February 15, 2026. After February 15, 2026, and through the maturity date, the notes bear interest at a floating rate calculated as the three-month Secured Overnight Financing Rate plus 313 basis points, payable quarterly in arrears. These subordinated notes are callable by Vallant on or after February 15, 2026. The subordinated notes rank senior to shares of Vallant Common Stock with respect to dividends and liquidation proceeds but junior to any senior indebtedness that Vallant may incur from time to time. A failure to make payments of interest on the subordinated notes will result in a prohibition on the payment of dividends on Vallant Common Stock.

Junior Subordinated Debentures. Vallant has outstanding junior subordinated debentures in the principal amount of $7.22 million. These debentures were issued in connection with a trust preferred securities financing by Vallant in 2005. Pursuant to this arrangement, Vallant issued the debentures to Pinnacle Capital Trust I, an unconsolidated subsidiary trust of Vallant. In turn, Pinnacle Capital Trust I issued common securities to Vallant and preferred securities to other investors. Substantially all of the proceeds of this financing were contributed by Vallant to Pinnacle Bank as common equity, where the proceeds qualify for Tier 1 capital treatment.

The debentures bear interest at a floating rate. During 2023, the variable rate was converted to a formula based on the Secured Overnight Financing Rate ("SOFR"). At September 30, 2025, the rate was variable at the three-month SOFR plus 3.13%. The interest rate is reset quarterly. The debentures rank senior to shares of Vallant Common Stock with respect to dividends and liquidation proceeds but junior to Vallant's subordinated notes due 2031 and other senior indebtedness that Vallant may incur from time to time. The debentures permit Vallant to defer interest payments under certain circumstances, however, when Vallant defers interest payments, it is subject to restrictions on payment of dividends and other capital distributions.

INFORMATION ABOUT MORRIS AND MORRIS BANK

Morris State Bancshares Inc.

Morris is the bank holding company for Morris Bank, a Georgia state-chartered bank headquartered in Dublin, Georgia. Morris' headquarters and principal place of business is located at 301 Bellevue Avenue, Dublin Georgia 31021.

As of September 30, 2025, Morris had total assets of approximately $1.54 billion, total shareholders' equity of approximately $207.5 million and total deposits of approximately $1.31 billion. The audited consolidated financial statements of Morris for year ended December 31, 2024, and unaudited consolidated financial statements for the nine months ended September 30, 2025, are attached hereto as Exhibit D.

As of January 30, 2026, the record date for the special meeting of Morris shareholders, Morris had 10,637,607 shares of Morris Common Stock outstanding, including 85,491 shares subject to restricted stock units. In addition, Morris expects an additional 19,595 restricted stock units to vest the effective time of the merger and be converted into the right to receive Vallant Common Stock in the merger, together with cash payment for dividend equivalents.

Morris Bank

Morris Bank is a commercial bank based in Dublin, Georgia, and is the wholly-owned subsidiary of Morris. Morris Bank is a state-chartered commercial bank regulated by the GDBF and the FDIC. As of September 30, 2025, Morris Bank had approximately 182 full-time equivalent employees.

Market Area

As of September 30, 2025, Morris Bank had nine branch offices in operation in Middle and East Georgia, serving Laurens, Houston, Bulloch and Jones Counties.

Business

Morris Bank is a full-service commercial bank, providing most traditional commercial and consumer banking services primarily toward individuals and small and medium-sized businesses located in its banking market. Morris Bank provides a broad range of banking services to its clients, including receiving deposits and making loans. In addition to traditional banking services like checking, savings, certificates of deposit and loans, Morris Bank also offers credit and debit cards and lines of credit, as well as online and mobile banking. Morris Bank offers these services through a variety of channels to meet the needs of its customers including in-person through its full-service branches and via telephone, online and mobile platforms.

Directors

The board of directors of Morris consists of six members which are divided into three classes with each class being elected for a term of three years. The following table lists each current director of Morris and Morris Bank and his or her principal occupation:

Name	Morris Class/Year Term Expiring	Position with the Morris, Morris Bank and Principal Occupation
Directors of Morris and Morris Bank:		
J. Bent Gay, Jr.	Class I/2028	Director, President of Gayco Healthcare Management
Roger W. Miller	Class I/2028	Director: Executive Vice President of Morris Bank
Phillip D. Faircloth	Class II/2026	Director; Chairman of the Board and CEO of Farmers Furniture
Lisa Livingston	Class II/2026	Director; Private Investor
Leonard Blount	Class III/ 2027	Director; Principal, Capstone Benefits Consulting, LLC
Spencer N. Mullis	Class III/2027	Chairman of the Board of Directors, President and Chief Executive Officer of Morris and Morris Bank
Directors of Morris Bank (only):		
Mark S. Byrd		Owner, Houston Lake Country Club
Michael A. Maffett		President, Curry-Maffett Insurance
Robert J. Walker, Jr.		Business Owner
Jeff Pope		President, Pope Construction Company
State Senator Larry Walker		President & CEO, Walker Insurance Agency

MORRIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis are intended to review the significant factors affecting the financial condition of Morris and its subsidiary, Morris Bank, and the results of operations for these periods. The following discussion and analysis should be read along with the audited financial statements for the year ending December 31, 2024, and unaudited financial statements for the nine-month period ending September 30, 2025. All financial information as of or for the periods ended September 30, 2025 and 2024, are unaudited. These financial statements are included in this proxy statement/offering circular as Exhibit D. The discussion and analysis of the financial results that follow consider Morris and Morris Bank on a consolidated basis, except as otherwise expressly noted.

Balance Sheet Discussion

Total assets at quarter-end dated September 30, 2025, totaled $1.540 billion, an increase of 3.2% over the year-end total of $1.492 billion at December 31, 2024, and an increase of 7.3% over the total of $1.435 billion one year ago at September 30, 2024. Loans totaled $1.159 billion, net of loan loss reserves of $15.0 million, at September 30, 2025, as compared to net loans of $1.102 billion at December 31, 2024. Compared to September 30, 2024, outstanding net loan balances are up 7.9%. At year-end 2024, net loans were up 5.1% over year end 2023 when net loans totaled $1.049 billion. Loan growth was generated from several categories as illustrated below.

($000s)	12/31/2023	12/31/2024	9/30/2024	9/30/2025
R/E – Construction	$158,437	$180,235	$162,283	$164,136
R/E – Farmland	38,795	35,893	37,131	51,719
R/E – 1-4 Residential	229,846	218,044	223,088	224,603
R/E Multifamily	46,297	70,912	65,244	76,815
CRE – Owner Occupied	215,074	216,989	218,226	226,451
CRE – Non-owner Occupied	266,750	294,685	280,697	339,783
Agriculture Production	3,597	3,017	5,282	3,095
Commercial & Industrial	90,228	87,101	85,710	73,101
Consumer	15,404	10,693	12,187	9,066
All Other	1,928	812	652	7,555
Total Loans (gross)	**$1,066,356**	**$1,118,381**	**$1,090,500**	**$1,176,324**

At quarter end September 30, 2025, Morris had total deposits of $1.314 billion and on-balance sheet liquidity of $100 million in the form of cash on hand, Federal Funds sold, and deposits with other financial institutions. This level of liquidity is elevated over what management believes is typically necessary to operate on a day-to-day basis. However, as will be discussed in this analysis, the Bank has enjoyed growth in its deposit portfolio along with recent payoffs of certain subordinated debt obligations, which has temporarily increased the amount of liquidity. Management believes that over the next few months continued loan growth and stabilization in the deposit portfolio will result in moderate decreases in liquidity, and redeployment of excess liquidity into higher yielding investment alternatives.

Morris' investment portfolio, which had a carrying value of $213.5 million as of September 30, 2025 (including held-to-maturity securities), serves as a source of liquidity, investment return and as collateral for municipal deposits. The investment portfolio has decreased in overall size as demand for loans has increased. Investments are centered in highly rated municipal bonds, mortgage-backed securities, agency issued bonds, and similar assets.

($000s)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-Sale:				
At September 30, 2025:				
U.S. Government and Agency securities	$ 13,456	$ -	$ (569)	$ 12,887
Mortgage-backed securities	70,998	-	(6,488)	64,510
Municipals	122,288	-	(20,653)	101,635
Corporate	7,045	-	(163)	6,882
	$ 213,787	$ -	$ (27,873)	$ 185,914
At December 31, 2024:				
U.S. Government and Agency securities	$ 18,465	$ -	$ (981)	$ 17,484
Mortgage-backed securities	69,796	-	(8,334)	61,462
Municipals	123,677	-	(22,996)	100,681
Corporate	13,846	-	(595)	13,251
	$ 225,784	$ -	$ (32,906)	$ 192,878

Other assets totaled $17.7 million at September 30, 2025, and include goodwill and intangibles, as compared to $22.7 million at December 31, 2024. Cash surrender value of life insurance policies on the lives of certain senior officers of Morris Bank totaled $15.5 million as of September 30, 2025, which is an increase from prior year end values of $15.1 million.

Total deposits at quarter-end dated September 30, 2025, totaled $1.314 billion, an increase of 3.9% over $1.265 billion at December 31, 2024, and an increase of 9.8% over the total of $1.197 billion at September 30, 2024. Core deposits remain the principal funding source for Morris and contribute tremendously to Morris' low cost of funds and resulting profitability. Much of the growth recently experienced was above what management considers to be core growth and is the result of several unique contributing factors. Several of Morris Bank's commercial customers sold their businesses in the last several months and deposited the sale proceeds in money market-type accounts at the bank. Indications from these customers are that these accounts are "placeholders" until the funds are invested

elsewhere. Therefore, management expects to see an outflow of funds in the months ahead and has purposefully kept excess liquidity on the balance sheet to accommodate the transfers. Additionally, Morris Bank's municipal customer base has had a large increase in funds on deposit through tax collections and proceeds from bond financings, which will ultimately be used for capital purchases and construction projects resulting in further deposit outflows.

Bank Deposit Totals

(000s)	12/31/2022	12/31/2023	12/31/2024	9/30/2024	9/30/2025
Non-Interest Bearing	$329,829	$297,374	$324,992	$320,503	$335,466
Interest Bearing	876,627	910,960	939,897	876,274	978,169
Total Deposits	**$1,206,456**	**$1,208,334**	**$1,264,889**	**$1,196,777**	**$1,313,635**

Non-interest bearing checking account related deposits for Morris Bank represent approximately 26% of total deposits and at quarter end September 30, 2025, totaled $345 million. Of the $35.6 million in deposit growth in 2025, the majority was in time deposits as customers transferred deposits from lower yielding-checking and savings accounts to higher yielding certificates of deposit.

Other significant liabilities at September 30, 2025, include $4.1 million of trust preferred securities issued in 2005. Annual debt service for Morris for the year-ended December 31, 2024, was approximately $9.5 million, which included $8.3 million in subordinated debt payoff, as compared to $1.6 million for 2023. As of September 30, 2025, debt service for Morris was approximately $15.6 million, which included retirement of $15.0 million in subordinated debt.

Total shareholders' equity at September 30, 2025, was $207.5 million and represented a total equity to asset ratio of 13.03%. The book value and tangible book value per share at September 30, 2025, respectively were $19.49 and $18.51, with growth from September 30, 2024, of 8.34% and 9.07%, respectively. Bank level regulatory capital ratios are illustrated in the following table.

Bank Capital Ratios

	December 31, 2022	December 31, 2023	December 31, 2024	September 30, 2025
Common Equity Tier 1 Ratio	13.18%	13.30%	14.53%	14.44%
Tier 1 Leverage Ratio	12.18%	12..41%	12.43%	12.17%
Tier 1 Risk-based Capital Ratio	13.18%	13.30%	14.53%	14.44%
Total Risk-based Capital Ratio	14.24%	14.55%	15.78%	15.70%

Income and Operating Results

Set forth below is discussion about Morris' income and operating results for the nine months ended September 30, 2025 and 2024, and for the years ended December 31, 2024 and 2023.

For the third quarter ending September 30, 2025, Morris had net interest income of $15.8 million, up from $13.7 million for the third quarter of 2024. The increase was driven primarily by the loan growth discussed earlier. Total interest income was up 13.44% for the first nine months over the same period the prior year. This was offset somewhat by an increase in interest expense, driven both by increased balances and changes in interest rates. The net interest margin was 4.48% for the third quarter 2025, up from 4.10% for the same period a year ago. Please refer to the table below for a detailed illustration of the changes in interest yields, cost of funds, and the impact on earnings.

During the third quarter of 2025, non-interest income totaled $3.97 million, an increase from the $1.11 million earned in the third quarter of 2024. This increase was driven by receipt of the COVID employee retention tax credit. Other income is derived from service charges, debit card interchange fees, mortgage origination fees and other miscellaneous charges and fees. Management believes its retail branch marketing approach and the numbers of accounts generated through its marketing efforts helps to drive the other, non-interest income totals and is a sustainable source of income.

Non-interest expenses totaled $7.66 million for the third quarter ended September 30, 2025, down approximately 16.2% over the third quarter of 2024. The largest non-interest expense item is salary and employee benefits, which increased as compared to the third quarter of 2024. Occupancy and equipment expenses and other

expenses, however, were down as compared to the third quarter of 2024. A provision expense for the loan loss reserve was made during the period totaling $1.13 million. A provision totaling $252 thousand was made in the third quarter of 2024.

Net income before taxes for the three months ended September 30, 2025, was $12.1 million and compared favorably to net income before taxes of the same period last year of $5.7 million. The increase was driven by higher net interest income as a result of higher yields on new and renewing loans as well as higher non-interest income and reduced amortization expense related to a renewable energy tax credit investment.

For the year ended December 31, 2024, Morris had net interest income of $54.5 million, up from $51.2 million for the prior year, an increase of 6.6%. The increase was driven primarily by the loan growth discussed earlier. Total interest income was up 14.0% in 2024 over 2023. This increased income was offset somewhat by an increase in interest expense, driven both by increased balances and changes in interest rates. The net interest margin was up, from 3.98% to 4.06% year over year. A detailed illustration of changes in interest rates, yields, cost of funds, and the impact on earnings is set forth in the following table.

Bank Level Margin Data

	2023	2024	YTD 3Q24	YTD 3Q25
Yield on Earning Assets	5.41%	5.96%	5.95%	6.17%
Cost of Funds	1.57%	2.12%	2.14%	1.97%
Net Interest Spread	3.23%	3.07%	3.04%	3.48%
Net Interest Margin	3.98%	4.06%	4.03%	4.40%
Change in Earnings due to Volume		$276,011		$3,152,813
Change in Earnings due to Rate		$444,699		$4,675,368

During 2024, non-interest income totaled $4.8 million, a slight increase from $4.7 million in 2023. As mentioned earlier, this non-interest income is derived from service charges, interchange fees, treasury management fees, mortgage fees, and fees from non-deposit retail investment sales. Management believes the generation of fee income stemming from the retail and commercial activities of Morris Bank is sustainable and will continue to grow.

Non-interest expense totaled $36.3 million for the year ended December 31, 2024. This is an increase of 5.6% from $34.4 million for 2023. The largest expense item is salary and employee benefits, which were up 10.2% year-over-year.

A provision expense for credit losses was made during 2024 totaling $545 thousand, an increase from $450 thousand the year before.

Net income before taxes for the twelve months ended December 31, 2024, was $23.0 million, an increase of 7.1% from $21.5 million for the twelve months ended December 31, 2023. Earnings per share (basic and diluted) totaled $2.06 for 2024 and $1.83 for 2023 (after adjustment to reflect the April 22, 2024 stock split). Return on average assets for 2024 was 1.68% and 1.55% for 2023. Bank level return on average equity for 2024 was 12.74% and 12.25% for 2023.

Dividends

Subject to the limitations described in this proxy statement/offering circular under "*Supervision and Regulation – Payment of Dividends,*" Morris historically distributes a quarterly dividend to its shareholders. The following table describes Morris' earnings and dividends per Share for the prior three years. For 2025, Morris declared and paid dividends of $0.63 per share.

	Basic Earnings per Share (Book)	Dividends Paid per Share	Dividend % of Book EPS
2022	$2.00*	$0.35*	17.50%
2023	$1.83*	$0.35*	19.12%
2024	$2.06	$0.37	17.96%

* Per share amounts for the years 2023 and 2022 have been adjusted to reflect the April 22, 2024, stock split.

Growth Outlook

Morris Bank has for the last several years grown through organic means. Morris Bank's management believes the opportunity to continue this growth trend is available based on the demographic trends of the market it serves. As illustrated below, Morris Bank currently has a small deposit market share in very attractive and growing markets that provide a large opportunity for organic growth. Bulloch, Houston, Jones, and Laurens Counties have above-average growth rates and large deposit bases.

County	Rank	Loc.	Total Market Deposits ($000s)	Deposits in Market ($000s)	Deposit Market Share	2024 Total Population (Estimate)	2020-2024 Population Change	2024 Median Household Income	2020-2024 Projected HH Income Change
Bulloch	2	3	$1,982,955	$307,879	15.53%	85,454	6.9%	$53,675	10.0%
Houston	3	3	2,454,079	304,962	12.43%	174,897	6.4%	76,968	16.8%
Jones	1	1	414,148	214,479	51.79%	29,047	2.3%	66,288	5.1%
Laurens	1	2	1,471,041	516,386	35.10%	50,287	1.5%	46,776	18.5%

STOCK OWNERSHIP OF DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS OF MORRIS

The table below sets forth certain information regarding the beneficial ownership of Morris Common Stock by each of Morris' directors and executive officers, by all of Morris' directors and executive officers as a group, and by each shareholder holding 5% or more of the outstanding shares of Morris Common Stock, in each case as of January 30, 2026. Beneficial ownership includes shares held in the name of the spouse, minor children, or other relatives of a director or executive officer living in such person's home, shares held in the name of another person under an arrangement whereby such individual can vest title in himself.

Name	Number of Shares Beneficially Owned	Percentage of Shares Outstanding
Greater than 5% Shareholders:		
Wallace Miller	1,559,025[(1)]	14.66%
Phillip D. Faircloth	1,091,755[(2)]	10.26%
Lisa Livingston	695,865[(3)]	6.54%
Directors and Executive Officers:		
J. Bent Gay, Jr.	154,415	1.45%
Roger W. Miller	612,410[(4)]	5.76%
Phillip D. Faircloth	1,091,755[(2)]	10.26%
Lisa Livingston	695,865[(3)]	6.54%
Leonard Blount	67,100	*
Spencer N. Mullis	98,063[(5)]	*
Mark S. Byrd	11,330	*
Michael A. Maffett	15,000	*
Robert J. Walker, Jr.	108,065	1.02%
Jeff Pope	126,800	1.19%
State Senator Larry Walker	22,500	*
Chris M. Bond	55,343[(6)]	*
All Directors and Executive Officers as a Group	3,058,646	28.73%

*Represents less than 1% ownership.

(1) Includes 140,830 share held through various trust and custodial arrangements for the benefit of Mr. Miller's family members and voted by Mr. Miller.

(2) Includes 397,310 shares held in Red Thunder Trust for which Mr. Faircloth is the trustee, 694,445 shares held by FHF Investment Number 1 LLC for which Mr. Faircloth is the co-trustee, and one share held jointly with Mr. Faircloth's spouse.
(3) Includes 668,185 shares held by the Livingston Dynasty Trust for which Ms. Livingston is the co-trustee and beneficiary.
(4) Includes 140,000 shares which Mr. Miller holds jointly with his spouse.
(5) Includes 24,863 restricted stock units awarded to Mr. Mullis.
(6) Includes 11,698 restricted stock units awarded to Mr. Bond.

COMPARISON OF SHAREHOLDERS' RIGHTS

After the merger, the shareholders of Morris that receive the Per Share Stock Consideration will become shareholders of Vallant. Certain differences exist in the rights of shareholders of Morris and Vallant. These differences partially arise from differences in their Articles of Incorporation and Bylaws. The GBCC governs the rights of shareholders of both Morris and Vallant.

The following table identifies significant differences between the rights of shareholders of Morris and the rights of shareholders of Vallant:

	Morris	**Vallant**
Authorized Shares	Common stock, 50,000,000 shares, $1.00 par value per share.	Common stock, 10,000,000 shares voting stock and 10,000,000 shares non-voting stock, no par value.
Director Elections	Directors are elected by a plurality of votes cast.	Directors are elected by a plurality of votes cast.
Number of Directors	Number of directors consist of not less than one (1) nor more than fifteen (15) members and is set from time to time by the shareholders by a majority vote of the issued and outstanding shares entitled to vote in the election of directors or by resolution of the board of directors by the affirmative vote of a majority of the directors then in office.	Number of directors consist of not less than one (1) nor more than fifteen (15) members and is set from time to time by the shareholders by a majority vote of the issued and outstanding shares entitled to vote in the election of directors or by resolution of the board of directors by the affirmative vote of a majority of the directors then in office.
Board Classification and Terms of Directors	The directors are divided into three classes, as nearly equal in number as possible, with one class up for election each year for a three year term.	Directors serve in a single class for one year terms.
Removal of Directors	Any Director may be removed from office, with or without cause, upon the affirmative vote of the holders of a majority of the issued and outstanding shares of the Morris entitled to vote in an election of Directors.	Any Director may be removed from office, with or without cause, upon the affirmative vote of the holders of a majority of the issued and outstanding shares of the Vallant entitled to vote in an election of Directors.
Fair Price Requirements	Morris has not elected to become subject to the fair price requirements contained in OCGA 14-2-1110 through 14-2-1113.	Vallant has not elected to become subject to the fair price requirements contained in OCGA 14-2-1110 through 14-2-1113.
Business Combinations with Interested Shareholders	Morris has not elected to become subject to the requirements regarding business combinations with interested shareholders contained in OCGA 14-2-1131 through 14-2-1133.	Vallant has not elected to become subject to the requirements regarding business combinations with interested shareholders contained in OCGA 14-2-1131 through 14-2-1133.

Constituency Considerations	None.	When evaluating certain transactions, the board of directors may, in exercising its business judgement, consider certain constituency factors, including the effect on employees, customers and communities.
Amendment of Bylaws	Shareholders may amend or adopt new bylaws by the affirmative vote of a majority of the share entitled to vote to in an election of directors. The board of directors may also amend or adopt new bylaws unless the shareholders have amended bylaws and expressly reserved the right to amend or repeal such bylaw to the shareholders.	Shareholders may amend or adopt new bylaws by the affirmative vote of a majority of the share entitled to vote to in an election of directors. The board of directors may also amend or adopt new bylaws unless the shareholders have amended bylaws and expressly reserved the right to amend or repeal such bylaw to the shareholders.

DIVIDENDS AND MARKET PRICES

Vallant

Vallant Common Stock is not currently listed or traded on any securities exchange, and there is currently no established public market for Vallant Common Stock. Additionally, privately negotiated trades of Vallant Common Stock occur from time to time without pricing information being made known to Vallant's management. As of January 30, 2026, Vallant had approximately 540 shareholders of record. The last known sale price for a privately negotiated sale of Vallant Common Stock of which management of Vallant was aware prior to the date of this proxy statement/offering circular was $215.00 per share. The following table shows the dividends per share declared during each of the indicated periods on Vallant Common Stock.

	Dividends
Quarter Ended	
March 31, 2026 (through February 9, 2026)	$ - [(1)]
December 31, 2025	$1.45
September 30, 2025	$1.45
June 30, 2025	$1.30
March 31, 2025	$1.30
December 31, 2024	$1.30
September 30, 2024	$1.30
June 30, 2024	$1.25
March 31, 2024	$1.25

(1) Vallant has declared a quarterly cash dividend in the amount of $1.45 per share, payable on or about March 13, 2026, to shareholders of record as of February 10, 2026.

Morris

Morris common stock is listed on the OTCQX Best Market under the symbol "MBLU." As of January 30, 2026, there were approximately 360 holders of record of Morris common stock. As of such date, approximately 10,637,607 shares of Morris Common Stock were outstanding.

The following table shows the high and low sales prices per share of Morris Common Stock as reported on OTCQX on (1) November 19, 2025, the last full trading day preceding the public announcement that Vallant and Morris had entered into the merger agreement, (2) February 9, 2026, the latest practicable trading day before the printing of this proxy statement/offering circular and (3) the periods indicated therein. The table also provides the dividends per share declared by Morris during the periods indicated therein.

	Morris Common Stock		
	High	**Low**	**Dividends**
November 19, 2025[1]	$23.50	$23.50	
February 9, 2026[2]	$27.00	$27.00	
Quarter Ended			
March 31, 2026 (through February 9, 2026)	$27.00	$24.81	$ -[3]
December 31, 2025	$27.00	$22.10	$0.12
September 30, 2025	$24.95	$21.99	$0.12
June 30, 2025	$24.98	$19.15	$0.27[4]
March 31, 2025	$23.51	$19.59	$0.12
December 31, 2024	$25.00	$20.96	$0.092
September 30, 2024	$20.98	$16.11	$0.092
June 30, 2024	$17.01[5]	$16.40[5]	$0.092
March 31, 2024	$17.60[5]	$15.20[5]	$0.092[5]

(1) The last full trading day preceding the public announcement of the entry into the merger agreement.
(2) The latest practicable date prior to the printing of this proxy statement/offering circular.
(3) On February 3, 2026, Morris announced a regular dividend of $0.13 per share, payable on or about March 10, 2026, to shareholders of record as of February 10, 2026, and a special dividend of $0.16 per share, payable on or about March 20, 2026, to shareholders of record as of February 16, 2026.
(4) Reflects a regular dividend of $0.12 per share and a special dividend of $0.15 per share.
(5) Adjusted to reflect the 4-to-1 stock dividend paid on April 22, 2024.

TRADING MARKET OF THE COMBINED COMPANY'S COMMON STOCK

The shares of the combined company's common stock issued in connection with the merger will be issued in reliance upon an exemption from registration under the Securities Act and will be freely transferable under applicable securities laws, except to the extent of any limitations or restrictions applicable to any shares received by any shareholder who may be deemed an affiliate of Vallant. Those shareholders who are deemed to be affiliates of the combined company may only sell shares of the combined company's common stock as provided by Rule 144 under the Securities Act or as otherwise permitted under the Securities Act.

Vallant Common Stock is not currently listed or traded on any securities exchange, and there is currently no established public market for Vallant Common Stock. Vallant has agreed to use its reasonable best efforts to cause the Vallant Common Stock to be listed on the OTCQX prior to the effective time of the merger and to apply for listing on a national securities exchange within twelve to fifteen months following the effective time of the merger. As of the date of this proxy statement/offering circular, Vallant has submitted its application to the OTCQX and expects to be listed on the OTCQX following the Special Meeting and prior to consummation of the merger. However, even if listing on the OTCQX or a national securities exchange is successfully achieved, we cannot provide any assurance that an active market for the combined company's common stock will develop after either such listing. Accordingly, an investment in the combined company's common stock should be considered to have limited liquidity.

SUPERVISION AND REGULATION

Vallant and Pinnacle Bank are, and the combined company and combined bank will be, subject to extensive state and federal banking regulations that impose restrictions on and provide for general regulatory oversight of their operations. These laws generally are intended to protect depositors and not shareholders. Legislation and regulations authorized by legislation influence, among other things:

- how, when and where Pinnacle Bank may expand geographically;
- into what product or service markets Vallant and Vallant may enter;
- how Vallant and Pinnacle Bank must manage their assets; and
- under what circumstances money may or must flow between the parent bank holding company and the subsidiary bank.

Set forth below is an explanation of the major pieces of legislation and regulation affecting the banking industry and how that legislation affects Vallant's and the combined company's business. The following summary is qualified by reference to the statutory and regulatory provisions discussed and is not intended to be an exhaustive description of the statutes or regulations applicable to Vallant's and Pinnacle Bank's business. Changes in applicable laws or regulations may have a material effect on the business and prospects of Vallant or Pinnacle Bank, and legislative changes and the policies of various regulatory authorities may significantly affect their operations. In addition, bank regulatory agencies may issue enforcement actions, policy statements, interpretive letters and similar written guidance applicable to Vallant or Pinnacle Bank. Vallant cannot predict the effect that fiscal or monetary policies or new federal or state legislation may have on the business and earnings in the future of the combined company or bank.

Vallant Financial, Inc. and the Combined Company

Because Vallant owns all of the capital stock of Pinnacle Bank, Vallant is a bank holding company under the federal Bank Holding Company Act of 1956. As a result, Vallant is primarily subject to the supervision, examination and reporting requirements of the Bank Holding Company Act and the regulations of the Federal Reserve. As a bank holding company located in Georgia, the GDBF also regulates and monitors all significant aspects of Vallant's operations. Following completion of the merger, the combined company would be a bank holding company subject to the regulations of the Federal Reserve and GDBF.

Acquisitions of Banks. The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve before:

- acquiring direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank holding company will directly or indirectly own or control more than 5% of the bank's voting shares;
- acquiring all or substantially all of the assets of any bank; or
- merging or consolidating with any other bank holding company.

Additionally, the Bank Holding Company Act provides that the Federal Reserve may not approve any of these transactions if it would result in or tend to create a monopoly, substantially lessen competition or otherwise function as a restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. The Federal Reserve consideration of financial resources generally focuses on capital adequacy, which is discussed below.

Under the Bank Holding Company Act, if Vallant is adequately capitalized and adequately managed, it or any other bank holding company located in Georgia may purchase a bank located outside of Georgia. Conversely, an adequately capitalized and adequately managed bank holding company located outside of Georgia may purchase a bank located inside of Georgia. In each case, however, restrictions may be placed on the acquisition of a bank that has only been in existence for a limited amount of time or will result in specified concentrations of deposits. Currently, Georgia law prohibits acquisitions of banks that have been chartered for less than three years. The

department may waive the application of the three-year age requirement in the case of a bank that has been found by federal or state regulators to be insolvent or in an unsafe or unsound condition to transact its business, in a condition where it has generally suspended payment of its obligations without authority of law, or under any plan or agreement with the FDIC. Because Pinnacle Bank has been chartered for more than three years, this restriction would not limit Vallant's ability to sell Pinnacle Bank. However, this restriction would limit Vallant's or Pinnacle Bank's ability to purchase a newly chartered bank.

Change in Bank Control. Federal law restricts the amount of voting stock of a bank holding company or a bank that a person may acquire without the prior approval of banking regulators. Subject to various exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval prior to any person or company acquiring "control" of the bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank holding company. Control is also presumed to exist, although rebuttable, if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either:

- the bank holding company has registered securities under Section 12 of the Securities Act of 1934; or
- no other person owns a greater percentage of that class of voting securities immediately after the transaction.

The regulations provide a procedure for challenging rebuttable presumptions of control.

Permitted Activities. The Bank Holding Company Act has generally prohibited a bank holding company from engaging in activities other than banking or managing or controlling banks or other permissible subsidiaries and from acquiring or retaining direct or indirect control of any company engaged in any activities other than those determined by the Federal Reserve to be closely related to banking or managing or controlling banks as to be a proper incident thereto. Provisions of the Gramm-Leach-Bliley Act have expanded the permissible activities of a bank holding company that qualifies as a financial holding company. Under the regulations implementing the Gramm-Leach-Bliley Act, a financial holding company may engage in additional activities that are financial in nature or incidental or complementary to financial activity. Those activities include, among other activities, certain insurance and securities activities.

To qualify to become a financial holding company, Pinnacle Bank and any other depository institution subsidiary of Vallant must be well capitalized and well managed and must have a Community Reinvestment Act rating of at least "satisfactory." Additionally, Vallant must file an election with the Federal Reserve to become a financial holding company and must provide the Federal Reserve with 30 days' written notice prior to engaging in a permitted financial activity. Although Vallant meets the requirements to become a financial holding company, it does not currently plan to make such an election.

Support of Subsidiary Institutions. Under Federal Reserve policy, bank holding companies are expected to act as a source of financial or managerial strength and commit resources to support their subsidiary bank(s). This support may be required at times when, without this Federal Reserve policy, the bank holding company might not be inclined to provide it. In addition, any capital loans made by a bank holding company to its subsidiary bank will be repaid only after its deposits and various other obligations are repaid in full. In the unlikely event of the combined company's bankruptcy, any commitment it gives to a federal banking regulator to maintain the capital of the combined bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Non-Bank Subsidiary Examination and Enforcement. As a result of the Dodd-Frank Act, all non-bank subsidiaries not regulated by a state or federal agency are subject to examination by the Federal Reserve in the same manner and with the same frequency as if its activities were conducted by the lead bank subsidiary. These examinations will consider whether the activities engaged in by the non-bank subsidiary pose a material threat to the safety and soundness of its insured depository institution affiliates, are subject to appropriate monitoring and control, and comply with applicable laws. Pursuant to this authority, the Federal Reserve may also take enforcement action against non-bank subsidiaries.

Pinnacle Bank and the Combined Bank

Because Pinnacle Bank is a commercial bank chartered under the laws of the State of Georgia, it is primarily subject to the supervision, examination and reporting requirements of the FDIC and the GDBF. The FDIC and the GDBF regularly examine Pinnacle Bank's operations and have the authority to approve or disapprove mergers, the establishment of branches and similar corporate actions. Both regulatory agencies have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law. Additionally, Pinnacle Bank's deposits are insured by the FDIC to the maximum extent provided by law. Pinnacle Bank is also subject to numerous state and federal statutes and regulations that affect its business, activities and operations. Following completion of the merger, the combined bank will also be subject to the supervision and examination of the FDIC and GDBF.

Branching. Under current Georgia law, Pinnacle Bank may open branch offices throughout Georgia with the prior approval of the GDBF. Under the Dodd-Frank Act, interstate branching is permitted for all national and state-chartered banks, provided that a state bank chartered by the state in which the branch is to be located would also be permitted to establish a branch.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act of 1991 establishes a system of prompt corrective action to resolve the problems of undercapitalized financial institutions. Under this system, the federal banking regulators have established five capital categories in which all institutions are placed: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

As a bank's capital condition deteriorates, federal banking regulators are required to take various mandatory supervisory actions and are authorized to take other discretionary actions with respect to institutions in the three undercapitalized categories. The severity of the action depends upon the capital category in which the institution is placed. Generally, subject to a narrow exception, the banking regulator must appoint a receiver or conservator for an institution that is critically undercapitalized.

A "well-capitalized" bank is one that is not required to meet and maintain a specific capital level for any capital measure pursuant to any written agreement, order, capital directive, or other remediation, and significantly exceeds all of its capital requirements. The capital requirements include maintaining a total risk-based capital ratio of at least 10%, a Tier 1 risk-based capital ratio of at least 8.0%, a common equity Tier 1 risk-based capital ratio of at least 6.5% and a Tier 1 leverage ratio of at least 5.0%. Generally, a "well-capitalized" classification will place a bank outside of the regulatory zone for purposes of prompt corrective action. However, a well-capitalized bank may be reclassified as "adequately capitalized" based on criteria other than capital if the federal regulator determines that a bank is in an unsafe or unsound condition or is engaged in unsafe or unsound practices requiring certain remedial action. As of September 30, 2025, Pinnacle Bank was classified as "well-capitalized."

FDIC Insurance Assessments and Depositor Preference. The deposits of Pinnacle Bank are insured up to applicable limits, which currently are set at $250,000 per depositor, by the Deposit Insurance Fund of the FDIC and are subject to deposit insurance assessments to maintain the Deposit Insurance Fund. The deposit insurance assessment is equal to the bank's average total assets minus average tangible equity, pursuant to a rule issued by the FDIC as required by the Dodd-Frank Act. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits.

Insurance deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency. In addition, the Federal Deposit Insurance Act provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a received, will have priority over other general unsecured claims against the institution, including those of the parent bank holding company.

Standards for Safety and Soundness. The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured

depository institutions relating to: (1) internal controls; (2) information systems and audit systems; (3) loan documentation; (4) credit underwriting; (5) interest rate risk exposure; and (6) asset quality. The federal banking agencies have adopted regulations and Interagency Guidelines Establishing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Community Reinvestment Act. Pinnacle Bank is subject to the provisions of the Community Reinvestment Act, or CRA, which imposes a continuing and affirmative obligation, consistent with its safe and sound operation, to help meet the credit needs of entire communities where the bank accepts deposits, including low-and moderate-income neighborhoods. The FDIC's assessment of Pinnacle Bank's CRA record is made available to the public. Further, a less than satisfactory CRA rating will slow, if not preclude, Pinnacle Bank's expansion of banking activities. Following the enactment of the Gramm-Leach-Bliley Act, CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank's primary federal regulator. Federal CRA regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation. Pinnacle Bank has a rating of "Satisfactory" in its most recent CRA evaluation.

On October 24, 2023, the OCC, the FRB, and FDIC issued a final rule to modernize their respective CRA regulations. The revised rules substantially alter the methodology for assessing compliance with the CRA, with material aspects taking effect January 1, 2026, and revised data reporting requirements taking effect January 1, 2027. Among other things, the revised rules evaluate lending outside traditional assessment areas generated by the growth of non-branch delivery systems, such as online and mobile banking, apply a metrics-based benchmarking approach to assessment, and clarify eligible CRA activities. The final rules may make it more challenging and/or costly for Pinnacle Bank to receive a rating of at least "satisfactory" on its CRA exam.

Allowance for Credit Losses. As of January 1, 2023, all financial institutions are required to calculate their allowance for credit losses using the current expected credit loss method, or CECL. The CECL method requires banks to record, at the time of origination, credit losses expected throughout the life of the asset portfolio on loans and held-to-maturity securities, as opposed to previous methods of recording losses when it is probable that a loss event has occurred. To estimate the expected credit losses, Pinnacle Bank considers data including past events, current conditions, and reasonable and supportable forecasts relevant to assessing the collectability of the cash flows of financial assets over the contractual term. The adoption of CECL may result in greater volatility in the level of allowance for credit losses depending on the factors and assumptions applied, such as the reasonable and supportable forecasted economic conditions and loan behaviors.

Commercial Real Estate Lending. Pinnacle Bank's lending operations may be subject to enhanced scrutiny by federal banking regulators based on its concentration of commercial real estate loans. On December 6, 2006, the federal banking regulators issued final guidance to remind financial institutions of the risk posed by commercial real estate or CRE, lending concentrations. CRE loans generally include land development, construction loans and loans secured by multifamily property, and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for its examiners to help identify institutions that are potentially exposed to significant CRE risk, and which may warrant greater supervisory scrutiny:

- total reported loans for construction, land development and other land represent 100% or more of the institution's total capital; or

- total CRE loans represent 300% or more of the institution's total capital, and the outstanding balance of the institution's CRE portfolio has increased by 50% or more during the prior 36 months.

If a concentration is present, management must employ heightened risk management practices that address, among other things, board and management oversight and strategic planning, portfolio management, development of

underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending.

Enforcement Powers. The Financial Institution Reform Recovery and Enforcement Act expanded and increased civil and criminal penalties available for use by the federal regulatory agencies against depository institutions and certain "institution-affiliated parties." Institution-affiliated parties primarily include management, employees, and agents of a financial institution, as well as independent contractors and consultants such as attorneys and accountants and others who participate in the conduct of the financial institution's affairs. These practices can include the failure of an institution to timely file required reports or the filing of false or misleading information or the submission of inaccurate reports. Civil penalties may be as high as $1 million (or in the case of continuing violations, $1 million per day up to a $5 million maximum). Criminal penalties for some financial institution crimes have been increased to 20 years. In addition, regulators are provided with greater flexibility to commence enforcement actions against institutions and institution-affiliated parties.

Possible enforcement actions include the termination of deposit insurance. Furthermore, banking agencies' power to issue regulatory orders were expanded. Such orders may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnifications or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions as determined by the ordering agency to be appropriate. The Dodd-Frank Act increased regulatory oversight, supervision and examination of banks, bank holding companies and their respective subsidiaries by the appropriate regulatory agency.

Other Regulations. Interest and other charges collected or contracted for by Pinnacle Bank are subject to state usury laws and federal laws concerning interest rates. Pinnacle Bank's loan operations are subject to federal laws applicable to credit transactions, such as the:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Fair Credit Reporting Act of 1978, governing the use and provision of information to credit reporting agencies, certain identity theft protections, and certain credit and other disclosures;
- Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;
- National Flood Insurance Act and Flood Disaster Protection Act, requiring flood insurance to extend or renew certain loans in flood plains;
- Real Estate Settlement Procedures Act, requiring certain disclosures concerning loan closing costs and escrows, and governing transfers of loan servicing and the amounts of escrows in connection with loans secured by one-to-four family residential properties;
- Bank Secrecy Act, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or USA PATRIOT Act, imposing requirements and limitations on specific financial transactions and account relationships, intended to guard against money laundering and terrorism financing;

- Sections 22(g) and 22(h) of the Federal Reserve Act which set lending restrictions and limitations regarding loans and other extensions of credit made to executive officers, directors, principal shareholders and other insiders;

- Soldiers' and Sailors' Civil Relief Act of 1940, as amended, governing the repayment terms of, and property rights underlying, secured obligations of persons currently on active duty with the U.S. military;

- Talent Amendment in the 2007 Defense Authorization Act, establishing a 36% annual percentage rate ceiling, which includes a variety of charges including late fees, for certain types of consumer loans to military service members and their dependents; and

- rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

Pinnacle Bank's deposit operations are subject to federal laws applicable to depository institutions, such as:

- Truth-In-Savings Act, requiring certain disclosures for consumer deposit accounts;

- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;

- Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve to implement that act, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services; and

- rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

Additionally, as part of their overall conduct of their business, Vallant and Pinnacle Bank must comply with:

- privacy and data security laws and regulations at both the federal and state level; and

- anti-money laundering laws, including the USA Patriot Act.

Capital Adequacy

Vallant and Pinnacle Bank are required to comply with the capital adequacy standards established by the Federal Reserve, in the case of Vallant, and the FDIC, in the case of Pinnacle Bank. The Federal Reserve has established a risk-based and a leverage measure of capital adequacy for banks and bank holding companies. Pinnacle Bank is also subject to risk-based and leverage capital requirements adopted by its primary regulator, which are substantially similar to those adopted by the Federal Reserve for bank holding companies. Because Vallant's total assets are less than $3 billion, it is a "small bank holding company" as defined by the Federal Reserve's capital regulations. As a result, Vallant's capital adequacy is currently measured at the Pinnacle Bank level only. However, following the completion of the merger, the combined company's total assets will be in excess of $3 billion. As a result, the combined company will be required to comply with the capital adequacy standards established by the Federal Reserve for bank holding companies, while the combined bank will continue to be required to comply with the capital adequacy standards established by the FDIC for banks.

The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies, to account for off-balance-sheet exposure, and to minimize disincentives for holding liquid assets. Assets and off-balance-sheet items, such as letters of credit

and unfunded loan commitments, are assigned to broad risk categories, each with appropriate risk weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance-sheet items.

The Federal Reserve issued a series of rules intended to revise and strengthen its risk-based and leverage capital requirements and its method for calculating risk-weighted assets. The rules implement the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. The rules modify or leave unchanged the components of regulatory capital, which are: (i) "total capital", defined as core capital and supplementary capital less certain specified deductions from total capital such as reciprocal holdings of depository institution capital instruments and equity investments; (ii) "Tier 1 capital," which consists principally of common and certain qualifying preferred shareholders' equity (including grandfathered trust preferred securities) as well as retained earnings, less certain intangibles and other adjustments; and (iii) "Tier 2 capital", which consists of cumulative preferred stock, long-term perpetual preferred stock, a limited amount of subordinated and other qualifying debt (including certain hybrid capital instruments), and a limited amount of the general credit loss allowance. The Federal Reserve also has established a minimum leverage capital ratio of Tier 1 capital to average adjusted assets, or Tier 1 leverage ratio.

The Federal Reserve issued final rules that made changes to its capital rules to align them with the Basel III regulatory capital framework and meet certain requirements of the Dodd-Frank Act. The rules require the bank to comply with the following minimum capital ratios: (i) a new common equity Tier 1 capital ratio of 4.5% of risk-weighted assets; (ii) a Tier 1 capital ratio of 6.0% of risk-weighted assets (increased from the prior requirement of 4.0%); (iii) a total capital ratio of 8.0% of risk-weighted assets (unchanged from the prior requirement); and (iv) a leverage ratio of 4.0% of total assets (unchanged from the prior requirement). The following additional capital requirements related to the capital conservation buffer became effective January 1, 2019. The new rules require the bank to maintain (i) a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% common equity Tier 1 ratio, effectively resulting in a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 7.0%), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the 2.5% capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio, effectively resulting in a minimum Tier 1 capital ratio of 8.5%), (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus the 2.5% capital conservation buffer (which is added to the 8.0% total capital ratio, effectively resulting in a minimum total capital ratio of 10.5%), and (iv) a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average assets. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 to risk-weighted assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

Failure to meet capital guidelines could subject a bank or bank holding company to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting brokered deposits, and certain other restrictions on its business. As described in "Prompt Corrective Action" above, significant additional restrictions can be imposed on FDIC-insured depository institutions that fail to meet applicable capital requirements.

Payment of Dividends

Vallant is a legal entity separate and distinct from Pinnacle Bank and its other subsidiaries. Vallant's primary source of cash, other than securities offerings, is dividends from Pinnacle Bank. Under the laws of the State of Georgia, Vallant, as a business corporation, may declare and pay dividends in cash or property unless the payment or declaration would be contrary to restrictions contained in Vallant's Articles of Incorporation, or unless, after payment of the dividend, Vallant would not be able to pay its debts when they become due in the usual course of our business or its total assets would be less than the sum of its total liabilities. In addition, Vallant is also subject to federal regulatory capital requirements that effectively limit the amount of cash dividends that it may pay.

The primary sources of funds for Vallant's payment of dividends to its shareholders are cash on hand and dividends from Pinnacle Bank. Various federal and state statutory provisions and regulations limit the amount of dividends that Pinnacle Bank and our non-bank subsidiaries may pay. Pinnacle Bank is a Georgia bank, and under the regulations of the GDBF, a Georgia bank must have approval of the GDBF to pay cash dividends if, at the time of such payment:

- the ratio of Tier 1 capital to average total assets is less than 6 percent;

- the aggregate amount of dividends to be declared or anticipated to be declared during the current calendar year exceeds 50 percent of its net after-tax profits before dividends for the previous calendar year; or

- its total adversely classified assets in its most recent regulatory examination exceeded 80 percent of its Tier 1 capital plus its allowance for loan and lease losses.

The Georgia Financial Institutions Code contains restrictions on the ability of a Georgia bank to pay dividends other than from retained earnings without the approval of the GDBF. As a result of the foregoing restrictions, Pinnacle Bank may be required to seek approval from the GDBF to pay dividends to Vallant.

In addition, Vallant and Pinnacle Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal bank regulatory authority may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The FDIC and the Federal Reserve have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice. The FDIC and the Federal Reserve have each indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings. Prior approval by the FDIC is required if the total of all dividends declared by a bank in any calendar year exceeds the bank's profits for that year combined with its retained net profits for the preceding two calendar years.

Under a Federal Reserve policy adopted in 2009, the board of directors of a bank holding company must consider different factors to ensure that its dividend level is prudent relative to maintaining a strong financial position, and is not based on overly optimistic earnings scenarios, such as potential events that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce the bank holding company's dividends if:

- its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;

- its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or

- it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

Restrictions on Transactions with Affiliates and Insiders

Vallant and Pinnacle Bank are subject to the provisions of Section 23A of the Federal Reserve Act. Section 23A places limits on the amount of:

- a bank's loans or extensions of credit to affiliates;

- a bank's investment in affiliates;

- assets a bank may purchase from affiliates, except for real and personal property exempted by the Federal Reserve;

- loans or extensions of credit to third parties collateralized by the securities or obligations of affiliates; and

- a bank's guarantee, acceptance or letter of credit issued on behalf of an affiliate.

The total amount of the above transactions is limited in amount, as to any one affiliate, to 10% of a bank's capital and surplus and, as to all affiliates combined, to 20% of a bank's capital and surplus. In addition to the limitation on the amount of these transactions, each of the above transactions must also meet specified collateral requirements. Vallant and Pinnacle Bank must also comply with other provisions designed to avoid the taking of low-quality assets.

Vallant and Pinnacle Bank are subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibit an institution from engaging in the above transactions with affiliates unless the transactions are on terms substantially the same, or at least as favorable to the institution or its subsidiaries, as those prevailing at the time for comparable transactions with nonaffiliated companies. In the absence of a comparable transaction, Pinnacle Bank and its subsidiaries may engage in transactions that in good faith would be offered to nonaffiliated companies.

The Dodd-Frank Act enhances the requirements for certain transactions with affiliates under Section 23A and 23B, including an expansion of the definition of "covered transactions" and increasing the amount of time for which collateral requirements regarding covered transactions must be maintained.

Pinnacle Bank is also subject to restrictions on extensions of credit to its executive officers, directors, principal shareholders and their related interests. These extensions of credit (1) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties, and (2) must not involve more than the normal risk of repayment or present other unfavorable features. An insured depository institution is prohibited from engaging in asset purchases or sales transactions with its officers, directors or principal shareholders unless (1) the transaction is on market terms and (2) if the transaction represents greater than 10% of the capital and surplus of the bank, a majority of disinterested directors has approved the transaction.

Limitations on Senior Executive Compensation

In June 2010, federal banking regulators issued guidance designed to help ensure that incentive compensation policies at banking organizations do not encourage excessive risk-taking or undermine the safety and soundness of the organization. In connection with this guidance, the regulatory agencies announced that they will review incentive compensation arrangements as part of the regular risk-focused supervisory process.

Regulatory authorities may also take enforcement action against a banking organization if its incentive compensation arrangement or related risk management, control or governance processes pose a risk to the safety and soundness of the organization and the organization is not taking prompt and effective measures to correct the deficiencies. To ensure that incentive compensation arrangements do not undermine safety and soundness at insured depository institutions, the incentive compensation guidance sets forth the following key principles:

- Incentive compensation arrangements should provide employees incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose the organization to imprudent risk;

- Incentive compensation arrangements should be compatible with effective controls and risk management; and

- Incentive compensation arrangements should be supported by strong corporate governance, including active and effective oversight by the Board of Directors.

Privacy

Financial institutions are required to disclose their policies for collecting and protecting confidential information. Customers generally may prevent financial institutions from sharing nonpublic personal financial information with nonaffiliated third parties except under narrow circumstances, such as the processing of transactions requested by the consumer or when the financial institution is jointly sponsoring a product or service

with a nonaffiliated third party. Additionally, financial institutions generally may not disclose consumer account numbers to any nonaffiliated third party for use in telemarketing, direct mail marketing or other marketing to consumers.

The Dodd-Frank Act

The Dodd-Frank Act has had a broad impact on the financial services industry, including significant regulatory and compliance changes previously discussed and including, among other things, (1) enhanced resolution authority of troubled and failing banks and their holding companies; (2) increased regulatory examination fees; and (3) numerous other provisions designed to improve supervision and oversight of, and strengthening safety and soundness for, the financial services sector. Additionally, the Dodd-Frank Act establishes a new framework for systemic risk oversight within the financial system to be distributed among new and existing federal regulatory agencies, including the Financial Stability Oversight Council, the Federal Reserve, the OCC and the FDIC.

Uncertainty remains as to the ultimate impact of the Dodd-Frank Act, which could have a material adverse impact on the financial services industry as a whole or on Vallant's and Pinnacle Bank's business, results of operations, and financial condition. Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on Vallant, its customers or the financial industry more generally. However, it is likely that the Dodd-Frank Act will increase the regulatory burden, compliance costs and interest expense for Vallant and Bank. Some of the rules that have been adopted to comply with the Dodd-Frank Act's mandates are discussed below.

Bureau of Consumer Financial Protection

The Dodd-Frank Act created a new, independent federal agency, the Bureau of Consumer Financial Protection, or CFPB, which was granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the laws referenced above, fair lending laws, and certain other statutes.

The CFPB has examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets, their service providers and certain non-depository entities such as debt collectors and consumer reporting agencies. Although Pinnacle Bank has less than $10 billion in assets, the impact of the formation of the CFPB has caused a ripple effect across all bank regulatory agencies, and placed a renewed focus on consumer protection and compliance efforts. For examples of this new authority, the CFPB has authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products. CFPB also implemented consumer protection initiatives such as Regulation E which protects consumers against fraudulent transfer. The Dodd-Frank Act authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower's ability to repay. In addition, the Dodd-Frank Act allows borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage" as defined by the CFPB. The Dodd-Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.

The CFPB has concentrated much of its rulemaking efforts on a variety of mortgage-related topics required under the Dodd-Frank Act, including mortgage origination disclosures, minimum underwriting standards and ability to repay, high-cost mortgage lending, and servicing practices.

Following the 2024 presidential and congressional elections, the Trump administration took a number of steps, including layoffs, withdrawals from enforcement, ceasing of litigation and reductions in funding, to reduce the impact of the CFPB on the financial services industry. It is currently unknown what the CFPB's role in regulating the financial services industry will be during the duration of this administration and in future administrations.

UDAP and UDAAP

In recent years, banking regulatory agencies have increasingly used a general consumer protection statute to address "unethical" or otherwise "bad" business practices that may not necessarily fall directly under the purview of a specific banking or consumer finance law. The law of choice for enforcement against such business practices has been Section 5 of the Federal Trade Commission Act – the primary federal law that prohibits unfair or deceptive acts or practices and unfair methods of competition in or affecting commerce, or UDAP or FTC Act. "Unjustified consumer injury" is the principal focus of the FTC Act. Prior to the Dodd-Frank Act, there was little formal guidance to provide insight to the parameters for compliance with the UDAP law. However, the UDAP provisions were expanded under the Dodd-Frank Act to apply to "unfair, deceptive or abusive acts or practices," or UDAAP, which was delegated to the CFPB for supervision. The current administration reduced the impact of the UDAAP guidance on banks through the rollback of certain regulations and interpretations, and the CFPB's sharply reduced level of activity discussed above will also likely result in a reduction of enforcement of these provisions.

Proposed Legislation and Regulatory Action

New regulations and statutes are regularly proposed that contain wide-ranging proposals for altering the structures, regulations and competitive relationships of financial institutions operating or doing business in the United States. We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute.

Effect of Governmental Monetary Polices

Our earnings are affected by domestic economic conditions and the monetary and fiscal policies of the U.S. government and its agencies. Through its power to implement national monetary policy in order to, among other things, curb inflation or combat a recession, the Federal Reserve's monetary policies have had, and are likely to continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order to, among other things, curb inflation or combat a recession. The monetary policies of the Federal Reserve affect the levels of bank loans, investments and deposits through its control over the issuance of U.S. government securities, its regulation of the discount rate applicable to member banks, and its influence over reserve requirements to which member banks are subject. We cannot predict the nature or impact of future changes in monetary and fiscal policies.

STOCK CERTIFICATES

You should not send in any certificates representing shares of Morris Common Stock with your proxy card. Vallant's designated exchange agent will mail a transmittal letter with instructions for the surrender of stock certificates to Morris shareholders together with the election materials.

SOLICITATION OF PROXIES

The expense of soliciting proxies in the form accompanying this proxy statement/offering circular will be paid by Morris. Directors, officers and employees of Morris may solicit proxies personally or by mail or telephone, and these persons may be reimbursed for reasonable expenses incurred in connection with such solicitations.

DISSENTERS' RIGHTS

Any holder of shares of Morris Common Stock who perfects such holder's dissenters' rights of appraisal in accordance with and as contemplated by Section 14-2-1302 of the GBCC shall be entitled to receive, in cash, the fair value of such shares immediately prior to the effective time, excluding any appreciation or depreciation in anticipation of the merger; *provided, that* no such payment shall be made to any dissenting shareholder unless and until such dissenting shareholder has complied strictly with the applicable provisions of the GBCC and surrendered to Morris the certificate or certificates representing the shares for which payment is being made. A copy of the provisions of the GBCC regarding dissenters' rights is attached to this proxy statement/offering circular as Exhibit F.

You should carefully review those dissenters' rights statutes attached hereto and note that if you either (1) fail to deliver a notice to Morris specifying your intent to demand payment before the vote is taken at the Special Meeting or (2) you vote in favor of approving the merger agreement, you will not be entitled to dissenters' rights.

The provisions of the Georgia dissenters' rights statutes are technical in nature and complex. Morris shareholders desiring to exercise dissenters' rights and obtain fair value for their shares of Morris Common Stock should consult legal counsel as the failure to comply strictly with the applicable statutes may defeat their dissenters' rights. Investment banker opinions as to the fairness from a financial point of view of the consideration payable in a transaction such as the merger are not opinions as to, and do not address in any respect, "fair value" under the GBCC.

In the event that after the effective time a dissenting shareholder of Morris fails to perfect, or effectively withdraws or loses, his right to appraisal and of payment for his shares, Vallant shall issue and deliver, upon surrender by such holder of the certificate or certificates representing shares of Morris Common Stock held by him or her, the merger consideration with respect to each such share of Morris Common Stock.

PROPOSAL TWO – ADJOURNMENT OF MEETING

If the Morris board of directors determines that it is in the best interests of Morris and its shareholders to adjourn the Special Meeting to a later date to permit further solicitation of proxies if there are insufficient votes at the time of the Special Meeting approve the merger agreement and the transactions described therein, then the shareholders will be asked to adjourn the Special Meeting as requested by the board of directors.

THE MORRIS BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY.

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

See attached.

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

PINNACLE FINANCIAL CORPORATION

AND

MORRIS STATE BANCSHARES, INC.

Dated as of November 19, 2025

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B-1	Form of Morris Director's Agreement
B-2	Form of Pinnacle Director's Agreement
C	Form of Voting and Support Agreement
D	Claims Letter

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of November 19, 2025, is by and between Pinnacle Financial Corporation, a Georgia corporation ("Pinnacle"), and Morris State Bancshares, Inc., a Georgia corporation ("Morris").

RECITALS

WHEREAS, Morris is the sole shareholder of Morris Bank, a Georgia state chartered banking institution ("Morris Bank") and Pinnacle is the sole shareholder of Pinnacle Bank, a Georgia state chartered banking institution ("Pinnacle Bank");

WHEREAS, this Agreement provides for the merger of Morris with and into Pinnacle (the "Holdco Merger");

WHEREAS, the Boards of Directors of Morris and Pinnacle have determined that it is in the best interests of their respective companies and their respective shareholders to consummate the Holdco Merger;

WHEREAS, immediately following the Holdco Merger, Pinnacle intends to merge Morris Bank with and into Pinnacle Bank, with Pinnacle Bank surviving (the "Bank Merger");

WHEREAS, certain of the transactions described in this Agreement are subject to the approvals, or waiver of approval, if applicable, of the shareholders of Morris, the Federal Reserve, the FDIC, and the Georgia Department of Banking and Finance (the "GDBF") and the satisfaction of certain other conditions described in this Agreement;

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Holdco Merger and also to prescribe certain conditions to the Holdco Merger;

WHEREAS, this Agreement contemplates that the Holdco Merger and the Bank Merger will each constitute a "reorganization" within the meaning of Section 368(a) of the Code; and

WHEREAS, certain capitalized terms used in this Agreement are defined in Section 9.1(a) of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1
THE MERGERS

1.1. The Holdco Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as hereinafter defined), Morris will be merged with and into Pinnacle in accordance with the Georgia Business Corporation Code (the "GBCC"), with Pinnacle surviving

such merger (the "Surviving Company") pursuant to the terms of this Agreement. The Holdco Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of Pinnacle and Morris. The Holdco Merger shall become effective at the "Effective Time," which shall be the date and time when the Holdco Merger becomes effective as set forth in the Articles of Merger effecting the Holdco Merger (the "Articles of Holdco Merger") that shall be filed with the Georgia Secretary of State on or prior to the Closing Date (as hereinafter defined). Unless otherwise mutually agreed between the Parties, the Effective Time shall occur on the day following the Closing Date.

1.2. Time and Place of Closing. The closing of the Holdco Merger (the "Closing") shall take place by virtual means and by mail or at the offices of Fenimore Kay Harrison, LLP, 2839 Paces Ferry Road SE, Suite 750, Atlanta, Georgia 30339, at 10:00 a.m. (Eastern Time) on a date that is, subject to the mutual agreement to a different date, the last calendar day of the month in which the satisfaction or waiver of all conditions to Closing as provided in ARTICLE 7 hereto (except those conditions that are by their nature to be satisfied at Closing) occurs. The date on which the Closing actually occurs is referred to as the "Closing Date."

1.3. The Bank Merger. Subject to the terms and conditions of this Agreement, immediately following the Effective Time, Morris Bank shall be merged with and into Pinnacle Bank, in accordance with the Financial Institutions Code of Georgia (the "FICG"), with Pinnacle Bank surviving such merger (the "Surviving Bank"). The Bank Merger shall be consummated pursuant to the terms of this Agreement and a plan of bank merger substantially in the form attached hereto as Exhibit A (the "Plan of Bank Merger"), which has been approved and adopted by the respective Boards of Directors of Pinnacle, Pinnacle Bank, Morris and Morris Bank. Subject to the terms and conditions of this Agreement and the occurrence of the Closing, on the Closing Date, the Parties shall cause to be filed with the GDBF Articles of Merger required by the FICG related to the Bank Merger (the "Articles of Bank Merger"). In connection with the Bank Merger, Pinnacle, as the sole shareholder of the Surviving Bank, shall take all actions necessary to appoint the individuals listed on Section 1.3 of the Pinnacle Disclosure Memorandum to serve as officers of the Surviving Bank. The individuals who will serve as directors of the Surviving Bank at the Effective Time shall be designated mutually by the Parties in accordance with the bylaws of the Surviving Bank prior to the Effective Time, who shall be nine (9) current Pinnacle directors and eight (8) current directors of Morris or Morris Bank. The name of the Surviving Bank will be a name to be mutually agreed upon by Pinnacle and Morris prior to the Closing Date.

1.4. Terms of the Holdco Merger.

(a) The articles of incorporation, as amended, of Pinnacle in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Company following the Effective Time.

(b) The bylaws of Pinnacle in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Company following the Effective Time.

(c) The individuals who will serve as directors of the Surviving Company at the Effective Time shall be designated mutually by the Parties in accordance with the

bylaws of the Surviving Company prior to the Effective Time, who shall be nine (9) current Pinnacle directors and eight (8) current directors of Morris or Morris Bank.

(d) The individuals listed on Section 1.4(d) of the Pinnacle Disclosure Memorandum shall serve as the officers of the Surviving Company in the roles listed on Section 1.4(d) of the Pinnacle Disclosure Memorandum from and after the Effective Time, in accordance with the bylaws of the Surviving Company.

(e) The parties shall mutually agree upon a name of the Surviving Company.

ARTICLE 2
MANNER OF CONVERTING SHARES

2.1. Conversion of Shares in the Holdco Merger. Subject to the provisions of this ARTICLE 2, at the Effective Time, automatically by virtue of the Holdco Merger and without any action on the part of Pinnacle, Morris, or the Subsidiaries or shareholders of any of the foregoing, the shares of the constituent corporations to the Holdco Merger shall be converted as follows:

(a) Pinnacle Capital Stock. Each share of capital stock of Pinnacle issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(b) Morris Capital Stock.

(i) Each share of Morris Common Stock (as hereinafter defined) issued and outstanding immediately prior to the Effective Time (including Morris Common Stock held by the KSOP but excluding the Cancelled Shares (as defined below) and excluding shares with respect to which the holder properly exercises dissenters' rights pursuant to Article 13 of the GBCC (the "Dissenters' Shares")), shall cease to be outstanding and shall be converted, in accordance with the terms of this ARTICLE 2, into and exchanged for the right to receive 0.1095 (the "Exchange Ratio") of a share of Pinnacle Common Stock (the "Per Share Merger Consideration"), which Per Share Merger Consideration shall be payable to the holder thereof, without interest thereon and less any applicable withholding of Taxes, if any, withheld pursuant to Section 2.2(c) in the manner provided in this Article 3, and Fractional Share Cash-in-Lieu Amounts pursuant to Section 2.1(b)(iv).

(ii) Each share of Morris Common Stock held by Morris, Pinnacle, Morris Bank or Pinnacle Bank (other than any such shares held in trust accounts, managed accounts, and the like for the benefit of employees or customers or otherwise held in a fiduciary or agency capacity, or as a result of collection of debts previously contracted) (the "Cancelled Shares") shall be cancelled and shall cease to exist and no Per Share Merger Consideration shall be payable or delivered in exchange therefor.

(iii) Each Morris Restricted Stock Unit outstanding at the Effective Time shall, automatically and without any required action on the part of the holder thereof, be fully vested (at the maximum payout opportunity levels under each agreement of Morris Restricted Stock Units) and shall be canceled and converted into the right to receive (1) a number of shares of Pinnacle Common Stock equal to the product of (x) the number of shares of Morris Common Stock subject to such Morris Restricted Stock Unit at the Effective Time (at the maximum payout opportunity level) multiplied by (y) the Exchange Ratio, plus (2) a cash payment in respect of any accrued but unpaid dividend equivalents on such Morris Restricted Stock Unit; *provided, however*, that the number of shares of Pinnacle Common Stock calculated pursuant to Section 2.1(b)(iii)(1) above shall (after taking into account all shares of Pinnacle Common Stock to be delivered to such holder of Morris Restricted Stock Units) be rounded down the nearest whole number of a shares of Pinnacle Common Stock and such holder shall be entitled to the Fractional Share Cash-in-Lieu Amounts in respect of such fractional share to which such holder would otherwise have been entitled as calculated pursuant to Section 2.1(b)(iv).

(iv) In addition to the Per Share Merger Consideration, immediately prior to the Closing, Morris shall be permitted, subject to approval of its Board of Directors and receipt of any necessary regulatory approvals, pay to each shareholder a special cash dividend equal to the quotient of (A) $5,761,643 divided by (B) the aggregate number of shares of Morris Common Stock issued and outstanding immediately prior to the Effective Time (which shall include all Morris Restricted Stock Units and shares of Morris Common Stock in the Morris KSOP) (the "Transaction Dividend").

(v) Notwithstanding any other provisions of this Agreement, each Morris Shareholder who would otherwise have been entitled under this Agreement to receive a fraction of a share of Pinnacle Common Stock (after taking into account all shares of Morris Common Stock delivered by such Morris Shareholder) shall receive, in lieu of such fractional share, cash (without interest) in an amount equal to such fractional part of a share of Pinnacle Common Stock multiplied by $215.00 (the "Fractional Share Cash-in-Lieu Amounts"). No Morris Shareholder receiving Fractional Share Cash-in-Lieu Amounts for any shares of Morris Common Stock will be entitled to any dividends declared by Pinnacle in respect of such fractional share, nor will such holder be entitled to voting rights, or any other rights as a shareholder of Pinnacle in respect of any such fractional share. The Fractional Share Cash-in-Lieu Amounts and aggregate amount of Per Share Merger Consideration shall be referred to collectively as the "Merger Consideration."

2.2. Exchange Procedures.

(a) Delivery of Transmittal Materials. Prior to the Effective Time, Pinnacle shall appoint Continental Stock Transfer & Trust (the "Exchange Agent") to act as exchange agent hereunder. Prior to the Effective Time, Pinnacle shall authorize the issuance of and shall make available to the Exchange Agent for exchange in accordance

with this ARTICLE 2 a sufficient number of shares of Pinnacle Common Stock for payment of the Merger Consideration pursuant to ARTICLE 2 (including cash sufficient for the payment of the Fractional Share Cash-in-Lieu Amounts), and instruct the Exchange Agent to pay such Merger Consideration as promptly as practicable after the Effective Time and conditioned upon receipt of a properly completed letter of transmittal to the extent required. Such amount of cash and shares of Pinnacle Common Stock are referred to in this ARTICLE 2 as the "Conversion Fund." As promptly as practicable after the Effective Time (and within five (5) Business Days), the Exchange Agent shall send to each former holder of record of shares of Morris Common Stock immediately prior to the Effective Time or, excluding the holders, if any, of Dissenting Shares, appropriate and customary transmittal materials, which transmittal materials will be subject to review and comment by Morris, for use in exchanging such holder's Morris Common Stock for the portion of the Merger Consideration to which such holder is entitled (which shall specify that delivery shall be effected, and risk of loss and title to shares of Morris Common Stock shall pass, only upon proper delivery of such Morris Common Stock (or effective affidavit of loss in lieu thereof as provided in Section 2.2(e)) to the Exchange Agent. All shares of Pinnacle Common Stock issuable pursuant to this Agreement shall be issued in non-certificated, book entry form.

(b) Delivery of Merger Consideration. After the Effective Time, following the surrender of Morris Common Stock to the Exchange Agent (or effective affidavit of loss in lieu thereof as provided in Section 2.2(e)) in accordance with the terms of the letter of transmittal, duly executed, the holder of such Morris Common Stock shall be entitled to receive in exchange therefor the portion of the Merger Consideration to which such holder is entitled to receive in respect of such shares of Morris Common Stock. No interest will be paid or accrued on any portion of the Merger Consideration deliverable upon surrender of Morris Common Stock. If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name such shares of Morris Common Stock so surrendered is registered, it shall be a condition to such payment that such Morris Common Stock shall be properly endorsed or otherwise be in proper form for transfer, and the Person requesting such payment shall pay to the Exchange Agent any transfer or other similar Taxes required as a result of such payment to a Person other than the registered holder of such Morris Common Stock, or establish to the reasonable satisfaction of the Exchange Agent that such Tax has been paid or is not payable. Payments to holders of Dissenters' Shares shall be made as required by the GBCC.

(c) Payment of Taxes. Each of Morris, Pinnacle, and Exchange Agent shall be entitled to deduct and withhold from the Per Share Merger Consideration otherwise payable pursuant to this Agreement to any Morris Shareholder such amounts, if any, as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax Law. To the extent that any amounts are so withheld by Morris, Pinnacle, or the Exchange Agent, as the case may be, and timely remitted to the appropriate Governmental Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Morris Shareholder on whose behalf such deduction and withholding was made by Morris, Pinnacle, or the Exchange Agent, as the case may be. At least three (3) Business Days in advance of the

Closing Date, Pinnacle shall provide written notice to Morris of any such intended withholding (other than any withholding on amounts properly treated as wages for U.S. federal Income Tax purposes); provided, further, Pinnacle shall use commercially reasonable efforts to cooperate with Morris in its efforts to obtain reduction of or relief from any such withholding obligation to the extent permitted under applicable Law. Additionally, at or immediately prior to the Closing, Morris shall provide to Pinnacle (A) a notice to the IRS, in accordance with the requirements of Treasury Regulation Section 1.897-2(h)(2) dated as of the Closing Date, together with written authorization for Pinnacle to deliver such notice to the IRS on behalf of Morris after the Closing, and (B) a certificate, stating interests in Morris are not "United States real property interests" as defined in Section 897(c) of the Code for the applicable period described in Section 897(c)(1)(A)(ii) of the Code, prepared in accordance with the Treasury Regulations under Sections 897 and 1445 of the Code, each in form and substance reasonably satisfactory to Pinnacle and validly executed by a duly authorized officer of Morris.

(d) Return of Merger Consideration to Pinnacle. Any portion of the Conversion Fund that remains unclaimed by the former Morris Shareholders one year after the Effective Time shall be paid to Pinnacle, or its successors in interest. Any former Morris Shareholders who have not theretofore complied with this Section 2.2 shall thereafter look only to Pinnacle, or its successors in interest, for such former Morris Shareholder's portion of the Merger Consideration, any Fractional Share Cash-in-Lieu, as well as any accrued and unpaid dividends or distributions with respect to Pinnacle Common Stock payable upon due surrender of their Morris Common Stock, without any interest thereon. Notwithstanding the foregoing, none of Pinnacle, the Exchange Agent or any other person shall be liable to any former Morris Shareholder for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

(e) Lost Certificates. In the event any certificate representing Morris Common Stock shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by Exchange Agent, the posting by such person of a bond in such amount as the Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed certificate, and in accordance with Section 2.1(b), shares of Pinnacle Common Stock and/or cash constituting the Merger Consideration deliverable in respect thereof pursuant to this Agreement.

2.3. Dissenting Shareholders. Notwithstanding any provision of this Agreement to the contrary, any holder of Dissenters' Shares shall not be entitled to any Merger Consideration in respect of such shares, but instead shall be entitled to receive from Pinnacle or its successor the value of such shares in cash as determined pursuant to applicable Law; *provided, that* no such payment shall be made to any such dissenting shareholder unless and until such dissenting shareholder has complied with the applicable provisions of the GBCC and surrendered to Pinnacle the Morris Common Stock representing the shares for which payment is being made. In the event that after the Effective Time a dissenting shareholder of Morris fails to perfect, or effectively withdraws or loses, such holder's right to appraisal of and payment for such holder's shares,

Pinnacle shall issue and deliver, upon surrender by such holder of such holder's shares of Morris Common Stock, the Merger Consideration without any interest thereon in accordance with the provisions of this ARTICLE 2.

2.4. Anti-Dilution Provisions. If the number of shares of Pinnacle Common Stock or Morris Common Stock issued and outstanding prior to the Effective Time shall be increased or decreased, or changed into or exchanged for a different number of kind of shares or securities, in any such case as a result of a stock split, reverse stock split, stock combination, stock dividend, reclassification, or similar transaction, or there shall be any extraordinary dividend or distribution with respect to such stock (except as set forth on Section 5.2(c) of the Morris Disclosure Memorandum and Section 5.2(c) of the Pinnacle Disclosure Memorandum), and the record date therefor shall be prior to the Effective Time, an appropriate and proportionate adjustment shall be made to the Merger Consideration to give holders of Morris Common Stock the same economic effect as contemplated by this Agreement prior to such event.

2.5. Rights of Former Morris Shareholders. At the Effective Time, the stock transfer books of Morris shall be closed, and there shall be no registration of transfers on the stock transfer books of Morris of shares of Morris Common Stock. All shares of Pinnacle Common Stock to be issued pursuant to the Holdco Merger shall be deemed issued and outstanding as of the Effective Time and if ever a dividend or other distribution is declared by Pinnacle in respect of the Pinnacle Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares of Pinnacle Common Stock issuable pursuant to this Agreement. No dividends or other distributions declared with respect to Pinnacle Common Stock and payable to the holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered shares of Morris Common Stock until the holder thereof shall surrender such shares of Morris Common Stock in accordance with this ARTICLE 2. Promptly after the surrender of Morris Common Stock in accordance with this ARTICLE 2, the record holder thereof shall be entitled to receive any such dividends or other distributions, without interest thereon, which theretofore had become payable with respect to shares of Pinnacle Common Stock into which the shares of Morris Common Stock were converted at the Effective Time pursuant to Section 2.1(b). To the extent permitted by law, former holders of record of Morris Common Stock shall be entitled to vote after the Effective Time at any meeting of Pinnacle shareholders the number of whole shares of Pinnacle Common Stock into which their respective shares of Morris Common Stock are converted, regardless of whether such holders have surrendered their shares of Morris Common Stock for exchange as provided in ARTICLE 2. Until surrendered for exchange in accordance with the provisions of ARTICLE 2, each Morris Common Stock certificate theretofore representing shares of Morris Common Stock (other than Cancelled Shares and Dissenters' Shares) shall from and after the Effective Time represent for all purposes only the right to receive a portion of the Merger Consideration as provided in this ARTICLE 2 in exchange therefor, subject, however, to Pinnacle's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time which have been declared or made by Morris in respect of such shares of Morris Common Stock in accordance with the terms of this Agreement and which remain unpaid at the Effective Time.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF MORRIS

As an inducement to Pinnacle to enter into this Agreement and to consummate the Contemplated Transactions, Morris, on behalf of itself and the other Morris Entities, as applicable, hereby represents and warrants as follows:

3.1. Morris Disclosure Memorandum. Morris has delivered to Pinnacle a memorandum (the "Morris Disclosure Memorandum") containing certain information regarding Morris as indicated at various places in this Agreement. All information set forth in the Morris Disclosure Memorandum or in documents incorporated by reference in the Morris Disclosure Memorandum is true, correct and complete in all material respects, does not omit to state any fact necessary to make the statements therein not materially misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties of Morris under this ARTICLE 3. The information contained in the Morris Disclosure Memorandum shall be deemed to be part of and qualify all representations and warranties contained in this ARTICLE 3 and Morris's covenants contained in ARTICLE 5 and ARTICLE 6 to the extent applicable. Morris shall promptly provide Pinnacle with written notification of any event, occurrence or other information necessary to maintain the Morris Disclosure Memorandum and all other documents and writings furnished to Pinnacle pursuant to this Agreement as true, correct and complete in all material respects at all times prior to and including the Effective Time.

3.2. Corporate Status and Authority. Morris is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia, has corporate power and authority to own its properties and assets and to carry on its business as it is now being conducted in all material respects and is duly qualified to do business and is in good standing in all jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified or where the failure to be so qualified or in good standing would not reasonably be expected to result in a Morris Material Adverse Effect. Morris is a bank holding company duly registered under the BHC Act and the applicable regulations and interpretations of regulatory authorities responsible for implementing such statute. True, complete, and correct copies of the Articles of Incorporation, as amended of Morris (the "Morris Articles") and Bylaws of Morris (the "Morris Bylaws"), each as in effect as of the date of this Agreement, have previously been made available to Pinnacle. There are no restrictions on the ability of any of the Morris Entities to pay dividends or distributions except, in the case of a Morries Entity that is a regulated entity, for restrictions on dividends or distributions generally applicable to all similarly regulated entities.

3.3. Authority of Morris Entities; No Conflicts.

(a) Each of the Morris Entities has the power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the Contemplated Transactions. Subject to the receipt of the Required Approvals, the execution, delivery, and performance of this Agreement and the consummation of the Contemplated Transactions, have been duly and validly authorized by all necessary action in respect thereof on the part of the Morris Entities, and this Agreement represents a legal, valid, and binding obligation of Morris, enforceable against Morris in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy,

insolvency, reorganization, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Subject to the receipt of the Morris Shareholder Approval and except as disclosed in Section 3.3(b) of the Morris Disclosure Memorandum, neither the execution and delivery of this Agreement by Morris, nor the consummation by Morris Entities of the Contemplated Transactions, nor compliance by Morris Entities with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of the Morris Entities' respective articles of incorporation, bylaws or other organizational documents or any resolution adopted by the Board of Directors or the shareholders of any Morris Entity, (ii) subject to the receipt of the Morris Consents, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any Morris Entity under, any Contract or Permit of Morris involving aggregate payments to any Person in any calendar year in excess of $100,000, or (iii) subject to the receipt of the Morris Consents, constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any Morris Entity or any of their material Assets, except as each would not reasonably be expected to have a Morris Material Adverse Effect.

(c) Except for (i) the Fairness Determination and the applications, filings, notices and hearings therefor, (ii) the Regulatory Approvals and the applications, filings and notices therefor, (iii) the filing of any other required applications, filings, or notices with any other federal or state banking, securities, insurance, or other regulatory or self-regulatory authorities, or any courts, administrative agencies or commissions or other Governmental Authorities and approval of or non-objection to such applications, filings and notices, and (iv) the filing of the Articles of Holdco Merger with the Georgia Secretary of State and the Articles of Bank Merger with the GDBF and the Georgia Secretary of State, no Consent of or filings or registrations with any Governmental Authority are necessary in connection with the consummation by Morris Entities of the Contemplated Transactions.

3.4. Capitalization. The authorized capital stock of Morris consists solely of 50,000,000 shares of common stock, par value $1.00 per share (the "Morris Common Stock"). As of the date of this Agreement, 10,650,113 shares of Morris Common Stock were issued and outstanding. The outstanding shares of Morris Common Stock are duly authorized and validly issued and fully paid and non-assessable. Section 3.4 of the Morris Disclosure Memorandum sets forth the name and address, as reflected on the books and records of Morris, of each holder of outstanding shares of Morris Common Stock. Except as disclosed in Section 3.4 of the Morris Disclosure Memorandum, there are no outstanding shares of capital stock of any class, or any options, warrants or other similar rights, restricted stock, restricted stock units, convertible or exchangeable securities, "phantom stock" rights, stock appreciation rights, stock based performance units, bonds, debenture or other debt obligations, agreements, arrangements, commitments or understandings to which Morris is a Party, whether or not in writing, of any character relating to the issued or unissued capital stock or other securities of Morris or obligating Morris to issue (whether upon conversion, exchange or otherwise) or sell any share of capital stock of, or other equity interests in or other

securities of, Morris. There are no obligations, contingent or otherwise, of Morris to repurchase, redeem or otherwise acquire any shares of Morris Common Stock or any other securities of Morris to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any other entity. Except for this Agreement, the Voting and Support Agreement and the Director's Agreement contemplated hereby, there are no shareholder agreements, voting trusts, or other agreements or understandings to which Morris is a Party or on file with Morris with respect to the holding, voting, registration, redemption, repurchase or disposition of, or that restricts the transfer or, any capital stock or other equity interest of Morris. No Morris Subsidiary owns any capital stock of Morris.

3.5. Morris Subsidiaries. Except as disclosed in Section 3.5 of the Morris Disclosure Memorandum, other than Morris Bank and Morris Trust, Morris has no Subsidiaries and has never had any Subsidiaries. Morris owns, directly or indirectly, all of the issued and outstanding shares of capital stock of Morris Bank. Morris owns, directly or indirectly, all of the issued and outstanding shares of common stock of Morris Trust. There are no Contracts by which Morris Bank is bound to issue additional shares of its capital stock (or other equity interests) or by which Morris Bank is or may be bound to transfer any shares of its capital stock (or other equity interests). There are no Contracts relating to the rights of any Morris Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of Morris Bank. All of the shares of capital stock (or other equity interests) of Morris Bank are fully paid and nonassessable and are owned directly or indirectly by Morris free and clear of any Lien. Morris Bank is a Georgia state-chartered banking institution and is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is incorporated or organized and has the corporate or entity power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted in all material respects. Morris Bank is duly qualified or licensed to transact business as a foreign entity in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect. The minute book and other organizational documents of Morris Bank have been made available to Pinnacle for its review and are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the board of directors and shareholders thereof. The execution, delivery, and performance of the Plan of Bank Merger and the consummation of the Contemplated Transactions, including the Bank Merger, have been duly and validly authorized by all necessary action in respect thereof on the part of Morris Bank, and subject to the receipt of the Regulatory Approvals, the Plan of Bank Merger represents a legal, valid, and binding obligation of Morris Bank, enforceable against Morris Bank in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought). Morris Bank is the only depository institution Subsidiary of Morris, and the deposit accounts of Morris Bank are insured by the FDIC through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by Law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the

revocation or termination of such deposit insurance are pending or, to the Knowledge of Morris, threatened.

3.6. Securities Offerings; Financial Statements.

(a) Each offering or sale of securities conducted by Morris (i) was made pursuant to a valid registration statement or exemption from registration under the Securities Act, (ii) complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws, except for immaterial late or omitted "blue sky" filings, including disclosure and broker/dealer registration requirements, and (iii) was made pursuant to offering documents which did not, at the time of the offering, contain any untrue statement of a material fact or omit to state a material fact required to be stated in the offering documents or necessary in order to make the statements in such documents not misleading. No security issued by any Morris Entity is subject to registration pursuant to Section 12(g) of the Exchange Act.

(b) Each of the Morris Financial Statements (including, in each case, any related notes) was, or will be, prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such Morris Financial Statements and except interim financial statements may not have footnotes), fairly presented or will fairly present, in all material respects, the financial position of Morris at the respective dates and the results of operations and cash flows for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements (i) were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect and (ii) do not include related notes.

(c) Morris's independent public accountants, which have expressed their opinion with respect to Morris's year-end financial statements (including the related notes), are and have been throughout the periods covered by such Morris Financial Statements an independent registered accounting firm. Morris's independent public accountants have audited Morris's year-end financial statements for the last three (3) years through December 31, 2024.

(d) The information contained in the budget that was provided by Morris to Pinnacle was based upon reasonable assumptions, which assumptions remain reasonable as of the date hereof.

3.7. Absence of Undisclosed Liabilities. Morris has no material Liabilities required under GAAP to be set forth on a consolidated balance sheet or in the notes thereto, except Liabilities which are (i) accrued or reserved against in the balance sheet of Morris as of September 30, 2025, included in the Morris Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred in the ordinary course of business consistent with past practice, including, without limitation, all letters of credit and unfunded loan commitments, Federal Home Loan Bank advances or credit lines, which commitments are set forth in Section 3.7 of the Morris Disclosure Memorandum, or (iii) incurred in connection with the Contemplated Transactions. Except as disclosed in Section 3.7 of the Morris Disclosure Memorandum or as

reflected on Morris's balance sheet at September 30, 2025, or Liabilities described in any notes thereto (or Liabilities for which neither accrual nor footnote disclosure is required pursuant to GAAP or any applicable Governmental Authority), Morris is not directly or indirectly liable, by guarantee, indemnity, or otherwise, upon or with respect to, or obligated, by discount or repurchase agreement or in any other way, to provide funds in respect to, or obligated to guarantee or assume any Liability of any Person for any amount in excess of $100,000 and any amounts, whether or not in excess of $100,000 that, in the aggregate, exceed $150,000, except Liabilities incurred in connection with letters of credit issued in the ordinary course of business.

3.8. Absence of Certain Changes or Events. Except as disclosed in the Morris Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 3.8 of the Morris Disclosure Memorandum or as otherwise expressly permitted or contemplated by this Agreement, including but not limited to Section 5.2(g), (i) since December 31, 2024, there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect, (ii) since September 30, 2025, Morris has not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of Morris provided in this Agreement (other than the compliance with any notice or prior approval requirements pursuant to Section 6.6), (iii) since December 31, 2024, Morris Entities have conducted their respective businesses in the ordinary course of business consistent with past practice; and (iii) since December 31, 2024, Morris has not made, declared or paid any dividend, distribution or payment with respect to the capital stock of Morris.

3.9. Tax Matters. Except as set forth in Section 3.9 of the Morris Disclosure Memorandum:

(a) Morris has delivered to Pinnacle all federal and state Income Tax Returns and reports filed by all Morris Entities since December 31, 2023. All Morris Entities have duly and timely filed (taking into account applicable extensions of time to file) all Income Tax Returns and all other material Tax Returns. Such Tax Returns are true, complete and correct in all material respects, and Morris Entities have paid, to the extent such Taxes have become due, all Taxes set forth in such Tax Returns. Morris Entities have paid estimated Taxes with respect to any Tax Return covering a Tax period that has not yet closed, which estimated Taxes are adequate to avoid the incurrence of a penalty for the underpayment of Taxes with respect to any such Tax Return upon the filing of such Tax Return in substantial compliance with applicable Law. All Taxes due and payable by Morris Entities have been paid or have been accrued or reserved on Morris's books and financial statements in accordance with GAAP applied on a basis consistent with prior periods. There are no Liens for Taxes on any of the assets of any Morris Entity other than statutory Liens for Taxes not yet due and payable. No Morris Entity has received any written notice of a Tax deficiency or assessment of additional Taxes that has not been finally settled or resolved, and, to the Knowledge of Morris, there is no threatened claim against any Morris Entity for payment of any additional Taxes for any period prior to the date of this Agreement in excess of the accruals or reserves with respect to any such claim shown in the Morris Financial Statements (described in Section 3.6 above) or disclosed in the notes with respect thereto.

There are no waivers or agreements by any Morris Entity for the extension of time for the assessment of any Taxes.

(b) Each Morris Entity has complied in all material respects with all applicable Laws relating to the payment, collection, withholding and remittance of Taxes, including with respect to payments made to or received from any employee, creditor, shareholder, customer or other third party.

(c) No Morris Entity has participated in any "reportable transaction" or any "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4. Morris Entities have disclosed on their Income Tax Returns all positions taken therein that could give rise to a substantial understatement of Income Tax within the meaning of Section 6662 of the Code. Other than as disclosed in Section 3.9(c) of the Morris Disclosure Memorandum, no Morris Entity is a Party to any Tax allocation, Tax indemnification, or Tax Sharing Agreement (other than customary provisions included in Contracts entered into in the ordinary course of business that do not primarily relate to Taxes, including, without limitation, leases, licenses, or credit agreements). No Morris Entity (i) has been a member of an affiliated group filing a consolidated federal Income Tax Return other than the affiliated group of which Morris is the "common parent" as such term is used in Section 1504 of the Code and of which Morris Bank and Morris Trust are the only subsidiaries, and (ii) has any Liability for the Taxes of any Person as a transferee or successor other than for a Morris Entity.

(d) No Morris Entity will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period ending after the Closing Date (each, a as a result of any: (i) change in accounting method for any period ending on or prior to the Closing Date under Section 481 of the Code (or any analogous or comparable provision of Income Tax Law); (ii) installment sale or open transaction disposition made on or prior to the Closing Date; or (iii) prepaid amount received on or prior to the Closing Date for which deferred Taxes have not been accrued in recognition of any such future Liability resulting from such inclusion of an item of income or loss of such item of deduction.

(e) No Morris Entity has been a "controlled corporation" or a "distributing corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in any distribution that was purported or intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local or foreign Law) occurring during the two-year period ending on the date of this Agreement.

(f) None of the Morris Entities are subject to any private letter ruling of the IRS, or any closing agreement within the meaning of Section 7121 of the Code, or any comparable rulings or agreements involving any taxing authority.

(g) None of the Morris Entities have claimed any benefits with respect to the employee retention credit pursuant to Section 2301 of the CARES Act or any corresponding or similar COVID-19 pandemic relief Laws.

(h) Morris has not taken any action, and does not know of any fact or circumstance, that could reasonably be expected to prevent the Holdco Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(i) Other than the ownership change that will occur as a result of the Contemplated Transactions, there has been no ownership change, as defined in Section 382(g) of the Code, that occurred during or after any taxable period in which any Morris Entity incurred an operating loss that carries over to any taxable period ending after December 31, 2017.

3.10. Books and Records. Each of the Morris Entities maintains accurate books and records reflecting its Assets and Liabilities and maintains proper and adequate internal accounting controls which are designed to provide reasonable assurance that (a) transactions are executed with management's authorization; (b) transactions are recorded as necessary to permit preparation of the Morris Financial Statements and to maintain accountability for Morris's Assets; (c) access to Morris's Assets is permitted only in accordance with management's authorization; (d) the reporting of Morris's Assets is compared with existing Assets at regular intervals; and (e) accounts, notes and other receivables and inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis. The minutes of the proceedings of Morris's Board of Directors and each committee thereof accurately reflect the proceedings of each such body in all material respects.

3.11. Assets.

(a) The Morris Entities' Assets include all material Assets required by Morris Entity to operate its business as presently conducted in all material respects. Except as disclosed in Section 3.11(a) of the Morris Disclosure Memorandum or as disclosed or reserved against in the Morris Financial Statements delivered prior to the date of this Agreement, each Morris Entity has good and marketable title, free and clear of all Liens, to each of its Operating Properties and all of its other Assets. All real and personal property which is material to the business of any Morris Entity that is leased or licensed by it is held pursuant to leases or licenses which are valid and enforceable in accordance with their respective terms and, except as disclosed in Section 3.11(a) of the Morris Disclosure Memorandum, such leases and licenses will not terminate or lapse prior to the Effective Time or thereafter by reason of completion of any of the Contemplated Transactions. To the Knowledge of Morris, all tangible Assets used in the business of each Morris Entity are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with such Morris Entity's past practices.

(b) Each Morris Entity is insured with reputable insurers against such risks and in such amounts as the management of Morris reasonably has determined to be adequate and commercially reasonable coverage against all risks customarily insured against by banking institutions and their subsidiaries of comparable size and operations to such Morris Entity, except as would not reasonably be expected to have, either individually or in the aggregate, a Morris Adverse Effect. None of the Morris Entities has received notice from any insurance carrier, including in relation to its directors and officers insurance policy, that (i) any policy of insurance will be cancelled or that coverage thereunder will be

reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased, or (iii) similar coverage will be denied or limited or not extended or renewed with respect to such Morris Entity or that any Asset, officer, director, employee or agent of any Morris Entity will not be covered by such insurance or bond. Except as disclosed in Section 3.11(b) of the Morris Disclosure Memorandum, there are presently no material claims pending under such policies of insurance or bonds, and, during the past three (3) years, no notices of claims have been given by any Morris Entity under such policies. No Morris Entity has made material claims, and to the Knowledge of Morris, no material claims are contemplated to be made, under its errors and omissions insurance or bankers' blanket bond, and no such claims are contemplated.

3.12. Material Contracts.

(a) Except as disclosed in Section 3.12(a) of the Morris Disclosure Memorandum, none of the Morris Entities, nor any of their respective Assets, businesses, or operations is a party to, or is bound or affected by, (i) any employment, bonus, severance, consulting, or retirement Contract with employees or independent contractors of Morris, (ii) any Contract relating to the borrowing of money by any Morris Entity or the guarantee by any Morris Entity of any such obligation (other than Contracts evidencing the creation of deposit liabilities, purchases of federal funds, advances from a Federal Reserve Bank or a Federal Home Loan Bank, entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities, advances incurred in the ordinary course of Morris's business, and trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of Morris's business), (iii) any Contract which prohibits or restricts any Morris Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with vendors or customers or "shrink-wrap" software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by any Morris Entity (other than Contracts entered into in the ordinary course of business involving payments under any individual Contract or series of Contracts for less than $100,000 on an annual basis), (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business involving payments under any individual Contract or series of Contracts for less than $100,000 on an annual basis), and (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet. Each Contract of the type described in this Section 3.12(a) is referred to herein as a "Morris Material Contract." Morris has previously made available to Pinnacle true, complete, and correct copies of each such Morris Material Contract, including any and all amendments and modifications thereto.

(b) With respect to each Contract entered into by any Morris Entity and except as disclosed in Section 3.12(b) of the Morris Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) the applicable Morris Entity is not in Default thereunder; (iii)

the Morris Entity has not repudiated or waived any material provision of any such Contract; (iv) no other party to any such Contract is, to the Knowledge of Morris, in Default in any material respect or has repudiated or waived each material provision thereunder; and (v) no Consent which has not been obtained is required for the execution, delivery, or performance of this Agreement and the consummation of the Contemplated Transactions except where the failure to obtain such Consent would not, and would not be reasonably likely to cause, individually or in the aggregate, a Morris Material Adverse Effect. Section 3.12(b) of the Morris Disclosure Memorandum lists every Consent (the "Morris Consents") required by any Morris Material Contract involving an amount in excess of $100,000 on an annual basis that is necessary to assign the Contract to the Surviving Company or the Surviving Bank or to avoid a default or termination of such Contract upon the consummation of the Contemplated Transactions.

3.13. Transactions with Affiliates.

(a) Except as disclosed in Section 3.13(a) of the Morris Disclosure Memorandum or other than (x) as part of the normal and customary terms of such person's employment or service as a director, officer or employee with Morris or Morris Bank or (y) deposits held by Morris Bank in the ordinary course of business, there are no agreements, Contracts, plans, arrangements or other transactions between a Morris Entity, on the one hand, and any (i) officer, director, or employee of any Morris Entity, (ii) record or beneficial owner of five percent (5%) or more of the outstanding voting securities of Morris, (iii) Affiliate or family member of any such officer, director, employee or record or beneficial owner or (iv) any other Affiliate of any Morris Entity, on the other hand.

(b) No Morris Entity has, in the past three (3) years, extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of Morris, except as permitted by Regulation O of the Federal Reserve. Section 3.13(b) of the Morris Disclosure Memorandum sets forth a list of all Morris Loans as of October 31, 2025, by Morris to any directors, executive officers and principal shareholders (as such terms are defined in Regulation O of the Federal Reserve) of Morris. There are no Morris Loans to employees, officers, directors or other Affiliates on which the borrower is paying a rate other than that reflected in the note or other relevant credit or security agreement or on which the borrower is paying a rate which was below market at the time the Morris Loan was originated. All such Morris Loans are and were originated in compliance in all material respects with all applicable Laws. Except as disclosed in Section 3.13(b) of the Morris Disclosure Memorandum, no director or executive officer of Morris, or any "associate" (as such term is defined in Rule 14a-1 under the Exchange Act) or related interest of any such Person, has any interest in any contract or property (real or personal, tangible or intangible), that is material to the business of Morris as presently conducted.

3.14. Loans; Allowance for Possible Credit Losses and Investment Portfolio, etc.

(a) Morris's allowance for possible loan, lease, securities, or credit losses (the "Morris Allowance") shown on the balance sheets of Morris included in the most recent Morris Financial Statements dated prior to the date of this Agreement was, and the Morris

Allowance shown on the balance sheets of Morris included in the Morris Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) in all material respects to provide for all known or reasonably anticipated losses relating to or inherent in the Morris Loans as of the dates thereof. The Morris Financial Statements fairly present the values of all Morris Loans, securities, tangible and intangible assets and liabilities, and any impairments thereof on the basis set forth therein.

(b) As of the date hereof, all Morris Loans reflected on the Morris Financial Statements were, and with respect to the balance sheets delivered as of the dates subsequent to the execution of this Agreement will be as of the dates thereof, except as would not reasonably be expected to have, either individually or in the aggregate, a Morris Material Adverse Effect (i) at the time and under the circumstances in which made, made for good, valuable and adequate consideration in the ordinary course of business and are the legal and binding obligations of the obligors thereof (except as enforcement against the obligors may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights generally, and subject to general principles of equity which may limit the enforcement of certain remedies), (ii) evidenced by genuine notes, agreements, or other evidences of indebtedness, (iii) made in accordance with the lending policies and underwriting standards of Morris, and (iv) to the extent secured, have been secured, to the Knowledge of Morris, by valid Liens and security interests which have been perfected. Accurate lists of all Morris Loans as of September 30, 2025 and on a monthly basis thereafter and of the investment portfolios of Morris as of such date, have been and will be made available to Pinnacle. Except as specifically set forth in Section 3.14(b) of the Morris Disclosure Memorandum, as of the date hereof, Morris is not a party to any written or oral loan agreement, note, or borrowing arrangement, including any loan guaranty, that was, as of the most recent month-end (v) delinquent by more than thirty (30) days in the payment of principal or interest, (w) otherwise in material default for more than thirty (30) days, (x) classified as "substandard," "doubtful," "loss," "other assets especially mentioned" or any comparable classification by Morris or by any applicable Governmental Authority, (y) an obligation of any director, executive officer or ten percent (10%) shareholder of any Morris Entity who is subject to Regulation O of the Federal Reserve, or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing, or (z) in violation of any Law.

(c) All securities held by any Morris Entity, as reflected in the balance sheets of Morris included in the Morris Financial Statements, are carried in accordance with GAAP, specifically including Accounting Standards Codification Topic 320, Investments – Debt and Equity Securities. Except as disclosed in Section 3.14(c) of the Morris Disclosure Memorandum and except for pledges to secure public and trust deposits and Federal Home Loan Bank advances, none of the securities reflected in the Morris Financial Statements as of December 31, 2024, and none of the securities since acquired by any Morris Entity, is subject to any restriction, whether contractual or statutory, which materially impairs the ability of any Morris Entity to freely dispose of such security at any

time, other than those restrictions imposed on securities held to maturity under GAAP, pursuant to a clearing agreement or in accordance with Laws.

(d) All interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar risk management arrangements, whether entered into for any Morris Entity's own account or for customers (all of which were disclosed in Section 3.14(d) of the Morris Disclosure Memorandum), were entered into (i) in the ordinary and usual course of business consistent with past practice and in compliance with all applicable Laws, rules, regulations and regulatory policies in all material respects, and (ii) with counterparties believed to be financially responsible at the time; and each of them constitutes the valid and legally binding obligation of Morris, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles), and is in full force and effect. To the Knowledge of Morris, neither Morris nor any other party thereto is in breach of any material obligation under any such agreement or arrangement.

3.15. Intellectual Property. Except as disclosed in Section 3.15 of the Morris Disclosure Memorandum, each Morris Entity (i) owns or has a license to use all of the material Intellectual Property used by such Morris Entity in the course of its business, including sufficient rights in each copy possessed by such Morris Entity and (ii) is the owner of or has a license, with the right to sublicense, to any Intellectual Property sold or licensed to a third party by such Morris Entity in connection with such Morris Entity's business operations, and such Morris Entity has the right to convey by sale or license any Intellectual Property so conveyed. To the Knowledge of Morris, no Morris Entity is in material Default under any of its Intellectual Property licenses. To the Knowledge of Morris, no proceedings have been instituted, or are pending or threatened, which challenge the rights of any Morris Entity with respect to Intellectual Property used, sold, or licensed by such Morris Entity that is material to its business, nor has any Person claimed or alleged any rights to such Intellectual Property. To the Knowledge of Morris, the conduct of any Morris Entity's business does not infringe any Intellectual Property of any other Person. No Morris Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property.

3.16. Labor Relations.

(a) There is no Litigation instituted or pending, or, to the Knowledge of Morris, threatened against any Morris Entity asserting that it has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state Law) or other violation of state or federal labor Law or seeking to compel it to bargain with any labor organization or other employee representative as to wages or conditions of employment, nor is any Morris Entity party to any collective bargaining agreement or subject to any bargaining order, injunction or other Order relating to its relationship or dealings with its employees, any labor organization or any other employee representative. There is no strike, slowdown, lockout or other job action or labor dispute involving any Morris Entity pending or, to the Knowledge of Morris, threatened and there have been no such actions or disputes in the past five (5) years. To the Knowledge of Morris, there has not been any attempt by any employees or any labor organization or other employee representative of

any Morris Entity to organize or certify a collective bargaining unit or to engage in any other union organization activity with respect to the workforce of any Morris Entity. Except as disclosed in Section 3.16 of the Morris Disclosure Memorandum, employment of each employee and the engagement of each independent contractor of the Morris Entities is terminable at will by the respective Morris Entity without (i) any material penalty, Liability or severance obligation incurred by such Morris Entity, and (ii) prior consent by any Governmental Authority. Except as disclosed in Section 3.16 of the Morris Disclosure Memorandum or in the ordinary course of business consistent with Morris's past practice, no Morris Entity will owe any amounts to any of its employees or independent contractors as of the Closing, including any amounts incurred for any wages, bonuses, vacation pay, sick leave, contract notice periods, change of control payments or severance obligations.

(b) Based upon documentation collected by Morris, which, to the Knowledge of Morris, is true and correct, all of the employees of the Morris Entities are either United States citizens or are legally entitled to work in the United States under the Immigration Reform and Control Act of 1986, as amended, other United States immigration Laws and the Laws related to the employment of non-United States citizens applicable in the state in which the employees are employed.

(c) No current or former employee of any Morris Entity has, within the past three (3) years, made any formal or informal material written complaint regarding his or her employment or workplace environment with such Morris Entity, whether such complaint was related to the conduct of such Morris Entity or to others in the workplace.

3.17. Employee Benefit Plans.

(a) Section 3.17(a) of the Morris Disclosure Memorandum lists all Morris Benefit Plans and each other Employee Benefit Plan in connection with which any Morris Entity could have any direct or indirect obligation or any material Liability. Copies of such Morris Benefit Plans have been made available to Pinnacle. For this purpose, "Morris Benefit Plans" means each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by any Morris Entity for the benefit of employees, former employees, retirees, directors or independent contractors of Morris or their spouses, dependents or beneficiaries. Any of the Morris Benefit Plans which is an "employee pension benefit plan," as that term is defined in ERISA Section 3(2), is referred to herein as a "Morris ERISA Plan."

(b) Morris has made available to Pinnacle, with respect to all Morris Benefit Plans and to the extent applicable: (i) all current trust agreements or other funding arrangements, (ii) the most recent determination letter or opinion letter, (iii) any formal corrective filing made to the applicable Governmental Authority within the three (3) years prior to the date hereof in connection with the IRS Employee Plans Compliance Resolution System Program, or with the United States Department of Labor or the Pension Benefit Guaranty Corporation, (iv) the three (3) most-recently filed annual report or return, audited or unaudited financial statements, actuarial report, and valuation, and (v) the most recent summary plan description for each Morris Benefit Plan and any summary material modifications thereto. The Morris Benefit Plan documents and annual reports or returns,

audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to the Morris Benefit Plans have been, to the extent applicable, timely adopted in all material respects, timely filed in all material respects with the IRS or DOL, and timely distributed in all material respects to participants of the Morris Benefit Plans, and to the Knowledge of Morris there have been no material changes in the information set forth therein.

(c) Except as disclosed in Section 3.17(c) of the Morris Disclosure Memorandum, each Morris Benefit Plan has been operated in all material respects in compliance with the terms of such Morris Benefit Plan and with the applicable requirements of the Code, ERISA and any other applicable Laws. Each Morris ERISA Plan which is intended to be qualified under Section 401(a) of the Code is the subject of a favorable IRS determination letter or opinion letter issued to a preapproved plan under which the Morris ERISA Plan has been adopted, and, to the Knowledge of Morris, there are no currently existing circumstances reasonably expected to result in revocation of, or Morris' reliance on, any such favorable IRS determination letter or opinion letter.

(d) To the Knowledge of Morris: (i) except as disclosed in Section 3.17(g) of the Morris Disclosure Memorandum, there has been no oral or written representation or communication with respect to any aspect of the Morris Benefit Plans made to employees of any Morris Entity which is inconsistent in any material respect with the terms of such plans, (ii) no Morris Entity nor any administrator or fiduciary of any Morris Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which in either case would reasonably be expected to subject Morris to any material direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary or co-fiduciary duty under ERISA, (iii) there are no unresolved claims or disputes pending in connection with any Morris Benefit Plan other than claims for benefits which are payable in the ordinary course of business and (iv) no action, audit, proceeding, prosecution, inquiry, hearing, or investigation has been commenced, or is reasonably expected to commence, with respect to any Morris Benefit Plan other than routine claims for benefits.

(e) To the Knowledge of Morris, no "Party in Interest" (as defined in ERISA Section 3(14)) or "Disqualified Person" (as defined in Code Section 4975(e)(2)) of any Morris Benefit Plan has engaged in any nonexempt "Prohibited Transaction" (as described in Code Section 4975(c) or ERISA Section 406) that has subjected, or would reasonably be expected to subject, Morris to any material Liability.

(f) No Morris Entity, any of their predecessors, nor, to the Knowledge of Morris, any ERISA Affiliate of any Morris Entity, maintains or has maintained in the last six (6) years, or has, or had in the last six (6) years, any material Liability in connection with any Employee Benefit Plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA, or any "Multiemployer Plan" (as defined in Section 3(37) of ERISA).

(g) Except as disclosed in Section 3.17(g) of the Morris Disclosure Memorandum, no Morris Benefit Plan is or, in the last six (6) years, was funded by,

associated with, or related to a "Voluntary Employees' Beneficiary Association," within the meaning of Section 501(c)(9) of the Code, a "Welfare Benefit Fund," within the meaning of Section 419 of the Code, a "Qualified Asset Account," within the meaning of Section 419A of the Code or a "Multiple Employer Welfare Arrangement," within the meaning of Section 3(40) of ERISA.

(h) Except as disclosed in Section 3.17(h) of the Morris Disclosure Memorandum or as required under Part 6 of ERISA or Code Section 4980B or similar state or other Law, to the Knowledge of Morris, no Morris Entity has any Liability for retiree or post-termination health or life benefits under any of the Morris Benefit Plans or any other contractual arrangement of Morris. To the Knowledge of Morris, Morris has not incurred any material Tax under Code Sections 4980B or 5000 with respect to any Morris Benefit Plan, and, to the Knowledge of Morris, no circumstance currently exists that would reasonably be expected to give rise to such Taxes.

(i) Except as disclosed in Section 3.17(i) of the Morris Disclosure Memorandum or as contemplated under this Agreement, neither the execution and delivery of this Agreement nor the consummation of the Contemplated Transactions will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due from under any Morris Benefit Plan, (ii) increase in any material respect any benefits otherwise payable under any Morris Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit. No Morris Entity is obligated to any employee or other service provider to provide a gross-up for income or employment taxes or any related interest or penalties assessable for any reason with respect to such person's provisions of services to such Morris Entity.

(j) Each Morris Entity has made full and timely payment through all due dates falling on or before the Closing Date in all material respects of all contributions which are required under the terms of each of the Morris Benefit Plans and in accordance with applicable Law and Contracts to be paid as a contribution to each Morris Benefit Plan. All required insurance premiums having due dates falling on or before the Closing Date and required to be paid by Morris have been paid in all respects by the required due dates. To the Knowledge of Morris, there have been no material defaults, omissions or violations by Morris with respect to any Morris Benefit Plan.

(k) All assets attributable to any Morris Benefit Plan that is subject to ERISA have been held in trust to the extent required by ERISA, unless a statutory or administrative exemption to the trust requirements of Section 403(a) of ERISA applies. Except as disclosed in Section 3.17(k) of the Morris Disclosure Memorandum, no Morris Benefit Plan is a self-funded or self-insured arrangement.

(l) Each Morris ERISA Plan that provides for deferred compensation systematically payable at termination of employment or retirement and that is not intended to be qualified within the meaning of Section 401(a) of the Code is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

(m) Each Morris Benefit Plan that is subject to the requirements of Section 409A of the Code complies in all material respects with the requirements of Section 409A of the Code.

(n) Except as disclosed in Section 3.17(n) of the Morris Disclosure Memorandum, there are no outstanding compensatory equity awards relating to shares of Morris Common Stock, including any arrangements awarding stock options, stock appreciation rights, restricted stock, deferred stock, phantom stock, or any other equity compensation to any employee, director, or other service provider of any Morris Entity.

(o) Each individual who renders services to any Morris Entity who is classified as having the status of an independent contractor or other non-employee status or as an exempt or non-exempt employee is properly so classified for purposes of eligibility to participate in Morris Benefit Plans and applicable Laws governing tax reporting and payment of wages, except for any failure to properly so classify that is not reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect.

(p) Except as disclosed in Section 3.17(p) of the Morris Disclosure Memorandum, no Morris Entity has made any payment or is obligated to make any payment, or is a party to any agreement, contract, arrangement, or plan that is reasonably expected to obligate it to make any payment, nor will the execution, delivery and performance by any Morris Entity of its obligations under or with respect to the transactions contemplated by this Agreement, result in any payment, that will be treated, individually or in the aggregate, as a non-deductible "excess parachute payment" within the meaning of Code Section 280G (without regard to Code Sections 280G(b)(4) and 280G(b)(5)).

(q) Except as disclosed in Section 3.17(q), the Morris KSOP is now, and has been at all times since its inception, in form, an "employee stock ownership plan" within the meaning of Code Section 4975(e)(7) of the Code and ERISA Section 407(d)(6). The securities held by the Morris KSOP constitute "employer securities" under Code 409(l) and ERISA Section 407(d)(1) and "qualifying employer securities" under Code Section 4975(e)(8) and ERISA Section 407(d)(5).

(r) As of the Closing Date, no Morris Party, nor any participant in the Morris KSOP, is or may be subject to liability by reason of Code Section 4979A.

(s) No Morris Entity, nor the Morris KSOP, are parties to any loan or financing transaction with respect to Morris KSOP.

3.18. Environmental Matters. To the Knowledge of Morris, and except as would not reasonably be expected to have, either individually or in the aggregate, a Morris Material Adverse Effect, during the period of (a) each Morris Entity's ownership or operation of any of their respective Operating Properties, (b) any Morris Entity's participation in the management of any Participation Facility, or (c) any Morris Entity's holding of a security interest in any Operating Property, there have been (i) no violations of any Environmental Laws, including but not limited to unauthorized alterations of wetlands, and there have been no releases, discharges, spillages, or

disposals of Hazardous Material in, on, under, adjacent to, or affecting such properties and (ii) no remedial efforts undertaken by any Morris Entity with respect to any environmental matter related to such properties. To the Knowledge of Morris, there is no Litigation pending, or no environmental enforcement action, investigation, or litigation threatened before any Governmental Authority or other forum in which any Morris Entity or any of their Operating Properties or Participation Facilities (or such Morris Entity in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (y) for alleged noncompliance (including by any predecessor entity to such Morris Entity) with or Liability under any Environmental Law or (z) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at, on, under, adjacent to, or affecting a site currently or formerly owned, leased, or operated by any Morris Entity or any of their Operating Properties or Participation Facilities.

3.19. Compliance with Laws.

(a) Each Morris Entity has in effect all Permits necessary for it to own, lease, or operate its Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which could not reasonably be anticipated to have, individually or in the aggregate, a Morris Material Adverse Effect, and to the Knowledge of Morris, the execution, delivery and performance of this Agreement does not materially violate any such Permit, or will result in any revocation, cancellation, suspension, material modification or nonrenewal thereof.

(b) Each Morris Entity:

(i) is not in Default under any of the provisions of its articles of incorporation or bylaws (or other governing instruments);

(ii) is in material compliance with and not in Default under any Laws, Orders, Permits or formal agreements with any Governmental Authority applicable to its business or employees conducting its business; and

(iii) During the last three (3) years, has not received any written notification or written communication from any Governmental Authority (x) asserting that it is not, or may not be, in compliance with any Laws or Orders where such noncompliance is material, (y) threatening to revoke any material Permits, or (z) requiring it to enter into or consent to the issuance of a cease and desist order, injunction, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices, its capital adequacy, its credit or reserve policies, its hiring or compensation of management or the payment of dividends.

(c) Except where such disclosure or availability would constitute a violation of the confidentiality restrictions of Part 309 of the Rules and Regulations of the FDIC or comparable regulations of any applicable Governmental Authority, there (i) is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of any Morris Entity, and (ii) during the last three (3) years, no Morris Entity has received any written notices or correspondence with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to such Morris Entity's business, operations, policies, or procedures.

(d) To the Knowledge of Morris, no Morris Entity, nor any director, officer, employee, or representative acting on behalf of any Morris Entity, has offered, paid, or agreed to pay any Person, including any Government Authority, directly or indirectly, anything of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity, (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (iv) making any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment.

3.20. Privacy of Customer Information; Anti-Money Laundering and Information Security.

(a) Morris Bank's collection and use of individually identifiable personal information ("IIPI"), the transfer of such IIPI to Pinnacle, and the use of such IIPI by Pinnacle as contemplated by this Agreement complies in all material respects with Morris's privacy policy, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act and all other applicable privacy Laws.

(b) Except as set forth in Section 3.20(b) of the Morris Disclosure Memorandum, (i) to the Knowledge of Morris, no Morris Entity has experienced any actual, suspected or alleged incidents of data security breaches or unauthorized access, disclosure, acquisition, destruction, loss, alteration, corruption or use of any IIPI in the past three (3) years; (ii) no Morris Entity has received and is not aware of any notices, complaints or claims, including from any Governmental Authority or other Person, relating to Data Security Requirements; and (iii) to the Knowledge of Morris, neither the Holdco Merger nor the Bank Merger will result in any Liabilities in connection with any Data Security Requirements.

(c) Each Morris Entity (i) maintains commercially reasonable backup, data recovery, disaster recovery, and business continuity plans, procedures, and facilities; (ii) operates in material compliance with these protocols; and (iii) regularly tests and reviews such plans to ensure effectiveness.

(d) To the Knowledge of Morris, no facts or circumstances exist which would cause any Morris Entity to be deemed to be operating in violation of the Bank Secrecy Act

and its implementing regulations (31 C.F.R. Part 103), the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or to be deemed not to be in satisfactory compliance with the applicable privacy of customer information requirements contained in any federal and state privacy Laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder. Furthermore, the Board of Directors of Morris has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that has not been deemed ineffective by any Governmental Authority and that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

3.21. Reports. Each Morris Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities, except where the failure to file such required reports, statements or amendments has not had or would not reasonably be expected to have, either individually or in the aggregate, a material impact on the operations or financial condition of Morris. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws.

3.22. Regulatory Matters. Morris has not taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to materially impede or delay the receipt of any Regulatory Approval.

3.23. State Takeover Laws. Morris has taken all commercially reasonable necessary action, if any, to exempt the Contemplated Transactions from, or if necessary to challenge the validity or applicability of, any applicable "moratorium," "fair price," "business combination," "control share," or other anti-takeover Laws applicable to Georgia corporations.

3.24. Community Reinvestment Act Compliance. Morris Bank is in compliance in all material respects with the applicable provisions of the Community Reinvestment Act and the regulations promulgated thereunder and has received a Community Reinvestment Act rating no lower than "satisfactory" in its most recently completed exam, and Morris has no Knowledge of the existence of any fact or circumstance or set of facts or circumstances which could reasonably be expected to result in any such Morris Entity receiving any notice of material non-compliance with such provisions of the Community Reinvestment Act or having its current rating lowered.

3.25. Indemnification. To the Knowledge of Morris, no present or former director, officer, employee or agent of any Morris Entity has any instituted, pending or, to the Knowledge of Morris, threatened (or unasserted but considered probable of assertion) claim for indemnification from any Morris Entity. To the Knowledge of Morris, no action or failure to take action by any present or former director, officer, employee or agent of any Morris Entity or other event has occurred, or has been alleged to have occurred, which occurrence or allegation would give rise to any claim by any present or former director, officer, employee or agent of any Morris Entity for indemnification from any Morris Entity.

3.26. Legal Proceedings. Except as disclosed in Section 3.26 of the Morris Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of Morris, threatened (or unasserted but considered probable of assertion) against any Morris Entity, or, to the Knowledge of Morris, against any director, officer, employee, or agent of any Morris Entity in their capacities as such or with respect to any service to or on behalf of any Morris Benefit Plan or any other Person at the request of any Morris Entity or Morris Benefit Plan, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against any Morris Entity, except, in each case, where such Litigation would not be reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect.

3.27. Broker's Fees; Fairness Opinion. Except for the Morris Financial Advisor, none of Morris, Morris Bank, nor any of their respective officers, directors, employees or Representatives, has employed any broker, finder, or investment banker or incurred any Liability for any financial advisory fees, investment bankers fees, brokerage fees, commissions, or finder's or other such fees in connection with this Agreement or the Contemplated Transactions. Prior to the execution of this Agreement, the Morris Financial Advisor has rendered its opinion (either in writing or verbally with confirmation to follow as soon as practicable following the date of this Agreement in a written opinion dated the same day as when the opinion was verbally rendered) to the Board of Directors of Morris to the effect that, as of the date of such opinion and subject to the factors, assumptions, and limitations set forth therein, the Per Share Merger Consideration and the Transaction Dividend, taken together, is fair, from a financial point of view, to the holders of Morris Common Stock.

3.28. Board Recommendation. Morris' Board of Directors, at a meeting duly called and held, has, by unanimous vote of the directors present, adopted this Agreement and approved the Contemplated Transactions, including the Holdco Merger.

3.29. Mortgage Banking Business**.** Except for any of the following actions or events which would not reasonably be expected to have a Morris Material Adverse Effect:

(a) Morris Bank has complied with in all material respects, and all documentation in connection with the origination, processing, underwriting and credit approval of any mortgage loan originated, purchased or serviced by Morris Bank has satisfied all material respects, (i) all applicable federal, state and local laws, rules and regulations with respect to the origination, insuring, purchase, sale, pooling, servicing, subservicing, or filing of claims in connection with mortgage loans, including all laws relating to real estate settlement procedures, consumer credit protection, truth in lending laws, usury limitations, fair housing, transfers of servicing, collection practices, equal credit opportunity and adjustable rate mortgages, (ii) the responsibilities and obligations relating to mortgage loans set forth in any agreement between Morris Bank and any Agency, Loan Investor or Insurer, (iii) the applicable rules, regulations, guidelines, handbooks and other requirements of any Agency, Loan Investor or Insurer and (iv) the terms and provisions of any mortgage or other collateral documents and other loan documents with respect to each mortgage loan; and

(b) no Agency, Loan Investor or Insurer has (i) claimed in writing that Morris Bank has violated or has not complied with the applicable underwriting standards with respect to mortgage loans sold by Morris Bank to a Loan Investor or Agency, or with

respect to any sale of mortgage servicing rights to a Loan Investor, (ii) imposed in writing restrictions on the activities (including commitment authority) of Morris Bank or (iii) indicated in writing to Morris Bank that it has terminated or intends to terminate its relationship with Morris Bank for poor performance, poor loan quality or concern with respect to Morris Bank's compliance with laws.

3.30. Trust Preferred Securities. Morris has performed, or has caused Morris Trust to perform, all of the obligations required to be performed by it and is not in default under the terms of the Trust Debentures or the Trust Preferred Securities or any agreements related thereto.

3.31. KSOP Trustees. The Persons set forth on Section 3.30 of the Morris Disclosure Memorandum are the duly appointed Morris KSOP Trustees, with the power and authority to act on behalf of the Morris KSOP (a) as fiduciary of the Morris KSOP in the manner described in Section 3(21)(A) of ERISA and (b) on behalf of the Morris KSOP to the extent specified in the Morris KSOP and any related trust or other documents.

3.32. No Further Representations. Except for the representations and warranties specifically set forth in ARTICLE 3 of this Agreement, as modified by the Morris Disclosure Memorandum and documents incorporated by reference therein, none of Morris or any of its Subsidiaries, Affiliates, or Representatives, nor any other Person, makes or shall be deemed to make any representation or warranty to Pinnacle, express or implied, at law or in equity, and Morris hereby disclaims any such representation or warranty whether by any Morris Entity or any of its respective officers, directors, employees, agents, Affiliates, Representatives or any other Person.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PINNACLE

As an inducement to Morris to enter into this Agreement and to consummate the Contemplated Transactions, Pinnacle, on behalf of itself and the other Pinnacle Entities, as applicable, hereby represents and warrants as follows:

4.1. Pinnacle Disclosure Memorandum. Pinnacle has delivered to Morris a memorandum (the "Pinnacle Disclosure Memorandum") containing certain information regarding Pinnacle as indicated at various places in this Agreement. All information set forth in the Pinnacle Disclosure Memorandum or in documents incorporated by reference in the Pinnacle Disclosure Memorandum is true, correct, and complete in all material respects, does not omit to state any fact necessary in order to make the statements therein not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties of Pinnacle under this ARTICLE 4. The information contained in the Pinnacle Disclosure Memorandum shall be deemed to be part of and qualify all representations and warranties contained in this ARTICLE 4 and Pinnacle's covenants contained in ARTICLE 5 and ARTICLE 6 to the extent applicable. Pinnacle shall promptly provide Morris with written notification of any event, occurrence or other information necessary to maintain the Pinnacle Disclosure Memorandum and all other documents and writings furnished to Morris pursuant to this Agreement as true, correct, and complete in all material respects at all times prior to and including the Effective Time.

4.2. Corporate Status and Authority. Pinnacle is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia, has corporate power and authority to own its properties and assets and to carry on its business as it is now being conducted in all material respects and is duly qualified to do business and is in good standing in all jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified or where the failure to be so qualified or in good standing would not reasonably be expected to result in a Pinnacle Material Adverse Effect. Pinnacle is a bank holding company duly registered under the BHC Act and the applicable regulations and interpretations of regulatory authorities responsible for implementing such statute. True, complete, and correct copies of the Articles of Incorporation, as amended (the "Pinnacle Articles") and Bylaws of Pinnacle (the "Pinnacle Bylaws"), each as in effect as of the date of this Agreement, have previously been made available to Morris. There are no restrictions on the ability of any of the Pinnacle Entities to pay dividends or distributions except, in the case of a Pinnacle Entity that is a regulated entity, for restrictions on dividends or distributions generally applicable to all similarly regulated entities.

4.3. Authority of Pinnacle Entities; No Conflicts.

(a) Each of the Pinnacle Entities has the power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the Contemplated Transactions. Subject to the receipt of the Required Approvals, the execution, delivery, and performance of this Agreement and the consummation of the Contemplated Transactions, have been duly and validly authorized by all necessary action in respect thereof on the part of the Pinnacle Entities, and this Agreement represents a legal, valid, and binding obligation of Pinnacle, enforceable against Pinnacle in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by Pinnacle, nor the consummation by the Pinnacle Entities of the Contemplated Transactions, nor compliance by Pinnacle Entities with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of the Pinnacle Entities' respective articles of incorporation, bylaws or other organizational documents or any resolution adopted by the Board of Directors or the shareholders of any Pinnacle Entity, (ii) subject to the receipt of the Pinnacle Consents, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any Pinnacle Entity under, any Contract or Permit of Pinnacle involving aggregate payments to any Person in any calendar year in excess of $100,000, or (iii) subject to the receipt of the Pinnacle Consents, constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any of the Pinnacle Entities or any of their material Assets, except as each would not reasonably be expected to have a Pinnacle Material Adverse Effect.

(c) Except for (i) the Fairness Determination and the applications, filings, notices and hearings therefor, (ii) the Regulatory Approvals and the applications, filings and notices therefor, (iii) the filing of any other required applications, filings, or notices

with any other federal or state banking, securities, insurance, or other regulatory or self-regulatory authorities, or any courts, administrative agencies or commissions or other Governmental Authorities and approval of or non-objection to such applications, filings and notices, and (iv) the filing of the Articles of Holdco Merger with the Georgia Secretary of State and the Articles of Bank Merger with the GDBF and the Georgia Secretary of State, no Consent of or filings or registrations with any Governmental Authority are necessary in connection with the consummation by Pinnacle Entities of the Contemplated Transactions.

4.4. Capitalization. The authorized capital stock of Pinnacle consists solely of 20,000,000 shares of common stock, no par value of which 10,000,000 shares are designated as voting shares ("Pinnacle Common Stock") and 10,000,000 shares are designated as non-voting shares, none of which are issued or outstanding. As of the date of this Agreement, 1,369,116 shares of Pinnacle Common Stock were issued and outstanding. The outstanding shares of Pinnacle Common Stock are duly authorized and validly issued and fully paid and non-assessable and have not been issued in violation of nor are they subject to preemptive rights of any current or former holder of shares of Pinnacle Common Stock. The shares of Pinnacle Common Stock to be issued pursuant to this Agreement as part of the Merger Consideration, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and will not have been issued in violation of nor be subject to preemptive rights of any current or former holder of shares of Pinnacle Common Stock. Except as disclosed on Section 4.4 of the Pinnacle Disclosure Memorandum, there are no outstanding shares of capital stock of any class, or any options, warrants or other similar rights, restricted stock, restricted stock units, convertible or exchangeable securities, "phantom stock" rights, stock appreciation rights, stock based performance units, bonds, debenture or other debt obligations, agreements, arrangements, commitments or understandings to which Pinnacle is a Party, whether or not in writing, of any character relating to the issued or unissued capital stock or other securities of Pinnacle or obligating Pinnacle to issue (whether upon conversion, exchange or otherwise) or sell any share of capital stock of, or other equity interests in or other securities of, Pinnacle. There are no obligations, contingent or otherwise, of Pinnacle to repurchase, redeem or otherwise acquire any shares of Pinnacle Common Stock or any other securities of Pinnacle to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any other entity. Except for this Agreement and the Director's Agreement contemplated hereby, there are no shareholder agreements, voting trusts, or other agreements or understandings to which Pinnacle is a Party or on file with Pinnacle with respect to the holding, voting, registration, redemption, repurchase or disposition of, or that restricts the transfer or, any capital stock or other equity interest of Pinnacle. No Pinnacle Subsidiary owns any capital stock of Pinnacle.

4.5. Pinnacle Subsidiaries. Other than Pinnacle Bank or as disclosed on Section 4.5 of the Pinnacle Disclosure Memorandum, Pinnacle has no Subsidiaries and has never had any Subsidiaries. Pinnacle owns, directly or indirectly, all of the issued and outstanding shares of capital stock of Pinnacle Bank and its Subsidiaries. There are no Contracts by which Pinnacle Bank is bound to issue additional shares of its capital stock (or other equity interests) or by which Pinnacle Bank is or may be bound to transfer any shares of its capital stock (or other equity interests). There are no Contracts relating to the rights of Pinnacle or any of its Subsidiaries to vote or to dispose of any shares of the capital stock (or other equity interests) of Pinnacle Bank.

All of the shares of capital stock (or other equity interests) of Pinnacle Bank are fully paid and nonassessable and are owned directly or indirectly by Pinnacle free and clear of any Lien. Pinnacle Bank is a Georgia state-chartered banking institution and is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate or entity power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted in all material respects. Pinnacle Bank is duly qualified or licensed to transact business as a foreign entity in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Pinnacle Material Adverse Effect. The minute book and other organizational documents of Pinnacle Bank have been made available to Morris for its review, and are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the board of directors and shareholders thereof. The execution, delivery, and performance of the Plan of Bank Merger and the consummation of the Contemplated Transactions, including the Bank Merger, have been duly and validly authorized by all necessary action in respect thereof on the part of Pinnacle Bank, and subject to the receipt of the Regulatory Approvals, the Plan of Bank Merger represents a legal, valid, and binding obligation of Pinnacle Bank, enforceable against Pinnacle Bank in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought). Pinnacle Bank is the only depository institution Subsidiary of Pinnacle, and the deposit accounts of Pinnacle Bank are insured by the FDIC through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by Law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the revocation or termination of such deposit insurance are pending or, to the Knowledge of Pinnacle, threatened.

4.6. Securities Offerings; Financial Statements.

(a) Each offering or sale of securities conducted by Pinnacle (i) was made pursuant to a valid registration statement or exemption from registration under the Securities Act, (ii) complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws, except for immaterial late or omitted "blue sky" filings, including disclosure and broker/dealer registration requirements, and (iii) was made pursuant to offering documents which did not, at the time of the offering, contain any untrue statement of a material fact or omit to state a material fact required to be stated in the offering documents or necessary in order to make the statements in such documents not misleading. No security issued by any Pinnacle Entity is subject to registration pursuant to in Section 12(g) of the Exchange Act.

(b) Each of the Pinnacle Financial Statements (including, in each case, any related notes) was, or will be, prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such

Pinnacle Financial Statements and except interim financial statements may not contain footnotes), fairly presented or will fairly present, in all material respects, the financial position of Pinnacle at the respective dates and the results of operations and cash flows for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements (i) were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect and (ii) do not include related notes.

(c) Pinnacle's independent public accountants, which have expressed their opinion with respect to Pinnacle's year-end financial statements (including the related notes), are and have been throughout the periods covered by such Pinnacle Financial Statements an independent registered accounting firm. Pinnacle's independent public accountants have audited Pinnacle's year-end financial statements for the last three (3) years through December 31, 2024.

(d) The information contained in the budget or the pro forma financial information (including, without limitation, the most recent projections and forecasts contained therein) that was provided by Pinnacle to Morris was based upon reasonable assumptions, which assumptions remain reasonable as of the date hereof.

4.7. Absence of Undisclosed Liabilities. Pinnacle has no material Liabilities required under GAAP to be set forth on a consolidated balance sheet or in the notes thereto, except Liabilities which are (i) accrued or reserved against in the balance sheet of Pinnacle as of September 30, 2025, included in the Pinnacle Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred in the ordinary course of business consistent with past practice, including, without limitation, all letters of credit and unfunded loan commitments, Federal Home Loan Bank advances or credit lines, which commitments are set forth in Section 4.7 of the Pinnacle Disclosure Memorandum, or (iii) incurred in connection with the Contemplated Transactions. Except as disclosed in Section 4.7 of the Pinnacle Disclosure Memorandum or as reflected on Pinnacle's balance sheet at September 30, 2025, or Liabilities described in any notes thereto (or Liabilities for which neither accrual nor footnote disclosure is required pursuant to GAAP or any applicable Governmental Authority), Pinnacle is not directly or indirectly liable, by guarantee, indemnity, or otherwise, upon or with respect to, or obligated, by discount or repurchase agreement or in any other way, to provide funds in respect to, or obligated to guarantee or assume any Liability of any Person for any amount in excess of $100,000 and any amounts, whether or not in excess of $100,000 that, in the aggregate, exceed $150,000, except Liabilities incurred in connection with letters of credit issued in the ordinary course of business.

4.8. Absence of Certain Changes or Events. Except as disclosed in the Pinnacle Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 4.8 of the Pinnacle Disclosure Memorandum or as otherwise expressly permitted or contemplated by this Agreement, including but not limited to Section 5.2(g), (i) since December 31, 2024, there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Pinnacle Material Adverse Effect, (ii) since September 30, 2025, Pinnacle has not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of Pinnacle provided in this

Agreement (other than the compliance with any notice or prior approval requirements pursuant to Section 6.6), (iii) since December 31, 2024, Morris Pinnacle Entities have conducted their respective businesses in the ordinary course of business consistent with past practice; and (iv) since December 31, 2024, Pinnacle has not made, declared or paid any dividend, distribution or payment with respect to the capital stock of Pinnacle.

4.9. Tax Matters. Except as set forth in Section 4.9 of the Pinnacle Disclosure Memorandum:

(a) Pinnacle has delivered to Morris all federal and state Income Tax Returns and reports filed by all Pinnacle Entities since December 31, 2023. All Pinnacle Entities have duly and timely filed (taking into account applicable extensions of time to file) all Income Tax Returns and all other material Tax Returns. Such Tax Returns are true, complete and correct in all material respects, and Pinnacle Entities have paid, to the extent such Taxes have become due, all Taxes set forth in such Tax Returns. Pinnacle Entities have paid estimated Taxes with respect to any Tax Return covering a Tax period that has not yet closed, which estimated taxes are adequate to avoid the incurrence of a penalty for the underpayment of Taxes with respect to any such Tax Return upon the filing of such Tax Return in substantial compliance with applicable Law. All Taxes due and payable by Pinnacle Entities have been paid or have been accrued or reserved on Pinnacle's books and financial statements in accordance with GAAP applied on a basis consistent with prior periods. There are no Liens for Taxes on any of the assets of any Pinnacle Entity other than statutory Liens for Taxes not yet due and payable. No Pinnacle Entity has received any written notice of a Tax deficiency or assessment of additional Taxes that has not been finally settled or resolved, and, to the Knowledge of Pinnacle, there is no threatened claim against any Pinnacle Entity for payment of any additional Taxes for any period prior to the date of this Agreement in excess of the accruals or reserves with respect to any such claim shown in the Pinnacle Financial Statements (described in Section 4.6 above) or disclosed in the notes with respect thereto. There are no waivers or agreements by any Pinnacle Entity for the extension of time for the assessment of any Taxes.

(b) Each Pinnacle Entity has complied in all material respects with all applicable Laws relating to the payment, collection, withholding and remittance of Taxes, including with respect to payments made to or received from any employee, creditor, shareholder, customer or other third party.

(c) No Pinnacle Entity has participated in any "reportable transaction" or any "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4. Pinnacle Entities have disclosed on their Income Tax Returns all positions taken therein that could give rise to a substantial understatement of Income Tax within the meaning of Section 6662 of the Code. Other than as disclosed in Section 4.9(c) of the Pinnacle Disclosure Memorandum, no Pinnacle Entity is a Party to any Tax allocation, Tax indemnification, or Tax Sharing Agreement (other than customary provisions included in Contracts entered into in the ordinary course of business that do not primarily relate to Taxes, including, without limitation, leases, licenses, or credit agreements). No Pinnacle Entity (i) has been a member of an affiliated group filing a consolidated federal Income Tax Return other than the affiliated group of which Pinnacle is the "common parent" as such term is used in

Section 1504 of the Code and of which Pinnacle Bank and Pinnacle Trust are the only subsidiaries, and (ii) has any Liability for the Taxes of any Person as a transferee or successor other than for a Pinnacle Entity.

(d) No Pinnacle Entity will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period ending after the Closing Date (each, a as a result of any: (i) change in accounting method for any period ending on or prior to the Closing Date under Section 481 of the Code (or any analogous or comparable provision of Income Tax Law); (ii) installment sale or open transaction disposition made on or prior to the Closing Date; or (iii) prepaid amount received on or prior to the Closing Date for which deferred Taxes have not been accrued in recognition of any such future Liability resulting from such inclusion of an item of income or loss of such item of deduction.

(e) No Pinnacle Entity has been a "controlled corporation" or a "distributing corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in any distribution that was purported or intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local or foreign Law) occurring during the two-year period ending on the date of this Agreement.

(f) None of the Pinnacle Entities are subject to any private letter ruling of the IRS, or any closing agreement within the meaning of Section 7121 of the Code, or any comparable rulings or agreements involving any taxing authority.

(g) None of the Pinnacle Entities have claimed any benefits with respect to the employee retention credit pursuant to Section 2301 of the CARES Act or any corresponding or similar COVID-19 pandemic relief Laws.

(h) Pinnacle has not taken any action, and does not know of any fact or circumstance, that could reasonably be expected to prevent the Holdco Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(i) Other than the ownership change that will occur as a result of the Contemplated Transactions, there has been no ownership change, as defined in Section 382(g) of the Code, that occurred during or after any taxable period in which any Pinnacle Entity incurred an operating loss that carries over to any taxable period ending after December 31, 2017.

4.10. Books and Records. Each of the Pinnacle Entities maintains accurate books and records reflecting its Assets and Liabilities and maintains proper and adequate internal accounting controls which are designed to provide reasonable assurance that (a) transactions are executed with management's authorization; (b) transactions are recorded as necessary to permit preparation of the Pinnacle Financial Statements and to maintain accountability for Pinnacle's Assets; (c) access to Pinnacle's Assets is permitted only in accordance with management's authorization; (d) the reporting of Pinnacle's Assets is compared with existing Assets at regular intervals; and (e) accounts, notes and other receivables and inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

The minutes of the proceedings of Pinnacle's Board of Directors and each committee thereof accurately reflect the proceedings of each such body in all material respects.

4.11. Assets.

(a) The Pinnacle Entities' Assets include all material Assets required by Pinnacle Entity to operate its business as presently conducted in all material respects. Except as disclosed in Section 4.11(a) of the Pinnacle Disclosure Memorandum or as disclosed or reserved against in the Pinnacle Financial Statements delivered prior to the date of this Agreement, each Pinnacle Entity has good and marketable title, free and clear of all Liens, to each of its Operating Properties and all of its other Assets. All real and personal property which is material to the business of any Pinnacle Entity that is leased or licensed by it is held pursuant to leases or licenses which are valid and enforceable in accordance with their respective terms and, except as disclosed in Section 4.11(a) of the Pinnacle Disclosure Memorandum, such leases and licenses will not terminate or lapse prior to the Effective Time or thereafter by reason of completion of any of the Contemplated Transactions. To the Knowledge of Pinnacle, all tangible Assets used in the business of each Pinnacle Entity are in good condition, reasonable wear and tear excepted and are usable in the ordinary course of business consistent with such Pinnacle Entity's past practices.

(b) Each Pinnacle Entity is insured with reputable insurers against such risks and in such amounts as the management of Pinnacle reasonably has determined to be adequate and commercially reasonable coverage against all risks customarily insured against by banking institutions and their subsidiaries of comparable size and operations to such Pinnacle Entity, except as would not reasonably be expected to have, either individually or in the aggregate, a Pinnacle Adverse Effect. None of the Pinnacle Entities has received notice from any insurance carrier, including in relation to its directors and officers insurance policy, that (i) any policy of insurance will be cancelled or that coverage thereunder will be reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased, or (iii) similar coverage will be denied or limited or not extended or renewed with respect to such Pinnacle Entity or that any Asset, officer, director, employee or agent of any Pinnacle Entity will not be covered by such insurance or bond. Except as disclosed in Section 4.11(b) of the Pinnacle Disclosure Memorandum, there are presently no material claims pending under such policies of insurance or bonds, and, during the past three (3) years, no notices of claims have been given by any Pinnacle Entity under such policies. No Pinnacle Entity has made material claims, and to the Knowledge of Pinnacle, no material claims are contemplated to be made, under its errors and omissions insurance or bankers' blanket bond, and no such claims are contemplated.

4.12. Material Contracts.

(a) Except as disclosed in Section 4.12(a) of the Pinnacle Disclosure Memorandum, none of the Pinnacle Entities, nor any of their respective Assets, businesses, or operations is a party to, or is bound or affected by, (i) any employment, bonus, severance, consulting, or retirement Contract with employees or independent contractors

of Pinnacle, (ii) any Contract relating to the borrowing of money by any Pinnacle Entity or the guarantee by any Pinnacle Entity of any such obligation (other than Contracts evidencing the creation of deposit liabilities, purchases of federal funds, advances from a Federal Reserve Bank or a Federal Home Loan Bank, entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities, advances incurred in the ordinary course of Pinnacle's business, and trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of Pinnacle's business), (iii) any Contract which prohibits or restricts any Pinnacle Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with vendors or customers or "shrink-wrap" software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by any Pinnacle Entity (other than Contracts entered into in the ordinary course of business involving payments under any individual Contract or series of Contracts for less than $100,000 on an annual basis), (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business involving payments under any individual Contract or series of Contracts for less than $100,000 on an annual basis), and (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet. Each Contract of the type described in this Section 4.12(a) is referred to herein as a "Pinnacle Material Contract." Pinnacle has previously made available to Pinnacle true, complete, and correct copies of each such Pinnacle Material Contract, including any and all amendments and modifications thereto.

(b) With respect to each Contract entered into by any Pinnacle Entity and except as disclosed in Section 4.12(b) of the Pinnacle Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) the applicable Pinnacle Entity is not in Default thereunder; (iii) Pinnacle Entity has not repudiated or waived any material provision of any such Contract; (iv) no other party to any such Contract is, to the Knowledge of Pinnacle, in Default in any material respect or has repudiated or waived each material provision thereunder; and (v) no Consent which has not been obtained is required for the execution, delivery, or performance of this Agreement and the consummation of the Contemplated Transactions except where the failure to obtain such Consent would not, and would not be reasonably likely to cause, individually or in the aggregate, a Pinnacle Material Adverse Effect. Section 4.12(b) of the Pinnacle Disclosure Memorandum lists every Consent (the "Pinnacle Consents") required by any Contract involving an amount in excess of $100,000 on an annual basis that is necessary to assign the Contract to the Surviving Company or the Surviving Bank or to avoid a default or termination of such Contract upon the consummation of the Contemplated Transactions.

4.13. Transactions with Affiliates.

(a) Except as disclosed in Section 4.13(a) of the Pinnacle Disclosure Memorandum or other than (x) as part of the normal and customary terms of such person's

employment or service as a director, officer or employee with Pinnacle or Pinnacle Bank or (y) deposits held by Pinnacle Bank in the ordinary course of business, there are no agreements, Contracts, plans, arrangements or other transactions between a Pinnacle Entity, on the one hand, and any (i) officer, director, or employee of any Pinnacle Entity, (ii) record or beneficial owner of five percent (5%) or more of the outstanding voting securities of Pinnacle, (iii) Affiliate or family member of any such officer, director, employee or record or beneficial owner or (iv) any other Affiliate of any Pinnacle Entity, on the other hand.

(b) No Pinnacle Entity has, in the past three (3) years, extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of Pinnacle, except as permitted by Regulation O of the Federal Reserve. Section 4.13(b) of the Pinnacle Disclosure Memorandum sets forth a list of all Pinnacle Loans as of October 31, 2025, by Pinnacle to any directors, executive officers and principal shareholders (as such terms are defined in Regulation O of the Federal Reserve) of Pinnacle. There are no Pinnacle Loans to employees, officers, directors or other Affiliates on which the borrower is paying a rate other than that reflected in the note or other relevant credit or security agreement or on which the borrower is paying a rate which was below market at the time the Pinnacle Loan was originated. All such Pinnacle Loans are and were originated in compliance in all material respects with all applicable Laws. Except as disclosed in Section 4.13(b) of the Pinnacle Disclosure Memorandum, no director or executive officer of Pinnacle, or any "associate" (as such term is defined in Rule 14a-1 under the Exchange Act) or related interest of any such Person, has any interest in any contract or property (real or personal, tangible or intangible), that is material to the business of Pinnacle as presently conducted.

4.14. Loans; Allowance for Possible Credit Losses and Investment Portfolio, etc.

(a) Pinnacle's allowance for possible loan, lease, securities, or credit losses (the "Pinnacle Allowance") shown on the balance sheets of Pinnacle included in the most recent Pinnacle Financial Statements dated prior to the date of this Agreement was, and the Pinnacle Allowance shown on the balance sheets of Pinnacle included in the Pinnacle Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) in all material respects to provide for all known or reasonably anticipated losses relating to or inherent in the Pinnacle Loans as of the dates thereof. The Pinnacle Financial Statements fairly present the values of all Pinnacle Loans, securities, tangible and intangible assets and liabilities, and any impairments thereof on the basis set forth therein.

(b) As of the date hereof, all Pinnacle Loans reflected on the Pinnacle Financial Statements were, and with respect to the balance sheets delivered as of the dates subsequent to the execution of this Agreement will be as of the dates thereof, except as would not reasonably be expected to have, either individually or in the aggregate, a Pinnacle Material Adverse Effect (i) at the time and under the circumstances in which made, made for good, valuable and adequate consideration in the ordinary course of business and are the legal

and binding obligations of the obligors thereof (except as enforcement against the obligors may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights generally, and subject to general principles of equity which may limit the enforcement of certain remedies), (ii) evidenced by genuine notes, agreements, or other evidences of indebtedness, (iii) made in accordance with the lending policies and underwriting standards of Pinnacle, and (iv) to the extent secured, have been secured, to the Knowledge of Pinnacle, by valid Liens and security interests which have been perfected. Accurate lists of all Pinnacle Loans as of September 30, 2025, and on a monthly basis thereafter and of the investment portfolios of Pinnacle as of such date, have been and will be made available to Pinnacle. Except as specifically set forth in Section 4.14(b) of the Pinnacle Disclosure Memorandum, as of the date hereof, Pinnacle is not a party to any written or oral loan agreement, note, or borrowing arrangement, including any loan guaranty, that was, as of the most recent month-end (v) delinquent by more than thirty (30) days in the payment of principal or interest, (w) otherwise in material default for more than thirty (30) days, (x) classified as "substandard," "doubtful," "loss," "other assets especially mentioned" or any comparable classification by Pinnacle or by any applicable Governmental Authority, (y) an obligation of any director, executive officer or ten percent (10%) shareholder of any Pinnacle Entity who is subject to Regulation O of the Federal Reserve, or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing, or (z) in violation of any Law.

(c) All securities held by any Pinnacle Entity, as reflected in the balance sheets of Pinnacle included in the Pinnacle Financial Statements, are carried in accordance with GAAP, specifically including Accounting Standards Codification Topic 320, Investments – Debt and Equity Securities. Except as disclosed in Section 4.14(c) of the Pinnacle Disclosure Memorandum and except for pledges to secure public and trust deposits and Federal Home Loan Bank advances, none of the securities reflected in the Pinnacle Financial Statements as of December 31, 2024, and none of the securities since acquired by any Pinnacle Entity, is subject to any restriction, whether contractual or statutory, which materially impairs the ability of any Pinnacle Entity to freely dispose of such security at any time, other than those restrictions imposed on securities held to maturity under GAAP, pursuant to a clearing agreement or in accordance with Laws.

(d) All interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar risk management arrangements, whether entered into for any Pinnacle Entity's own account or for customers (all of which were disclosed in Section 4.14(d) of the Pinnacle Disclosure Memorandum), were entered into (i) in the ordinary and usual course of business consistent with past practice and in compliance with all applicable Laws, rules, regulations and regulatory policies in all material respects, and (ii) with counterparties believed to be financially responsible at the time; and each of them constitutes the valid and legally binding obligation of Pinnacle, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles), and is in full force and effect. To the Knowledge of Pinnacle, neither Pinnacle nor any other

party thereto is in breach of any material obligation under any such agreement or arrangement.

4.15. Intellectual Property. Except as disclosed in Section 4.15 of the Pinnacle Disclosure Memorandum, each Pinnacle Entity (i) owns or has a license to use all of the material Intellectual Property used by such Pinnacle Entity in the course of its business, including sufficient rights in each copy possessed by such Pinnacle Entity and (ii) is the owner of or has a license, with the right to sublicense, to any Intellectual Property sold or licensed to a third party by such Pinnacle Entity in connection with such Pinnacle Entity's business operations, and such Pinnacle Entity has the right to convey by sale or license any Intellectual Property so conveyed. To the Knowledge of Pinnacle, no Pinnacle Entity is in material Default under any of its Intellectual Property licenses. To the Knowledge of Pinnacle, no proceedings have been instituted, or are pending or threatened, which challenge the rights of any Pinnacle Entity with respect to Intellectual Property used, sold, or licensed by such Pinnacle Entity that is material to its business, nor has any Person claimed or alleged any rights to such Intellectual Property. To the Knowledge of Pinnacle, the conduct of any Pinnacle Entity's business does not infringe any Intellectual Property of any other Person. No Pinnacle Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property.

4.16. Labor Relations.

(a) There is no Litigation instituted or pending, or, to the Knowledge of Pinnacle, threatened against any Pinnacle Entity asserting that it has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state Law) or other violation of state or federal labor Law or seeking to compel it to bargain with any labor organization or other employee representative as to wages or conditions of employment, nor is any Pinnacle Entity party to any collective bargaining agreement or subject to any bargaining order, injunction or other Order relating to its relationship or dealings with its employees, any labor organization or any other employee representative. There is no strike, slowdown, lockout or other job action or labor dispute involving any Pinnacle Entity pending or, to the Knowledge of Pinnacle, threatened and there have been no such actions or disputes in the past five (5) years. To the Knowledge of Pinnacle, there has not been any attempt by any employees or any labor organization or other employee representative of any Pinnacle Entity to organize or certify a collective bargaining unit or to engage in any other union organization activity with respect to the workforce of any Pinnacle Entity. Except as disclosed in Section 4.16 of the Pinnacle Disclosure Memorandum, employment of each employee and the engagement of each independent contractor of the Pinnacle Entities is terminable at will by the respective Pinnacle Entity without (i) any material penalty, Liability or severance obligation incurred by such Pinnacle Entity, and (ii) prior consent by any Governmental Authority. Except as disclosed in Section 4.16 of the Pinnacle Disclosure Memorandum or in the ordinary course of business consistent with Pinnacle's past practice, no Pinnacle Entity will owe any amounts to any of its employees or independent contractors as of the Closing, including any amounts incurred for any wages, bonuses, vacation pay, sick leave, contract notice periods, change of control payments or severance obligations.

(b) Based upon documentation collected by Pinnacle, which, to the Knowledge of Pinnacle, is true and correct, all of the employees of the Pinnacle Entities are either United States citizens or are legally entitled to work in the United States under the Immigration Reform and Control Act of 1986, as amended, other United States immigration Laws and the Laws related to the employment of non-United States citizens applicable in the state in which the employees are employed.

(c) No current or former employee of any Pinnacle Entity has, within the past three (3) years, made any formal or informal material written complaint regarding his or her employment or workplace environment with such Pinnacle Entity, whether such complaint was related to the conduct of such Pinnacle Entity or to others in the workplace.

4.17. Employee Benefit Plans.

(a) Section 4.17(a) of the Pinnacle Disclosure Memorandum lists all Pinnacle Benefit Plans and each other Employee Benefit Plan in connection with which any Pinnacle Entity could have any direct or indirect obligation or any material Liability. Copies of such Pinnacle Benefit Plans have been made available to Morris. For this purpose, "Pinnacle Benefit Plans" means each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by any Pinnacle Entity for the benefit of employees, former employees, retirees, directors or independent contractors of Pinnacle or their spouses, dependents or beneficiaries. Any of the Pinnacle Benefit Plans which is an "employee pension benefit plan," as that term is defined in ERISA Section 3(2), is referred to herein as a "Pinnacle ERISA Plan."

(b) Pinnacle has made available to Morris, with respect to all Pinnacle Benefit Plans and to the extent applicable: (i) all current trust agreements or other funding arrangements, (ii) the most recent determination letter or opinion letter, (iii) any formal corrective filing made to the applicable Governmental Authority within the three (3) years prior to the date hereof in connection with the IRS Employee Plans Compliance Resolution System Program, or with the United States Department of Labor or the Pension Benefit Guaranty Corporation, (iv) the three (3) most-recently filed annual report or return, audited or unaudited financial statements, actuarial report, and valuation, and (v) the most recent summary plan description for each Pinnacle Benefit Plan and any summary material modifications thereto. The Pinnacle Benefit Plan documents and annual reports or returns, audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to the Pinnacle Benefit Plans have been, to the extent applicable, timely adopted in all material respects, timely filed in all material respects with the IRS or DOL, and timely distributed in all material respects to participants of the Pinnacle Benefit Plans, and to the Knowledge of Pinnacle there have been no material changes in the information set forth therein.

(c) Except as disclosed in Section 4.17(c) of the Pinnacle Disclosure Memorandum, each Pinnacle Benefit Plan has been operated in all material respects in compliance with the terms of such Pinnacle Benefit Plan and with the applicable requirements of the Code, ERISA and any other applicable Laws. Each Pinnacle ERISA Plan which is intended to be qualified under Section 401(a) of the Code is the subject of a

favorable IRS determination letter or opinion letter issued to a preapproved plan under which the Pinnacle ERISA Plan has been adopted, and, to the Knowledge of Pinnacle, there are no currently existing circumstances reasonably expected to result in revocation of, or Pinnacle's reliance on, any such favorable IRS determination letter or opinion letter.

(d) To the Knowledge of Pinnacle, (i) there has been no oral or written representation or communication with respect to any aspect of the Pinnacle Benefit Plans made to employees of any Pinnacle Entity which is inconsistent in any material respect with the terms of such plans, (ii) no Pinnacle Entity nor any administrator or fiduciary of any Pinnacle Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which in either case would reasonably be expected to subject Pinnacle to any material direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary or co-fiduciary duty under ERISA, (iii) there are no unresolved claims or disputes pending in connection with any Pinnacle Benefit Plan other than claims for benefits which are payable in the ordinary course of business and (iv) no action, audit, proceeding, prosecution, inquiry, hearing, or investigation has been commenced, or is reasonably expected to commence, with respect to any Pinnacle Benefit Plan other than routine claims for benefits.

(e) To the Knowledge of Pinnacle, no "Party in Interest" (as defined in ERISA Section 3(14)) or "Disqualified Person" (as defined in Code Section 4975(e)(2)) of any Pinnacle Benefit Plan has engaged in any nonexempt "Prohibited Transaction" (as described in Code Section 4975(c) or ERISA Section 406) that has subjected, or would reasonably be expected to subject, Pinnacle to any material Liability.

(f) No Pinnacle Entity, any of their predecessors, nor, to the Knowledge of Pinnacle, any ERISA Affiliate of any Pinnacle Entity, maintains or has maintained in the last six (6) years, or has, or had in the last six (6) years, any material Liability in connection with any Employee Benefit Plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA, or any "Multiemployer Plan" (as defined in Section 3(37) of ERISA).

(g) Except as disclosed in Section 4.17(g) of the Pinnacle Disclosure Memorandum, no Pinnacle Benefit Plan is or, in the last six (6) years, was funded by, associated with, or related to a "Voluntary Employees' Beneficiary Association," within the meaning of Section 501(c)(9) of the Code, a "Welfare Benefit Fund," within the meaning of Section 419 of the Code, a "Qualified Asset Account," within the meaning of Section 419A of the Code or a "Multiple Employer Welfare Arrangement," within the meaning of Section 3(40) of ERISA.

(h) Except as disclosed in Section 4.17(h) of the Pinnacle Disclosure Memorandum or as required under Part 6 of ERISA or Code Section 4980B or similar state or other Law, to the Knowledge of Pinnacle, no Pinnacle Entity has any Liability for retiree or post-termination health or life benefits under any of the Pinnacle Benefit Plans or any other contractual arrangement of Pinnacle. To the Knowledge of Pinnacle, Pinnacle has not incurred any material Tax under Code Sections 4980B or 5000 with respect to any

Pinnacle Benefit Plan, and, to the Knowledge of Pinnacle, no circumstance currently exists that would reasonably be expected to give rise to such Taxes.

(i) Except as disclosed in Section 4.17(i) of the Pinnacle Disclosure Memorandum or as contemplated under this Agreement, neither the execution and delivery of this Agreement nor the consummation of the Contemplated Transactions will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due from under any Pinnacle Benefit Plan, (ii) increase in any material respect any benefits otherwise payable under any Pinnacle Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit. No Pinnacle Entity is obligated to any employee or other service provider to provide a gross-up for income or employment taxes or any related interest or penalties assessable for any reason with respect to such person's provisions of services to such Pinnacle Entity.

(j) Each Pinnacle Entity has made full and timely payment through all due dates falling on or before the Closing Date in all material respects of all contributions which are required under the terms of each of the Pinnacle Benefit Plans and in accordance with applicable Law and Contracts to be paid as a contribution to each Pinnacle Benefit Plan. All required insurance premiums having due dates falling on or before the Closing Date and required to be paid by Pinnacle have been paid in all respects by the required due dates. To the Knowledge of Pinnacle, there have been no material defaults, omissions or violations by Pinnacle with respect to any Pinnacle Benefit Plan.

(k) All assets attributable to any Pinnacle Benefit Plan that is subject to ERISA have been held in trust to the extent required by ERISA, unless a statutory or administrative exemption to the trust requirements of Section 403(a) of ERISA applies. Except as disclosed in Section 4.17(k) of the Pinnacle Disclosure Memorandum, no Pinnacle Benefit Plan is a self-funded or self-insured arrangement.

(l) Each Pinnacle ERISA Plan that provides for deferred compensation systematically payable at termination of employment or retirement and that is not intended to be qualified within the meaning of Section 401(a) of the Code is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

(m) Each Pinnacle Benefit Plan that is subject to the requirements of Section 409A of the Code complies in all material respects with the requirements of Section 409A of the Code.

(n) Except as disclosed in Section 4.17(n) of the Pinnacle Disclosure Memorandum, there are no outstanding compensatory equity awards relating to shares of Pinnacle capital stock, including any arrangements awarding stock options, stock appreciation rights, restricted stock, deferred stock, phantom stock, or any other equity compensation to any employee, director, or other service provider of any Pinnacle Entity.

(o) Each individual who renders services to any Pinnacle Entity who is classified as having the status of an independent contractor or other non-employee status or as an exempt or non-exempt employee is properly so classified for purposes of eligibility to participate in Pinnacle Benefit Plans and applicable Laws governing tax reporting and payment of wages, except for any failure to properly so classify that is not reasonably likely to have, individually or in the aggregate, a Pinnacle Material Adverse Effect.

(p) Except as disclosed in Section 4.17(p) of the Pinnacle Disclosure Memorandum, no Pinnacle Entity has made any payment or is obligated to make any payment, or is a party to any agreement, contract, arrangement, or plan that is reasonably expected to obligate it to make any payment, nor will the execution, delivery and performance by any Pinnacle Entity of its obligations under or with respect to the Contemplated Transactions, result in any payment, that will be treated, individually or in the aggregate, as a non-deductible "excess parachute payment" within the meaning of Code Section 280G (without regard to Code Sections 280G(b)(4) and 280G(b)(5)).

(q) The Pinnacle ESOP is now, and has been at all times since its inception, in form, an "employee stock ownership plan" within the meaning of Code Section 4975(e)(7) of the Code and ERISA Section 407(d)(6). The securities held by the Pinnacle ESOP constitute "employer securities" under Code 409(l) and ERISA Section 407(d)(1) and "qualifying employer securities" under Code Section 4975(e)(8) and ERISA Section 407(d)(5).

(r) As of the Closing Date, no Pinnacle Party, nor any participant in the Pinnacle ESOP, is or may be subject to liability by reason of Code Section 4979A.

(s) No Pinnacle Entity, nor the Pinnacle ESOP, are parties to any loan or financing transaction with respect to Pinnacle ESOP.

4.18. Environmental Matters. To the Knowledge of Pinnacle, and except as would not reasonably be expected to have, either individually or in the aggregate, a Pinnacle Material Adverse Effect, during the period of (a) each Pinnacle Entity's ownership or operation of any of their respective Operating Properties, (b) any Pinnacle Entity's participation in the management of any Participation Facility, or (c) any Pinnacle Entity's holding of a security interest in any Operating Property, there have been (i) no violations of any Environmental Laws, including but not limited to unauthorized alterations of wetlands, and there have been no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, adjacent to, or affecting such properties and (ii) no remedial efforts undertaken by any Pinnacle Entity with respect to any environmental matter related to such properties. To the Knowledge of Pinnacle, there is no Litigation pending, or no environmental enforcement action, investigation, or litigation threatened before any Governmental Authority or other forum in which any Pinnacle Entity or any of their Operating Properties or Participation Facilities (or such Pinnacle Entity in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (y) for alleged noncompliance (including by any predecessor entity to such Pinnacle Entity) with or Liability under any Environmental Law or (z) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at,

on, under, adjacent to, or affecting a site currently or formerly owned, leased, or operated by any Pinnacle Entity or any of their Operating Properties or Participation Facilities.

4.19. Compliance with Laws.

(a) Each Pinnacle Entity has in effect all Permits necessary for it to own, lease, or operate its Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which could not reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect, and, to the Knowledge of Pinnacle, the execution, delivery and performance of this Agreement does not materially violate any such Permit, or will result in any revocation, cancellation, suspension, material modification or nonrenewal thereof.

(b) Each Pinnacle Entity:

(i) is not in Default under any of the provisions of its articles of incorporation or bylaws (or other governing instruments);

(ii) is in material compliance with and not in Default under any Laws, Orders, Permits or formal agreements with any Governmental Authority applicable to its business or employees conducting its business; and

(iii) During the last three (3) years, has not received any written notification or written communication from any Governmental Authority (x) asserting that it is not, or may not be, in compliance with any Laws or Orders where such noncompliance is material, (y) threatening to revoke any material Permits, or (z) requiring it to enter into or consent to the issuance of a cease and desist order, injunction, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices, its capital adequacy, its credit or reserve policies, its hiring or compensation of management or the payment of dividends.

(c) Except where such disclosure or availability would constitute a violation of the confidentiality restrictions of Part 309 of the Rules and Regulations of the FDIC or comparable regulations of any applicable Governmental Authority, there (i) is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of any Pinnacle Entity, and (ii) during the last three (3) years, no Pinnacle Entity has received any written notices or correspondence with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to such Pinnacle Entity's business, operations, policies, or procedures.

(d) To the Knowledge of Pinnacle, no Pinnacle Entity, nor any director, officer, employee, or representative acting on behalf of any Pinnacle Entity, has offered, paid, or agreed to pay any Person, including any Government Authority, directly or indirectly, anything of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity, (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (iv) making any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment.

4.20. Privacy of Customer Information; Anti-Money Laundering and Information Security.

(a) Pinnacle Bank's collection and use of IIPI, the transfer of such IIPI to Morris, and the use of such IIPI by Morris as contemplated by this Agreement complies in all material respects with Pinnacle's privacy policy, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act and all other applicable privacy Laws.

(b) Except as set forth in Section 4.20(b) of the Pinnacle Disclosure Memorandum, (i) to the Knowledge of Pinnacle, no Pinnacle Entity has experienced any actual, suspected or alleged incidents of data security breaches or unauthorized access, disclosure, acquisition, destruction, loss, alteration, corruption or use of any IIPI in the past three (3) years; (ii) no Pinnacle Entity has received and is not aware of any notices, complaints or claims, including from any Governmental Authority or other Person, relating to Data Security Requirements; and (iii) to the Knowledge of Pinnacle, neither the Holdco Merger nor the Bank Merger will result in any Liabilities in connection with any Data Security Requirements.

(c) Each Pinnacle Entity (i) maintains commercially reasonable backup and data recovery, disaster recovery and business continuity plans, procedures and facilities; (ii) operates in material compliance with these protocols; and (iii) regularly tests and reviews such plans to ensure effectiveness.

(d) To the Knowledge of Pinnacle, no facts or circumstances exist which would cause any Pinnacle Entity to be deemed to be operating in violation of the Bank Secrecy Act and its implementing regulations (31 C.F.R. Part 103), the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or to be deemed not to be in satisfactory compliance with the applicable privacy of customer information requirements contained in any federal and state privacy Laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder. Furthermore, the Board of Directors of Pinnacle has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that has not been deemed ineffective by any Governmental Authority and that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

4.21. Reports. Each Pinnacle Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities, except where the failure to file such required reports, statements or amendments has not had or would not reasonably be expected to have, either individually or in the aggregate, a material impact on the operations or financial condition of Pinnacle. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws.

4.22. Regulatory Matters. Pinnacle has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to materially impede or delay the receipt of any Regulatory Approval.

4.23. State Takeover Laws. Pinnacle has taken all commercially reasonable necessary action, if any, to exempt the Contemplated Transactions from, or if necessary to challenge the validity or applicability of, any applicable "moratorium," "fair price," "business combination," "control share," or other anti-takeover Laws applicable to Georgia corporations.

4.24. Community Reinvestment Act Compliance. Pinnacle Bank is in compliance in all material respects with the applicable provisions of the Community Reinvestment Act and the regulations promulgated thereunder and has received a Community Reinvestment Act rating no lower than "satisfactory" in its most recently completed exam, and Pinnacle has no Knowledge of the existence of any fact or circumstance or set of facts or circumstances which could reasonably be expected to result in any such Pinnacle Entity receiving any notice of material non-compliance with such provisions of the Community Reinvestment Act or having its current rating lowered.

4.25. Indemnification. To the Knowledge of Pinnacle, no present or former director, officer, employee or agent of any Pinnacle Entity has any instituted, pending or, to the Knowledge of Pinnacle, threatened (or unasserted but considered probable of assertion) claim for indemnification from any Pinnacle Entity. To the Knowledge of Pinnacle, no action or failure to take action by any present or former director, officer, employee or agent of any Pinnacle Entity or other event has occurred, or has been alleged to have occurred, which occurrence or allegation would give rise to any claim by any present or former director, officer, employee or agent of any Pinnacle Entity for indemnification from any Pinnacle Entity.

4.26. Legal Proceedings. Except as disclosed in Section 4.26 of the Pinnacle Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of Pinnacle, threatened (or unasserted but considered probable of assertion) against any Pinnacle Entity, or, to the Knowledge of Pinnacle, against any director, officer, employee, or agent of any Pinnacle Entity in their capacities as such or with respect to any service to or on behalf of any Pinnacle Benefit Plan or any other Person at the request of any Pinnacle Entity or Pinnacle Benefit Plan, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against any Pinnacle Entity, except, in each case, where such Litigation would not be reasonably likely to have, individually or in the aggregate, a Pinnacle Material Adverse Effect.

4.27. Broker's Fees; Fairness Opinion. Except for the Pinnacle Financial Advisor, none of Pinnacle, Pinnacle Bank, nor any of their respective officers, directors, employees or Representatives has employed any broker, finder, or investment banker or incurred any Liability

for any financial advisory fees, investment bankers fees, brokerage fees, commissions, or finder's or other such fees in connection with this Agreement or the Contemplated Transactions. The Pinnacle Financial Advisor has rendered its opinion (either in writing or orally with a written opinion dated the same day as the oral opinion to follow as soon as practicable following the date of this Agreement) to the Board of Directors of Pinnacle that, as of the date of such opinion and subject to the factors, assumptions, and limitations set forth therein, the Merger Consideration is fair, from a financial point of view, to Pinnacle.

4.28. Board Recommendation. Pinnacle's Board of Directors, at a meeting duly called and held, has by unanimous vote of the directors present, adopted this Agreement and approved the Contemplated Transactions, including the Holdco Merger.

4.29. Mortgage Banking Business**.** Except for any of the following actions or events which would not reasonably be expected to have a Pinnacle Material Adverse Effect:

(a) Pinnacle Bank has complied with in all material respects, and all documentation in connection with the origination, processing, underwriting and credit approval of any mortgage loan originated, purchased or serviced by Pinnacle Bank has satisfied in all material respects, (i) all applicable federal, state and local laws, rules and regulations with respect to the origination, insuring, purchase, sale, pooling, servicing, subservicing, or filing of claims in connection with mortgage loans, including all laws relating to real estate settlement procedures, consumer credit protection, truth in lending laws, usury limitations, fair housing, transfers of servicing, collection practices, equal credit opportunity and adjustable rate mortgages, (ii) the responsibilities and obligations relating to mortgage loans set forth in any agreement between Pinnacle Bank and any Agency, Loan Investor or Insurer, (iii) the applicable rules, regulations, guidelines, handbooks and other requirements of any Agency, Loan Investor or Insurer and (iv) the terms and provisions of any mortgage or other collateral documents and other loan documents with respect to each mortgage loan; and

(b) no Agency, Loan Investor or Insurer has (i) claimed in writing that Pinnacle Bank has violated or has not complied with the applicable underwriting standards with respect to mortgage loans sold by Pinnacle Bank to a Loan Investor or Agency, or with respect to any sale of mortgage servicing rights to a Loan Investor, (ii) imposed in writing restrictions on the activities (including commitment authority) of Pinnacle Bank or (iii) indicated in writing to Pinnacle Bank that it has terminated or intends to terminate its relationship with Pinnacle Bank for poor performance, poor loan quality or concern with respect to Pinnacle Bank's compliance with laws.

4.30. Financing. Pinnacle has available to it, or as of the Effective Time will have available to it, all funds necessary for the payment of the aggregate amount of the Merger Consideration and has funds available to it to satisfy its payment obligations under this Agreement and such funding will not result in Pinnacle Bank falling below "well capitalized" regulatory ratios.

4.31. Trust Preferred Securities. Pinnacle has performed, or has caused its Subsidiaries to perform, all of the obligations required to be permitted by it and is not in default under the terms of the Trust Debentures or the Trust Preferred Securities or any agreements related thereto.

4.32. ESOP Trustees. The Persons set forth on Section 4.32 of the Pinnacle Disclosure Memorandum are the duly appointed Pinnacle ESOP Trustees, with the power and authority to act on behalf of the Pinnacle ESOP (a) as fiduciary of the Pinnacle ESOP in the manner described in Section 3(21)(A) of ERISA and (b) on behalf of the Pinnacle ESOP to the extent specified in the Pinnacle ESOP and any related trust or other documents.

4.33. No Further Representations. Except for the representations and warranties specifically set forth in ARTICLE 4 of this Agreement, as modified by the Pinnacle Disclosure Memorandum and documents incorporated by reference therein, none of Pinnacle or any of its Subsidiaries, Affiliates, or Representatives, nor any other Person, makes or shall be deemed to make any representation or warranty to Morris, express or implied, at law or in equity, and Pinnacle hereby disclaims any such representation or warranty whether by any Pinnacle Entity or any of its respective officers, directors, employees, agents, Affiliates, Representatives or any other Person.

ARTICLE 5
CONDUCT OF BUSINESS PENDING CLOSING

5.1. Affirmative Covenants. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of Pinnacle shall have been obtained, and except as otherwise expressly contemplated herein, Morris shall (a) operate its business in the usual, regular, and ordinary course in all material respects and consistent with prudent banking practice, (b) preserve intact its business organization and material Assets and maintain its rights and franchises, and (c) take no action that would (i) materially adversely affect the ability of any Party to obtain any Regulatory Approval or Consent required for the Contemplated Transactions without imposition of a Burdensome Condition, or (ii) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of Morris shall have been obtained, and except as otherwise expressly contemplated herein, Pinnacle shall and shall cause each of its Subsidiaries, as it may be applicable, to (a) operate its business in the usual, regular, and ordinary course in all material respects and consistent with prudent banking practice, (b) preserve intact its business organization and material Assets and maintain its rights and franchises, and (c) take no action that would or would (i) materially adversely affect the ability of any Party to obtain any Regulatory Approval or other Consent required for the Contemplated Transactions without imposition of a Burdensome Condition, or (ii) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement.

5.2. Negative Covenants of the Parties. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement pursuant to its terms, unless the prior written consent of the other Party shall have been obtained, which consent shall not be unreasonably withheld, and except as otherwise expressly contemplated herein, each Party covenants and agrees that neither such Party nor its Subsidiaries will do, agree or commit to do, any of the following:

(a) amend its articles of incorporation, bylaws or other governing instruments;

(b) incur any additional debt obligation or other obligation for borrowed money except in the ordinary course of business of any such Party consistent with past practice (which shall include the creation of deposit and similar accounts, customary credit arrangements between banks, sales of certificates of deposits, issuance of letters of credit in the ordinary course of business, purchase of federal funds, and Federal Home Loan Bank advances made in the ordinary course of business);

(c) except as set forth on Section 5.2(c) of the Morris Disclosure Memorandum and Section 5.2(c) of the Pinnacle Disclosure Memorandum, make any change in the authorized or issued capital stock or other securities of such Party; adjust, split, combine, or reclassify any of its capital stock; or issue or grant any right or option to purchase or otherwise acquire any of the capital stock or other securities of such Party or its Subsidiaries;

(d) issue any replacement certificate (or book entry evidence) representing such Party's Common Stock unless such replacement was accompanied by an affidavit of the fact that such Party's Common Stock certificate was lost, stolen or destroyed by the person claiming such Party's Common Stock certificate to be lost, stolen or destroyed and, unless waived in writing by the other Party, the posting by such person of a bond in such amount as the applicable Party or Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Party's Common Stock certificate;

(e) except as set forth on Section 5.2(e) of the Morris Disclosure Memorandum and Section 5.2(e) of the Pinnacle Disclosure Memorandum, enter into or renew any Contract of the kind described in Section 3.12 or Section 4.12 hereof as applicable, or enter into a Contract for the purpose of substituting a vendor under any such existing Contract;

(f) except in the ordinary course of business, enter into, modify, amend or terminate any Contract (other than loan Contracts) or waive, release, compromise or assign any right or claim in an amount exceeding $150,000;

(g) make, declare, or pay any dividend, distribution or payment with respect to the capital stock of any Party except for the dividends listed on Section 5.2(g) of the Morris Disclosure Memorandum and Section 5.2(g) of the Pinnacle Disclosure Memorandum, and no such Party will directly or indirectly, redeem, purchase or otherwise acquire any of its capital stock;

(h) make any purchases or sales of investment securities outside of the ordinary course of business;

(i) except for loans or extensions of credit approved or committed as of the date hereof and listed in Section 5.2(i) of the Morris Disclosure Memorandum or Section 5.2(i) of the Pinnacle Disclosure Memorandum, as applicable, and loans or extensions of credit secured by a residential mortgage that will be sold in the secondary market prior to the Closing Date, make, renew, renegotiate, increase, extend, or modify any loan that does not comply with its applicable loan policy; provided that the other Party shall respond to

any request for consent under this Section 5.2(i) within two (2) Business Days of such Party's receipt of such request for consent, which shall not be unreasonably withheld and which approval shall be deemed given if the other Party does not respond in writing within the aforementioned two (2) Business Days;

(j) acquire by purchase any interest in a loan, including, without limitation, any loan participation except for those listed on Section 5.2(j) of the Morris Disclosure Memorandum or Section 5.2(j) of the Pinnacle Disclosure Memorandum and except for those made in the ordinary course of business consistent with past practice;

(k) fail to maintain its properties and assets in good operating condition, ordinary wear and tear excepted, or write-off or write-down the value of any of its assets other than in accordance with amortization or depreciation schedules established in accordance with past practice and generally accepted accounting principles;

(l) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other entity or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to it (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business);

(m) except as disclosed in Section 5.2(m) of the Morris Disclosure Memorandum, sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein (excluding sales of foreclosed real estate if such sale will result in a loss to such Party of less than $100,000) or, except in the ordinary course of business, sell or transfer, mortgage, pledge or subject to any Lien, charge or other encumbrance any other tangible or intangible asset;

(n) enter into or amend any employment Contract with any Person (unless such amendment is required by Law or this Agreement) that it does not have the unconditional right to terminate without Liability (other than Liability for services already rendered) to such Party, at any time on or after the Effective Time;

(o) except as disclosed in Section 5.2(o) of the Morris Disclosure Memorandum and Section 5.2(o) of the Pinnacle Disclosure Memorandum, adopt any new Employee Benefit Plan or terminate or withdraw from, or make any material change in or to, any Morris Benefit Plan or Pinnacle Benefit Plan, as applicable, other than any such change that is required by Law, normal renewals without material changes of terms, or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such Employee Benefit Plans, except in any such case as required by Law or as contemplated by this Agreement or any other agreement in effect as of the date hereof, or in the ordinary course of business and as consistent with past practice;

(p) except as disclosed in Section 5.2(p) of the Morris Disclosure Memorandum and Section 5.2(p) of the Pinnacle Disclosure Memorandum, increase or accelerate the compensation or benefits to any Morris or Pinnacle Employee or director of Morris or Pinnacle or award or pay any bonus or extraordinary compensation to any Morris or Pinnacle Employee or director of Morris or Pinnacle, other than annual salary increases in the ordinary course and consistent with past practice to officers and employees who are not executive officers, as required by Law or as contemplated by this Agreement; *provided that*, any such annual salary increases shall not result in an adjustment in compensation of more than five percent (5%) for any individual who is not an executive officer; *provided further*, that each of Morris and Pinnacle shall notify the other of any increase for an individual who is not an executive officer exceeding three percent (3%);

(q) except as disclosed on Section 5.2(q) of the Morris Disclosure Memorandum, make any payments to, incur any expense on behalf of, or enter into any transactions, arrangements or understandings with, any officer, director or employee, in each case, except for salaries and benefits paid in the ordinary course and consistent with past practice or as explicitly provided in this Agreement;

(r) make change or revoke any material Tax election, change an annual Tax accounting period, adopt or change any material Tax accounting method, file any material amended Tax Return, enter into any closing agreement with respect to a material amount of Taxes, or settle any material Tax claim, audit, assessment or dispute or surrender any material right to claim a refund of Taxes;

(s) reduce either the Pinnacle Allowance or the Morris Allowance other than through charge offs of assets;

(t) commence any Litigation other than in accordance with past practice, or settle any Litigation involving any Liability of either Party for over $100,000 in money damages or any restrictions upon the operations of either Party; or

(u) take any action or fail to take any action outside its ordinary course of business, consistent with past practices.

ARTICLE 6
OTHER AGREEMENTS

6.1. Access to Properties, Books, Etc. Each Party (including the Morris Entities and the Pinnacle Entities) shall provide the other Party (and their respective authorized Representatives) such access as such Party shall reasonably request during normal business hours and upon reasonable prior notice and subject to applicable Law from and after the date hereof and prior to the Closing Date to the properties, books, contracts, commitments and records of or pertaining to the other Party (including the Morris Entities and the Pinnacle Entities) and shall furnish to the other Party and its authorized Representatives such information concerning the Morris Entities' and the Pinnacle Entities' affairs, which are reasonably related to the Contemplated Transactions. Each Party shall make available to the other Party a monthly report of all loans originated or renewed with a principal amount above $5,000,000. All such access by a Party and its authorized

Representatives shall be conducted in a manner designed to minimize disruption to the normal business operations and employee or customer relations of the other Party. Each Party shall use its commercially reasonable efforts to cause its personnel, employees and other Representatives to assist the other Party in making any such reasonable investigation. During such investigation, each Party and their authorized Representatives, subject to Section 6.2, shall have the right to make copies of such records, files, Tax Returns and other materials as it may deem advisable. No Party shall be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege or contravene any Law (including, without limitation, any requirement of any Governmental Authority related to the confidentiality of supervisory materials), order, judgment, decree, fiduciary duty or binding agreement entered into before the date of this Agreement, or any confidential discussions of this Agreement or the Contemplated Transactions that contain competitively sensitive business or other proprietary information filed under a claim of confidentiality. No investigation made heretofore or hereafter by a Party and their authorized Representatives shall affect the representations and warranties of either such Party hereunder. Each Party shall hold all information furnished by or on behalf of the other Party or any of such Party's Subsidiaries or authorized Representatives pursuant to Section 6.2 in confidence to the extent required by, and in accordance with, the provisions of the Confidentiality Agreement.

6.2. Confidentiality. Prior to consummation of the Holdco Merger, Pinnacle Entities and Morris Entities will share information that may be deemed by each Party providing the information to be confidential. The Parties agree that they will hold confidential and protect all information provided to them by another Party to this Agreement or such Party's Affiliates, except that the obligations contained in this Section 6.2 shall not in any way restrict the rights of any Party or person to use information that (a) was known to such Party prior to the disclosure by the other Party; (b) is or becomes generally available to the public other than by breach of this Agreement; or (c) otherwise becomes lawfully available to a Party to this Agreement on a non-confidential basis from a third party who is not under an obligation of confidence to the Party providing such information. If a Party is requested or required by a governmental authority or agency (by oral questions, interrogatories, requests for information or documents, subpoena, civil/criminal investigative demand or similar process) to disclose any information supplied by an unaffiliated Party, the requested Party will provide such affected Party with prompt notice of such request(s) so that the affected Party may seek an appropriate protective order and/or waive the requested Party's compliance with this Section 6.2 as to the requested information. It is further agreed that if in the absence of a protective order or the receipt of a waiver hereunder and the requested Party is nonetheless, in the opinion of its legal counsel and despite the requested Party's reasonable best efforts, compelled to disclose any such information to a tribunal or else stand liable for contempt or suffer other censure or penalty, the requested Party may disclose such information without Liability hereunder, *provided* that the disclosure is limited to that which is necessary to avoid the sanctions herein described. If this Agreement is terminated prior to the Closing, each Party hereto agrees to return or destroy, at such Party's election, all documents, statements and other written materials, whether or not confidential, and all copies thereof, provided to it by or on behalf of an unaffiliated Party to this Agreement. The provisions of this Section 6.2 shall survive termination, for any reason whatsoever, of this Agreement, and, without limiting the remedies of any Party hereto in the event of any breach of this Section 6.2, each Party hereto will be entitled to seek injunctive relief against another Party in the event of a breach or threatened breach of this Section

6.2. Notwithstanding any of the foregoing, the terms of the Confidentiality Agreement are hereby incorporated by reference and such agreement shall continue in full force and effect.

6.3. Full Cooperation. Subject to the terms and conditions of this Agreement, each Party agrees to use, and, as applicable, to cause its Subsidiaries to use, its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the Contemplated Transactions *provided*, that nothing herein shall preclude either Party from exercising its rights under this Agreement; and *provided, further*, that neither Pinnacle nor Morris will be required to take any action required or suggested by any Governmental Authority that Pinnacle or Morris deem, in its sole good faith judgment, to be a Burdensome Condition. In addition, Morris shall make any payments, or forbear from making payments, and make any accounting adjustments as requested by Pinnacle and agreed to by Morris to enhance the benefits of the Contemplated Transactions to Pinnacle; *provided, however*, that compliance by Morris Entities with this requirement shall not (a) constitute or be deemed to be a breach, violation or failure to satisfy any representation, warranty, covenant, condition or other provision or constitute grounds for termination of this Agreement (except to the extent that a certain representation, warranty, covenant or other provision is breached and thus, requires the adjustment), or (b) violate any provision of Law or GAAP.

6.4. Expenses. All of the expenses incurred by Pinnacle Entities in connection with the authorization, preparation, execution and performance of this Agreement, including, without limitation, all fees and expenses of their agents, Representatives, counsel and accountants and the fees and expenses related to all regulatory applications with state and federal authorities in connection with the Contemplated Transactions and thereby (including, without limitation, all fees and expenses in connection with the Fairness Hearing), shall be paid by Pinnacle Entities. All expenses incurred by Morris Entities in connection with the authorization, preparation, execution and performance of this Agreement, including, without limitation, all fees and expenses of their agents, Representatives, counsel and accountants, shall be paid by Morris Entities.

6.5. Morris Shareholder Approval; Proxy Statement/Offering Circular.

(a) As promptly as practicable following the date of this Agreement, Pinnacle and its advisors, with the assistance of Morris and its advisors, shall use commercially reasonable efforts to prepare a proxy statement and offering circular, which shall include the Morris Recommendation relating to the Morris Shareholder Meeting (together with any amendments or supplements thereto, the "Proxy Statement/Offering Circular"). Morris shall prepare and furnish such information relating to the Morris Entities and their respective Affiliates, directors, officers, and shareholders as may be reasonably required in connection with the Proxy Statement/Offering Circular and all supplements and amendments thereto. Promptly after the issuance of the Fairness Order, Morris agrees to mail the Proxy Statement/Offering Circular to the Morris Shareholders in accordance with the GBCC, the Morris Articles and the Morris Bylaws, and each Party agrees to provide such other assistance as may be reasonably requested in connection with the preparation and distribution of the Proxy Statement/Offering Circular and conduct of the Morris Shareholder Meeting.

(b) Morris shall take all action necessary in accordance with the GBCC, the Morris Articles, and the Morris Bylaws to duly call, give notice of, convene and hold a meeting of the Morris Shareholders as promptly as practicable following the receipt of the Fairness Order for the purpose of obtaining the Morris Shareholder Approval (such meeting or any adjournment or postponement thereof, the "Morris Shareholder Meeting"). The Board of Directors of Morris shall (i) recommend to the Morris Shareholders the approval of this Agreement and the Contemplated Transactions, including the Holdco Merger but excluding the issuance of Pinnacle Common Stock in the Holdco Merger (the "Morris Recommendation"), (ii) include the Morris Recommendation in the Proxy Statement/Offering Circular and (iii) solicit and use its commercially reasonable best efforts to obtain the Morris Shareholder Approval. Except with the prior approval of Pinnacle, which approval shall not be unreasonably withheld, no matters other than the Morris Shareholder Approval shall be submitted for the approval of the shareholders of Morris at the Morris Shareholder Meeting. In the event that there is present at the Morris Shareholder meeting, in person or by proxy, sufficient favorable voting power to secure the Morris Shareholder Approval, Morris shall not adjourn or postpone the Morris Shareholder Meeting unless the Board of Directors of Morris reasonably determines in good faith, after consultation with and having considered the advice of legal counsel, that failure to do so would constitute a violation of its fiduciary duties under applicable law.

(c) Morris shall adjourn or postpone the Morris Shareholder Meeting if, as of the time for which such meeting is originally scheduled, there are insufficient shares of Morris Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting. Notwithstanding anything to the contrary in this Agreement, unless this Agreement has been terminated in accordance with its terms, Morris shall ensure that the Morris Shareholder Meeting is called, noticed, convened, held and ultimately conducted, and this Agreement shall be submitted to the shareholders of Morris at the Morris Shareholder Meeting, for the purpose of considering and voting upon the approval of this Agreement and the Contemplated Transactions (except for the issuance of Pinnacle Common Stock in the Holdco Merger), and nothing herein shall be deemed to relieve Morris of such obligation.

(d) Morris shall comply with the requirements of the Morris KSOP and all applicable Laws with respect to obtaining shareholder approval and provide an information statement or similar disclosure document describing this Agreement, the Contemplated Transactions, and all other transactions contemplated by this Agreement, as well as all other information and documents, if any, provided to shareholders of Morris generally regarding the Contemplated Transactions, to participants in the Morris KSOP. The trustee of the KSOP will vote the shares of Morris Common Stock owned by the Morris KSOP at the Morris Shareholder Meeting in accordance with the terms of the Morris KSOP.

6.6. Approvals and Consents.

(a) Each Party shall, and shall cause its Subsidiaries to, cooperate and use their respective commercially reasonable efforts (i) to prepare all documentation, to effect all filings, to obtain all permits, consents, approvals and authorizations of all third parties and Governmental Authorities necessary to consummate the Contemplated Transactions,

including, without limitation, the Regulatory Approvals and all other consents and approvals of a Governmental Authority required to consummate the Contemplated Transactions in the manner contemplated herein, (ii) to comply with the terms and conditions of such permits, consents, approvals and authorizations and (iii) to cause the Contemplated Transactions to be consummated as expeditiously as practicable. Pinnacle and Morris will furnish each other and each other's counsel with all required information concerning themselves, their Subsidiaries, directors, trustees, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of any Pinnacle Entity or any Morris Entity to any Governmental Authority in connection with the Contemplated Transactions. Each Party hereto shall have the right, upon request, to review and approve in advance all characterizations of the information relating to such Party and any of its Subsidiaries that appear in any filing made in connection with the Contemplated Transactions with any Governmental Authority. For purposes of clarity, Pinnacle and its counsel shall prepare and file, at Pinnacle's expense, all applications seeking the Regulatory Approvals; provided, however, that Morris will cooperate and assist as reasonably requested by Pinnacle. Notwithstanding the foregoing, no Party shall be required to disclose any information that such Party reasonably believes would violate Section 6.2 of this Agreement or the Confidentiality Agreement.

(b) Each Party will notify the other Party promptly and shall promptly furnish such other Party with copies of notices or other communications received by any Pinnacle Entity or Morris Entity, as applicable, of (i) any communication from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the Contemplated Transactions (and the response thereto from Morris or its Representatives or Pinnacle or its Representatives, as applicable), and (ii) any legal actions threatened or commenced against or otherwise affecting Pinnacle Entities or Morris Entities, as applicable, that are related to the Contemplated Transactions (and the response thereto from Morris or its Representatives or Pinnacle or its Representatives, as applicable). With respect to any of the foregoing, each Party will consult with the other Party and such other Party's Representatives as often as practicable under the circumstances so as to permit the Parties and their respective Representatives to cooperate to take appropriate measures to avoid or mitigate any adverse consequences that may result from any of the foregoing. Notwithstanding the foregoing, no Party shall be required to disclose any information that such Party reasonably believes would violate Section 6.2 of this Agreement or the Confidentiality Agreement.

6.7. Termination of Contracts. Prior to the Closing Date and in accordance with this Section 6.7, Morris will take all reasonably necessary actions to accrue any and all costs, fees, expenses, contract payments, penalties or liquidated damages necessary to be paid in connection with the termination of each Morris Material Contract listed on Section 6.7 of the Pinnacle Disclosure Memorandum (unless Pinnacle otherwise directs Morris in writing not to terminate such contract), and any other contract or agreement requested by Pinnacle, in writing, to be amended, modified or terminated (collectively, the "Terminated Contracts"). For the avoidance of doubt, Pinnacle will be responsible for the amendment, modification or termination of any contract or agreement subject to this Section 6.7 after the Closing Date and all costs, fees, expenses,

contract payments, penalties or liquidated damages necessary to be paid in connection with the termination of each such contract or agreement shall be paid with the funds accrued for such purpose by Morris. For the avoidance of doubt, Terminated Contracts shall not include Morris Benefit Plans.

6.8. Director's Agreements. Each of the directors of Morris, contemporaneously with the execution of this Agreement, have executed and delivered to Pinnacle a Directors' Agreement, the form of which is attached hereto as Exhibit B-1. Each of the directors of Pinnacle, contemporaneously with the execution of this Agreement, have executed and delivered to Morris a Director's Agreement, the form of which is attached hereto as Exhibit B-2.

6.9. Employment Agreements. Contemporaneously with the execution of this Agreement, the individuals set forth in Section 6.9 of the Pinnacle Disclosure Memorandum and Section 6.9 of the Morris Disclosure Memorandum have executed and delivered to Pinnacle employment agreements that will become effective as of (and subject to the occurrence of) the Effective Time (collectively, the "Employment Agreements"). The Parties shall mutually agree to any additional employment or retention agreements to Morris or Pinnacle Employees to be entered into prior to the Effective Time.

6.10. Press Releases; Communication. Prior to the Effective Time, the Parties shall consult and agree with each other as to the form and substance of any press release or other public disclosure (including, without limitation, the disclosure of financial information) and any communications with Morris or Pinnacle Employees or with customers of either Morris Bank or Pinnacle Bank materially related to this Agreement or any other transaction contemplated hereby before issuing any such press release or communication; *provided, however*, that nothing in this Section 6.10 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law (but after consulting the other Party, to the extent practicable in the circumstances).

6.11. Employees; Benefit Plans.

(a) Subject to the terms of the Employment Agreements, as applicable, all Morris Employees as of the Effective Time shall be retained as "at will" employees immediately after the Effective Time as employees of the Surviving Company or the Surviving Bank; *provided* that continued retention by the Surviving Company or the Surviving Bank of such employees subsequent to the Effective Time shall be subject to the Surviving Company's or the Surviving Bank's normal and customary employment procedures and practices, including customary background screening and evaluation procedures, and satisfactory employment performance. The Surviving Company or the Surviving Bank shall provide for each such Morris Employee during the twelve (12)-month period immediately following the Effective Time with (i) base salary or wages and an annual bonus opportunity that is no less than that in effect as of immediately before the Effective Time, (ii) a primary place of employment within forty (40) miles of the Morris Employee's primary place of employment immediately before the Effective Time, and (iii) employee benefits that are no less favorable in the aggregate than that provided to Morris Employees as of the date of this Agreement. In addition, Morris agrees, upon Pinnacle's reasonable request, to facilitate discussions between Pinnacle and Morris Employees a

reasonable time (and no less than ten (10) days) in advance of the Closing Date regarding employment, consulting or other arrangements to be effective at or following the Effective Time.

(b) Notwithstanding the foregoing, for the twelve (12)-month period immediately following the Effective Time, each Morris and Pinnacle Employee whose employment is terminated by the Surviving Company or the Surviving Bank other than for cause (as determined by the Surviving Company or the Surviving Bank) shall receive severance pay that is no less than two (2) weeks of base weekly pay for each completed year of employment service commencing with any such employee's most recent hire date with Morris or Pinnacle, as applicable, and ending with such employee's termination date with the Surviving Company or the Surviving Bank, with a minimum payment equal to four (4) weeks of base pay and a maximum payment equal to twenty-six (26) weeks of base pay. Such severance payment will be made in a single lump sum within thirty (30) days after such employee's execution of a general release (and the expiration of any related revocation period) in favor of Pinnacle, Morris, and their respective Affiliates, officers, directors and employees within sixty (60) days following such employee's termination date. Notwithstanding the foregoing, no officer or employee of Morris is, or shall be, entitled to receive duplicative severance payments and benefits under (i) an employment or severance agreement; (ii) a severance or change of control plan; (iii) this Section; or (iv) any other program or arrangement.

(c) Prior to the Closing Date, Morris shall (i) take all actions reasonably necessary to terminate each Morris Benefit Plan as of the Closing Date that Pinnacle, no less than thirty (30) days before the Effective Time, directs in writing to Morris to terminate, (ii) pay out or commence the process to pay out any vested benefits under each such terminated Morris Benefit Plan to participating and eligible Morris Employees (or former employees as applicable) in such form or forms as required or permitted by the terms of such Morris Benefit Plans (as they may be permissibly amended by Morris) and applicable Law, and (iii) obtain a general release of claims in a form reasonably acceptable to Pinnacle from each of the individuals set forth in Section 6.11(a) of the Pinnacle Disclosure Memorandum. As of the Effective Time, Morris Employees who continue in the employment of the Surviving Company shall be entitled to participate in Pinnacle Benefit Plans to the same extent as similarly-situated employees of Pinnacle (it being understood that inclusion of Morris Employees in the Pinnacle Benefit Plans may occur at different times with respect to different plans) or as required by applicable Law. The Surviving Company or Surviving Bank shall use commercially reasonable efforts to credit Morris Employees under each Pinnacle Benefit Plan for prior service or employment with Morris for eligibility and vesting purposes, but not for purposes of the accrual of benefits (except for under severance and paid time off plans and policies for which such credit for prior service will be included for benefit accrual purposes, subject to the limitations prescribed herein).

(d) If employees of Morris become eligible to participate in any Pinnacle Benefit Plan that provides medical, dental, vision, or prescription coverage, Pinnacle shall use commercially reasonable efforts to cause each such benefit plan to (i) waive any

preexisting condition limitations, (ii) provide full credit under such plans for any deductible, co-payment and out-of-pocket expenses incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation and (iii) waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee, in each case to the extent such employee had satisfied any similar limitation or requirement under an analogous Morris Benefit Plan prior to the employee of Morris becoming eligible to participate in such benefit plan.

(e) As of the Effective Time, the Surviving Company shall become liable for all responsibilities and obligations for continuation coverage under Section 4980B of the Code and any state or other continuation coverage requirements under applicable Laws ("COBRA") with respect to (i) the Morris Employees and their qualified beneficiaries for whom a "qualifying event" under COBRA occurs after the Effective Time, and (ii) and all "M&A qualified beneficiaries" with respect to Morris, as defined in Treasury Regulation Section 54.4980B-9, for whom a "qualifying event" under COBRA occurs on or prior to the Effective Time.

(f) Nothing herein shall limit the ability of the Surviving Company or Surviving Bank to amend or terminate any of the Morris Benefit Plans that are not terminated or merged prior to the Effective Time or Pinnacle Benefit Plans in accordance with their terms at any time, subject to vested rights of employees and directors that may not be terminated pursuant to the terms of such plans.

(g) Nothing in this Section 6.11, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 6.11. Without limiting the foregoing, no provision of this Section 6.11 will create any third-party beneficiary rights in any current or former employee, director or consultant of Morris in respect of continued employment (or resumed employment) or any other matter. Nothing in this Section 6.11 is intended to (i) interfere with the right of either the Surviving Company or the Surviving Bank from and after the Closing Date to amend or terminate any Morris Benefit Plan that is not terminated prior to the Effective Time or amend or terminate any Pinnacle benefit plan, (ii) interfere with the right of either the Surviving Company or the Surviving Bank from and after the Effective Time to terminate the employment or provision of services by any director, employee, independent contractor, consultant or other service provider, or (iv) interfere with the Surviving Company's indemnification obligations set forth in Section 6.12.

(h) Prior to the Closing, Morris and Pinnacle agree, with respect to the Morris KSOP, the Pinnacle ESOP, and the Pinnacle 401(k) Plan, to take all actions necessary to reflect the merger of the assets attributable to the employee stock ownership plan component of the Morris KSOP into the Pinnacle ESOP and the merger of the balance of the assets in the Morris KSOP into the Pinnacle 401(k) Plan, effective as of the Closing, including, as necessary, the adoption of corporate resolutions and amendments, as necessary or desirable to accomplish such merger. Additionally, prior to the Closing, Morris will deliver, or cause to be delivered, to Pinnacle an executed Morris KSOP Trustees' Certificate.

6.12. Indemnification.

(a) From and after the Effective Time, the Surviving Company shall indemnify, defend and hold harmless the present and former directors and officers of the Morris Entities (the "Indemnified Parties"), against all costs or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages, settlements or liabilities as incurred, in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (each a "Claim"), arising out of actions or omissions of such Persons in the course of performing their duties for Morris Entities occurring at or before the Effective Time (including the Contemplated Transactions), to the fullest extent permitted by applicable Law and the organizational documents of the Morris Entities, and any indemnification agreements in effect as of the date of this Agreement and set forth on Section 6.12 of the Morris Disclosure Memorandum. The Surviving Company shall advance expenses as incurred to any Indemnified Party, subject to receipt of an undertaking by such Indemnified Party to repay such advances if it is ultimately determined that such Indemnified Party is not entitled to indemnification. The Surviving Company shall reasonably cooperate with the Indemnified Parties, and the Indemnified Parties shall reasonably cooperate with the Surviving Company, in the defense of any such Claim. Notwithstanding anything to the contrary contained in the organizational documents of the Morris Entities or otherwise, the Surviving Company shall have no obligation to provide indemnification or advance any expenses incurred or to be incurred by any Indemnified Party in (i) any Claim brought by any Indemnified Party against any other Indemnified Party, the Surviving Company, or Surviving Bank (or their respective successors), (ii) any Claim brought by the Surviving Company or Surviving Bank (or their respective successors) against any Indemnified Party, and (iii) any Claim brought against a fiduciary of the Morris KSOP to the extent prohibited by ERISA.

(b) Any Indemnified Party wishing to claim indemnification under this Section 6.12 shall promptly notify the Surviving Company upon learning of any Claim, provided that failure to so notify shall not affect the obligation of the Surviving Company under this Section 6.12, unless, and only to the extent that, the Surviving Company is actually and materially prejudiced in the defense of such Claim as a consequence. In the event of any such Claim (whether arising before or after the Effective Time), (i) the Surviving Company shall have the right to assume the defense thereof and the Surviving Company shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof except that, if the Surviving Company elects not to assume such defense or counsel for the Indemnified Parties and advises the Indemnified Parties that there are substantive issues which raise conflicts of interest between the Surviving Company and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them, and the Surviving Company shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefor are received; provided, that the Surviving Company shall be obligated pursuant to this paragraph (b) to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction, (ii) the Indemnified Parties will cooperate in the defense of any such matter, (iii) the Surviving Company shall not be liable for any settlement effected without its prior written consent and (iv) the Surviving

Company shall have no obligation hereunder in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable Law and regulations.

(c) For a period of six (6) years following the Effective Time, the Surviving Company shall provide director's and officer's liability insurance ("D&O Insurance") that serves to reimburse the present and former officers and directors of the Morris Entities (determined as of the Effective Time) with respect to claims against such directors and officers arising from facts or events occurring before the Effective Time (including the Contemplated Transactions), which insurance will have at least the same monetary coverage and limits as that coverage currently provided by Morris; provided that if the Surviving Company is unable to maintain or obtain the insurance called for by this Section 6.12, the Surviving Company will provide as much comparable insurance as is reasonably available; and provided, further, that officers and directors of the Morris Entities may be required to make application and provide customary representations and warranties to the carrier of the D&O Insurance for the purpose of obtaining such insurance; and provided, further, that in satisfaction of its obligations under this paragraph (c), Pinnacle may require Morris Entities to purchase, prior to but effective as of the Effective Time, tail insurance providing such coverage prior to Closing. Whether or not the Surviving Company or Morris shall procure such coverage, in no event shall Morris expend, or the Surviving Company be required to expend, for such tail insurance a premium amount, for all six (6) years of coverage obtained, in excess of an amount equal to two hundred percent (200%) of the annual premiums paid by Morris for D&O Insurance in effect as of the date of this Agreement (the "Maximum D&O Tail Premium"). If the cost of such tail insurance exceeds the Maximum D&O Tail Premium, Morris or the Surviving Company, as applicable, shall obtain tail insurance coverage or a separate tail insurance policy with the greatest coverage available as reasonably determined by the Surviving Company and from an insurer selected by the Surviving Company in its sole discretion, in each case for a cost not exceeding the Maximum D&O Tail Premium.

(d) If the Surviving Company or any of its successors and assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) shall transfer all or substantially all of its property and assets to any individual, corporation or other entity, then, in each such case, proper provision shall be made so that the successors and assigns of the Surviving Company and its Subsidiaries shall assume the obligations set forth in this Section 6.12.

(e) The provisions of this Section 6.12 shall survive the Effective Time and are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party and each Indemnified Party's heirs and personal and legal representatives; *provided*, that any insurance procured by the Surviving Company and approved by Morris (which approval shall not be unreasonably withheld) prior to the Closing Date shall be deemed to satisfy the Surviving Company's obligations pursuant to paragraph (c) above, irrespective of the terms of such insurance. Nothing herein shall be interpreted to be less advantageous to the

insured than the indemnification and other rights, including limitations on liability, existing in favor of the Indemnified Parties as provided in any indemnification agreement in existence on the date of this Agreement.

6.13. Non-Solicitation; Acquisition Proposals.

(a) Each Party agrees that it will not, and will cause each of its Subsidiaries and each of its Representatives not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any Acquisition Proposal, (ii) engage or participate in any negotiations with any person concerning any Acquisition Proposal, (iii) provide any confidential or nonpublic information or data to, have or participate in any discussions with any person relating to any Acquisition Proposal or (iv) unless this Agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principal, acquisition agreement, merger agreement or other agreement (whether written or oral, binding or nonbinding) in connection with or relating to any Acquisition Proposal. Each Party will, and will cause its Representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Agreement with any person other than Pinnacle or Morris, as applicable, with respect to any Acquisition Proposal.

(b) Each Party will promptly (within twenty-four (24) hours) advise the other Party following receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, and the substance thereof (including the terms and conditions of and the identity of the person making such inquiry or Acquisition Proposal), will provide the other Party with an unredacted copy of any such Acquisition Proposal and draft agreements, proposals or other materials received in connection with any inquiry or Acquisition Proposal, and will keep the other Party apprised of any related developments, discussions and negotiations on a current basis, including any standstill agreements to which it or any of its Subsidiaries is a party in accordance with the terms thereof.

6.14. Fairness Determination; Securities Act Compliance.

(a) The shares of Pinnacle Common Stock issuable in the Holdco Merger are intended be issued in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act set forth in Section 3(a)(10) thereof, assuming receipt of the Fairness Determination and the issuance of the Fairness Order (as hereinafter defined).

(b) Pinnacle and Morris shall prepare and cause to be filed with the Securities Commissioner an application for the Fairness Determination under O.C.G.A. § 10-5-11(9), including a request for hearing (the "Fairness Hearing") and a request for the issuance of an order containing the Fairness Determination (the "Fairness Order"). The Parties shall use their reasonable best efforts to cause the Securities Commissioner to issue the Fairness Order, including, but not limited to, mailing a timely notice of hearing to the Morris Shareholders providing them with the opportunity to attend and participate in the Fairness Hearing; *provided, however*, that the Parties shall not be required to materially and

adversely modify any of the terms of this Agreement or the Contemplated Transactions in order to cause the Securities Commissioner to make the Fairness Determination and issue the Fairness Order.

(c) In the event that (i) the Fairness Hearing is not available to the Parties for reasons beyond their reasonable control, (ii) the Fairness Hearing is held but the Securities Commissioner affirmatively declines to issue the Fairness Order or does not issue the Fairness Order within a reasonable time after such Fairness Hearing (after taking into account any requests for additional information by the Securities Commissioner following such Fairness Hearing), or (iii) the exemption from registration under Section 3(a)(10) of the Securities Act is otherwise not available in connection with the Contemplated Transactions, then Pinnacle and Morris shall work in good faith to amend this Agreement to provide for an alternative exemption from federal registration for the issuance of Pinnacle Common Stock pursuant to this Agreement.

(d) Pinnacle and Morris shall use their reasonable best efforts to obtain all necessary state securities law or "blue sky" permits and approvals required to carry out the Contemplated Transactions, and each of Pinnacle and Morris shall prepare and furnish such information relating to Pinnacle, Morris, or the Subsidiaries of either Party, as appropriate, and their respective Affiliates, directors, officers, and shareholders as may be reasonably required in connection with any such action. If and to the extent that Pinnacle determines that it is necessary or advisable to avoid a violation of state securities laws in one or more states, Pinnacle may, at its option, with respect to all such shares of Morris Common Stock held at the Effective Time by Morris Shareholders residing in such state(s) that do not otherwise qualify for an exemption under such state securities laws (the "Ineligible State Shares"), register the Pinnacle Common Stock to be exchanged therefor (or register the issuance of such Pinnacle Common Stock) or exchange such Ineligible State Shares for all cash merger consideration in an amount equal to $215.00 per share of Pinnacle Common Stock that such holder of Ineligible State Shares would otherwise be entitled to receive (*provided, however*, that such cash consideration shall not be paid to the extent that it represents more than 2% of the aggregate merger consideration without the written consent of Morris).

6.15. Adverse Changes in Condition. Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (a) is reasonably likely to have, individually or in the aggregate, a Morris Material Adverse Effect or a Pinnacle Material Adverse Effect, as applicable, or (b) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or to promptly remedy the same.

6.16. TruPS Assumption. As of the Effective Time and upon the terms and conditions set forth herein:

(a) Pinnacle shall assume and discharge (i) all of Morris's covenants, agreements and obligations under and relating to the trust preferred securities (the "Trust Preferred Securities") issued by the Morris Trust, and (ii) the due and punctual payment of

interest on all of the obligations of Morris pursuant to the subordinated notes issued by Morris to the Morris Trust (such obligations, the "Trust Debentures" and such transfer and assumption as described in clauses (i) and (ii), the "TruPS Assumption").

(b) Pinnacle shall cause the Morris Trust to discharge its obligations with respect to the Trust Preferred Securities arising after the Effective Time in accordance with the terms and conditions of the agreements related to the Trust Preferred Securities and the TruPS Assumption.

(c) Pinnacle and Morris shall execute and deliver, or cause to be delivered, a supplemental indenture, in a form satisfactory to the trustee of the Morris Trust, to effectuate the TruPS Assumption, whereby Morris shall assign, and Pinnacle shall assume, all of Morris's covenants, agreements and obligations under the Trust Debentures (the "Supplemental Indenture"), signed by a duly authorized officer of each of Morris and Pinnacle, and any and all other documentation and consents, including opinions of counsel to be provided by counsel to Pinnacle, required by the trustee of the Morris Trust to make such assumptions effective. Pinnacle shall use its reasonable best efforts to ensure the satisfaction of the trustee's requirements.

(d) If requested by Pinnacle, Morris shall consider, in its sole discretion and subject to applicable law and regulatory guidance, causing Morris Bank to pay a dividend to Morris in an amount sufficient to allow Morris to pay current all deferred interest payments on the Trust Debentures. Morris shall use reasonable efforts, subject to applicable law and regulatory feasibility, to obtain any required regulatory approvals necessary to enable such dividend and payment; provided, however, that Morris shall not be required to take any action that would reasonably be expected to result in a Burdensome Condition, or that would conflict with applicable law, regulation, or fiduciary duty.

(e) If such regulatory approvals are obtained or determined not to be required, and subject to the availability of funds and the absence of any material adverse effect on Morris or Morris Bank, Morris shall use reasonable efforts to pay all deferred interest payments on the Trust Debentures and shall cause Morris Trust to pay all accrued but unpaid distributions on the Trust Preferred Securities at or prior to Closing.

(f) For the avoidance of doubt, Pinnacle shall be solely responsible for all obligations and liabilities relating to the Trust Debentures and Trust Preferred Securities arising after the Effective Time.

6.17. Training. The Parties will coordinate to determine the best practices employed by each Party and cooperate to develop training for the Employees of the Surviving Bank and the Surviving Company. This training shall primarily take place outside of business hours and may, but subject to the Party's consent, take place at a location other than the facilities of either Party; *provided, however*, that the Parties shall provide advance written notice of, and otherwise coordinate and schedule, any such training in advance. The Parties shall reimburse the Employees for reasonable expenses in connection with any required travel for training that takes place outside of a location other than the facilities of either Party.

6.18. Tax-Free Reorganization.

(a) The Parties intend that for U.S. federal income and applicable state income Tax purposes, the Holdco Merger shall be treated as a "reorganization" within the meaning of Section 368(a) of the Code. Further, this Agreement constitutes a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Treasury Regulations for the Holdco Merger. From and after the date of this Agreement and until the Effective Time, each of Pinnacle and Morris shall use its commercially reasonable efforts to cause the Holdco Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act could prevent the Holdco Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code. Following the Effective Time, neither Pinnacle nor any Affiliate of Pinnacle knowingly shall take any action, cause any action to be taken, fail to take any action, or cause any action to fail to be taken, which action or failure to act could prevent the Holdco Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(b) Pinnacle will continue at least one historic business line of Morris, or use at least a significant portion of Morris's historic business assets in a business, in each case within the meaning of Treasury Regulations Section 1.368-1(d), except that Pinnacle may transfer Morris's historic business assets (i) to a corporation that is a member of Pinnacle's "qualified group" within the meaning of Treasury Regulations Section 1.368-1(d)(4)(ii), or (ii) to a partnership if (A) one or more members of Pinnacle's "qualified group" have active and substantial management functions as a partner with respect to Morris's historic business or (B) members of Pinnacle's "qualified group" in the aggregate own an interest in the partnership representing a significant interest in the Morris's historic business, in each case within the meaning of Treasury Regulations Section 1.368-1(d)(4)(iii).

(c) Each of Pinnacle and Morris will use its reasonable best efforts and will cooperate with one another to obtain the opinion of counsel referred to in Section 7.1(f). In connection therewith, (i) Pinnacle shall deliver to each such counsel a duly executed certificate containing such customary representations, warranties and covenants as shall be reasonably satisfactory in form and substance to each such counsel and reasonably necessary or appropriate to enable such counsel to render the opinions described in Section 7.1(f) (the "Pinnacle Tax Certificate"), (ii) Morris shall deliver to such counsel a duly executed certificate containing such customary representations, warranties and covenants as shall be reasonably satisfactory in form and substance to each such counsel and reasonably necessary or appropriate to enable such counsel to render the opinion described in Section 7.1(f) (the "Morris Tax Certificate"), in each case of (i) and (ii), dated as of the Closing Date, and (iii) Pinnacle and Morris shall provide such other information as reasonably requested by each such counsel for purposes of rendering the opinion described in Section 7.1(f).

6.19. Pinnacle Shares. Prior to the Effective Time, Pinnacle will use commercially reasonable efforts to cause all shares of Pinnacle Common Stock to be listed on the OTCQX effective prior to or at the Effective Time. In addition, Pinnacle acknowledges that it is its intention

that the Surviving Company will apply for and achieve listing of its common stock on a national securities exchange within fifteen (15) months following the Closing.

6.20. Voting and Support Agreements. Morris will use commercially reasonable efforts to cause each Morris Shareholder set forth in Section 6.20 of the Pinnacle Disclosure Memorandum to have executed and delivered to Pinnacle a Voting and Support Agreement, the form of which is attached hereto as Exhibit C, promptly after the execution of this Agreement.

6.21. 280G Payments. Morris shall, at least five (5) Business Days prior to the Closing Date, provide Pinnacle its analysis under Section 280G of the Code and all supporting documentation, along with, as applicable, revised plans or benefit agreements and any written reports of third party advisers determining that all or a portion of such payments constitute reasonable compensation for services to be rendered by the disqualified individuals on or following the Closing Date. To the extent any payments reasonably could be characterized as an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code in connection with any of the Contemplated Transactions, Morris shall attempt in good faith to obtain a release ("280G Release") from each disqualified individual entitled to receive any such payment and/or benefit that any actual excess parachute payment to such individual shall not be due and owing to the extent necessary so that all remaining payments and benefits applicable to such disqualified individual shall not be deemed a parachute payment. Morris shall provide drafts of the 280G Releases to Pinnacle for its review and comment within a reasonable time prior to obtaining the 280G Releases. At least two (2) Business Days prior to the Closing Date, Morris shall deliver to Pinnacle the 280G Waivers obtained pursuant to the foregoing provisions of this Section 6.21 in accordance with the foregoing provisions of this Section 6.21; provided, that in no event shall this Section 6.21 be construed to require any Morris Entity to compel any individual to waive any existing rights under any contract that such individual has with any Morris Entity, and in no event shall Morris (or any Morris Entity) be deemed in breach of this Section 6.21 if any such individual refuses to waive any such rights. Morris' failure to include arrangements entered into by any Pinnacle Entity with any individual in the materials described herein, for any reason, will not result in a breach of the covenants set forth in this Section 6.21 unless Pinnacle includes adequate descriptions of such arrangements to Morris in writing.

6.22. Corporate Governance. Prior to the Effective Time, the Board of Directors of Pinnacle and Pinnacle Bank shall take all actions necessary so that the individuals designated by Pinnacle and Morris per Sections 1.3 and 1.4(d) will serve on the Board of Directors of the Surviving Company and the Surviving Bank at the Effective Time. No other directors or employees of Pinnacle, Pinnacle Bank, Morris or Morris Bank shall be designated to serve on the Board of Directors of the Surviving Company or Surviving Bank at the Effective Time.

6.23. Purchase of Subordinated Note. No later than ten (10) days prior to the Closing Date, Pinnacle shall offer to purchase that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Pinnacle and held by Morris Bank at par. If Morris accepts such offer, Pinnacle shall promptly execute such purchase upon submission by Morris Bank of documentation reasonably requested by Pinnacle prior to the Closing Date.

6.24. Morris Stock Appreciation Rights. Prior to the Effective Time, Morris will pay out all of the currently issued and outstanding Stock Appreciation Rights issued under the Morris State

Bancshares, Inc. 2019 Equity Incentive Plan in accordance with the terms of the Stock Appreciation Rights.

ARTICLE 7
CONDITIONS PRECEDENT

7.1. Conditions to Each of the Party's Obligation to Effect the Contemplated Transactions. The respective obligations of the Parties to effect the Contemplated Transactions shall be subject to the satisfaction at or before the Effective Time of the following conditions:

(a) No Injunctions or Restraints; Illegality. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition (an "Injunction") preventing the consummation of the Holdco Merger, Bank Merger, or any of the other Contemplated Transactions shall be in effect. No statute, rule, regulation, order, Injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits or makes illegal consummation of the Contemplated Transactions.

(b) Regulatory Approvals. (i) All Regulatory Approvals shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired, and (ii) no such Regulatory Approval shall have resulted in the imposition of any Burdensome Condition.

(c) Fairness Order. The Fairness Order shall have been issued by the Securities Commissioner.

(d) Morris Shareholder Approval. The Morris Shareholder Approval shall have been obtained.

(e) Pinnacle Shares. Pinnacle Common Stock shall be listed on OTCQX.

(f) Tax Opinion. Pinnacle and Morris shall have received a written opinion from Fenimore Kay Harrison LLP, in form and substance reasonably satisfactory to Pinnacle and Morris, dated as of the Closing Date, to the effect that, on the basis of certain facts, representations and assumptions described or referred to in such opinion, the Holdco Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in the Pinnacle Tax Certificate and the Morris Tax Certificate.

7.2. Conditions to Obligations of Pinnacle. The obligation of Pinnacle to effect the Contemplated Transactions is also subject to the satisfaction, or waiver by Pinnacle, at or before the Effective Time, of the following conditions:

(a) Veracity of Representations and Warranties. The representations and warranties of Morris contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, that are qualified as to materiality or Material Adverse Effect shall be true and correct in all respects as of the

date when made and shall be deemed to be made again at and as of the Closing Date and shall be true and correct at and as of such time, and the representations and warranties of Morris contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, that are not so qualified shall be true and correct in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true and correct in all material respects at and as of such time, except, in each case, as a result of changes or events expressly permitted or contemplated herein; *provided that*, the representations and warranties made in Section 3.1 (Corporate Status and Authority), 3.3 (Authority of Morris; No Conflicts), 3.4 (Capitalization) and 3.5 (Morris Subsidiaries) shall be true and correct in all respects.

(b) Performance of Agreements. Morris shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

(c) Officer's Closing Certificate. Morris shall have delivered to Pinnacle a certificate executed by the President and Chief Executive Officer, the Chief Financial Officer and Secretary of Morris, dated as of the Closing Date, and certifying in such detail as Pinnacle may reasonably request to the fulfillment of the conditions specified in Sections 7.2(a) and 7.2(b) hereof.

(d) Secretary's Certificate and Resolutions. Morris shall have delivered to Pinnacle a certificate executed by the Corporate Secretary of Morris, dated as of the Closing Date, and certifying in such detail as Pinnacle may reasonably request to the following:

(i) duly adopted and certified resolutions of Morris's Board of Directors (x) authorizing and approving the execution of this Agreement and the Plan of Bank Merger and the consummation of the Contemplated Transactions in accordance with their respective terms, and (y) authorizing all other necessary and proper corporate action to enable Morris to comply with the terms hereof and thereof;

(ii) the Morris Articles and the Morris Bylaws as in effect as of the Closing Date; and

(iii) the number of outstanding shares of Morris Common Stock as of the Closing Date.

(e) Good Standing. Morris shall have delivered to Pinnacle a certificate of the valid existence of Morris under the laws of the State of Georgia, executed by the Georgia Secretary of State and dated not more than five (5) Business Days prior to the Closing Date.

(f) Claims Letters. Each Person who is a director or executive officer of Morris shall have executed and delivered to Pinnacle a Claims Letter in the form of Exhibit D hereto.

(g) No Material Adverse Effect. There shall not have occurred any Morris Material Adverse Effect from the date hereof to the Effective Time.

(h) Contractual Consents and Releases. Morris shall have obtained the Morris Consents as disclosed in Section 3.12(b) of the Morris Disclosure Memorandum and the releases contemplated by Section 6.11 of this Agreement.

(i) Dissenters' Rights. No more than five percent (5%) of the aggregate outstanding shares of Morris Common Stock shall be Dissenters' Shares.

(j) Sale of Subordinated Note. Morris shall cause Morris Bank to have divested that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Pinnacle and held by Morris Bank.

(k) Trust Preferred Securities. Pinnacle and Morris shall have delivered, or caused to be delivered, the Supplemental Indenture, and Pinnacle shall have assumed the Trust Preferred Securities.

(l) Securities Law Opinion. Pinnacle shall have received a written opinion from Fenimore Kay Harrison LLP, in form and substance reasonably satisfactory to Pinnacle, to the effect that the issuance of Pinnacle Common Stock in the Holdco Merger will be exempt from the registration requirements of Section 5 of the Securities Act.

(m) Code Section 280G. No payment or benefit received by a disqualified person with respect to Morris as a result of or in connection with the execution of this Agreement and the consummation of the Contemplated Transactions shall be deemed a parachute payment (as such terms are defined in Section 280G of the Code and the regulations promulgated thereunder).

7.3. Conditions to Obligations of Morris. The obligation of Morris to effect the Contemplated Transactions is also subject to the satisfaction, or waiver by Morris, at or before the Effective Time, of the following conditions:

(a) Veracity of Representations and Warranties. The representations and warranties of Pinnacle contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, that are qualified as to materiality or Pinnacle Material Adverse Effect shall be true and correct in all respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true and correct at and as of such time, and the representations and warranties of Pinnacle contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, that are not so qualified shall be true and correct in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true and correct in all material respects at and as of such time, except, in each case, as a result of changes or events expressly permitted or contemplated herein; *provided that*, the representations and warranties made in Sections 4.2 (Corporate Status and Authority), 4.3 (Authority of

Pinnacle; No Conflicts), 4.4 (Capitalization) and 4.5 (Pinnacle Subsidiaries) shall be true and correct in all respects.

(b) Performance of Agreements. Pinnacle shall have performed and complied in all material respects with all agreements and conditions, as applicable, required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

(c) Officer's Closing Certificate. Pinnacle shall have delivered to Morris a certificate executed by the President and Chief Executive Officer, Chief Financial Officer and Secretary of Pinnacle, dated as of the Closing Date, and certifying in such detail as Morris may reasonably request to the fulfillment of the conditions specified in Sections 7.3(a) and 7.3(b) hereof.

(d) Secretary's Certificate and Resolutions. Pinnacle shall have delivered to Morris a certificate executed by the Corporate Secretary of Pinnacle, dated as of the Closing Date, and certifying in such detail as Morris may reasonably request to the following:

(i) duly adopted and certified resolutions of Pinnacle's Board of Directors (x) authorizing and approving the execution of this Agreement and the consummation of the Contemplated Transactions in accordance with their respective terms, including for the avoidance of doubt the issuance of the Pinnacle Common Stock, and (y) authorizing all other necessary and proper corporate action to enable Morris to comply with the terms hereof and thereof;

(ii) duly adopted and certified resolutions of Pinnacle's Board of Directors (x) authorizing and approving the execution of this Agreement and the Plan of Bank Merger and the Contemplated Transactions, and (y) authorizing all other necessary and proper corporate action to enable Pinnacle to comply with the terms thereof;

(iii) the Pinnacle Articles and the Pinnacle Bylaws as in effect as of the Closing Date; and

(iv) the Pinnacle Articles and the Pinnacle Bylaws as in effect as of the Closing Date.

(e) Good Standing. Pinnacle shall have delivered to Morris a certificate of the valid existence of Pinnacle under the laws of the State of Georgia, executed by the Secretary of State, and dated not more than five (5) Business Days prior to the Closing Date.

(f) No Material Adverse Effect. There shall not have occurred any Pinnacle Material Adverse Effect from the date hereof to the Effective Time.

7.4. Frustration of Closing Conditions. Neither Pinnacle nor Morris may rely on the failure of any condition set forth in Section 7.01, Section 7,02 or Section 7.03, as the case may be,

to be satisfied if such failure was caused by such Party's failure to use its reasonable best efforts to consummate any of the Contemplated Transactions, as required by and subject to Section 6.3.

ARTICLE 8
TERMINATION

8.1. Termination. This Agreement may be terminated, and the Contemplated Transactions may be abandoned:

(a) Mutual Consent. At any time prior to the Effective Time, by the mutual consent of Pinnacle and Morris, if each of the Board of Directors of Pinnacle and the Board of Directors of Morris so determines by vote of a majority of the members of its entire board.

(b) No Regulatory Approval. By Pinnacle or Morris, if either of their respective Boards of Directors so determines by a vote of a majority of the members of its entire board, (i) if any Governmental Authority has denied a Regulatory Approval and such denial has become final and non-appealable, or any Governmental Authority shall have requested in writing or orally that Pinnacle or its affiliates withdraw (other than for technical reasons) and not be permitted to resubmit in such time as would reasonably permit resubmission and approval prior to the Termination Date, any application with respect to a Regulatory Approval; provided that the right to terminate under this Section 8.1(b) shall not be available to any party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, the failure to obtain a Regulatory Approval; or (ii) any Governmental Entity of competent jurisdiction shall have issued a final and non-appealable order, injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the Holdco Merger or the Bank Merger.

(c) Breach of Representations and Warranties. By either Pinnacle or Morris (*provided* that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other Party to terminate this Agreement pursuant to this Section 8.1(c)) if there shall have been a material breach by the other Party and such breach is reasonably likely, in the opinion of the non-breaching Party, to have, individually or in the aggregate, a Material Adverse Effect to either Party, as applicable, and which breach is not cured prior to the earlier of (i) thirty (30) days following written notice to the Party committing such breach from the other Party hereto or (ii) two (2) Business Days prior to the Termination Date, or which breach, by its nature, cannot be cured prior to the Termination Date.

(d) Breach of Covenants. By either of Pinnacle or Morris (*provided* that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other Party(ies) not to consummate the agreement pursuant to this Section 8.1(d)) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement on the part of another Party, which breach is reasonably likely, in the opinion of the non-breaching Party, to have, individually or in the aggregate, a Material Adverse Effect on the breaching

Party or the non-breaching Party, and which breach shall not have been cured prior to the earlier of (i) thirty (30) days following written notice to the Party committing such breach from the other Party hereto or (ii) two (2) Business Days prior to the Termination Date, or which breach, by its nature, cannot be cured prior to the Termination Date (as defined herein).

(e) Failure to Hold Meeting, Recommend, Etc. In addition to and not in limitation of Pinnacle's termination rights under Section 8.1(d), by Pinnacle if: (i) there shall have been a material breach of Section 6.13 by Morris; or (ii) the Board of Directors of Morris (A) materially breaches its obligation to call, give notice of and commence the Morris Shareholder Meeting under Section 6.5(b), (B) fails to publicly recommend against a publicly announced Acquisition Proposal within three (3) Business Days of being requested to do so by Pinnacle, (C) fails to publicly reconfirm the Morris Recommendation within three (3) Business Days of being requested to do so by Pinnacle, or (D) announces an intention to take, any of the foregoing actions; or by Morris if: (x) there shall have been a material breach of Section 6.13 by Pinnacle; or (y) the Board of Directors of Pinnacle fails to publicly recommend against a publicly announced Acquisition Proposal within three (3) Business Days of being requested to do so by Morris.

(f) No Morris Shareholder Approval. By either Pinnacle or Morris (provided, in the case of Morris, that it not be in breach of any of its obligations under Section 6.5(b)), if the Morris Shareholder Approval shall not have been obtained by reason of a failure to obtain the required vote at a duly held meeting of Morris Shareholders or at any adjournment or postponement thereof.

(g) Delay. It being understood that the Parties shall use good faith efforts to submit regulatory filings in a timely manner, by either Pinnacle or Morris if the Holdco Merger shall not have been consummated on or before November 30, 2026 (the "Termination Date"), unless the failure of the Closing to occur by such date shall be due to a material breach of this Agreement by the Party seeking to terminate this Agreement.

8.2. Termination Fee.

(a) In recognition of the efforts, expenses and other opportunities foregone by the Parties while structuring and pursuing the Holdco Merger, a termination fee equal to $10,000,000 ("Termination Fee") shall be payable by wire transfer of immediately available funds to an account specified by the other Party in the event of any of the following:

(i) If either party terminates this Agreement pursuant to Section 8.1(e), the Termination Fee shall be payable by the non-terminating Party to the terminating Party;

(ii) If either Party terminates this Agreement pursuant to Section 8.1(f) because the Morris Shareholder Approval shall not have been obtained and (x) after the date of this Agreement and prior to the termination of this Agreement, an Acquisition Proposal shall have been made known to senior management of Morris

or has been made directly to its shareholders generally or any Person shall have publicly announced (and not withdrawn) an Acquisition Proposal with respect to Morris and (y) prior to the date that is twelve (12) months after the date of such termination, Morris enters into or consummates an Acquisition Transaction with respect to the same Acquisition Proposal referenced above (*provided*, that for purposes of this Section 8.2(a)(ii), all references in the definition of Acquisition Transaction to "20%" shall instead refer to "50%"), the Termination Fee shall be payable by Morris to Pinnacle; or

(iii) If either Party terminates this Agreement pursuant to Section 8.1(c) or Section 8.1(d) and (x) such breach by the non-terminating Party is intentional, (y) after the date of this Agreement and prior to the termination of this Agreement, an Acquisition Proposal shall have been made known to senior management of the non-terminating Party or has been made directly to its shareholders generally or any Person shall have publicly announced (and not withdrawn) an Acquisition Proposal with respect to such non-terminating Party, and (z) prior to the date that is twelve (12) months after the date of such termination, the non-terminating Party enters into or consummates an Acquisition Transaction with respect to the same Acquisition Proposal referenced above (*provided, that* for purposes of this Section 8.2(a)(iii), all references in the definition of Acquisition Transaction to "20%" shall instead refer to "50%"), the Termination Fee shall be payable by such non-terminating Party to the terminating Party.

(b) If either Party is obligated to pay the non-terminating Party the Termination Fee because the events specified in Section 8.2(a)(i) have occurred, then the non-terminating Party shall pay the terminating Party the Termination Fee within one (1) Business Day after receipt by the non-terminating Party of the requisite termination notice. If either Party is obligated to pay the other Party the Termination Fee because the events specified in Section 8.1(a)(ii) or Section 8.2(a)(iii) have occurred, then the payment of the Termination Fee shall be due within one (1) Business Day after the earlier of (i) the date of execution of a definitive agreement with respect to such Acquisition Transaction or (ii) the date such Acquisition Transaction is consummated.

(c) Morris and Pinnacle each agree that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties would not enter into this Agreement; accordingly, if either Party fails to promptly pay any amounts due under this Section 8.2, such Party shall pay interest on such amounts from the date payment of such amounts were due to the date of actual payment at the rate of interest equal to the sum of (i) the rate of interest published from time to time in The Wall Street Journal, Eastern Edition (or any successor publication thereto), designated therein as the prime rate on the date such payment was due, plus (ii) 200 basis points, together with the costs and expenses of Pinnacle (including reasonable legal fees and expenses) in connection with such suit.

(d) Notwithstanding anything to the contrary in this Agreement, the Parties agree that each Party's right to receive payment of the Termination Fee pursuant to Section 8.2(a) shall be the sole and exclusive remedy of such Party and its Affiliates against

the other Party or any of its Affiliates or any of their respective shareholders, partners, members or Representatives for any and all losses that may be suffered based upon, resulting from or arising out of the circumstances giving rise to such termination, and upon payment of the Termination Fee in accordance with this Section 8.2, neither Party (or any of the Parties' successors in interest) or any of its Affiliates or any of their respective shareholders, partners, members or Representatives shall have any further liability or obligation relating to or arising out of this Agreement or the Contemplated Transactions.

8.3. Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 8.1, this Agreement shall become void and have no effect, except that (i) the provisions of Sections 6.2 and 6.4 and ARTICLE 9 shall survive any such termination and abandonment, and (ii) no such termination shall relieve the breaching Party from Liability resulting from any breach by that Party of this Agreement.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.1. Definitions.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer or proposal with respect to an Acquisition Transaction.

"**Acquisition Transaction**" means, with respect to a Party, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any third-party indication of interest in, (i) any acquisition or purchase, direct or indirect, of twenty percent (20%) or more of the consolidated assets of such Party and its Subsidiaries or twenty percent (20%) or more of any class of equity or voting securities of such Party or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty percent (20%) or more of the consolidated assets of such Party, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning twenty percent (20%) or more of any class of equity or voting securities of such Party or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty percent (20%) or more of the consolidated assets of such Party, or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving such Party or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty percent (20%) or more of the consolidated assets of such Party.

"**Affiliate**" means: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person; (ii) any officer, director, partner, employer, or direct or indirect beneficial owner of any ten percent (10%) or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

"**Agency**" means the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Farmers Home Administration (now known as Rural Housing and Community Development Services), the Federal National Mortgage Association, the United States Department of Veterans' Affairs, the Rural Housing Service of the U.S. Department of Agriculture or any other federal or state agency with authority to (i) determine any investment, origination, lending or servicing requirements with regard to mortgage loans originated, purchased or serviced by Morris or (ii) originate, purchase, or service mortgage loans, or otherwise promote mortgage lending, including state and local housing finance authorities.

"**Agreement**" has the meaning set forth in the Preamble.

"**Articles of Bank Merger**" has the meaning set forth in Section 1.3.

"**Articles of Holdco Merger**" has the meaning set forth in Section 1.1.

"**Assets**" means all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.

"**Bank Merger**" has the meaning set forth in the Recitals.

"**BHC Act**" means the federal Bank Holding Company Act of 1956, as amended.

"**Burdensome Condition**" means any restraint, condition, action, requirement issued, requested or suggested by any Governmental Authority that, individually or in the aggregate, is reasonably likely to be adverse to Pinnacle, Pinnacle Bank, Morris, Morris Bank, the Surviving Bank or any of their respective Affiliates in any material respect ("adverse" shall include reducing the benefit or increasing the burden of the Contemplated Transactions).

"**Business Day**" means any day other than a Saturday or Sunday on which depository institutions are open for business in the State of Georgia.

"**CARES Act**" means the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136), as amended, and any regulations or guidance issued thereunder, including provisions affecting employee benefit plans, retirement plan distributions and loans, and temporary plan funding relief.

"Code" means the Internal Revenue Code of 1986, as amended.

"**Community Reinvestment Act**" means the federal Community Reinvestment Act of 1977, as amended.

"**Confidentiality Agreement**" means that certain Mutual Confidentiality Agreement, dated as of August 5, 2025, by and between Pinnacle, its Subsidiaries and Affiliates and Morris, its Subsidiaries and Affiliates.

"**Consent**" means any consent, approval, authorization, clearance, exemption, waiver or similar affirmation by any Person pursuant to any Contract, Law, Order or Permit.

"**Contemplated Transactions**" shall mean the Holdco Merger, the Bank Merger, the issuance of Pinnacle Common Stock in the Holdco Merger, and the other transactions contemplated by this Agreement.

"**Contract**" means any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, license, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

"**Data Security Requirements**" means all of the following to the extent relating to Data Treatment or otherwise relating to privacy, security or security breach notification requirements and applicable to either Party, the conduct of such Party's business or to any of the IIPI: (i) applicable Laws; (ii) industry standards applicable to Georgia banks of similar asset size as such Party; and (iii) Contracts and other arrangements into which such Party has entered or by which it is otherwise bound.

"**Data Treatment**" means the access, collection, use, processing, storage, sharing, distribution, transfer, disclosure, security, destruction and/or disposal of IIPI (whether in electronic or any other form or medium).

"**Default**" means: (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit.

"**Dissenters' Shares**" has the meaning set forth in Section 2.1(b)(i).

"**Employees**" means the current employees of the Parties or their respective Subsidiaries.

"**Employee Benefit Plan**" means all "employee benefit plans" as defined by Section 3(3) of ERISA, all specified fringe benefit plans as defined in Section 6039D of the Code, and all other bonus, incentive compensation, deferred compensation, profit

sharing, stock option, stock appreciation right, stock bonus, stock purchase, employee stock ownership, savings, severance, change-in-control, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life-insurance, disability, accident, group insurance, vacation, holiday, sick-leave, fringe-benefit or welfare plan, and any other employee compensation or benefit plan, agreement, policy, practice, commitment, contract or understanding (whether qualified or nonqualified, written or unwritten) and any trust, escrow or other agreement related thereto.

"**Environmental Laws**" means all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata) and which are administered, interpreted or enforced by the United States Environmental Protection Agency and state and local Governmental Authorities with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including but not limited to: (i) the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. §§ 9601 et seq. ("CERCLA"); (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901 et seq. ("RCRA"); (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. §§ 11001 et seq.); (iv) the Clean Air Act (42 U.S.C. §§ 7401 et seq.); (v) the Clean Water Act (33 U.S.C. §§ 1251 et seq.); (vi) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.); (vii) any state, county, municipal or local statues, laws or ordinances similar or analogous to the federal statutes listed in parts (i) - (vi) of this subparagraph; (viii) any amendments to the statues, laws or ordinances listed in parts (i) - (vii) of this subparagraph, regardless of whether in existence on the date hereof, (ix) any rules, regulations, guidelines, directives, orders or the like adopted pursuant to or implementing the statutes, laws, ordinances and amendments listed in parts (i) - (viii) of this subparagraph; (x) any other law, statute, ordinance, amendment, rule, regulation, guideline, directive, order or the like in effect now or in the future relating to environmental, health or safety matters; and (xi) other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**ERISA Affiliate**" with respect to a Person, means any trade or business, whether or not incorporated, which together with such Person would be treated as a single employer under Code Section 414 or would be deemed a single employer within the meaning of ERISA Section 4001(b).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Exchange Agent**" has the meaning set forth in Section 2.2(a).

"**Fairness Determination**" means the approval by the Securities Commissioner pursuant to O.C.G.A. § 10-5-11(9) (and the rules and regulations thereunder) of the terms and conditions of the Contemplated Transactions and the fairness thereof such that the

issuance of the Per Share Merger Consideration issuable to the Morris Shareholders as contemplated by this Agreement shall qualify for the exemption from registration available under Section 3(a)(10) of the Securities Act.

"**FDIC**" means the Federal Deposit Insurance Corporation.

"**Federal Reserve**" means the Board of Governors of the Federal Reserve System or, as appropriate, any Reserve Bank thereof.

"**GAAP**" means generally accepted accounting principles in the United States, consistently applied during the periods involved.

"**GBCC**" means the Georgia Business Corporation Code.

"**GDBF**" means the Georgia Department of Banking and Finance.

"**Governmental Authority**" means any federal, state, local, foreign, or other court, board, body, commission, agency, authority (including any taxing authority) or instrumentality, arbitral authority, self-regulatory authority, mediator, tribunal, including, without limitation, the Federal Reserve, the GDBF and the FDIC.

"**Hazardous Material**" means any chemical, substance, waste, material, pollutant, or contaminant defined as or deemed hazardous or toxic or otherwise regulated under any Environmental Law, including but not limited to RCRA hazardous wastes, CERCLA hazardous substances, and Georgia Hazardous Waste Management Act regulated substances, pesticides and other agricultural chemicals, oil and petroleum products or byproducts and any constituents thereof, urea formaldehyde insulation, lead in paint or drinking water, mold, asbestos (including asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of Environmental Law), and polychlorinated biphenyls (PCBs), *provided*, notwithstanding the foregoing or any other provision in this Agreement to the contrary, the words "Hazardous Material" shall not mean or include any such Hazardous Material used, generated, manufactured, stored, disposed of or otherwise handled in normal quantities in the ordinary course of Morris's business in compliance with all applicable Environmental Laws, or such that may be naturally occurring in any ambient air, surface water, ground water, land surface or subsurface strata.

"**Holdco Merger**" has the meaning set forth in the Recitals.

"**Income Tax**" means any United States federal, state, local or non-U.S. Tax that, in whole or in part, is based on, measured by or calculated by reference to income, profit, receipts, or gains.

"**Income Tax Return**" means any Tax Return with respect to any Income Tax.

"**Insurer**" means a person who insures or guarantees for the benefit of the mortgagee all or any portion of the risk of loss upon borrower default on any of the mortgage loans originated, purchased or serviced by Morris Bank or Pinnacle Bank, including the Federal Housing Administration, the United States Department of Veterans'

Affairs, the Rural Housing Service of the U.S. Department of Agriculture and any private mortgage insurer, and providers of hazard, title or other insurance with respect to such mortgage loans or the related collateral.

"**Intellectual Property**" means copyrights, patents, trademarks, service marks, service names, trade names, domain names, together with all goodwill associated therewith, registrations and applications therefore, technology rights and licenses, computer software (including any source or object codes therefore or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

"**IRS**" means the Internal Revenue Service.

"**Knowledge**" as used with respect to a Person (including references to such Person being aware of a particular matter) means those facts that are known or should reasonably have been known after reasonable inquiry by that Person, if an individual or, if such Person is an entity, by the chief executive officer, chief financial officer and chief credit officer of such Person.

"**Law**" means any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, statute, regulation or order applicable to a Person or its Assets, Liabilities or business, including those promulgated, interpreted or enforced by any Governmental Authority.

"**Liability**" means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

"**Lien**" means any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, Lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or any property interest, other than (i) Liens for current property Taxes not yet due and payable, (ii) for any depository institution, pledges to secure public deposits and other Liens incurred in the ordinary course of the banking business, and (iii) Liens that are of public record and do not preclude or restrict the ability to use the affected property for the purposes for which such property is being used on the date of this Agreement.

"**Litigation**" means any action, arbitration, cause of action, lawsuit, claim, complaint, criminal prosecution, governmental or other examination or investigation, audit (other than regular audits of financial statements by outside auditors), compliance review, inspection, hearing, administrative or other proceeding relating to or affecting a Party, its business, its Assets or Liabilities (including Contracts related to Assets or Liabilities), or

the Contemplated Transactions, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Governmental Authorities.

"**Loan Investor**" means any person (including an Agency) having a beneficial interest in any mortgage loan originated, purchased or serviced by Morris Bank or Pinnacle Bank or a security backed by or representing an interest in any such mortgage loan.

"**Material Adverse Effect**" means an event, change or occurrence which, individually or together with any other event, change or occurrence, has, or is reasonably likely to have, a material adverse effect on (i) the financial position or results of operations of either Party, or (ii) the ability of either Party to perform its obligations under this Agreement or to consummate the Contemplated Transactions, *provided* that, with respect to clause (i), "Material Adverse Effect" shall not be deemed to include the effects of (A) changes in banking and other Laws of general applicability or interpretations thereof by Governmental Authorities, (B) changes in GAAP or regulatory accounting principles generally applicable to banks and their holding companies, (C) changes in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market (including equity, credit and debt markets, as well as changes in interest rates) conditions affecting the financial services industry generally, (D) actions and omissions of the Party taken pursuant to this Agreement or with the prior written Consent of the other Party in contemplation of the Contemplated Transactions, (E) the direct effects of compliance with this Agreement on the operating performance of the Party, including expenses incurred by the Party in consummating the Contemplated Transactions, (F) effects demonstrably shown to have been proximately caused by the public announcement of, and the response or reaction of customers, vendors, licensors, investors or employees of the Party to this Agreement or any of the Contemplated Transactions, or (G) any failure by the Party to meet any internal or published industry analyst projections or forecasts or estimates of revenues or earnings for any period, except, in the case of clause (A), (B) or (C), where such event has a disproportionate impact on the Party relative to other community banks operating primarily in the Southeastern United States, in which case only the disproportionate effect will be taken into account.

"**Morris Entity**" and/or "**Morries Entities**" means Morris, Morris Bank, Morris Trust and the applicable Subsidiary or Subsidiaries of Morris within the context as used or otherwise set forth in this Agreement.

"**Morris Financial Advisor**" means Keefe, Bruyette & Woods, Inc.

"**Morris Financial Statements**" means: (i) the balance sheets (including related notes and schedules, if any) of Morris and its Subsidiaries as of December 31, 2024, and the related statements of operations, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) for each of the three (3) fiscal years ended December 31, 2024, and (ii) the balance sheets (including related notes and schedules, if any) of Morris as of any quarterly interim period subsequent to December 31, 2024 and ended more than forty-five (45) days prior to Closing, and the related statements of operations, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) for each such quarterly period.

"Morris KSOP" means the Morris Bank 401(k) and Employee Stock Ownership Plan, as most recently amended and restated effective January 1, 2024, as amended from time to time.

"Morris KSOP Trust" means the trust established and maintained in connection with the Morris KSOP.

"Morris KSOP Trustees" means the Trustees (as defined in the Morris KSOP).

"Morris KSOP Trustees' Certificate" means a certificate from the Morris KSOP Trustees stating that (a) in connection with the Holdco Merger and the Bank Merger and the other transactions contemplated hereby and thereby, all pass-through voting requirements with respect to the Morris KSOP have, to the extent applicable, been satisfied and (b) the Morris KSOP Trustees have received an opinion from an independent valuation firm stating that (i) the consideration received by the Morris KSOP pursuant to this Agreement for the shares of Morris Common Stock held by the Morris KSOP is not less than the "adequate consideration" (as defined in Section 3(18) of ERISA) of such shares, and (ii) the terms and conditions of this Agreement are in the best interest of the Morris KSOP from a financial point of view.

"**Morris Loans**" means the loans, lines of credit and other extensions of credit, including all legally binding commitments and obligations to extend credit made by Morris and any financing leases for which Morris is lessor.

"**Morris Material Adverse Effect**" means a Material Adverse Effect with respect to the Morris Entities.

"**Morris Material Contract**" has the meaning set forth in Section 3.12(a).

"**Morris Restricted Stock Units**" means the time-vesting restricted stock unit awards and performance-vesting restricted stock unit awards as issued under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan.

"**Morris Shareholder**" and/or "**Morris Shareholders**" means each holder of one or more share of Morris Common Stock.

"**Morris Shareholder Approval**" means the approval by the Morris Shareholders of this Agreement and the Contemplated Transactions (except for the issuance of Pinnacle Common Stock in the Holdco Merger) in accordance with the GBCC, the Morris Articles, and the Morris Bylaws.

"**Morris Trust**" means FMB 2005 Capital Trust I.

"**Operating Property**" means any property owned (including, without limitation, properties held as foreclosed real estate), leased, or operated by the Party in question or by any of its Subsidiaries or in which such Party or Subsidiary holds a security interest or other interest (including an interest in a fiduciary capacity), and, where required by the

context, includes the owner or operator of such property, but only with respect to such property.

"**Order**" means any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, directive, ruling, or writ of any Governmental Authority.

"**Participation Facility**" means any facility or property in which the Party in question or any of its Subsidiaries participates in the management and, where required by the context, means the owner or operator of such facility or property, but only with respect to such facility or property.

"**Party**" means each party to this Agreement.

"**Per Share Merger Consideration**" has the meaning set forth in Section 2.1(b)(i).

"**Permit**" means any federal, state, local, and foreign Governmental Authority approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

"**Person**" means a natural person or any legal, commercial or Governmental Authority, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, limited liability partnership, trust, business association, group acting in concert, or any person acting in a representative capacity.

"**Pinnacle Benefit Plan**" means each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by Pinnacle or Pinnacle Bank or any ERISA Affiliate of Pinnacle or Pinnacle Bank for the benefit of employees, former employees, retirees, directors or independent contractors of Pinnacle or Pinnacle Bank or their spouses, dependents or beneficiaries.

"**Pinnacle Entity**" and/or "**Pinnacle Entities**" means Pinnacle, Pinnacle Bank and the applicable Subsidiary or Subsidiaries of Pinnacle within the context as used or otherwise set forth in this Agreement.

"Pinnacle ESOP" means the Pinnacle Bank Employee Stock Ownership Plan, as most recently amended and restated effective January 1, 2014, as amended from time to time.

"Pinnacle ESOP Trust" means the trust established and maintained in connection with the Pinnacle ESOP.

"Pinnace ESOP Trustees" means the Trustees (as defined in the Pinnacle ESOP).

"**Pinnacle Financial Advisor**" means Piper Sandler & Co.

"**Pinnacle Financial Statements**" means: (i) the balance sheets (including related notes and schedules, if any) of Pinnacle and its respective Subsidiaries as of December 31, 2024, and the related statements of operations, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) for each of the three (3) fiscal years ended December 31, 2024, and (ii) the balance sheets (including related notes and schedules, if any) of Pinnacle and its Subsidiaries as of any quarterly interim period subsequent to December 31, 2024 and ended more than forty-five (45) days prior to Closing, and the related statements of operations for each such quarterly period.

"**Pinnacle Loans**" means the loans, lines of credit and other extensions of credit, including all legally binding commitments and obligations to extend credit made by Pinnacle or Pinnacle Bank and any financing leases for which Pinnacle or Pinnacle Bank is lessor.

"**Pinnacle Material Adverse Effect**" means a Material Adverse Effect with respect to the Pinnacle Entities.

"**Pinnacle Trust**" means PFC Capital Trust I.

"**Regulatory Approvals**" means all approvals of FDIC, the GDBF, and the Federal Reserve, necessary for completion of the Contemplated Transactions.

"**Representative**" means, with respect to any Person, the officers, directors, employees, agents, investment bankers, financial advisors, attorneys, accountants and other representatives of such Person or any Subsidiary of such Person.

"**Required Approvals**" means (i) the Fairness Determination, (ii) the Morris Shareholder Approval, (iii) the Regulatory Approvals, (iv) any other required approval or non-objection of any federal or state banking, insurance or other regulatory or self-regulatory authorities, or any courts, administrative agencies or commissions or other Governmental Authorities, and (v) the notices, consents, approvals, waivers, authorizations, filings and registrations set forth in Section 3.12(b) of the Morris Disclosure Memorandum.

"**Securities Act**" means the Securities Act of 1933, as amended.

"Securities Commissioner" means the Georgia Secretary of State.

"**Subsidiaries**" means all those corporations, banks, associations, or other entities of which the entity in question either (i) owns or controls fifty percent (50%) or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which fifty percent (50%) or more of the outstanding equity securities is owned directly or indirectly by its parent (*provided*, there shall not be included any such entity the equity securities of which are owned or controlled in a fiduciary capacity), (ii) in the case of partnerships, serves as a general partner, (iii) in the case of a limited liability company, serves as a managing member, or (iv) otherwise has the ability to elect a majority of the directors, trustees or managing members thereof.

"**Tax**" means all taxes, charges, fees, levies, imposts, duties, or assessments, including income, gross receipts, excise, employment, sales, use, transfer, recording license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, unclaimed property, escheat, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other taxes, fees, assessments or charges of a similar kind, imposed by any Governmental Authority (domestic or foreign), including any interest, penalties, and additions imposed thereon or with respect thereto.

"**Tax Return**" means any report, return, information return, or other information required to be supplied to a Governmental Authority in connection with Taxes, including any schedule or attachment thereto and any amendment thereof.

"Tax Sharing Agreement" means any Tax sharing, Tax allocation, or Tax indemnification agreement (other than any agreement entered into in the ordinary course of business the principal purpose of which is not Taxes, including any customary Tax allocation, sharing or indemnification provisions in credit agreements, loans, leases, and similar agreements entered into in the ordinary course of business).

"Transaction Dividend" has the meaning set forth in Section 2.1(b)(iv).

"Treasury Regulations" means the Treasury regulations promulgated under the Code.

Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation," and such terms shall not be limited by enumeration or example.

9.2. Entire Agreement. Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the Contemplated Transactions and supersedes all prior arrangements or understandings with respect thereto, written or oral.

9.3. Amendments. To the extent permitted by Law, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties.

9.4. Waivers.

(a) Prior to or at the Effective Time, Pinnacle, acting through its Board of Directors, President and Chief Executive Officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by Morris or Morris Bank, to waive or extend the time for the compliance or fulfillment by Morris or Morris Bank of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Pinnacle under this Agreement, except any

condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Pinnacle.

(b) Prior to or at the Effective Time, Morris, acting through its Board of Directors, Chief Executive Officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by Pinnacle or Pinnacle Bank, to waive or extend the time for the compliance or fulfillment by Pinnacle or Pinnacle Bank of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Morris under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Morris.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

9.5. Assignment. Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

9.6. Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by email, by registered or certified mail (return receipt requested), postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

If to Morris, to

Morris State Bancshares, Inc.
301 Bellevue Avenue
Dublin, Georgia 31021
Email Address: smullis@morris.bank
Attention: Spencer N. Mullis

With a copy to counsel (which shall not alone constitute notice) to

Alston & Bird LLP
1201 West Peachtree St. NE
Suite 4900
Atlanta, Georgia 30309
Email Address: mark.kanaly@alston.com
Attention: Mark Kanaly

If to Pinnacle, to

Pinnacle Financial Corporation
P.O. Box 430
884 Elbert Street
Elberton, Georgia 30635
Email Address: jmcconnell@pinnaclebank.com
Attention: L. Jackson McConnell, Jr.

With a copy to counsel (which shall not alone constitute notice) to

Fenimore Kay Harrison LLP
2839 Paces Ferry Road SE
Suite 750
Atlanta, Georgia 30339
Email Address: jhightower@fkhpartners.com
Attention: Jonathan S. Hightower

9.7. Governing Law; Venue. Regardless of any conflict of law or choice of law principles that might otherwise apply, the Parties agree that this Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Georgia. The Parties all expressly agree and acknowledge that the State of Georgia has a reasonable relationship to the Parties and/or this Agreement. Each Party agrees that any action to enforce this Agreement against Pinnacle, as well as any action relating to or arising out of this Agreement other than actions brought by Pinnacle against Morris, shall be filed only in the state courts or federal courts serving Elbert County, Georgia. Each Party agrees that any action to enforce this Agreement against Morris, as well as any action relating to or arising out of this Agreement that Pinnacle brings against Morris, shall be filed only in the state courts or federal courts serving Laurens County, Georgia. Each Party hereto hereby irrevocably waives, to the fullest extent permitted by Law, (a) any objection that it may now or hereafter have to laying venue of any suit, action or proceeding brought in either such court, (b) any claim that any suit, action or proceeding brought in such court has been brought in an inconvenient forum, and (c) any defense that it may now or hereafter have based on lack of personal jurisdiction in such forum.

9.8. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Transmission of executed counterparts by fax, email or similar electronic means shall have the same effect as physical delivery of manually signed originals.

9.9. Captions; Articles and Sections. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

9.10. Interpretations. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties

acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all Parties hereto.

9.11. Enforcement of Agreement. The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an Injunction or Injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction without having to show or prove economic damages and without the requirement of posting a bond, this being in addition to any other remedy to which they are entitled at law or in equity.

9.12. Third Party Beneficiaries. From and after the Effective Time, each Indemnified Party shall be deemed a third-party beneficiary of Section 6.12. Except as set forth in the foregoing sentence, nothing in this Agreement expressed or implied, is intended to confer upon any Person other than the Parties or their respective successors, any right, remedies, obligations or liabilities under or by reason of this Agreement. The representations and warranties set forth in ARTICLE 3 and ARTICLE 4 of this Agreement and the covenants and agreements set forth in ARTICLE 5 and ARTICLE 6 have been made solely for the benefit of the Parties and (a) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the Parties if those statements prove to be inaccurate; (b) have been qualified by reference to the Morris Disclosure Memorandum and the Pinnacle Disclosure Memorandum, as applicable, which contain certain disclosures that are not reflected in the text of this Agreement; and (c) may apply standards of materiality in a way that is different from what may be viewed as material by shareholders of, or other investors in, either Morris or Pinnacle.

9.13. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

9.14. Survival. No representations, warranties, agreements and covenants contained in this Agreement shall survive the Effective Time other than this Section 9.14 (except for agreements or covenants contained herein that by their express terms are to be performed after the Effective Time); *provided*, *however*, that such representations and warranties shall not be deemed to speak to events or conditions that occur or exist after the Closing Date.

[Remainder of page intentionally blank]

[Signature Pages follow]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on behalf of its duly authorized officers as of the day and year first written above.

PINNACLE FINANCIAL CORPORATION
(Pinnacle)

By: _____
L. Jackson McConnell, Jr.
Chairman and Chief Executive Officer

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on behalf of its duly authorized officers as of the day and year first written above.

MORRIS STATE BANCSHARES, INC.
(Morris)

By: Signed by: Spence Mullis 6D0576A94E524F7...
Spencer N. Mullis
President and Chief Executive Officer

Exhibit A

Plan of Bank Merger

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PLAN OF BANK MERGER

This **PLAN OF BANK MERGER** (this "Agreement") is made and entered into as of November 19, 2025, by and between Morris Bank, a Georgia state chartered banking institution with its main office located at 301 Bellevue Avenue, Dublin, Georgia 31021 ("Seller Bank"), and Pinnacle Bank, a Georgia state chartered banking institution with its main office located at 884 Elbert Street, Elberton, Georgia 30635 ("Buyer Bank"), to provide for the merger of Seller Bank with and into Buyer Bank (the "Bank Merger"). Seller Bank and Buyer Bank are referred to herein as the "Merging Banks."

WHEREAS, pursuant to an Agreement and Plan of Merger, dated as of November 19, 2025, by and among Pinnacle Financial Corporation, a Georgia corporation and the sole shareholder of Buyer Bank (the "Buyer"), and Morris State Bancshares, Inc., a Georgia corporation and the sole shareholder of Seller Bank ("Seller") (together, with all exhibits thereto, the "Merger Agreement"), Seller shall merge with and into Buyer, with Buyer being the surviving entity (the "Holdco Merger"), subject to the terms and conditions set forth in the Merger Agreement;

WHEREAS, the Merger Agreement contemplates that, immediately following the effectiveness of Holdco Merger, the Seller Bank will merge with and into Buyer Bank, with Buyer Bank as the Surviving Bank (the "Surviving Bank");

WHEREAS, the respective boards of directors of the Buyer, Seller, Buyer Bank and Seller Bank have approved the Bank Merger, upon the terms and subject to the conditions set forth in this Agreement and have determined that the Bank Merger and the other transactions contemplated by this Agreement are in the best interests of their respective shareholder(s); and

WHEREAS, Seller and Buyer have approved this Agreement in their capacity as the sole shareholder of Seller Bank and Buyer Bank, respectively.

NOW, THEREFORE, in consideration of the premises and of the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound, hereby make, adopt and approve this Agreement, and hereby prescribe the terms and conditions of the Bank Merger and the mode of effecting the Bank Merger as follows:

ARTICLE I
TERMS OF BANK MERGER

Section 1.1 The Bank Merger.

(a) At the Effective Time (as defined below), Seller Bank shall be merged with and into Buyer Bank in accordance with, and with the effects provided in, this Agreement and the applicable provisions of the Georgia Financial Institutions Code. As a result of the Bank Merger, (i) each share of common stock of Seller Bank, par value $100.00 per share, issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be cancelled and (ii) each share of capital stock of Buyer Bank, par value $10.00 per share, issued and outstanding

immediately prior to the Effective Time shall remain issued and outstanding and shall constitute the only shares of capital stock of the Surviving Bank issued and outstanding immediately after the date and time when the Merger becomes effective as set forth in the Articles of Merger (the "Effective Time").

(b) At the Effective Time, the Surviving Bank shall be considered the same business and corporate entity as each of the Merging Banks and thereupon and thereafter and without any order or other action on the part of any court or otherwise all the property, rights, privileges, powers, interests, and franchises of each of the Merging Banks shall vest in the Surviving Bank and the Surviving Bank shall be subject to and be deemed to have assumed all of the debts, liabilities, obligations and duties of each of the Merging Banks and shall have succeeded to all of each of their relationships, fiduciary or otherwise, as fully and to the same extent as if such property (real, personal, and mixed), rights, privileges, powers, interests, franchises, debts, liabilities, obligations, duties and relationships had been originally acquired, incurred or entered into by the Surviving Bank. The deposit-taking offices of Seller Bank shall be operated as branches of the Surviving Bank, and the deposit accounts issued by Seller Bank shall be issued on the same terms by the Surviving Bank. In addition, any reference to either of the Merging Banks in any contract, will or document, whether executed or taking effect before or after the Effective Time, shall be considered a reference to the Surviving Bank if not inconsistent with the other provisions of the contract, will or document; and any pending action or other judicial proceeding to which either of the Merging Banks is a party shall not be deemed to have abated or to have been discontinued by reason of the Bank Merger, but may be prosecuted to final judgment, order or decree in the same manner as if the Bank Merger had not been made or the Surviving Bank may be substituted as a party to such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against either of the Merging Banks if the Bank Merger had not occurred.

Section 1.2 Name of Surviving Bank and Principal Office. The name of the Surviving Bank shall be "Pinnacle Bank," or such other name to be mutually agreed upon by Seller and Buyer prior to the Effective Time and specified in the Articles of Merger. The principal office of the Surviving Bank shall continue to be 884 Elbert Street, Elberton, Georgia 30635 after the Effective Time. The branch offices of Seller Bank and Buyer Bank will be operated as branch offices of the Surviving Bank immediately following the Effective Time. Schedule 1.2 to this Plan of Bank Merger contains a list of the principal offices and branch offices of both Seller Bank and Buyer Bank.

Section 1.3 Certificate of Incorporation. On and after the Effective Time, the Articles of Conversion, as amended, of Buyer Bank shall be the Articles of Conversion of the Surviving Bank until amended in accordance with applicable law.

Section 1.4 Bylaws. On and after the Effective Time, the Bylaws of Buyer Bank shall be the Bylaws of the Surviving Bank until amended in accordance with applicable law.

Section 1.5 Directors and Officers. On and after the Effective Time, until changed in accordance with the Articles of Conversion and Bylaws of the Surviving Bank, the directors and officers of the Surviving Bank immediately prior to the Effective Time, pursuant to Section 6.22 of the Merger Agreement, shall be the individuals listed on Schedule 1.5 to this Plan of Bank

Merger. The directors and officers of the Surviving Bank shall hold office in accordance with the Articles of Conversion and Bylaws of the Surviving Bank.

Section 1.6 **Capital of Surviving Bank**. The amount of capital stock of the Surviving Bank outstanding immediately following the Effective Time shall continue to be 5,000,000 shares of common stock, par value $10.00 per share, of which 768,000 shares of common stock are issued, outstanding and owned by Buyer as of the date hereof.

Section 1.7 **Income Tax Treatment**. Each party to this Agreement agrees to treat the Bank Merger for all income tax purposes as a reorganization qualifying under Section 368(a) of the Internal Revenue Code of 1986, as amended, and hereby adopts this Agreement as a result of execution thereof as a plan of reorganization within the meaning of Treasury Regulations Section 1.368-2(g). None of the parties shall file a tax return or take any position with any taxing authority that is inconsistent with the tax treatment described in the preceding sentence.

ARTICLE II
MISCELLANEOUS

Section 2.1 **Conditions Precedent**. The respective obligations of each party pursuant to this Plan of Bank Merger shall be subject to (a) the approval by (i) the Federal Deposit Insurance Corporation (the "FDIC"), (ii) the Georgia Department of Banking and Finance (the "Georgia Department"), (iii) other regulatory authorities, as applicable, and (iv) the shareholder(s) of each Merging Bank, and (b) the consummation of the Holdco Merger.

Section 2.2 **Governing Law**. This Plan of Bank Merger shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to any applicable principles of conflicts of laws that would result in the application of the law of another jurisdiction.

Section 2.3 **Counterparts**. This Plan of Bank Merger may be executed (by facsimile or otherwise) by any one or more of the parties in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 2.4 **Amendments**. To the extent permitted by the FDIC and the Georgia Department, this Plan of Bank Merger may be amended by a subsequent writing signed by the parties hereto upon the approval of the board of directors of each of the parties hereto.

Section 2.5 **Successors**. This Plan of Bank Merger shall be binding on the successors of Seller Bank and Buyer Bank.

Section 2.6 **Termination.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time prior to the Effective Time by mutual written agreement of the parties hereto upon the approval of the board of directors of each of the parties hereto. Additionally, this Agreement shall terminate automatically, without any action by the parties hereto, in the event that the Merger Agreement is terminated in accordance with its terms.

[*Signature page follows*]

IN WITNESS WHEREOF, Buyer Bank and Seller Bank have caused this Plan of Bank Merger to be executed by their duly authorized officers as of the date first set forth above.

PINNACLE BANK

ATTEST:

By: _____

Name: Melanie Dye
Title: Corporate Secretary

_____

Name: L. Jackson McConnell, Jr.
Title: Chief Executive Officer

MORRIS BANK

ATTEST:

By: _____

Name: Susan Brandon
Title: Corporate Secretary

_____

Name: Spencer N. Mullis
Title: President and CEO

[*Signature Page to Plan of Bank Merger*]

Schedule 1.2

List of Principal and Branch Offices

Buyer Bank

Clarke County
East Athens Branch
3140 Lexington Road
Athens, GA 30605

Columbia County
Furys Ferry Branch
375 Furys Ferry Road
Martinez, GA 30907

Grovetown Branch
420 Lewiston Road
Grovetown, GA 30813

Dawson County
Dawsonville Loan Office
133 Prominence Court
Suite 110
Dawsonville, GA 30534

Elbert County
Bowman Branch
27 North Broad Street
Bowman, GA 30624

Downtown Branch
32 College Avenue
Elberton, GA 30635

Principal Office
884 Elbert Street
Elberton, GA 30635

Franklin County
Franklin Springs Branch
19 Westclock Circle
Royston, GA 30662

Lavonia Branch
12321 Augusta Road
Lavonia, GA 30553

Royston Branch
861 Church Street
Royston, GA 30662

Gwinnett County
Grand Hickory Branch
6322 Grand Hickory Drive
Braselton, GA 30517

Habersham County
Clarkesville Branch
111 Southern Bank Dr.
Clarkesville, GA 30523

Cornelia Branch
218 Carpenters Cove Lane
Cornelia, GA 30531

Hall County
Gainesville Dawsonville Highway Branch
545 Dawsonville Highway
Gainesville, GA 30501

Gainesville Gateway Branch
340 Jesse Jewell Parkway
Suite 100
Gainesville, GA 30501

Gainesville New Holland Branch
1948 Jessee Jewell Parkway SE
Gainesville, GA 30501

Hart County
Hartwell Branch
135 East Franklin Street
Hartwell, GA 30643

Pinnacle Investment Services Office
67 E. Franklin St.
Hartwell, GA 30643

Jackson County
Commerce Branch
1981 North Elm Street
Commerce, GA 30529

Lumpkin County
Dahlonega Branch
81 Crown Mountain Place
Suite A100
Dahlonega, GA 30533

Newton County
Covington Branch
6124 Highway 278 NE
Covington, GA 30014

Oconee County
West Athens Branch
1081 Parkway Place
Athens, GA 30606

Middle Market Banking Office
1060 Garland Dr.
Bogart, GA 30622

Oglethorpe County
Lexington Branch
114 Gilmer Street
Lexington, GA 30648

Richmond County
Walton Way County
1602 Walton Way
Augusta, GA 30904

Augusta Mortgage Office
229 Furys Ferry Road
Suite 131
Augusta, GA 30907

Union County
Blairsville Branch
361 Blue Ridge Street
Blairsville, GA 30512

Walton County
Monroe Branch
238 South Broad Street
Monroe, GA 30655

Liberty First Bank Branch
1901 W. Spring Street
Monroe, GA 30655

Social Circle Branch
112 North Cherokee
Social Circle, GA 30025

Seller

Bulloch County
Brooklet Branch
129 Parker Ave. South
Brooklet, GA 30415

Statesboro - Brannen Street Branch
777 Brannen Street
Statesboro, GA 30458

Statesboro – North Main Street
201 North Main St.
Statesboro, GA 30458

Houston County
Highway 96 Branch
1041 Highway 96
Warner Robins, GA 31088

Houston Lake Branch
464 South Houston Lake Road
Warner Robins, GA 31088

Perry Branch
809 Carrol Street
Perry, GA 31069

Jones County
Gray Branch
110 Bill Conn Parkway
Gray, GA 31032

Laurens County
Principal Office
Downtown Dublin Branch
301 Bellevue Avenue
Dublin, GA 31021

Dublin Mall Branch
2003 Veterans Blvd.
Dublin, GA 31021

Wilkinson County
Gordon Branch
280 Gordon Highway
Gordon, GA

Exhibit B-1

Form of Morris Directors' Agreement

FORM OF DIRECTOR'S AGREEMENT

This Director's Agreement, dated as of November 19, 2025 (this "Agreement"), is made by and between the undersigned director and shareholder (the "Shareholder") of Morris State Bancshares, Inc. ("Morris") and Pinnacle Financial Corporation ("Pinnacle"). All capitalized terms used but not defined herein shall have the meanings assigned to them in the Merger Agreement (defined below).

WHEREAS, Pinnacle and Morris are entering into an Agreement and Plan of Merger of even date herewith (as amended from time to time, the "Merger Agreement"), pursuant to which Morris will merge with and into Pinnacle, with Pinnacle (the "Surviving Company") being the surviving corporation of such merger (the "Holdco Merger"); and

WHEREAS, Pinnacle and Morris have entered into the Merger Agreement in reliance on and in consideration of, among other things, the Shareholder's representations, warranties, covenants and agreements hereunder.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties agree as follows:

1. RESERVED.

2. REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER. The Shareholder represents and warrants to Pinnacle as follows:

(a) Acquisition Proposals. Subject to Section 6, the Shareholder agrees not to initiate, solicit, induce or knowingly encourage, or knowingly take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal with any person other than Pinnacle. Without limiting the foregoing, the Shareholder agrees to comply with Section 6.13 of the Merger Agreement and that the Shareholder will not facilitate or participate in any breach of Morris' obligations thereunder.

(b) Authority; Binding Agreement. The Shareholder has the full legal right, power and authority to enter into and perform all of the Shareholder's obligations under this Agreement. The execution and delivery of this Agreement by the Shareholder will not violate any other agreement to which the Shareholder is a party. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder, enforceable against the Shareholder in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting the enforcement of creditors' rights generally and except that the availability of specific performance, injunctive relief and other equitable remedies is subject to the discretion of the court before which any proceeding may be brought). Neither the execution and delivery of this Agreement by the Shareholder nor the consummation by the Shareholder of the transactions contemplated hereby nor the compliance by the Shareholder with any of the provisions hereof will (i) violate, or require any consent, approval or notice under any provision of any judgment, order,

decree, statute, law, rule or regulation applicable to the Shareholder, or (ii) constitute a violation of, conflict with or constitute a default under, any contract, commitment, agreement, understanding, arrangement or other restriction of any kind to which the Shareholder is a party or by which the Shareholder is bound.

(c) Reliance on Agreement. The Shareholder understands and acknowledges that both Pinnacle and Morris are entering into the Merger Agreement in reliance upon the Shareholder's execution, delivery and performance of this Agreement. The Shareholder acknowledges that the agreement set forth in Section 1 is granted in consideration for the execution and delivery of the Merger Agreement by Pinnacle.

3. NON-SOLICITATION; NON-COMPETITION. During the twelve (12) month period following the Effective Time (the "Restricted Period"), the Shareholder shall not (i) for himself or herself or on behalf of any other person or entity contact any employee of the Surviving Company or the Surviving Bank for the purpose of hiring, diverting or otherwise soliciting the employee; *provided* that the foregoing will not prevent the placement of any general solicitation for employment not specifically directed towards employees of the Surviving Company or the Surviving Bank or hiring any such person as a result thereof; or, (ii) within the primary service area, individually or jointly with others, directly or indirectly, whether for his or her own account or for that of any other person or entity, in any manner, as partner, officer, director, shareholder, advisor, employee or in any other capacity be involved with any person or entity engaged in a business competing with any of the businesses then conducted (or, to the knowledge of Shareholder on or prior to the Effective Time, planned to be conducted) by the Surviving Company, the Surviving Bank, Pinnacle, Morris, or their respective Subsidiaries. As used herein, "primary service area" means anywhere within a twenty-five (25) mile radius of each of the following: (i) the headquarters of the Surviving Company, (ii) the main office of the Surviving Bank as reported to the Bank's primary regulatory agency, and (iii) any office or branch location or locations of the Surviving Bank. During the Restricted Period, the Shareholder shall not induce or attempt to induce any customer, supplier, licensee or other business relation of the Surviving Company, the Surviving Bank, Pinnacle, Morris, or any of their respective Subsidiaries to cease doing business with the Surviving Company or the Surviving Bank or its successors or Subsidiaries or Affiliates of its successors, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Surviving Company or its Subsidiaries.

By signing this Agreement, the Shareholder expressly acknowledges that the territorial limitations, duration and scope of the restrictions described in this Section 3 are fair and reasonable. This Agreement is not contingent on the service or continued service of the Shareholder. If, under the circumstances existing at the time of enforcement of this Agreement, the territorial limitations, duration or scope described in this Section 3 are found or held to be unreasonable by an arbitrator or court of competent jurisdiction, the Shareholder and Pinnacle expressly agree that the maximum territorial limitations, duration and scope reasonable and permitted under applicable law shall be substituted for the stated territorial limitations, duration and scope.

Notwithstanding the foregoing, the parties acknowledge and agree that the restrictions set forth in this Section 3 shall not apply if the Shareholder is subject to an employment agreement

with Pinnacle, Pinnacle Bank, a Georgia banking corporation and wholly-owned subsidiary of Pinnacle, Morris, Morris Bank, a Georgia banking corporation and wholly-owned subsidiary of Morris, the Surviving Company or the Surviving Bank. The parties further acknowledge and agree that no provision of this Agreement shall be construed to require the Shareholder or any entities of which he or she is an officer, director or shareholder to conduct any business with the Surviving Company or the Surviving Bank following the completion of the transactions contemplated by the Merger Agreement.

4. CONFIDENTIALITY. For a period of twelve (12) months following the Effective Time, the Shareholder agrees to hold in confidence all information that he or she has regarding Pinnacle, Morris, the Surviving Company, the Surviving Bank or their respective Subsidiaries and Affiliates and not to use such information for the Shareholder's or any other party's (other than the Surviving Company or the Surviving Bank and their respective affiliates) personal or business benefit; provided, however, that this restriction shall not apply to information that becomes generally available to the public.

5. TERMINATION. The term of this Agreement shall commence on the date hereof. This Agreement may be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement only by the written consent of the parties hereto. This Agreement shall automatically terminate upon the earlier of (a) the termination of the Merger Agreement and (b) twelve (12) months following the Effective Time. For the avoidance of doubt, the provisions of Sections 3 and 4 shall only become operative upon the consummation of the Merger. Upon termination of such provisions, no party shall have any further obligations or liabilities hereunder with respect to those specific provisions; *provided, however*, such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

6. ACTION IN SHAREHOLDER CAPACITY ONLY. The Shareholder does not make any agreement or understanding herein as a director of Morris; rather, the Shareholder signs solely in the Shareholder's capacity as a record holder and beneficial owner of Morris shares, and nothing herein shall limit or affect any actions taken in the Shareholder's capacity as a director of Morris, Morris Bank, the Surviving Company or the Surviving Bank.

7. MISCELLANEOUS.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, one (1) Business Day after sending by a reputable national overnight courier service or three (3) Business Days after mailing when mailed by registered or certified mail (return receipt requested), postage prepaid, to the other party in the manner provided below:

If to Pinnacle:

Pinnacle Financial Corporation
P.O. Box 430
884 Elbert Street
Elberton, Georgia 30635
Attention: L. Jackson McConnell, Jr.

with a copy to:

Fenimore Kay Harrison LLP
2839 Paces Ferry Road SE
Suite 750
Atlanta, Georgia 30339
Attn: Jonathan S. Hightower

If to Morris:

Morris State Bancshares, Inc.
301 Bellevue Avenue
Dublin, Georgia 31021
Email Address: smullis@morris.bank
Attention: Spencer N. Mullis

with a copy to:

Alston & Bird
1201 West Peachtree St. NE
Suite 4900
Atlanta, Georgia 30309
Email Address: mark.kanaly@alston.com
Attention: Mark Kanaly

If to the Shareholder:

To the address set forth on the signature page hereto.

(b) Entire Agreement. This Agreement, including the agreements and documents that are schedules and exhibits hereto, embodies the entire agreement and understanding of the parties with respect to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the transactions contemplated hereby and the subject matter hereof.

(c) Amendments. This Agreement may be amended, modified or supplemented only by written agreement of all parties hereto.

(d) Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors (including, without limitation, the Surviving Company) and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto (other than by operation of law) without the prior written consent of the other parties.

(e) Governing Law. The execution, interpretation and performance of this Agreement shall be governed by the internal laws and judicial decisions of the State of Georgia, without regard to principles of conflicts of laws.

(f) Injunctive Relief; Jurisdiction. The Shareholder agrees that irreparable damage would occur and that Pinnacle, Morris, the Surviving Company and the Surviving Bank would both not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that Pinnacle, Morris, the Surviving Company and the Surviving Bank shall each be entitled to an injunction or injunctions to prevent breaches by the Shareholder of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Georgia or in any Georgia state court (collectively, the "Courts"), this being in addition to any other remedy to which Pinnacle or Morris may be entitled at law or in equity. In addition, each of the parties hereto (i) irrevocably consents to the submission of such party to the personal jurisdiction of the Courts in the event that any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that such party will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any of the Courts and (iii) agrees that such party will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the Courts.

(g) Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

PINNACLE FINANCIAL CORPORATION

_____

L. Jackson McConnell, Jr.
Chairman and Chief Executive Officer

SHAREHOLDER

_____

Print Name: _____

Address: _____

_____

_____

[*Signature Page to Director's Agreement*]

Exhibit B-2

Form of Pinnacle Directors' Agreement

FORM OF DIRECTOR'S AGREEMENT

This Director's Agreement, dated as of November 19, 2025 (this "Agreement"), is made by and between the undersigned director and shareholder (the "Shareholder") of Pinnacle Financial Corporation ("Pinnacle") and Morris State Bancshares, Inc. ("Morris"). All capitalized terms used but not defined herein shall have the meanings assigned to them in the Merger Agreement (defined below).

WHEREAS, Pinnacle and Morris are entering into an Agreement and Plan of Merger of even date herewith (as amended from time to time, the "Merger Agreement"), pursuant to which Morris will merge with and into Pinnacle, with Pinnacle (the "Surviving Company") being the surviving corporation of such merger (the "Holdco Merger"); and

WHEREAS, Pinnacle and Morris have entered into the Merger Agreement in reliance on and in consideration of, among other things, the Shareholder's representations, warranties, covenants and agreements hereunder.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties agree as follows:

1. RESERVED.

2. REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER. The Shareholder represents and warrants to Morris as follows:

(a) Acquisition Proposals. Subject to Section 6, the Shareholder agrees not to initiate, solicit, induce or knowingly encourage, or knowingly take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal with any person other than Morris. Without limiting the foregoing, the Shareholder agrees to comply with Section 6.13 of the Merger Agreement and that the Shareholder will not facilitate or participate in any breach of Pinnacle's obligations thereunder.

(b) Authority; Binding Agreement. The Shareholder has the full legal right, power and authority to enter into and perform all of the Shareholder's obligations under this Agreement. The execution and delivery of this Agreement by the Shareholder will not violate any other agreement to which the Shareholder is a party. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder, enforceable against the Shareholder in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting the enforcement of creditors' rights generally and except that the availability of specific performance, injunctive relief and other equitable remedies is subject to the discretion of the court before which any proceeding may be brought). Neither the execution and delivery of this Agreement by the Shareholder nor the consummation by the Shareholder of the transactions contemplated hereby nor the compliance by the Shareholder with any of the provisions hereof will (i) violate, or require any consent, approval or notice under any provision of any judgment, order,

decree, statute, law, rule or regulation applicable to the Shareholder, or (ii) constitute a violation of, conflict with or constitute a default under, any contract, commitment, agreement, understanding, arrangement or other restriction of any kind to which the Shareholder is a party or by which the Shareholder is bound.

(c) Reliance on Agreement. The Shareholder understands and acknowledges that both Pinnacle and Morris are entering into the Merger Agreement in reliance upon the Shareholder's execution, delivery and performance of this Agreement. The Shareholder acknowledges that the agreement set forth in Section 1 is granted in consideration for the execution and delivery of the Merger Agreement by Morris.

3. NON-SOLICITATION; NON-COMPETITION. During the twelve (12) month period following the Effective Time (the "Restricted Period"), the Shareholder shall not (i) for himself or herself or on behalf of any other person or entity contact any employee of the Surviving Company or the Surviving Bank for the purpose of hiring, diverting or otherwise soliciting the employee; *provided* that the foregoing will not prevent the placement of any general solicitation for employment not specifically directed towards employees of the Surviving Company or the Surviving Bank or hiring any such person as a result thereof; or, (ii) within the primary service area, individually or jointly with others, directly or indirectly, whether for his or her own account or for that of any other person or entity, in any manner, as partner, officer, director, shareholder, advisor, employee or in any other capacity be involved with any person or entity engaged in a business competing with any of the businesses then conducted (or, to the knowledge of Shareholder on or prior to the Effective Time, planned to be conducted) by the Surviving Company, the Surviving Bank, Pinnacle, Morris, or their respective Subsidiaries. As used herein, "primary service area" means anywhere within a twenty-five (25) mile radius of each of the following: (i) the headquarters of the Surviving Company, (ii) the main office of the Surviving Bank as reported to the Bank's primary regulatory agency, and (iii) any office or branch location or locations of the Surviving Bank. During the Restricted Period, the Shareholder shall not induce or attempt to induce any customer, supplier, licensee or other business relation of the Surviving Company, the Surviving Bank, Pinnacle, Morris, or any of their respective Subsidiaries to cease doing business with the Surviving Company or the Surviving Bank or its successors or Subsidiaries or Affiliates of its successors, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Surviving Company or its Subsidiaries.

By signing this Agreement, the Shareholder expressly acknowledges that the territorial limitations, duration and scope of the restrictions described in this Section 3 are fair and reasonable. This Agreement is not contingent on the service or continued service of the Shareholder. If, under the circumstances existing at the time of enforcement of this Agreement, the territorial limitations, duration or scope described in this Section 3 are found or held to be unreasonable by an arbitrator or court of competent jurisdiction, the Shareholder, and Morris expressly agree that the maximum territorial limitations, duration and scope reasonable and permitted under applicable law shall be substituted for the stated territorial limitations, duration and scope.

Notwithstanding the foregoing, the parties acknowledge and agree that the restrictions set forth in this Section 3 shall not apply if the Shareholder is subject to an employment agreement

with Pinnacle, Pinnacle Bank, a Georgia banking corporation and wholly-owned subsidiary of Pinnacle, Morris, Morris Bank, a Georgia banking corporation and wholly-owned subsidiary of Morris, the Surviving Company or the Surviving Bank. The parties further acknowledge and agree that no provision of this Agreement shall be construed to require the Shareholder or any entities of which he or she is an officer, director or shareholder to conduct any business with the Surviving Company or the Surviving Bank following the completion of the transactions contemplated by the Merger Agreement.

4. CONFIDENTIALITY. For a period of twelve (12) months following the Effective Time, the Shareholder agrees to hold in confidence all information that he or she has regarding Pinnacle, Morris, the Surviving Company, the Surviving Bank or their respective Subsidiaries and Affiliates and not to use such information for the Shareholder's or any other party's (other than the Surviving Company or the Surviving Bank and their respective affiliates) personal or business benefit; *provided, however*, that this restriction shall not apply to information that becomes generally available to the public.

5. TERMINATION. The term of this Agreement shall commence on the date hereof. This Agreement may be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement only by the written consent of the parties hereto. This Agreement shall automatically terminate upon the earlier of (a) the termination of the Merger Agreement and (b) twelve (12) months following the Effective Time. For the avoidance of doubt, the provisions of Sections 3 and 4 shall only become operative upon the consummation of the Merger. Upon termination of such provisions, no party shall have any further obligations or liabilities hereunder with respect to those specific provisions; *provided, however*, such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

6. ACTION IN SHAREHOLDER CAPACITY ONLY. The Shareholder does not make any agreement or understanding herein as a director of Pinnacle; rather, the Shareholder signs solely in the Shareholder's capacity as a record holder and beneficial owner of Pinnacle shares, and nothing herein shall limit or affect any actions taken in the Shareholder's capacity as a director of Pinnacle, Pinnacle Bank, the Surviving Company or the Surviving Bank**.**

7. MISCELLANEOUS.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, one (1) Business Day after sending by a reputable national overnight courier service or three (3) Business Days after mailing when mailed by registered or certified mail (return receipt requested), postage prepaid, to the other party in the manner provided below:

If to Pinnacle:

Pinnacle Financial Corporation
P.O. Box 430
884 Elbert Street
Elberton, Georgia 30635
Attention: L. Jackson McConnell, Jr.

with a copy to:

Fenimore Kay Harrison LLP
2839 Paces Ferry Road SE
Suite 750
Atlanta, Georgia 30339
Attn: Jonathan S. Hightower

If to Morris:

Morris State Bancshares, Inc.
301 Bellevue Avenue
Dublin, Georgia 31021
Email Address: smullis@morris.bank
Attention: Spencer N. Mullis

with a copy to:

Alston & Bird
1201 West Peachtree St. NE
Suite 4900
Atlanta, Georgia 30309
Email Address: mark.kanaly@alston.com
Attention: Mark Kanaly

If to the Shareholder:

To the address set forth on the signature page hereto.

(b) Entire Agreement. This Agreement, including the agreements and documents that are schedules and exhibits hereto, embodies the entire agreement and understanding of the parties with respect to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the transactions contemplated hereby and the subject matter hereof.

(c) Amendments. This Agreement may be amended, modified or supplemented only by written agreement of all parties hereto.

(d) Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors (including, without limitation, the Surviving Company) and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto (other than by operation of law) without the prior written consent of the other parties.

(e) Governing Law. The execution, interpretation and performance of this Agreement shall be governed by the internal laws and judicial decisions of the State of Georgia, without regard to principles of conflicts of laws.

(f) Injunctive Relief; Jurisdiction. The Shareholder agrees that irreparable damage would occur and that Pinnacle, Morris, the Surviving Company and the Surviving Bank would both not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that Pinnacle, Morris, the Surviving Company and the Surviving Bank shall each be entitled to an injunction or injunctions to prevent breaches by the Shareholder of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Georgia or in any Georgia state court (collectively, the "Courts"), this being in addition to any other remedy to which Pinnacle or Morris may be entitled at law or in equity. In addition, each of the parties hereto (i) irrevocably consents to the submission of such party to the personal jurisdiction of the Courts in the event that any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that such party will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any of the Courts and (iii) agrees that such party will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the Courts.

(g) Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

MORRIS STATE BANCSHARES, INC.

_____
Spence N. Mullis
President and Chief Executive Officer

SHAREHOLDER

_____

Print Name: _____

Address: _____
_____
_____

[*Signature Page to Director's Agreement*]

Exhibit C

Form of Voting and Support Agreement

FORM OF VOTING AND SUPPORT AGREEMENT

This Voting and Support Agreement, dated as of November 19, 2025 (this "Agreement"), is made by and between the undersigned shareholder (the "Shareholder") of Morris State Bancshares, Inc. ("Morris") and Pinnacle Financial Corporation ("Pinnacle"). All capitalized terms used but not defined herein shall have the meanings assigned to them in the Merger Agreement (defined below).

WHEREAS, Pinnacle and Morris are entering into an Agreement and Plan of Merger of even date herewith (as amended from time to time, the "Merger Agreement"), pursuant to which Morris will merge with and into Pinnacle, with Pinnacle (the "Surviving Company") being the surviving corporation of such merger (the "Holdco Merger");

WHEREAS, the Shareholder, as of the date hereof, has sole or joint voting control over the number of shares of Morris Common Stock set forth on the signature page hereto (the "Shares"); and

WHEREAS, Pinnacle and Morris have entered into the Merger Agreement in reliance on and in consideration of, among other things, the Shareholder's representations, warranties, covenants and agreements hereunder.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties agree as follows:

1. VOTING. Subject to Section 4(k), the Shareholder irrevocably agrees to vote and otherwise act (including pursuant to written consent), with respect to all of the Shares and any shares of Morris Common Stock acquired in the future, for the approval and the adoption of the Merger Agreement and all transactions contemplated thereby, including without limitation, the Holdco Merger and all agreements related thereto and any actions related thereto, and against any proposal or transaction which could prevent or delay the consummation of the transactions contemplated by this Agreement or the Merger Agreement, at any meeting or meetings of the shareholders of Morris, and any adjournment, postponement or continuation thereof, at which the Merger Agreement and other related agreements (or any amended version or versions thereof) or such other actions are submitted for the consideration and vote of the shareholders of Morris. The foregoing shall remain in effect with respect to the Shares until the termination of this Agreement.

2. REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER. The Shareholder represents and warrants to Pinnacle as follows:

(a) Ownership of Shares. On the date hereof, the Shares are the only shares of Morris Common Stock over which the Shareholder has sole or joint voting control. The Shareholder does not have any rights to acquire any additional shares of Morris Common Stock other than pursuant to vested stock options and/or vested warrants granted by Morris. The Shareholder currently has, and as of the Effective Time will have, good, valid and marketable title to the Shares, free and clear of all liens, encumbrances, restrictions, options, warrants, rights to purchase and claims of

every kind (other than the encumbrances created by this Agreement and other than restrictions on transfer under applicable federal and state securities laws).

(b) Authority; Binding Agreement. The Shareholder has the full legal right, power and authority to enter into and perform all of the Shareholder's obligations under this Agreement. The execution and delivery of this Agreement by the Shareholder will not violate any other agreement to which the Shareholder is a party, including, without limitation, any voting agreement, shareholders' agreement or voting trust. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder, enforceable against the Shareholder in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting the enforcement of creditors' rights generally and except that the availability of specific performance, injunctive relief and other equitable remedies is subject to the discretion of the court before which any proceeding may be brought). Neither the execution and delivery of this Agreement by the Shareholder nor the consummation by the Shareholder of the transactions contemplated hereby nor the compliance by the Shareholder with any of the provisions hereof will (i) violate, or require any consent, approval or notice under any provision of any judgment, order, decree, statute, law, rule or regulation applicable to the Shareholder or the Shares or (ii) constitute a violation of, conflict with or constitute a default under, any contract, commitment, agreement, understanding, arrangement or other restriction of any kind to which the Shareholder is a party or by which the Shareholder is bound, except for any of the foregoing as would not be reasonably be expected, either individually or in the aggregate, to materially impair the ability of the Shareholder to perform his or her obligations under this Agreement.

(c) Reliance on Agreement. The Shareholder understands and acknowledges that Pinnacle and Morris are entering into the Merger Agreement in reliance upon the Shareholder's execution, delivery and performance of this Agreement. The Shareholder acknowledges that the agreement set forth in Section 1 is granted in consideration for the execution and delivery of the Merger Agreement by Pinnacle.

(d) No Transfers. Until the earlier of the receipt of the Morris Shareholder Approval or the termination of this Agreement pursuant to Section 3, the Shareholder agrees not to, directly or indirectly, sell, transfer, pledge, assign or otherwise dispose of, or enter into any contract option, commitment or other arrangement or understanding with respect to the sale, transfer, pledge, assignment or other disposition of, any of the Shares (any of the foregoing, a "Transfer"), except the following Transfers shall be permitted: (i) Transfers by will or operation of law, in which case this Agreement shall bind the transferee, (ii) Transfers pursuant to any pledge agreement, subject to the pledgee agreeing in writing, prior to such Transfer, to be bound by the terms of this Agreement, (iii) Transfers in connection with estate and tax planning purposes, including Transfers to relatives, trusts and charitable organizations, subject to each transferee agreeing in writing, prior to such Transfer, to be bound by the terms of this Agreement, (iv) Transfers upon the death of the Shareholder to a descendant, heir, executor, administrator, testamentary trustee, lifetime trustee or legatee of the Shareholder, subject to each transferee agreeing in writing, prior to such Transfer, to be bound by the terms of this Agreement, (v) Transfers to any other shareholder who has executed a copy of this Agreement on the date hereof, (vi) Transfers in connection with the payment of any withholding taxes owed by the Shareholder in connection with any vesting,

settlement, or exercise, as applicable, of a Morris Restricted Stock unit, and (vii) such Transfers as Pinnacle may otherwise permit in its sole discretion. Any Transfer or other disposition in violation of the terms of this Section 2(e) shall be null and void.

3. TERMINATION. The term of this Agreement shall commence on the date hereof. This Agreement may be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement only by the written consent of the parties hereto. This Agreement shall automatically terminate upon the earliest to occur of (a) the Effective Time, (b) the amendment of the Merger Agreement in any manner that materially and adversely affects any of Shareholder's rights set forth therein (including, for the avoidance of doubt, any reduction to the Merger Consideration), (c) termination of the Merger Agreement or (d) two (2) years from the date hereof. Upon termination of this Agreement, no party shall have any further obligations or liabilities hereunder; provided, however, such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

4. MISCELLANEOUS.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, one (1) Business Day after sending by a reputable national overnight courier service or three (3) Business Days after mailing when mailed by registered or certified mail (return receipt requested), postage prepaid, to the other party in the manner provided below:

If to Pinnacle:

Pinnacle Financial Corporation
P.O. Box 430
884 Elbert Street
Elberton, Georgia 30635
Email Address: jmcconnell@pinnaclebank.com
Attention: L. Jackson McConnell, Jr.

with a copy to:

Fenimore Kay Harrison LLP
2839 Paces Ferry Road SE
Suite 750
Atlanta, Georgia 30339
Email Address: jhightower@fkhpartners.com
Attention: Jonathan S. Hightower

If to the Shareholder:

To the address set forth on the signature page hereto.

(b) Entire Agreement. This Agreement, including the agreements and documents that are schedules and exhibits hereto, embodies the entire agreement and understanding of the parties

with respect to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the transactions contemplated hereby and the subject matter hereof.

(c) Amendments; Waivers. This Agreement may be amended, modified or supplemented only by written agreement of all parties hereto. No waiver by either party at any time of any breach or failure by the other party to comply with any term or condition of this Agreement shall be construed as a waiver of any other provision, nor shall it be deemed a waiver of any subsequent or prior breach of the same provision or of a different provision.

(d) Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors (including, without limitation, the Surviving Company) and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto (other than by operation of law) without the prior written consent of the other parties.

(e) Governing Law. The execution, interpretation and performance of this Agreement shall be governed by the internal laws and judicial decisions of the State of Georgia, without regard to principles of conflicts of laws.

(f) Disclosure. The Shareholder hereby authorizes Morris and Pinnacle to publish and disclose in any announcement or disclosure required by the Securities and Exchange Commission and in the Proxy Statement/Offering Circular such Shareholder's identity and ownership of the Shares and the nature of Shareholder's obligations under this Agreement; provided, however, that Morris and Pinnacle shall provide the Shareholder written drafts of any such disclosure and consider in good faith the Shareholder's comments thereto.

(g) Injunctive Relief; Jurisdiction. The Shareholder agrees that irreparable damage would occur and that Pinnacle, Morris, the Surviving Company and the Surviving Bank would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that Pinnacle, Morris, the Surviving Company and the Surviving Bank shall each be entitled to an injunction or injunctions to prevent breaches by the Shareholder of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Georgia or in any Georgia state court (collectively, the "Courts"), this being in addition to any other remedy to which Pinnacle may be entitled at law or in equity. In addition, each of the parties hereto (i) irrevocably consents to the submission of such party to the personal jurisdiction of the Courts in the event that any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that such party will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any of the Courts and (iii) agrees that such party will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the Courts.

(h) Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable.

(j) Ownership. Nothing in this Agreement shall be construed to give Pinnacle any rights to exercise or direct the exercise of voting power as owner of the Shares or to vest in Pinnacle any direct or indirect ownership or incidents of ownership of or with respect to any of the Shares. All rights, ownership and economic benefits of and relating to the Shares shall remain vested in and belong to the Shareholder, notwithstanding the provisions of this Agreement, and Pinnacle shall have no authority to manage, direct, superintend, restrict, regulate, govern or administer any of the policies or operations of Morris or to exercise any power or authority to direct the Shareholder in voting any of the Shares, except as otherwise expressly provided herein.

(k) No Representative Capacity. Notwithstanding anything to the contrary herein, this Agreement applies solely to the Shareholder in the Shareholder's capacity as a shareholder of the Morris, and, to the extent the Shareholder serves as a member of the Board of Directors or as an officer of Morris, nothing in this Agreement shall limit or affect any actions or omissions taken by the Shareholder in the Shareholder's capacity as a director or officer and not as a shareholder.

[Remainder of page intentionally blank]

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

PINNACLE FINANCIAL CORPORATION

_____

L. Jackson McConnell, Jr.
Chairman and Chief Executive Officer

SHAREHOLDER

_____

Number of Shares: _____

Address for notices:

_____

_____

_____

_____

Telephone: _____

Email: _____

Exhibit D

Claims Letter

Exhibit D

FORM OF CLAIMS LETTER

_____ __, ____

Pinnacle Financial Corporation
884 Elbert Street
Elberton, Georgia 30635
Attention: L. Jackson McConnell, Jr.

Gentlemen:

This claims letter ("Claims Letter") is delivered pursuant to Section 7.2(f) of that certain Agreement and Plan of Merger, dated as of November 19, 2025 (as the same may be amended or supplemented, the "Merger Agreement"), by and between Pinnacle Financial Corporation, a Georgia corporation ("Pinnacle") and Morris State Bancshares, Inc., a Georgia corporation ("Morris"). Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Merger Agreement.

Concerning claims which the undersigned may have against Morris or any of its Subsidiaries or Affiliates in all capacities, whether as an officer, director, employee, partner, controlling person or Affiliate or otherwise of Morris, and in consideration of the premises, and the mutual covenants contained herein and in the Merger Agreement and the mutual benefits to be derived hereunder and thereunder, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned, intending to be legally bound, hereby affirms and agrees to the following in each and every such capacity of the undersigned.

1. Releases. Upon the Closing, the undersigned hereby fully, finally and irrevocably releases and forever discharges Morris and other Morris Entities, and their respective directors and officers (in their capacities as such), and their respective successors and assigns, and each of them (hereinafter, individually and collectively, the "Releasees") of and from any and all liabilities, losses, claims, demands, debts, accounts, covenants, agreements, obligations, costs, expenses, actions or causes of action of every nature, character or description, now accrued or which may hereafter accrue, without limitation and whether or not in law, equity or otherwise, based in whole or in part on any known or unknown facts, conduct, activities, transactions, events or occurrences, matured or unmatured, contingent or otherwise, which have or allegedly have existed, occurred, happened, arisen or transpired from the beginning of time to the date of the Closing, except for (i) compensation for services rendered that has been accrued but not yet paid in the ordinary course of business consistent with past practice or other contract rights relating to severance and employment which are contemplated by Section 6.11 of the Merger Agreement or which have been disclosed on the Morris Disclosure Memorandum in connection with the execution of the Merger Agreement, (ii) vested benefits that the undersigned is already entitled to receive under any Morris Entity employee benefit plan, (iii) rights that the undersigned has to benefits under

workers' compensation or unemployment laws or under the Consolidated Omnibus Budget Reconciliation Act of 1985, (iv) any claims that the undersigned may have in any capacity other than as an officer, director or employee of a Morris Entity, including, but not limited to, (a) contract rights, underwritten loan commitments and written agreements between the undersigned and Morris Bank, (b) certificates of deposit, (c) claims as a depositor under any deposit account with Morris Bank, (d) claims as a holder of any check issued by any other depositor of Morris Bank, (e) claims on account of any services rendered by the undersigned in a capacity other than as an officer, director or employee of any Morris Entity, and (f) claims in his or her capacity as a shareholder of Morris, (v) any right to indemnification the undersigned may have under the articles of incorporation or bylaws of any Morris Entity and/or under Georgia law, (vi) rights to liability coverage and/or costs of defense pursuant to liability insurance and/or indemnification rights for acts and omissions occurring during the undersigned's employment with the Morris (including but not limited to any directors & officers insurance or general liability insurance), and (vii) any other rights the undersigned has or may have under the Merger Agreement (collectively, subject only to the foregoing exceptions, the "Claims").

2. Forbearance. The undersigned shall forever refrain and forebear from commencing, instituting, prosecuting or making any lawsuit, action, claim or proceeding before or in any court, Governmental Authority, arbitral or other authority to collect or enforce any Claims which are released and discharged hereby.

3. Miscellaneous.

(a) This Claims Letter shall be governed by, and construed in accordance with, the laws of the State of Georgia without regard to conflict of laws principles (other than the choice of law provisions thereof).

(b) This Claims Letter contains the entire agreement between the parties with respect to the Claims released hereby, and such Claims Letter supersedes all prior agreements, arrangements or understandings (written or otherwise) with respect to such Claims, and no representation or warranty, oral or written, express or implied, has been made by or relied upon by any party hereto, except as expressly contained herein, in the Merger Agreement.

(c) This Claims Letter shall be binding upon and inure to the benefit of the undersigned and the Releasees and their respective successors and assigns.

(d) In the event that a party seeks to obtain or enforce any right or benefit provided by this Claims Letter through Litigation, and in the event that such party prevails in any such Litigation pursuant to which an arbitral panel, court or other Governmental Authority issues a final order, judgment, decree or award granting substantially the relief sought, then the prevailing party shall be entitled upon demand to be paid by the other party, all reasonable costs incurred in connection with such Litigation, including reasonable and documented legal fees, provided no party shall be entitled to any punitive or exemplary damages, which are hereby waived.

(e) Any Litigation arising out of or relating to this Claims Letter shall be brought exclusively in any federal or state court of competent jurisdiction located in the State of

Georgia. Each party consents to the jurisdiction of such Georgia court in any such Litigation and waives any objection to the laying of venue of any such Litigation in such Georgia court. Service of any court paper may be effected on such party by mail, as provided in this Claims Letter, or in such other manner as may be provided under applicable laws, rules of procedure, or local rules.

(f) This Claims Letter may not be modified, amended or rescinded except by the written agreement of the undersigned and Pinnacle, it being the express understanding of the undersigned and the Releasees that no term hereof may be waived by the action, inaction or course of dealing by or between the undersigned or the Releasees, except in strict accordance with this paragraph, and further that the waiver of any breach of this Claims Letter shall not constitute or be construed as the waiver of any other breach of the terms hereof.

(g) The undersigned represents, warrants and covenants that he or she is fully aware of his or her rights to discuss any and all aspects of this matter with any attorney he or she chooses, and that the undersigned has carefully read and fully understands all the provisions of this Claims Letter, and that the undersigned is voluntarily entering into this Claims Letter.

(h) This Claims Letter is effective when signed by the undersigned and delivered to Pinnacle, and its operation to extinguish all of the Claims released hereby is not dependent on or affected by the performance or non-performance of any future act by the undersigned or the Releasees. If the Merger Agreement is terminated for any reason, this letter shall be of no force or effect.

[*Signatures on following page*.]

Sincerely,

_____

On behalf of Releasees, the undersigned thereunto duly authorized, acknowledges receipt of this letter as of _____, _____.

PINNACLE FINANCIAL CORPORATION

_____
L. Jackson McConnell, Jr.
Chairman and Chief Executive Officer

[*Signature Page to Claims Letter*]

EXHIBIT B

OPINION OF KEEFE, BRUYETTE & WOODS, INC.

See attached.

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KEEFE, BRUYETTE & WOODS
A Stifel Company

November 19, 2025

The Board of Directors
Morris State Bancshares, Inc.
301 Bellevue Avenue
Dublin, Georgia 31021

Members of the Board:

You have requested the opinion of Keefe, Bruyette & Woods, Inc. ("KBW" or "we") as investment bankers as to the fairness, from a financial point of view, to the common shareholders of Morris State Bancshares, Inc. ("Morris State") of the Total Per Share Consideration (as defined below) to be received by such common shareholders in connection with the proposed merger (the "Merger") of Morris State with and into Pinnacle Financial Corporation ("Pinnacle") pursuant to the Agreement and Plan of Merger (the "Agreement") to be entered into by and between Morris State and Pinnacle. Pursuant to the Agreement and subject to the terms, conditions and limitations set forth therein, at the Effective Time (as defined in the Agreement), automatically by virtue of the Merger and without any action on the part of Pinnacle, Morris State, or the subsidiaries or shareholders of any of the foregoing, each share of common stock, par value $1.00 per share ("Morris State Common Stock") issued and outstanding immediately prior to the Effective Time (excluding the Cancelled Shares and the Dissenters' Shares (each as defined the Agreement)) shall be converted into the right to receive 0.1095 of a share of common stock, no par value, designated as voting shares of Pinnacle ("Pinnacle Common Stock" and, such 0.1095 of a share of Pinnacle Common Stock for each share of Morris State Common Stock, the "Per Share Merger Consideration"). The Agreement also provides that, in addition to the Per Share Merger Consideration, immediately prior to the closing of the Merger, Morris State shall be permitted to pay to each holder of Morris State Common Stock a special cash dividend (the "Transaction Dividend") equal to the quotient of (A) $5,761,643 divided by (B) the aggregate number of shares of Morris State Common Stock issued and outstanding immediately prior to the Effective Time. The Per Share Merger Consideration and the Transaction Dividend, taken together, are referred to herein as the "Total Per Share Consideration." The terms and conditions of the Merger (including payment of the Transaction Dividend) are more fully set forth in the Agreement.

The Agreement further provides that, immediately following the Effective Time, Morris Bank, a wholly-owned subsidiary of Morris State, will be merged with and into Pinnacle Bank, a wholly-owned subsidiary of Pinnacle, with Pinnacle Bank as the surviving entity (such transaction, the "Bank Merger"), pursuant to the terms of the Agreement and a plan of bank merger.

KBW has acted as financial advisor to Morris State and not as an advisor to or agent of any other person. As part of our investment banking business, we are continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, we have experience in, and knowledge of, the valuation of banking enterprises. We and our affiliates, in the ordinary course of our and their broker-dealer businesses, may from time to time purchase securities from, and sell securities to, Morris State and Pinnacle. In addition, as market makers in securities, we and our affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of Morris State for our and their own respective

accounts and for the accounts of our and their respective customers and clients. We have acted exclusively for the Board in rendering this opinion and will receive a fee from Morris State for our services. A portion of our fee is payable upon the rendering of this opinion, and a significant portion is contingent upon the successful completion of the Merger. In addition, Morris State has agreed to indemnify us for certain liabilities arising out of our engagement.

Other than in connection with this present engagement, in the past two years, KBW has not provided investment banking or financial advisory services to Morris State. In the past two years, KBW has not provided investment banking or financial advisory services to Pinnacle. We may in the future provide investment banking and financial advisory services to Morris State or Pinnacle and receive compensation for such services.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the financial and operating condition of Morris State and Pinnacle and bearing upon the Merger, including among other things, the following: (i) a draft of the Agreement dated November 17, 2025 (the most recent draft made available to us); (ii) the audited financial statements for the three fiscal years ended December 31, 2024 of Morris State; (iii) the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2025, June 30, 2025 and September 30, 2025 of Morris State; (iv) the audited financial statements for the three fiscal years ended December 31, 2024 of Pinnacle; (v) the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2025, June 30, 2025 and September 30, 2025 of Pinnacle; (vi) certain regulatory filings of Morris State and Pinnacle and their respective subsidiaries, including as applicable, the semi-annual reports on Form FRY-SP and the quarterly call reports required to be filed (as the case may be) with respect to each quarter during the three-year period ended December 31, 2024 as well as the quarters ended March 31, 2025, June 30, 2025 and September 30, 2025; (vii) certain other interim reports and other communications of Morris State and Pinnacle to their respective shareholders; and (viii) other financial information concerning the businesses and operations of Morris State and Pinnacle furnished to us by Morris State and Pinnacle or which we were otherwise directed to use for purposes of our analyses. Our consideration of financial information and other factors that we deemed appropriate under the circumstances or relevant to our analyses included, among others, the following: (i) the historical and current financial position and results of operations of Morris State and Pinnacle; (ii) the assets and liabilities of Morris State and Pinnacle; (iii) the nature and terms of certain other merger transactions and business combinations in the banking industry; (iv) a comparison of certain financial and stock market information for Morris State and certain financial information for Pinnacle with similar information for certain other companies the securities of which are publicly traded; (v) financial and operating forecasts and projections of Morris State that were prepared by Morris State management, provided to and discussed with us by such management, and used and relied upon by us at the direction of such management and with the consent of the Board; (vi) financial and operating forecasts and projections of Pinnacle that were prepared by Pinnacle management, provided to and discussed with us by such management, and used and relied upon by us based on such discussions, at the direction of Morris State management and with the consent of the Board; and (vii) estimates regarding certain pro forma financial effects of the Merger on Pinnacle (including, without limitation, the cost savings expected to result or be derived from the Merger) that were prepared by Pinnacle management, provided to and discussed with us by such management, and used and relied upon by us based on such discussions, at the direction of Morris State management and with the consent of the Board. We have also performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. We have also participated in discussions held by the managements of Morris State and Pinnacle regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as we have deemed relevant to our inquiry. We have not been requested to assist, and have not assisted, Morris State with soliciting indications of interest from third parties regarding a potential transaction with Morris State.

In conducting our review and arriving at our opinion, we have relied upon and assumed the accuracy and completeness of all of the financial and other information that was provided to or discussed with us or that was publicly available and we have not independently verified the accuracy or completeness of any such information or assumed any responsibility or liability for such verification, accuracy or completeness. We have relied upon the management of Morris State as to the reasonableness and achievability of the financial and operating forecasts and projections of Morris State referred to above (and the assumptions and bases therefor), and we have assumed that such forecasts and projections have been reasonably prepared and represent the best currently available estimates and judgments of such management and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such management. We have further relied, with the consent of Morris State, upon Pinnacle management as to the reasonableness and achievability of the financial and operating forecasts and projections of Pinnacle and the estimates regarding certain pro forma financial effects of the Merger on Pinnacle (including, without limitation, the cost savings expected to result or be derived from the Merger), all as referred to above (and the assumptions and bases for all such information), and we have assumed that such information has been reasonably prepared and represents the best currently available estimates and judgments of such management and that the forecasts, projections and estimates reflected in such information will be realized in the amounts and in the time periods currently estimated by such management.

It is understood that the foregoing financial information of Morris State and Pinnacle that were provided to us were not prepared with the expectation of public disclosure and that all of the foregoing financial information is based on numerous variables and assumptions that are inherently uncertain and, accordingly, actual results could vary significantly from those set forth in such information. We have assumed, based on discussions with the respective managements of Morris State and Pinnacle and with the consent of the Board, that all such information provides a reasonable basis upon which we can form our opinion and we express no view as to any such information or the assumptions or bases therefor. We have relied on all such information without independent verification or analysis and do not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

We also have assumed that there have been no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Morris State or Pinnacle since the date of the last financial statements of each such entity that were made available to us. We are not experts in the independent verification of the adequacy of allowances for credit losses and we have assumed, without independent verification and with your consent, that the aggregate allowances for credit losses for each of Morris State and Pinnacle are adequate to cover such losses. In rendering our opinion, we have not made or obtained any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Morris State or Pinnacle, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor have we examined any individual loan or credit files, nor did we evaluate the solvency, financial capability or fair value of Morris State or Pinnacle under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. We have made note of the classification by each of Morris State and Pinnacle of its loans and owned securities as either held to maturity or held for investment, on the one hand, or held for sale or available for sale, on the other hand, and have also reviewed reported fair value marks-to-market and other reported valuation information, if any, relating to such loans or owned securities contained in the respective financial statements of Morris State and Pinnacle, but we express no view as to any such matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Such estimates are inherently subject to uncertainty and should not be taken as our view of the actual value of any companies or assets.

We have assumed, in all respects material to our analyses, the following: (i) that the Merger (including payment of the Transaction Dividend) and any related transactions (including the Bank Merger)

will be completed substantially in accordance with the terms set forth in the Agreement (the final terms of which we have assumed will not differ in any respect material to our analyses from the draft reviewed by us and referred to above) and in all related documents referred to in the Agreement, with no adjustments to the Total Per Share Consideration (including the allocation between the Per Share Merger Consideration and the Transaction Dividend) and with no other consideration or payments in respect of Morris State Common Stock; (ii) that the representations and warranties of each party in the Agreement and in all related documents are true and correct; (iii) that each party to the Agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents; (iv) that there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the Merger or any related transactions and that all conditions to the completion of the Merger and any related transactions will be satisfied without any waivers or modifications to the Agreement or any of the related documents; and (v) that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger and any related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on Morris State, Pinnacle or the pro forma entity, or the contemplated benefits of the Merger, including without limitation the cost savings expected to result or be derived from the Merger. We have assumed that the Merger will be consummated in a manner that is exempt from or complies with the applicable provisions of the Securities Act of 1933, as amended, and all other applicable federal and state statutes, rules and regulations. We have further been advised by representatives of Morris State that Morris State has relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Morris State, Pinnacle, the Merger and any related transaction and the Agreement. KBW has not provided advice with respect to any such matters.

This opinion addresses only the fairness, from a financial point of view, as of the date hereof, of the Total Per Share Consideration in the Merger to the holders of Morris State Common Stock. We express no view or opinion as to any other terms or aspects of the Merger or any term or aspect of any related transaction (including the Bank Merger, the listing of shares of Pinnacle Common Stock on the OTCQX, the actions relating to the Morris Bank 401(k) and Employee Stock Ownership Plan or the sale to Pinnacle or other divestiture by Morris Bank of that certain 3.50% Fixed-to-Floating Rate Subordinated Note Due 2031 made by Pinnacle and held by Morris Bank), including, without limitation, the form or structure of the Merger or any such related transaction (including the form of the Total Per Share Consideration or the allocation thereof between the Per Share Merger Consideration and the Transaction Dividend), any consequences of the Merger or any such related transaction to Morris State, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any directors' agreements, releases, claims letters or any employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Merger, any such related transaction, or otherwise. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof. There is currently significant volatility in the stock and other financial markets arising from global tensions and political division, economic uncertainty, recently announced actual or threatened imposition of tariff increases, inflation, and prolonged higher interest rates. It is understood that subsequent developments may affect the conclusion reached in this opinion and that KBW does not have an obligation to update, revise or reaffirm this opinion. Our opinion does not address, and we express no view or opinion with respect to, (i) the underlying business decision of Morris State to engage in the Merger or enter into the Agreement; (ii) the relative merits of the Merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Morris State or the Board; (iii) the fairness of the amount or nature of any compensation to any of Morris State's officers, directors or employees, or any class of such persons, relative to the compensation to the holders of Morris State Common Stock; (iv) the effect of the Merger or any related transaction on, or the fairness of the consideration to be received by, the holders of any class of securities of Morris State (other than holders of Morris State Common Stock, solely with respect to the Total Per Share Consideration as

described herein and not relative to the consideration to be received by holders of any other class of securities) or holders of any class of securities of Pinnacle or any other party to any transaction contemplated by the Agreement; (v) the actual value of Pinnacle Common Stock to be issued in the Merger; (vi) the prices, trading range or volume at which Morris State Common Stock will trade following the public announcement of the Merger, the prices, trading range or volume at which Pinnacle Common Stock will trade following the listing thereof on the OTCQX or the prices, trading range or volume at which Pinnacle Common Stock will trade following the consummation of the Merger; (vii) any advice or opinions provided by any other advisor to any of the parties to the Merger or any other transaction contemplated by the Agreement; or (viii) any legal, regulatory, accounting, tax, environmental or similar matters relating to Morris State, Pinnacle, their respective shareholders, or relating to or arising out of or as a consequence of the Merger or any related transaction (including the Bank Merger), including whether or not the Merger will qualify as a tax-free reorganization for United States federal income tax purposes.

This opinion is solely for the information of, and is directed solely to, the Board (solely in its capacity as such) in connection with its consideration of the financial terms of the Merger. This opinion is not to be relied upon by any other entity or person or used for any other purpose, without our prior written consent. This opinion does not constitute a recommendation to the Board as to how it should vote or act on the Merger, or to any holder of Morris State Common Stock or any shareholder of any other entity as to how to vote or act in connection with the Merger or any other matter, nor does it constitute a recommendation regarding whether or not any such shareholder should enter into a voting, shareholders', or affiliates' agreement with respect to the Merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with our policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Total Per Share Consideration to be received by the holders of Morris State Common Stock in connection with the Merger is fair, from a financial point of view, to such holders.

Very truly yours,

Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, Inc.

EXHIBIT C

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VALLANT FINANCIAL, INC. (FORMERLY PINNACLE FINANCIAL CORPORATION) AS OF DECEMBER 31, 2024

AND

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VALLANT FINANCIAL, INC. (FORMERLY PINNACLE FINANCIAL CORPORATION) AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

See attached.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2024

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2024

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors
Pinnacle Financial Corporation
Elberton, Georgia

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated financial statements of **Pinnacle Financial Corporation and Subsidiary**, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements. We have also audited Pinnacle Financial Corporation and Subsidiary's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the Instructions for Preparation of Consolidated Reports of Condition and Income (Form FFIEC 051) as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pinnacle Financial Corporation and Subsidiary as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, Pinnacle Financial Corporation and Subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting** section of our report. We are required to be independent of Pinnacle Financial Corporation and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment of Internal Control over Financial Reporting.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pinnacle Financial Corporation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of consolidated financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of consolidated financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pinnacle Financial Corporation and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An institution's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of Pinnacle Financial Corporation and Subsidiary's internal control over financial reporting included controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and controls over the preparation of schedules equivalent to basic financial statements in accordance with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (call report instructions). An institution's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the institution; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the institution are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the institution's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 43 through 46 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of Pinnacle Financial Corporation and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pinnacle Financial Corporation and Subsidiary's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 20, 2025

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

Assets	**2024**	2023
Cash and due from banks	**$ 48,498,775**	$ 34,898,061
Interest-bearing deposits at other financial institutions	**96,497,333**	49,689,312
Federal funds sold	**10,200,000**	10,200,000
Securities available for sale, at fair value amortized cost of $425,300,885 and $446,633,013, respectively	**366,490,994**	391,413,308
Equity securities	**2,165,559**	2,124,493
Federal Home Loan Bank stock, at cost	**1,669,600**	4,199,700
Loans, net of allowance for credit losses of $20,282,046 and $20,271,009, respectively	**1,536,615,927**	1,507,153,113
Loans held for sale	**5,956,953**	324,146
Premises and equipment, net	**37,092,131**	38,683,287
Accrued interest receivable	**7,899,459**	7,631,699
Goodwill and intangibles, net	**34,211,989**	34,594,418
Cash surrender value of life insurance	**15,151,299**	14,850,304
Other assets	**27,461,190**	23,430,338
Total assets	**$ 2,189,911,209**	$ 2,119,192,179
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing	**$ 590,231,415**	$ 609,982,353
Interest-bearing	**1,367,382,763**	1,255,310,071
Total deposits	**1,957,614,178**	1,865,292,424
Securities sold under repurchase agreements	**505,295**	1,129,368
Federal Home Loan Bank advances	**-**	55,000,000
Federal funds purchased	**192,000**	-
Subordinated notes	**24,697,726**	24,647,898
Subordinated debentures	**7,217,000**	7,217,000
Accrued interest payable	**4,318,969**	4,322,788
Other liabilities	**15,163,225**	10,732,731
Total liabilities	**2,009,708,393**	1,968,342,209
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value, 10,000,000 shares authorized; 1,375,498 and 1,283,431 shares issued, respectively	**82,697,343**	69,231,924
Retained earnings	**141,661,077**	122,939,882
Accumulated other comprehensive loss	**(44,155,604)**	(41,321,836)
Total stockholders' equity	**180,202,816**	150,849,970
Total liabilities and stockholders' equity	**$ 2,189,911,209**	$ 2,119,192,179

See Notes to Consolidated Financial Statements.

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Interest income:		
Loans, including fees	**$ 88,725,987**	$ 79,081,520
Securities:		
Taxable	**9,254,190**	8,611,014
Nontaxable	**1,770,983**	2,111,483
Interest-bearing deposits at other financial institutions	**5,249,324**	1,404,915
Total interest income	**105,000,484**	91,208,932
Interest expense:		
Deposits	**26,096,260**	12,560,819
Borrowings	**2,956,281**	3,959,636
Total interest expense	**29,052,541**	16,520,455
Net interest income	**75,947,943**	74,688,477
Provision for credit losses	**900,000**	4,425,957
Net interest income after provision for credit losses	**75,047,943**	70,262,520
Other income:		
Service charges on deposit accounts	**14,284,388**	13,891,274
Mortgage loan origination fees	**1,401,358**	616,230
Other service charges and fees	**1,910,902**	1,637,614
Available for sale securities gains (losses), net	**(12,116)**	(1,153,056)
Gains (losses) on equity securities	**(23,415)**	13,187
Gain on sale of loans	**598,918**	758,655
Other income	**4,667,346**	941,654
Total other income	**22,827,381**	16,705,558
Other expenses:		
Salaries and employee benefits	**34,679,932**	32,298,206
Occupancy and equipment expense	**9,789,091**	9,835,361
Other expenses	**20,700,256**	19,766,449
Total other expenses	**65,169,279**	61,900,016
Income before income tax	**32,706,045**	25,068,062
Income tax	**7,313,447**	5,477,578
Net income	**$ 25,392,598**	$ 19,590,484
Basic earnings per share	**$ 19.42**	$ 15.27
Diluted earnings per share	**$ 18.42**	$ 14.27
Average shares outstanding - basic	**1,307,876**	1,283,185
Average shares outstanding - diluted	**1,378,405**	1,373,100

See Notes to Consolidated Financial Statements.

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Net income	**$ 25,392,598**	$ 19,590,484
Other comprehensive income (loss):		
Unrealized holding gains (losses) on available for sale securities arising during period, net of tax (benefit) of ($877,867) and $2,915,631, respectively	**(2,703,560)**	8,746,891
Reclassification adjustment for losses realized in net income on available for sale securities, net of tax benefit of $3,029 and $288,264, respectively	**9,087**	864,792
Unrealized losses on derivative financial instruments arising during period, net of tax benefit of $46,432 and $6,953, respectively	**(139,295)**	(20,858)
Other comprehensive income (loss)	**(2,833,768)**	9,590,825
Comprehensive income	**$ 22,558,830**	$ 29,181,309

See Notes to Consolidated Financial Statements.

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock			Accumulated Other	
	Shares	Amount Paid In	Retained Earnings	Comprehensive Loss	Total Stockholders' Equity
Balance, December 31, 2022	1,283,838	$ 74,566,607	$ 109,769,445	$ (50,912,661)	$ 133,423,391
Net income	-	-	19,590,484	-	19,590,484
Dividends declared, $5.00 per share	-	-	(6,420,047)	-	(6,420,047)
Stock based compensation expense	38,500	952,762	-	-	952,762
Exercise of stock warrants	1,893	255,555	-	-	255,555
Exercise of stock options	400	48,000	-	-	48,000
Stock repurchased	(41,700)	(6,663,500)	-	-	(6,663,500)
Stock sold to shareholders	500	72,500	-	-	72,500
Other comprehensive income	-	-	-	9,590,825	9,590,825
Balance, December 31, 2023	1,283,431	$ 69,231,924	$ 122,939,882	$ (41,321,836)	$ 150,849,970
Net income	-	-	25,391,598	-	25,391,598
Dividends declared, $5.10 per share	-	-	(6,671,403)	-	(6,671,403)
Stock based compensation expense	1,679	1,263,739	-	-	1,263,739
Exercise of stock warrants and shares issued	27,706	3,740,310	-	-	3,740,310
Stock sold to shareholders	62,917	8,493,795	-	-	8,493,795
Stock repurchased	(235)	(32,425)	-	-	(32,425)
Other comprehensive income	-	-	-	(2,833,768)	(2,833,768)
Balance, December 31, 2024	1,375,498	$ 82,697,343	$ 141,660,077	$ (44,155,604)	$ 180,201,816

See Notes to Consolidated Financial Statements.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 25,392,598**	$ 19,590,484
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation	**2,596,815**	2,650,985
Net amortization of securities available for sale	**1,211,947**	1,361,395
Income from equity securities	**(64,481)**	(125,648)
Amortization of intangible assets	**382,429**	382,428
Amortization of debt issuance costs	**49,828**	49,828
Provision for loan losses	**900,000**	4,425,957
Loss on sales of securities available for sale	**12,116**	1,153,056
(Gain) loss on equity securities	**23,415**	(13,187)
Gain on sale of loans	**(598,918)**	(758,655)
Stock based compensation including stock grants	**1,263,739**	952,762
Deferred income taxes	**(523,830)**	(1,052,436)
Net loss on sales of other real estate owned	**17,363**	-
Loss on sale of repossessed assets	**2,392**	8,440
Increase in interest receivable	**(267,760)**	(1,079,607)
Increase (decrease) in interest payable	**(3,819)**	3,781,390
Increase in cash value of life insurance	**(300,995)**	(354,765)
(Increase) decrease in loans held for sale	**(5,632,807)**	1,856,079
Gain on sale of premises and equipment	**(546,435)**	(15)
Other operating activities, net	**2,155,776**	(770,547)
Net cash provided by operating activities	**26,069,373**	32,057,944
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in interest-bearing deposits at other financial institutions	**(46,808,021)**	(31,687,429)
Decrease in federal funds sold	**-**	40,000,000
Available for sale securities:		
Sales	**31,566,317**	18,449,460
Maturities, prepayments, and calls	**25,312,988**	18,581,937
Purchases	**(36,771,240)**	(27,000,416)
Net (increase) decrease in Federal Home Loan Bank stock	**2,530,100**	(3,050,200)
Net increase in loans	**(30,980,159)**	(104,979,194)
Proceeds from sales of other real estate owned	**667,800**	-
Proceeds from sale of repossessed assets	**52,822**	33,672
Proceeds from payout of life insurance policy	**-**	6,952,915
Proceeds from sale of premises and equipment	**3,750,000**	15
Purchases of premises and equipment	**(4,209,224)**	(2,957,371)
Net cash used in investing activities	**(54,888,617)**	(85,656,611)

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in deposits	**$ 92,321,754**	$ 9,334,591
Net increase (decrease) in federal funds purchased	**192,000**	(182,000)
Net decrease in securities sold under agreements to repurchase	**(624,073)**	(3,659,078)
Proceeds from Federal Home Loan Bank advances	**-**	561,670,000
Repayment of Federal Home Loan Bank advances	**(55,000,000)**	(506,670,000)
Repurchase of common stock from shareholders	**(32,425)**	(6,663,500)
Proceeds from exercise of warrants of common stock	**3,740,310**	255,555
Proceeds from exercise of options of common stock	**-**	48,000
Proceeds from sale of common stock	**8,493,795**	72,500
Dividends declared and paid	**(6,671,403)**	(6,420,047)
Net cash provided by financing activities	**42,419,958**	47,786,021
Net increase (decrease) in cash and due from banks	**13,600,714**	(5,812,646)
Cash and due from banks at beginning of year	**34,898,061**	40,710,707
Cash and due from banks at end of year	**$ 48,498,775**	$ 34,898,061
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid on deposits and borrowings	**$ 29,056,360**	$ 12,739,065
Cash paid for income taxes	**7,070,145**	6,712,518
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Other real estate owned and repossessions acquired in settlement of loans	**$ 1,216,263**	$ 42,112
Transfer of reserves from ACL on loans to ACL on unfunded commitments	**-**	795,449

See Notes to Consolidated Financial Statements.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pinnacle Financial Corporation (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Pinnacle Bank (the "Bank"). The Bank is a state chartered commercial bank headquartered in Elberton, Georgia. The Bank provides a full range of banking services in its primary market area of Northeast Georgia.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, the valuation of foreclosed real estate and deferred tax assets/liabilities, contingent assets and liabilities, securities, lease liabilities and right-of-use assets, and the fair value of financial instruments.

The determination of the adequacy of the allowance for credit losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company has evaluated all transactions, events, and circumstances for consideration or disclosure through March 20, 2025, the date these financial statements were available to be issued, and has reflected or disclosed those items within the financial statements and related footnotes as deemed appropriate.

Cash, Due from Banks and Cash Flows

For purposes of reporting cash flows, cash and due from banks include cash on hand, cash items in process of collection and amounts due from banks. Cash flows from interest-bearing deposits at other financial institutions, federal funds sold and purchased, loans, deposits, and securities sold under repurchase agreements are reported net.

The Company has a restricted cash account required by its processor for ATM clearings. The balance in this account was $1,582,000 at December 31, 2024 and 2023. This account is included in cash and due from banks in the consolidated balance sheets.

Securities Available-for-Sale

Securities are classified as available-for-sale and recorded at fair value with unrealized gains and losses excluded from operations and reported in accumulated other comprehensive loss. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Securities Available-for-Sale (Continued)

Accrued interest receivable on debt securities totaled $2,203,407 and $2,317,044 as of December 31, 2024 and 2023, respectively. A debt security is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to debt securities reversed against interest income for the years ended December 31, 2024 and 2023.

The Company evaluates available-for-sale securities in an unrealized loss position to determine if credit-related impairment exists. The Company first evaluates whether it intends to sell or more likely than not will be required to sell an impaired security before recovering its amortized cost basis. If this condition exists, the entire amount of unrealized loss is recognized in earnings with a corresponding adjustment to the security's amortized cost basis. If this condition does not exist, the Company evaluates whether the decline in fair value is attributable to credit or resulted from other factors. If credit-related impairment exists, the Company recognizes an allowance for credit losses ("ACL"), limited to the amount by which the amortized cost basis exceeds the fair value. Any impairment not recognized through an ACL is recognized in other comprehensive income (loss), net of tax, as a noncredit-related impairment.

Equity Securities

Equity securities (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value with changes in fair value recognized in net income. As of December 31, 2024 and 2023, the Company had an equity investment in the American Home Opportunity Mortgage Fund, LP totaling $2,165,559 and $2,124,493, respectively.

Federal Home Loan Bank Stock

The Company is required to maintain an investment in capital stock of the Federal Home Loan Bank of Atlanta (FHLB). Based on redemption provisions of the entity, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. Management reviews for impairment based on the ultimate recoverability of the cost basis in this stock.

Loans Held For Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value. The majority of loans held for sale are initially funded by the Company with a commitment to purchase by an independent investor. Gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan. The estimated fair value of loans held for sale is based on independent third-party commitments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity are reported at their outstanding principal balances less the allowance for credit losses and net deferred loan origination fees and related costs. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct loan origination costs, are recognized at the time the loan is recorded for most loans. Management has determined that the Company's costs of originating these loans to be substantially the same as the origination fees charged to the customer. For all other loans, the loan origination fees, net of certain direct loan origination costs, are deferred and recognized as an adjustment of the related loan yield over the life of the loan using the straight-line method.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, unless the loan is well-secured and in process of collection. Interest income on nonaccrual loans is recognized on the cash-basis or cost-recovery method, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date. Loans which have experienced more-than-insignificant deterioration in credit quality since origination, as determined by the Company's assessment, are considered purchased credit deteriorated ("PCD") loans. At acquisition, expected credit losses for purchased loans with credit deterioration are initially recognized as an allowance for credit losses and are added to the purchase price to determine the amortized cost basis of the loans. Any non-credit discount or premium resulting from acquiring such loans is recognized as an adjustment to interest income over the remaining lives of the loans. Subsequent to the acquisition date, the change in the allowance for credit losses on PCD loans is recognized through provision for credit losses. The non-credit discount or premium is accreted or amortized, respectively, into interest income over the remaining life of the PCD loan on a level-yield basis. Purchased loans which do not meet the criteria to be classified as PCD loans are recorded at fair value as of the acquisition date and no allowance for credit losses is carried over from the seller. The resulting purchase discount or premium is accreted or amortized, respectively, into interest income over the remaining life of the non-PCD loan on a level-yield basis.

Allowance for Credit Losses - Loans

Under the current expected credit loss model, the allowance for credit losses ("ACL") on loans is a valuation allowance estimated at each balance sheet date in accordance with GAAP that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans.

The Company estimates the ACL on loans based on the underlying loans' amortized cost basis, which is the amount at which the financing receivable is originated or acquired, adjusted for applicable accretion or amortization of premium, discount, and net deferred fees or costs, collection of cash, and charge-offs. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of ACL. Accrued interest receivable on loans is reported in other assets on the consolidated balance sheets and totaled $5,694,993 and $5,313,064 at December 31, 2024 and 2023, respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Loans (Continued)

Expected credit losses are reflected in the allowance for credit losses through a charge to provision for credit losses. The Company measures expected credit losses of loans on a collective (pool) basis, when the loans share similar risk characteristics. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The Company's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions over a period that has been determined to be reasonable and supportable, to the identified pools of loans with similar risk characteristics for which the historical loss experience was observed.

Remaining Life Method

The Company's primary methodology for estimating expected credit losses for all loan types is the Weight-Average Remaining Maturity (WARM) method. The WARM method calculates average annual charge-off rates and remaining contractual life, adjusted for prepayments, to estimate the losses for a pool of loans at the balance sheet date. The WARM method uses average annual net charge-off rates and the amortization-adjusted remaining lives, plus qualitative actor (including peer charge-off history and environmental factors) adjustments, to estimate the ACL.

Individually Evaluated Assets

Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent loans where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the loan to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the loan exceeds the present value of expected cash flows from the operation of the collateral. The Company may, in the alternative, measure the expected credit loss as the amount by which the amortized cost basis of the loan exceeds the estimated fair value of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized costs basis of the loan exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the loan.

Charge-Offs and Recoveries

Credit losses are charged against the allowance when management believes the collection of a loan's principal is unlikely. Subsequent recoveries are credited to the allowance. If the loan is collateral dependent, the loss is more easily identified and is charged-off when it is identified, usually based upon receipt of an appraisal. However, when a loan has guarantor support, and the guarantor demonstrates willingness and capacity to support the debt, the Company may carry the estimated loss as a reserve against the loan while collection efforts with the guarantor are pursued. If, after collection efforts with the guarantor are complete, the deficiency is still considered uncollectible, the loss is charged-off and any further collections are treated as recoveries.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Commitments and Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for credit losses in the Company's consolidated statements of income. The ACL on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees, and is included in other liabilities on the Company's consolidated balance sheets.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets which range from 3 to 10 years for furniture, fixtures, and equipment and 15 to 40 years for buildings. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company generally does not record leases on the balance sheet that are classified as short-term (less than one year).

At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in other operating expenses on the Company's consolidated statements of income. The Company's variable lease expense includes rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance, and other costs associated with the lease.

The Company has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Other Real Estate Owned

Other real estate owned acquired through, or in lieu of, loan foreclosure are initially recorded at fair value less estimated costs to sell. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for credit losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of the carrying amount or fair value less estimated costs to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed assets and subsequent write-downs to the value are expensed. Other real estate owned is included within other assets on the consolidated balance sheets.

Goodwill and Intangible Assets

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the balance sheet.

Intangible assets consist of core deposit premiums acquired in connection with the assets acquired through business combinations and branch acquisitions. The core deposit premium is initially recognized based on an independent valuation performed as of the consummation date. The core deposit premiums are amortized by the straight-line method over the average remaining life of the acquired customer deposits, or a weighted average life of 5 to 7 years. Amortization periods are reviewed annually in connection with the Company’s annual impairment testing of goodwill.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC 740, *Income Taxes)*. The accounting guidance related to accounting for uncertainty in income taxes sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets may be reduced by deferred tax liabilities and a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Derivative Instruments and Hedging Activities

The Company's interest rate risk management strategy incorporates the use of derivative instruments to minimize fluctuations in net income that are caused by interest rate volatility. The Company's goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets and liabilities so that the net interest margin is not, on a material basis, adversely affected by movements in interest rates. The Company views this strategy as a prudent management of interest rate risk, such that net income is not exposed to undue risk presented by changes in interest rates.

In carrying out this part of its interest rate risk management strategy, the Company occasionally uses interest rate derivative contracts. The primary type of derivative contract used by the Company to manage interest rate risk is interest rate swaps. Interest rate swaps generally involve the exchange of fixed- and variable-rate interest payments between two parties, based on a common notional principal amount and maturity date. Cash flows related to floating-rate assets and liabilities will fluctuate with changes in an underlying rate index. When effectively hedged, the increases or decreases in cash flows related to the floating-rate asset or liability will generally be offset by changes in cash flows of the derivative instrument designated as a hedge.

By using derivative instruments, the Company is exposed to credit and market risk. If the counterparty fails to perform, credit risk is equal to the fair value gain in the derivative. When the fair value of a derivative contract is positive, this situation generally indicates that the counterparty is obligated to pay the Company and, therefore, creates a repayment risk for the Company. When the fair value of a derivative contract is negative, the Company is obligated to pay the counterparty and, therefore, has no repayment risk. The Company minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties that are reviewed periodically by the Company. The Company's derivative activities are monitored by its asset/liability management committee as part of that committee's oversight of the Company's asset/liability and treasury functions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments and Hedging Activities (Continued)

The Company recognizes the fair value of derivatives as assets or liabilities in the financial statements. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative instrument at inception. The change in fair value of the effective portion of cash flow hedges is accounted for in other comprehensive loss rather than net income. Changes in the fair value of derivative instruments that are not intended as a hedge are accounted for in the net income of the period of the change.

When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, and gains or losses that were accumulated in other comprehensive loss will be recognized immediately in earnings. In those situations where the hedge is redesignated or discontinued and the variability of the future cash flows will occur as expected, gains and losses that are accumulated in other comprehensive loss will continue to be reclassified from accumulated other comprehensive loss to earnings as the interest payments affect earnings over the period of the original hedging relationship. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the balance sheet, with subsequent changes in its fair value recognized in current period earnings.

Profit-Sharing Plan

Profit-sharing plan costs are based on a percentage of employee's contributions to the plan, not to exceed the amount that can be deducted for federal income tax purposes.

Advertising Costs

The Company expenses all advertising costs as incurred. Advertising expense was $644,540 and $685,639 for the years ended December 31, 2024 and 2023, respectively.

Earnings Per Share

Basic earnings per share represents earnings available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share represents earnings available to common stockholders divided by the sum of the weighted-average number of common shares outstanding during the period and potential dilutive common shares. At December 31, 2024 and 2023, potential dilutive common shares consist of stock options and warrants.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities and interest rate swap derivatives, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Fair values of financial instruments are estimates using relevant market information and other assumptions, as more fully disclosed in Note 17. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Revenue Recognition

The Company accounts for revenue in accordance with applicable revenue recognition accounting guidance, including ASU 2014-09 *Revenue from Contracts with Customers* (ASC Topic 606) and all subsequent amendments to the ASU (collectively, "ASC 606"), which: (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned. The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as loans, letters of credit, and investment securities, as these activities are subject to other GAAP discussed elsewhere within the disclosures. The Company's services that fall within the scope of ASC 606 are presented within other income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of ASC 606 primarily include service charges on deposits and other service charges and fees which include ATM fees, safe deposit box rent and interchange income. Refer to Note 18 for further discussion on the Company's accounting policies for revenue sources within the scope of ASC 606.

NOTE 2. SECURITIES

The amortized cost and fair value of securities available-for-sale with gross unrealized gains and losses at December 31, 2024 and 2023 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
U.S. Treasuries	**$ 25,660,159**	**$ -**	**$ (2,238,752)**	**$ 23,421,407**
U.S. Agencies and Government-sponsored enterprises (GSEs)	**21,071,748**	**4,266**	**(2,352,521)**	**18,723,493**
State and municipal securities	**130,055,603**	**911**	**(21,448,382)**	**108,608,132**
Mortgage-backed GSE residential and commercial securities	**211,405,022**	**11,793**	**(31,582,527)**	**179,834,288**
Corporate bonds	**37,108,353**	**68,992**	**(1,273,671)**	**35,903,674**
Total	**$ 425,300,885**	**$ 85,962**	**$ (58,895,853)**	**$ 366,490,994**
December 31, 2023:				
U.S. Treasuries	$ 25,835,981	$ -	$ (2,615,824)	$ 23,220,157
U.S. Agencies and Government-sponsored enterprises (GSEs)	24,128,352	11,019	(2,457,563)	21,681,808
State and municipal securities	142,366,636	258,051	(19,223,190)	123,401,497
Mortgage-backed GSE residential and commercial securities	218,811,106	447,882	(29,478,413)	189,780,575
Corporate bonds	35,490,938	1,213	(2,162,880)	33,329,271
Total securities	$ 446,633,013	$ 718,165	$ (55,937,870)	$ 391,413,308

The amortized cost and fair value of debt securities available-for-sale as of December 31, 2024 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Due within one year	$ 8,731,942	$ 8,644,122
Due from one to five years	48,916,262	45,250,814
Due from five to ten years	57,509,221	50,482,913
Due after ten years	98,738,438	82,278,857
Mortgage-backed securities	211,405,022	179,834,288
	$ 425,300,885	$ 366,490,994

Securities with a carrying value of $11,526,399 and $10,621,364 at December 31, 2024 and 2023, respectively, were pledged for public housing authorities, repurchase agreements, and for other purposes required or permitted by law.

NOTE 2. SECURITIES (Continued)

Gains and losses on sales of securities consist of the following:

	Years Ended December 31,	
	2024	**2023**
Gross gains	**$ 141,613**	$ 36,408
Gross losses	**(153,729)**	(1,189,464)
Net realized losses	**$ (12,116)**	$ (1,153,056)

The following tables show the gross unrealized losses and fair value of securities available-for-sale with unrealized losses aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2024 and 2023.

	Less Than Twelve Months		Over Twelve Months		Total	
	Fair Value	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
December 31, 2024						
U.S. Treasuries	**$ -**	**$ -**	**$ 23,421,407**	**$ (2,238,752)**	**$ 23,421,407**	**$ (2,238,752)**
U.S. Agencies and GSEs	**-**	**-**	**17,891,992**	**(2,352,521)**	**17,891,992**	**(2,352,521)**
State and municipal securities	**3,008,122**	**(70,129)**	**104,509,214**	**(21,378,253)**	**107,517,336**	**(21,448,382)**
Mortgage-backed GSE residential and commercial securities	**27,961,944**	**(577,757)**	**149,844,299**	**(31,004,770)**	**177,806,243**	**(31,582,527)**
Corporate bonds	**2,631,693**	**(91,384)**	**21,501,323**	**(1,182,287)**	**24,133,016**	**(1,273,671)**
Total	**$ 33,601,759**	**$ (739,270)**	**$ 317,168,235**	**$ (58,156,583)**	**$ 350,769,994**	**$ (58,895,853)**
December 31, 2023						
U.S. Treasuries	$ -	$ -	$ 23,220,157	$ (2,615,824)	$ 23,220,157	$ (2,615,824)
U.S. Agencies and GSEs	-	-	18,477,910	(2,457,563)	18,477,910	(2,457,563)
State and municipal securities	593,945	(17,386)	111,052,339	(19,205,804)	111,646,284	(19,223,190)
Mortgage-backed GSE residential and commercial securities	5,315,179	(134,498)	164,230,746	(29,343,915)	169,545,925	(29,478,413)
Corporate bonds	1,973,849	(15,897)	30,137,208	(2,146,983)	32,111,057	(2,162,880)
Total	$ 7,882,973	$ (167,781)	$ 347,118,360	$ (55,770,089)	$ 355,001,333	$ (55,937,870)

As of December 31, 2024, the Company's available-for-sale security portfolio consisted of 414 securities, 389 of which were in an unrealized loss position. At December 31, 2024, the Company held sixteen (16) U.S. Treasury securities, thirty (30) agency and GSE securities, two hundred (200) municipal securities, twenty-five (25) corporate securities, and one hundred eighteen (118) government-sponsored mortgage-backed securities that were in an unrealized loss position.

As of December 31, 2024 and 2023, no ACL has been recognized on available-for-sale securities in an unrealized loss position as management does not believe any of the securities are impaired due to reasons of credit quality. This is based upon an analysis of the underlying risk characteristics, including credit ratings, and other qualitative factors related to available-for-sale securities and in consideration of historical credit loss experience and internal forecasts. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. Furthermore, the Company does not have the intent to sell any of the securities classified as available-for-sale in the table above and believes that it is more likely than not that they will not have to sell any such securities before a recovery of cost. The unrealized losses are due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES

Portfolio Segmentation and Classes

The composition of loans is summarized as follows:

	December 31,	
	2024	**2023**
Real estate:		
Construction and land development	**$ 137,867,311**	$ 165,980,302
1-4 family residential	**300,635,013**	297,931,738
Commercial	**640,704,546**	598,974,089
Other	**300,385,079**	283,141,803
Commercial	**155,453,958**	161,183,413
Consumer	**25,216,662**	23,887,045
	1,560,262,569	1,531,098,390
Accretable discount	**(537,022)**	(763,487)
Deferred loan fees	**(2,827,574)**	(2,910,781)
Allowance for credit losses	**(20,282,046)**	(20,271,009)
Loans, net	**$ 1,536,615,927**	$ 1,507,153,113

Included in total loans above are $102,366,781 and $105,017,002 of interest only loans for 2024 and 2023, respectively. For the majority of these loans, interest is due monthly and principal is due at maturity. These loans present greater risk to the Company due to the structure of the loans and the potential for shortfall in value of the underlying collateral.

The loan portfolio was disaggregated into segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. There are three loan portfolio segments that include real estate, commercial, and consumer. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan, and the Company's method for monitoring and assessing credit risk. Classes within the real estate portfolio segment include construction and land development, 1-4 family residential, commercial, and other. Commercial loans and consumer loans have not been further disaggregated into classes.

The following describe risk characteristics relevant to each of the portfolio segments and classes:

Real estate - As discussed below, the Company offers various types of real estate loan products. All loans within this portfolio segment are particularly sensitive to the valuation of real estate.

- Loans for real estate construction and land development are repaid through cash flow related to the operations, sale or refinance of the underlying property.
- 1-4 family residential loans are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property. This portfolio class includes 1-4 family mortgages secured by first liens, junior liens, and open-end lines such as home equity lines of credit.
- Commercial real estate loans include owner-occupied commercial real estate loans and non-owner occupied commercial real estate loans. Commercial real estate loans to operating businesses are long-term financing of land and buildings. These loans are repaid by cash flow generated from the business operation. Real estate loans for income-producing properties such as office and industrial buildings, and retail shopping centers are repaid from rent income derived from the properties.

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

- Other real estate loans include multifamily residential loans and real estate loans secured by farmland and agricultural properties. Real estate loans on income producing properties such as apartment buildings are repaid from rental income derived from the properties. Real estate loans to farmland and agricultural properties are repaid from cash flow generated from business operations.

Commercial - The commercial loan portfolio segment includes non-real estate commercial, government, and agricultural loans. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the customers' business operations.

Consumer - The consumer loan portfolio segment includes consumer installment loans, overdrafts, other revolving credit loans, and educational loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

Credit Risk Management

The loan committee, loan officers, and the executive management team as a whole are involved in the credit risk management process and assess the accuracy of risk ratings, the quality of the portfolio, and the estimation of inherent credit losses in the loan portfolio. This comprehensive process also assists in the prompt identification of problem credits. The Company has taken a number of measures to manage the portfolios and reduce risk.

The Company's credit risk management process includes defined policies, accountability, and routine reporting to manage credit risk in the loan portfolio segments. Credit risk management is guided by loan policies that provide for a consistent and prudent approach to underwriting and approvals of credits. Within the loan policy, procedures exist that elevate the approval requirements as credits become larger and more complex. All loans are individually underwritten, risk-rated, approved, and monitored.

Responsibility and accountability for adherence to underwriting policies and accurate risk ratings lies in each portfolio segment. For the consumer portfolio segment, the risk management process focuses on initial underwriting and managing customers who become delinquent in their payments. For the commercial and real estate portfolio segments, the risk management process focuses on underwriting new business and, on an ongoing basis, monitoring the credit of the portfolios, including a complete review of all large relationships on an annual basis or more frequently as needed. To ensure problem credits are identified on a timely basis, independent loan reviews are performed to assess the larger adversely rated credits for proper risk rating and accrual status and, if necessary, to ensure such individual credits are properly graded by management. All loans are graded on a six-point scale and reviewed periodically for compliance with the defined criteria for each grade level.

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, past due status, grade and accrual status are reviewed by executive management, loan committee, and the Board of Directors.

A description of the general characteristics of the risk grades used by the Company is as follows:

Pass: Loans in this risk category involve borrowers whose balance sheet is sound and conservative by industry standards; whose earnings are consistent and reflect a reasonable return on equity. Certain borrowers provide current CPA audited financial statements with a clean and unmodified opinion by a recognized CPA firm. Loans to individuals are secured by properly margined and readily marketable MLV, CSV, or OLV (Market Loan Value, Cash Surrender Value, or Other Loan Value – such as CDs on us, T-bills at Discount, etc.). Loans in this risk grade would possess sufficient mitigating factors, such as adequate collateral or strong guarantors possessing the capacity to repay the debt if required, for any weakness that may exist.

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Risk Management (Continued)

Watch: Loans in this risk grade are the equivalent of the regulatory definition of "Special Mention" classification. Loans in this category possess an undue credit risk due to potential weaknesses which will, if not corrected, result in a loss to the Company at some future date. Potential weaknesses may be evidenced by the absence of acceptable financial statements or record of repayment, or by the existence of adverse trends in economic or market conditions, the borrower's operations, or leverage position. This category should include loans where repayment is highly probable, but timeliness of repayment is uncertain due to unfavorable developments.

Substandard: Loans in this risk grade are inadequately protected by the sound worth and paying capacity of the borrower or the net equity of the collateral pledged, if any. Borrowers in this category will have well-defined weakness(es) that jeopardize the proper liquidation of the debt; adverse trends, unless improved, will likely result in repayment over an excessive period of time, or possibly, not in full.

Doubtful: Loans in this risk grade have a clear and defined weakness making the ultimate repayment of the loan, or portions thereof, highly improbable. Factors are present which justify keeping the loan on the books until repayment status is better defined.

Loss: Loans in this risk grade are considered to be uncollectible and of such little value that their continuance as Company assets is not warranted, even though partial recovery may be affected in the future. Charge-offs against the allowance for credit losses are taken in the period in which the loan becomes uncollectible. Consequently, the Company typically does not maintain a recorded investment in loans within this category.

The following tables summarize the risk category of the Company's loan portfolio by class as of December 31, 2024 and 2023:

December 31, 2024	**Pass**	**Watch**	**Substandard**	**Doubtful**	**Total**
Real estate:					
Construction and land development	**$ 137,549,584**	**$ -**	**$ 317,727**	**$ -**	**$ 137,867,311**
1-4 family residential	**295,082,615**	**999,252**	**4,553,146**	**-**	**300,635,013**
Commercial	**633,044,906**	**4,299,348**	**3,360,292**	**-**	**640,704,546**
Other	**299,062,990**	**1,322,089**	**-**	**-**	**300,385,079**
Commercial	**152,682,766**	**2,182,502**	**588,690**	**-**	**155,453,958**
Consumer	**25,057,709**	**-**	**158,953**	**-**	**25,216,662**
Total	**$ 1,542,480,570**	**$ 8,803,191**	**$ 8,978,808**	**$ -**	**$ 1,560,262,569**

December 31, 2023					
Real estate:					
Construction and land development	$ 164,920,383	$ 100,085	$ 959,834	$ -	$ 165,980,302
1-4 family residential	295,583,999	313,327	2,034,412	-	297,931,738
Commercial	590,062,276	3,709,060	5,202,753	-	598,974,089
Other	283,141,803	-	-	-	283,141,803
Commercial	158,397,946	151,132	2,634,335	-	161,183,413
Consumer	23,781,482	14,073	91,490	-	23,887,045
Total	$ 1,515,887,889	$ 4,287,677	$ 10,922,824	$ -	$ 1,531,098,390

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Allowance for Credit Losses - Loans

The allowance for credit losses represents an allowance for expected losses over the remaining contractual life of the assets. The contractual term does not consider extensions, renewals, or modifications. The Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risks within the portfolio.

The following table details activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2024 and 2023. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

December 31, 2024:	**Real Estate**	**Commercial Financial and Agricultural**	**Consumer and Other**	**Unallocated**	**Total**
Allowance for credit loss for loans:					
Balance, beginning of year	**$ 13,856,361**	**$ 1,677,841**	**$ 1,164,334**	**$ 3,572,473**	**$ 20,271,009**
Provision (reallocation)	**315,331**	**236,302**	**593,533**	**(245,166)**	**900,000**
Loans charged off	**(130,313)**	**(227,069)**	**(773,459)**	**-**	**(1,130,841)**
Recoveries	**84,338**	**850**	**156,690**	**-**	**241,878**
Ending Balance	**$ 14,125,717**	**$ 1,687,924**	**$ 1,141,098**	**$ 3,327,307**	**$ 20,282,046**
December 31, 2023:					
Allowance for credit loss for loans:					
Balance, beginning of year	$ 12,010,887	$ 1,526,936	$ 804,281	$ 2,674,839	$ 17,016,943
Adoption of ASU 2016-13	223,981	-	-	(795,449)	(571,468)
Provision (reallocation)	1,629,740	170,278	932,856	1,693,083	4,425,957
Loans charged off	(17,976)	(26,289)	(762,633)	-	(806,898)
Recoveries	9,729	6,916	189,830	-	206,475
Ending Balance	$ 13,856,361	$ 1,677,841	$ 1,164,334	$ 3,572,473	$ 20,271,009

Upon the adoption of ASU 2016-13 as of January 1, 2023, the Company reallocated reserves totaling $795,449 from the ACL on loans to the ACL on unfunded commitments. Additionally, the Company added $223,981 to the ACL on loans that previously was recorded as a non-accretable discount on purchased credit impaired loans.

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Nonaccrual and Past Due Loans

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. Generally, management places loans on nonaccrual when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. The following tables present a summary of current, accruing past due, and nonaccrual loans by portfolio class as of December 31, 2024 and 2023. In accordance with ASU 2016-13, nonaccrual loans are disaggregated based on whether an allowance for credit losses has been recorded.

		Past Due Status (Accruing Loans)					
	Current	30-89 Days	90+ Days	Total Past Due	Nonaccrual with an ACL	Nonaccrual without an ACL	Total
December 31, 2024:							
Real estate:							
Construction and land development	**$ 137,816,507**	**$ 50,804**	**$ -**	**$ 50,804**	**$ -**	**$ -**	**$ 137,867,311**
1-4 family residential	**300,039,144**	**226,152**	**-**	**226,152**	**-**	**369,717**	**300,635,013**
Commercial	**640,228,301**	**-**	**-**	**-**	**-**	**476,245**	**640,704,546**
Other	**300,385,079**	**-**	**-**	**-**	**-**	**-**	**300,385,079**
Commercial, financial, and agricultural	**155,072,644**	**31,042**	**-**	**31,042**	**-**	**350,272**	**155,453,958**
Consumer and other	**25,134,884**	**81,778**	**-**	**81,778**	**-**	**-**	**25,216,662**
Total	**$ 1,558,676,559**	**$ 389,776**	**$ -**	**$ 389,776**	**$ -**	**$ 1,196,234**	**$ 1,560,262,569**
December 31, 2023:							
Real estate:							
Construction and land development	$ 165,476,740	$ 476,320	$ -	$ 476,320	$ -	$ 27,242	$ 165,980,302
1-4 family residential	297,225,428	706,310	-	706,310	-	-	297,931,738
Commercial	597,800,914	268,178	-	268,178	-	904,997	598,974,089
Other	283,141,803	-	-	-	-	-	283,141,803
Commercial, financial, and agricultural	160,353,500	434,647	-	434,647	-	395,266	161,183,413
Consumer and other	23,821,573	65,472	-	65,472	-	-	23,887,045
Total	$ 1,527,819,958	$ 1,950,927	$ -	$ 1,950,927	$ -	$ 1,327,505	$ 1,531,098,390

There was no interest income recognized on nonaccrual loans during the years ended December 31, 2024 and 2023.

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Collateral Dependent Loans

Collateral dependent loans are loans where repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty. If the Company determines that foreclosure is probable, these loans are written down to the lower of cost or collateral value less estimated costs to sell. When repayment is expected to be from the operation of the collateral, the allowance for credit losses is calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. The Company may, in the alternative, measure the allowance for credit loss as the amount by which the amortized cost basis of the financial asset exceeded the estimated fair value of the collateral. There were no loans considered to be collateral dependent as of December 31, 2024 and 2023.

Modifications to Borrowers Experiencing Financial Difficulty

The Company periodically provides modifications to borrowers experiencing financial difficulty. These modifications include either payment deferrals, term extensions, interest rate reductions, principal forgiveness, or combinations of modification types. The determination of whether the borrower is experiencing financial difficulty is made on the date of the modification. When principal forgiveness is provided, the amount of principal forgiveness is charged off against the allowance for credit losses with a corresponding reduction in the amortized cost basis of the loan. A modified loan is tracked for at least 12 months following the modifications granted.

There were no loans modified to borrowers experiencing financial difficulty during the years ended December 31, 2024 and 2023. The Company has no unfunded commitments to borrowers experiencing financial difficulty for which the Company has modified their loans as of December 31, 2024 and 2023.

Related-Party Loans

In the ordinary course of business, the Company has granted loans to certain related parties, including directors, executive officers, and their affiliates. The interest rates on these loans were substantially the same as rates prevailing at the time of the transaction and repayment terms are customary for the type of loan. Changes in related-party loans are as follows:

	December 31,	
	2024	**2023**
Balance, beginning of year	**$ 21,045,063**	$ 13,521,145
Advances	**4,616,395**	9,676,049
Repayments	**(1,776,693)**	(2,141,185)
Change in related parties	**-**	(10,946)
Balance, end of year	**$ 23,884,765**	$ 21,045,063

NOTE 4. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2024	**2023**
Land	**$ 8,644,949**	$ 9,321,986
Buildings	**42,360,669**	42,509,206
Furniture, fixtures, and equipment	**17,424,682**	16,575,227
Construction in progress (estimated cost to complete at December 31, 2024 of $18.4 million)	**2,534,305**	2,575,514
	70,964,605	70,981,933
Accumulated depreciation	**(33,872,474)**	(32,298,646)
	$ 37,092,131	$ 38,683,287

Depreciation expense totaled $2,596,815 and $2,650,985 for the years ended December 31, 2024 and 2023, respectively.

Leases

The Company leases certain branch offices, interactive teller machines (ITMs), loan production offices, and mortgage production offices under lease obligations which provide that the Company pay monthly rental expense and various usage and maintenance fees. The Company also leases certain equipment under informal agreements.

The Company has evaluated its leases and determined them to be operating leases. The right-of-use assets and lease liabilities for these leases were measured and recorded as of December 31, 2024 and 2023 with an assumed weighted-average discount rate of 2.07% and 1.46%, respectively. The remaining weighted-average lease term was 12.6 years and 11.9 years at December 31, 2024 and 2023, respectively. The right-of-use assets, included within other assets on the consolidated balance sheets, were $6,149,046 and $4,061,366 as of December 31, 2024 and 2023, respectively. The Company's operating lease liabilities, included within other liabilities on the consolidated balance sheets, were $6,149,046 and $4,061,366 as of December 31, 2024 and 2023, respectively.

Future discounted lease commitments on noncancelable operating leases, excluding any renewal options, are summarized as of December 31, 2024 as follows:

2025	$ 983,171
2026	825,800
2027	724,861
2028	726,758
2029	736,381
Thereafter	4,613,411
Total undiscounted lease payments	8,610,382
Amounts representing interest	2,461,336
Net lease liabilities	$ 6,149,046

Total rental expense included in the consolidated statements of income for the years ended December 31, 2024 and 2023 is $1,056,600 and $1,453,352, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. OTHER REAL ESTATE OWNED

A summary of other real estate owned is presented as follows:

	Years Ended December 31,	
	2024	**2023**
Balance, beginning of year	**$ -**	$ -
Additions from loans	**1,161,049**	-
Proceeds from sale	**(667,800)**	-
Loss on sale	**(17,363)**	-
Transfer to SBA receivable	**(52,088)**	-
Balance, end of year	**$ 423,798**	$ -

Expenses (income) related to other real estate owned include the following:

	Years Ended December 31,	
	2024	**2023**
Loss on sales	**$ 17,362**	$ -
Operating expenses	**14,512**	-
Total expenses	**31,874**	-
Rental income	**(39,000)**	-
Net other real estate owned expense (income)	**$ (7,126)**	$ -

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

Intangible Assets

Following is a summary of information related to intangible assets:

	As of December 31, 2024		As of December 31, 2023	
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Amortized intangible assets:				
Core deposit premiums	**$ 4,572,803**	**$ 3,317,102**	$ 4,572,803	$ 2,934,673

The amortization expense was $382,429 and $382,429 and for the years ended December 31, 2024 and 2023, respectively.

The estimated remaining amortization expense as of December 31, 2024 is as follows:

2025	$ 382,429
2026	382,429
2027	288,262
2028	202,581
	$ 1,255,701

NOTE 6. GOODWILL AND INTANGIBLE ASSETS (Continued)

Goodwill

A summary of goodwill is presented as follows:

	Years Ended December 31,	
	2024	**2023**
Balance, beginning of year	**$ 32,956,287**	$ 32,956,287
Impairment charges	**-**	-
Balance, end of year	**$ 32,956,287**	$ 32,956,287

As discussed in Note 1, goodwill is tested for impairment at least annually or more frequently if necessary. There were no impairment charges recorded to the carrying amount of goodwill during the years ended December 31, 2024 and 2023.

NOTE 7. DEPOSITS

Components of interest-bearing deposit accounts at December 31, 2024 and 2023 were as follows:

	2024	**2023**
NOW accounts	**$ 372,311,800**	$ 379,569,855
Money market accounts	**530,790,586**	438,571,598
Savings deposits	**152,887,187**	157,597,416
Time deposits:		
Less than $250,000	**196,164,043**	186,356,246
$250,000 or more	**115,229,147**	91,970,159
	$ 1,367,382,763	$ 1,254,065,274

The scheduled maturities of time deposits at December 31, 2024 are as follows:

2025	$ 295,450,288
2026	9,443,232
2027	2,158,259
2028	1,928,956
2029	1,967,255
Thereafter	445,200
	$ 311,393,190

Brokered deposits totaled $9,996,250 and $19,973,750 at December 31, 2024 and 2023, respectively. Reciprocal deposits totaled $41,835,330 and $18,201,869 at December 31, 2024 and 2023, respectively. Overdraft demand deposits reclassified to loans totaled $703,475 and $705,590 at December 31, 2024 and 2023, respectively. Related-party deposits totaled $23,042,992 and $7,823,888 at December 31, 2024 and 2023, respectively.

NOTE 8. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements generally mature within one to four days from the transaction date. Securities sold under repurchase agreements, which are secured borrowings, are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The Company monitors the fair value of the underlying securities on a daily basis.

NOTE 9. SUBORDINATED NOTES

During 2021, the Company conducted a subordinated note offering. On February 11, 2021, the Company entered into a Subordinated Note Purchase Agreement with twenty-five purchasers resulting in the issuance of subordinated notes totaling $25,000,000. The subordinated notes have a maturity date of February 15, 2031 and bear interest at a fixed rate of 3.60% per annum, payable semiannually in arrears through February 15, 2026. After February 15, 2026, and through the maturity date, the notes bear interest at a floating-rate calculated as the three-month Secured Overnight Financing Rate (SOFR) plus 313 basis points, payable quarterly in arrears.

The notes are subordinated in right of payment to all of the Company's senior indebtedness and other specific obligations including those for the Bank's deposits. The subordinated notes rank senior to the subordinated debentures discussed in Note 10. The subordinated notes are obligations of the Company only, and are not obligations of and are not guaranteed by the Bank. The Company may, at its option, beginning with the interest payment date of February 15, 2026 but not prior thereto (except in limited circumstances) and on any scheduled interest payment date thereafter, redeem the subordinated notes, in whole or in part, subject to obtaining the prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), to the extent such approval is then required, under the capital adequacy rules of the Federal Reserve, at a redemption price equal to 100% of the principal amount of the subordinated notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption.

Debt issuance costs associated with the 2021 subordinated note offering totaled $497,435 and are being amortized over the life of debt. Amortization expense for the years ended December 31, 2024 and December 31, 2023 totaled $49,828 and $49,828, respectively.

As of December 31, 2024 and 2023, subordinated notes, less remaining unamortized debt issuance costs, totaled $24,697,726 and $24,647,898, respectively.

NOTE 10. SUBORDINATED DEBENTURES

In 2005, the Company formed a wholly-owned grantor trust to issue cumulative trust preferred securities. The grantor trust has invested the proceeds of the trust preferred securities in subordinated debentures of the Company. The sole assets of the grantor trust are the Subordinated Debentures of the Company (the "Debentures"). The Debentures have the same interest rate as the trust preferred securities. The rate is calculated under a formula based on the Secured Overnight Financing Rate (SOFR). As of December 31, 2024, the rate was variable at the three-month SOFR plus 1.61161%, which was 5.93827%.

The Company has the right to redeem the debentures, in whole or in part, from time to time, on or after November 10, 2010 at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest. The Company has guaranteed the payment of all distributions the trust is obligated to make, but only to the extent the trust has sufficient funds to satisfy those payments. The trust preferred securities and the related Debentures were issued on November 10, 2005. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2024 and 2023 was $7,217,000.

NOTE 10. SUBORDINATED DEBENTURES (Continued)

The Company has the right to defer interest payments on the Debentures up to twenty consecutive quarterly periods (five years), so long as the Company is not in default under the subordinated debentures. Interest compounds during the deferral period. No deferral period may extend beyond the maturity date. Distributions on the trust preferred securities are paid quarterly. Interest on the Debentures is paid on the corresponding dates.

The subordinated debentures rank junior to the subordinated notes discussed in Note 9.

NOTE 11. INCOME TAXES

The allocation of income tax expense between current and deferred income taxes is as follows:

	Years Ended December 31,	
	2024	**2023**
Current	**$ 7,837,277**	$ 6,530,014
Deferred	**(523,830)**	(1,052,436)
Income tax expense	**$ 7,313,447**	$ 5,477,578

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	Years Ended December 31,	
	2024	**2023**
Tax provision at statutory federal rate	**$ 6,868,269**	$ 5,264,293
Life insurance	**(83,367)**	138,861
Tax-exempt income	**(423,926)**	(504,906)
Disallowed interest	**209,684**	164,071
State income taxes	**579,375**	339,885
Other items, net	**163,412**	75,374
Income tax expense	**$ 7,313,447**	$ 5,477,578

The components of deferred income taxes are as follows:

	December 31,	
	2024	**2023**
Deferred tax assets:		
Credit loss reserves	**$ 5,206,941**	$ 5,272,210
Deferred compensation	**486,656**	463,200
Branch premium amortization	**47,643**	48,266
Net operating loss	**44,186**	68,479
Fair market value – certificates of deposit	**8,058**	28,715
Fair market value – loans	**136,372**	195,441
Fair market value – investments	**434,312**	438,672
Restricted stock	**533,906**	251,359
Securities available-for-sale	**14,705,674**	13,830,837
Other	**232,403**	267,986
	$ 21,836,151	$ 20,865,165

NOTE 11. INCOME TAXES (Continued)

	December 31,	
	2024	**2023**
Deferred tax liabilities:		
Depreciation	**$ 874,495**	$ 1,161,319
Fair market value – goodwill	**2,442,852**	2,474,783
Core deposit intangible	**313,538**	414,374
Tax bad debt recapture	**504,208**	-
Fair market value – buildings	**114,753**	510,798
Section 1031 – like-kind exchange	**9,568**	116,253
Interest rate swap	**4,259,414**	56,001
		4,733,528
	17,576,737	
Net deferred tax assets	**$**	$ 16,131,637

The federal income tax returns of the Company for 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 12. EMPLOYEE BENEFIT PLANS

401(k) Profit-Sharing Plan

The Company maintains a defined contribution 401(k) profit-sharing plan covering substantially all full-time employees. Employee contributions to the plan are based on salary levels and are discretionary, but the maximum employer matching contribution may not exceed 3% of gross salaries in any year. Employer contribution expense included in salaries and employee benefits for the plan was $849,121 and $837,718 in 2024 and 2023, respectively.

Employee Stock Ownership Plan

An employee stock ownership plan ("ESOP") was adopted by the Company in 1992. The ESOP is a qualified stock bonus plan established to accumulate shares of Pinnacle Financial Corporation common stock in the ESOP trust for the benefit of all eligible employees. Contributions to the plan are made at the discretion of the Board of Directors. Employer contribution expense included in salaries and employee benefits for the plan was $633,099 and $360,609 in 2024 and 2023, respectively. As of December 31, 2024 and 2023, the ESOP owned 51,145 and 48,145 shares of Pinnacle Financial Corporation common stock, respectively.

Executive Retirement Benefits

During 2024 and 2023, the Company had nonqualified executive salary continuation plans providing for death and retirement benefits for certain officers and former officers. The estimated amounts to be paid under the compensation plans have been partially funded through the purchase of life insurance policies on the officers. For the years ended December 31, 2024 and 2023, the Company recognized expenses totaling $197,995 and $161,373, respectively. Accrued deferred compensation of $1,307,789 and $1,219,932 is included in other liabilities as of December 31, 2024 and 2023, respectively. Cash surrender values of $1,927,045 and $1,908,210 on the related insurance policies is included in cash surrender value of life insurance at December 31, 2024 and 2023, respectively.

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

Stock Based Compensation

During 2021, the Company established an Equity Incentive Plan. This plan allocated 103,210 shares to be awarded to employees of the Bank determined by the Compensation Committee. In the year ended December 31, 2022, there were 38,500 shares awarded to 31 (thirty-one) officers. There were 2,000 shares and 8,000 options awarded to twenty officers during the year ended December 31, 2023. Additionally, 1,068 shares were issued in November 2021 as part of a deferred compensation agreement. There were 1,500 shares awarded to two officers and 179 shares issued as part of a deferred compensation arrangement for another officer during the year ended December 31, 2024.

The unearned compensation balances related to the restricted stock grants were $4,963,078 and $5,839,008 at December 31, 2024 and 2023, respectively, with each stock award being expensed over the three year vesting period. The unearned compensation balances related to the stock options were $17,620 and $136,789 at December 31, 2024 and 2023, respectively, with each stock option being expensed over the three year vesting period. For the years ended December 31, 2024 and 2023, the amount of restricted stock that was expensed and vested totaled $362,700 and $180,000, respectively.

Deferred Director Compensation

The Company has established a program for the Board of Directors which gives each director the option to defer their monthly director fees until retirement and earn interest on the deferred amounts based on the 36 month certificate of deposit rates of the Company. As of December 31, 2024 and 2023, amounts accrued for deferred director compensation under this program were $366,836 and $475,821, respectively.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. A summary of the Company's commitments is as follows:

	December 31,	
	2024	**2023**
Commitments to extend credit	**$ 281,862,804**	$ 270,272,882
Letters of credit	**4,352,885**	3,204,264
	$ 286,215,689	$ 273,477,146

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Loan Commitments (Continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the party. Collateral held varies, but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral held varies and is required in instances which the Company deems necessary.

The Company maintains an allowance for unfunded commitments such as unfunded balances for existing lines of credit, commitments to extend future credit, and standby letters of credit when there is a contractual obligation to extend credit and when this extension of credit is not unconditionally cancellable. The allowance for unfunded commitments is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for credit losses on loans. The allowance for credit losses for unfunded commitments is separately classified on the consolidated balance sheets within other liabilities.

The following table presents the balance and activity in the allowance for credit losses for unfunded commitments for the years ended December 31, 2024 and 2023:

	2024	2023
Beginning balance	**$ 795,449**	$ -
Adjustment to allowance for the adoption of ASU 2016-13	**-**	795,449
Provision for credit losses	**-**	-
Ending balance	**$ 795,449**	$ 795,449

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

NOTE 14. CONCENTRATIONS OF CREDIT

The Company originates primarily commercial, commercial real estate, residential real estate, and consumer loans to customers throughout Northeast Georgia. The ability of the majority of the Company's customers to honor their contractual obligations can be dependent on the local economies.

Eighty-eight (88%) of the Company's loan portfolio is concentrated in loans secured by real estate, but not necessarily dependent on the real estate for repayment of the loan. Pinnacle Bank, as a matter of prudent lending, often takes real estate as additional collateral as an abundance of caution which puts those loans into the real estate concentration category even when the proceeds were not used to purchase or renovate real estate. Thirty-three (33%) of this total is owner occupied commercial and residential real estate. A substantial portion of these loans are in the Company's primary market areas. Accordingly, the ultimate collectability of the Company's loan portfolio may be susceptible to changes in real estate conditions in the Company's market areas. The other concentrations of credit risk by type of loan are included in Note 3.

The Company, as a matter of policy, does not generally extend credit to any single borrower or group of related borrowers in excess of 25% of statutory capital, as defined, or approximately $55,655,000 as of December 31, 2024.

NOTE 15. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages interest rate risk primarily by managing the amount, sources, and duration of its investment securities portfolio and debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of its known or expected cash receipts and its known or expected cash payments.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as a part of its interest rate risk management strategy.

The effective portion of changes in fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of derivatives is recognized directly in earnings.

NOTE 15. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Cash Flow Hedges of Interest Rate Risk (Continued)

The Company does not use derivatives for speculative purposes. Derivatives not designated as hedges are used to manage the Company's exposure to interest rate movements but do not meet the strict hedge accounting rules under GAAP.

During 2018, for its subordinated debentures, the Company entered into an interest rate swap designated as a cash flow hedge that involves the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The objective of the swap was to lock in a fixed rate as opposed to the contractual variable interest rate on the junior subordinated debentures. The interest rate swap contract has a notional amount of $7,000,000 and is hedging the variable rate on the subordinated debentures described in Note 10. The Company receives a variable rate equal to 3 month SOFR plus 1.61161% and pays a fixed rate of 4.153%. This swap is for a seven year period that began on March 28, 2018. The Company recognized $182,897 of interest income during 2024 and $166,751 of interest income from the interest rate swap contract during 2023. At December 31, 2024 and 2023, the estimated fair value of the interest rate swap contract accounted for as a cash flow hedge was $28,309 and $214,036, respectively. The fair value of the swap was recorded in other assets on the consolidated balance sheets as of December 31, 2024 and 2023. The fair value of the interest rate swap had no effect on net income for 2024 and 2023, and the unrealized loss of $185,727 and $27,812, net of tax benefit of $46,432 and $6,953, was recorded in other comprehensive income (loss) for 2024 and 2023, respectively. No hedge ineffectiveness from the cash flow hedge was recognized in net income for the years ended December 31, 2024 and 2023.

NOTE 16. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2024, approximately $13,125,000 of retained earnings was available for dividend declaration without regulatory approval.

The Bank is subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company and Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital, Tier 1 capital, and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. In addition, the Bank is subject to an institution-specific capital buffer which must exceed 2.50% to avoid limitations on distributions and discretionary bonus payments. The Bank's capital conservation buffer at December 31, 2024 was 4.8866%. Management believes, as of December 31, 2024 and 2023, that the Bank meets all capital adequacy requirements to which it is subject.

NOTE 16. REGULATORY MATTERS (Continued)

As of December 31, 2024, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios as of December 31, 2024 and 2023, are presented in the following table:

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
As of December 31, 2024:						
Total Capital to Risk-Weighted Assets	**$ 223.190**	**12.89%**	**$ 138,556**	**8%**	**$ 173,196**	**10%**
Tier 1 Capital to Risk-Weighted Assets	**$ 202.337**	**11.68%**	**$ 103,917**	**6%**	**$ 138,556**	**8%**
Common Equity Tier 1 Capital to Risk-Weighted Assets	**$ 202.337**	**11.68%**	**$ 77,938**	**4.5%**	**$ 112,578**	**6.5%**
Tier 1 Capital to Average Assets	**$ 202.337**	**9.27%**	**$ 87,264**	**4%**	**$ 109,080**	**5%**
As of December 31, 2023:						
Total Capital to Risk-Weighted Assets	$ 207,881	12.23%	$ 135,946	8%	$ 169,932	10%
Tier 1 Capital to Risk-Weighted Assets	$ 187,038	11.01%	$ 101,959	6%	$ 135,946	8%
Common Equity Tier 1 Capital to Risk-Weighted Assets	$ 187,038	11.01%	$ 76,470	4.5%	$ 110,456	6.5%
Tier 1 Capital to Average Assets	$ 187,038	8.81%	$ 84,920	4%	$ 106,150	5%

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Securities Available-for-Sale and Equity Securities: Where quoted prices are available in an active market, the Company classifies the securities within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, management estimates fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include GSE obligations, corporate bonds, and other securities. Mortgage-backed securities are included in Level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, management classifies those securities in Level 3.

Interest Rate Swaps: Substantially all interest rate swaps held or issued by the Company for risk management are traded in over-the-counter markets where quoted market prices are not readily available. For these derivatives, the Company measures fair value using models that are primarily market observable inputs, such as yield curves and option volatilities, and include the value associated with counterparty risk. The Company classifies interest rate swaps held or issued for risk management activities as Level 2 inputs.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis: Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2024 Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Carrying Value**
Assets:				
Available-for-sale securities:				
U.S. Treasuries	**$ 23,421,407**	**$ -**	**$ -**	**$ 23,421,407**
U.S. Agencies and GSEs	**-**	**18,723,493**	**-**	**18,723,493**
State and municipal	**-**	**108,608,132**	**-**	**108,608,132**
Mortgage-backed	**-**	**179,834,288**	**-**	**179,834,288**
Corporate	**-**	**35,903,674**	**-**	**35,903,674**
Equity securities	**-**	**2,165,559**	**-**	**2,165,559**
Interest rate swaps	**-**	**28,309**	**-**	**28,309**
Total assets	**$ 23,421,407**	**$ 345,263,455**	**$ -**	**$ 368,684,862**

	Fair Value Measurements at December 31, 2023 Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
Assets:				
Available-for-sale securities:				
U.S. Treasuries	$ 23,220,157	$ -	$ -	$ 23,220,157
U.S. Agencies and GSEs	-	21,681,808	-	21,681,808
State and municipal	-	123,401,497	-	123,401,497
Mortgage-backed	-	189,780,575	-	189,780,575
Corporate	-	33,329,271	-	33,329,271
Equity securities	-	2,124,493	-	2,124,493
Interest rate swaps	-	214,036	-	214,036
Total assets	$ 23,220,157	$ 370,531,680	$ -	$ 393,751,837

Assets Measured at Fair Value on a Nonrecurring Basis: Under certain circumstances, management makes adjustments to fair value for assets although they are not measured at fair value on an ongoing basis. As of December 31, 2024 and 2023, there were no assets for which a nonrecurring change in fair value has been recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18. REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within the other income section of the statements of income. The following table presents the Company's sources of other income for the years ended December 31, 2024 and 2023. Items outside the scope of ASC 606 are noted as such.

	2024	2023
Service charges on deposit accounts	**$ 14,284,388**	$ 13,891,274
Mortgage loan origination fees [(a)]	**1,401,358**	616,230
Other service charges and fees	**1,910,902**	1,637,614
Available-for-sale securities gains (losses), net [(a)]	**(12,116)**	(1,153,056)
Gains (losses) on equity securities [(a)]	**(23,415)**	13,187
Gain on sales of loans and other income [(a)]	**5,266,264**	1,700,309
Ending balance	**$ 22,827,381**	$ 16,705,558

[(a)] Not within scope of ASC 606.

Following is a discussion of key revenues within the scope of Topic 606:

Service charges on deposit accounts: Revenue from service charges on deposit accounts is earned through cash management, wire transfer, overdraft, non-sufficient funds, and other deposit-related services. Revenue is recognized for these services either over time, corresponding with deposit accounts' monthly cycle, or at a point in time for transaction-related services and fees. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

Other service charges and fees: Other service charges and fees primarily consists of revenues generated from ATM fees, safe deposit box rentals and interchange fees from consumer credit and debit cards. ATM fees and safe deposit box rentals are recognized concurrently with the delivery of service on a daily basis as transactions occur. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. Interchange fees and merchant discounts are recognized concurrently with the delivery of service on a daily basis as transactions occur. Payment is typically received immediately or in the following month.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

Financial information pertaining only to Pinnacle Financial Corporation is as follows:

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Cash and due from banks	**$ 19,821,689**	$ 2,285,068
Other securities	**217,000**	217,000
Investment in subsidiary	**192,373,842**	180,155,176
Other assets	**46,467**	443,115
Total assets	**$ 212,458,998**	$ 183,100,359
Liabilities and Stockholders' Equity		
Subordinated notes	**$ 24,697,726**	$ 24,647,898
Subordinated debentures	**7,217,000**	7,217,000
Other liabilities	**341,456**	385,491
Stockholders' equity	**180,202,816**	150,849,970
Total liabilities and stockholders' equity	**$ 212,458,998**	$ 183,100,359

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Income:		
Dividend income	**$ 12,600,000**	$ 11,985,000
Affiliate services income	**96,427**	93,361
Interest income	**433,206**	289,629
Total income	**13,129,633**	12,367,990
Expenses:		
Interest expense	**1,422,815**	1,409,498
Other	**249,645**	322,846
Total expense	**1,672,460**	1,732,344
Income (loss) before income tax benefit and equity in undistributed income of subsidiary	**11,457,173**	10,635,646
Income tax benefit	**286,025**	341,032
Equity in undistributed income of subsidiary	**13,649,400**	8,613,806
Net income	**$ 25,392,598**	$ 19,590,484

NOTE 19. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY (Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Net income	**$ 25,392,598**	$ 19,590,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed income of subsidiary	**(13,649,400)**	(8,613,806)
Amortization of debt issuance costs	**49,829**	49,828
Other assets and other liabilities	**213,317**	(41,701)
Net cash provided by operating activities	**12,006,344**	10,984,805
Cash flows from financing activities:		
Proceeds from exercise of stock options	**-**	48,000
Proceeds from exercise of stock warrants	**3,740,310**	255,555
Cash dividends declared and paid	**(6,671,403)**	(6,420,047)
Repurchase of common stock	**(32,425)**	(6,663,500)
Proceeds from sale of common stock	**8,493,795**	72,500
Net cash provided by (used in) financing activities	**5,530,277**	(12,707,492)
Net increase (decrease) in cash	**17,536,621**	(1,722,687)
Cash at beginning of year	**2,285,068**	4,007,755
Cash at end of year	**$ 19,821,689**	$ 2,285,068

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024

Assets	Pinnacle Financial Corporation	Pinnacle Bank	Eliminations	Consolidated
Cash and due from banks	$ 19,821,689	$ 48,358,775	$ (19,681,689)	$ 48,498,775
Interest-bearing deposits at other financial institutions	-	96,497,333	-	96,497,333
Federal funds sold	-	10,200,000	-	10,200,000
Securities available for sale	217,000	366,273,994	-	366,490,994
Investment in subsidiary	192,373,842	-	(192,373,842)	-
Equity securities	-	2,165,559	-	2,165,559
Federal Home Loan Bank stock, at cost	-	1,669,600	-	1,669,600
Loans, net of allowance for loan losses of $20,047,028	-	1,536,615,927	-	1,536,615,927
Loans held for sale	-	5,956,953	-	5,956,953
Premises and equipment, net	-	37,092,131	-	37,092,131
Accrued interest receivable	1,059	7,898,400	-	7,899,459
Goodwill and intangibles, net	-	34,211,989	-	34,211,989
Cash surrender value of life insurance	-	15,151,299	-	15,151,299
Other assets	45,408	27,415,782	-	27,461,190
Total assets	$ 212,458,998	$ 2,189,507,742	$ (212,055,531)	$ 2,189,911,209
Liabilities and Stockholders' Equity				
Deposits:				
Noninterest-bearing	$ -	$ 590,231,415	$ -	$ 590,231,415
Interest-bearing	-	1,387,064,452	(19,681,689)	1,367,382,763
Total deposits	-	1,977,295,867	(19,681,689)	1,957,614,178
Securities sold under repurchase agreements	-	505,295	-	505,295
Federal funds purchased	-	192,000	-	192,000
Subordinated notes	24,697,726	-	-	24,697,726
Subordinated debentures	7,217,000	-	-	7,217,000
Accrued interest payable	331,888	3,987,081	-	4,318,969
Other liabilities	9,568	15,153,657	-	15,163,225
Total liabilities	32,256,182	1,997,133,900	(19,681,689)	2,009,708,393
Commitments and contingencies				
Stockholders' equity:				
Common stock, no par, 10,000,000 shares authorized, 1,375,498 issued	82,697,343	7,680,000	(7,680,000)	82,697,343
Retained earnings	141,661,077	228,868,186	(228,868,186)	141,661,077
Accumulated other comprehensive loss	(44,155,604)	(44,174,345)	44,174,345	(44,155,604)
Total stockholders' equity	180,202,816	192,373,841	(192,373,841)	180,202,816
Total liabilities and stockholders' equity	$ 212,458,998	$ 2,189,507,741	$ (212,055,530)	$ 2,189,911,209

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2024

	Pinnacle Financial Corporation	Pinnacle Bank	Eliminations	Consolidated
Interest income:				
Loans, including fees	$ -	$ 88,725,987	$ -	$ 88,725,987
Securities:				
Taxable	12,793,948	9,060,242	(12,600,000)	9,254,190
Nontaxable	-	1,770,983	-	1,770,983
Interest-bearing deposits at other financial institutions	239,258	5,239,839	(229,773)	5,249,324
Total interest income	13,033,206	104,797,051	(12,829,773)	105,000,484
Interest expense:				
Deposits	-	26,326,033	(229,773)	26,096,260
Borrowings	1,422,815	1,533,466	-	2,956,281
Total interest expense	1,422,815	27,859,499	(229,773)	29,052,541
Net interest income	11,610,391	76,937,552	(12,600,000)	75,947,943
Provision for loan losses	-	900,000	-	900,000
Net interest income after provision for loan losses	11,610,391	76,037,552	(12,600,000)	75,047,943
Other income:				
Service charges on deposit accounts	-	14,284,388	-	14,284,388
Mortgage loan origination fees	-	1,401,358	-	1,401,358
Other service charges and fees	-	1,910,902	-	1,910,902
Available for sale security gains (losses), net	-	(12,116)	-	(12,116)
Gains on equity securities	-	(23,415)	-	(23,415)
Gain on sale of loans	-	598,918	-	598,918
Other income	96,427	4,570,919	-	4,667,346
Equity in undistributed income of subsidiary	13,649,400	-	(13,649,400)	-
Total other income	13,745,827	22,730,954	(13,649,400)	22,827,381
Other expenses:				
Salaries and employee benefits	-	34,679,932	-	34,679,932
Occupancy and equipment expense	-	9,789,091	-	9,789,091
Other expenses	249,645	20,450,611	-	20,700,256
Total other expenses	249,645	64,919,634	-	65,169,279
Income before income tax	25,106,573	33,848,872	(26,249,400)	32,706,045
Income tax (benefit)	(286,025)	7,599,472	-	7,313,447
Net income	$ 25,392,598	$ 26,249,400	$ (26,249,400)	$ 25,392,598

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

COMPUTATION OF ADJUSTED NET WORTH FOR RECERTIFICATION OF SUPERVISED MORTGAGEES

1. Servicing portfolio* at: December 31, 2024 (End of fiscal year under audit)			$ -
2. Add:			
Originated * during fiscal year	$ 7,657,539		
Purchased * from loan correspondent during fiscal year	-		
Subtotal		$ 7,657,539	
3. Less:			
Amounts included in Line 2:			
Servicing retained	$ -		
Loan correspondent purchases retained	-		
Exempt $25,000,000	25,000,000		
Subtotal		25,000,000	
4. Total			$ -
5. 1% of Line 4			$ -
6. Minimum net worth required ($1,000,000 plus Line 5)			$ 1,000,000
7. Net worth required (Lesser of $2,500,000 or Line 6)			1,000,000
Stockholders equity (net worth) per balance sheet - Bank		$ 192,373,842	
Less unacceptable assets		85,850,359	
Adjusted net worth			$ 106,523,483
Adjusted net worth above amount required			$ 105,523,483

* HUD/FHA-insured single-family mortgages only. Include HECMs at maximum claim amount.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

COMPUTATION OF LIQUIDITY REQUIREMENT FOR RECERTIFICATION OF SUPERVISED MORTGAGEES

1. Cash and cash equivalents (Bank) at: December 31, 2024		$ 154,628,914
2. Less: Cash held in escrow	$ -	
3. Total		$ 154,628,914
4. Required net worth		$ 1,000,000
5. 20% of net worth as required by HUD guidelines for minimum liquid assets		$ 200,000
Liquid assets above required amount (line 3 less line 5)		$ 154,428,914

SUPPLEMENTARY INFORMATION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Stockholders and Board of Directors
Pinnacle Financial Corporation
Elberton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pinnacle Financial Corporation and Subsidiary, which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of income, comprehensive income stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Pinnacle Financial Corporation and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pinnacle Financial Corporation and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pinnacle Financial Corporation and Subsidiary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a *material misstatement* of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pinnacle Financial Corporation and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 20, 2025

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR HUD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

To the Stockholder and Board of Directors
Pinnacle Bank
Elberton, Georgia

Report on Compliance for the Major HUD Program

Opinion on the Major HUD Program

We have audited Pinnacle Bank's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on Pinnacle Bank's major U.S. Department of Housing and Urban Development (HUD) program for the year ended December 31, 2024. Pinnacle Bank's major HUD program is lending and the related direct and material compliance requirements are as follows: quality control plan; branch office operations; loan origination; federal financial and activity reports; lender annual recertification, adjusted net worth, liquidity and licensing; loan settlement; and kickbacks.

In our opinion, Pinnacle Bank complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended December 31, 2024.

Basis for Opinion on the Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pinnacle Bank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of Pinnacle Bank's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to Pinnacle Bank's HUD program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pinnacle Bank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pinnacle Bank's compliance with the requirements of the major HUD program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pinnacle Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pinnacle Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Pinnacle Bank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 20, 2025

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2024

No findings related to the year ended December 31, 2024.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2023

SECTION 1 – PRIOR YEAR HUD SPECIFIC FINDINGS AND QUESTIONED COSTS

None

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025 AND 2024

unaudited

Assets	**2025**	2024
Cash and due from banks	**$ 19,533,944**	$ 18,335,322
Interest-bearing deposits at other financial institutions	**35,449,241**	96,007,799
Federal funds sold	**10,346,060**	10,200,000
Securities available for sale	**391,004,438**	383,546,915
Federal Home Loan Bank stock, at cost	**1,719,300**	2,857,100
Loans, net of allowance for loan losses of $20,911,833 and $20,215,196, respectively	**1,646,921,504**	1,501,200,209
Premises and equipment, net	**43,103,646**	39,470,721
Accrued interest receivable	**8,352,545**	7,119,840
Goodwill and intangibles, net	**33,925,168**	34,307,596
Cash surrender value of life insurance	**14,914,203**	15,075,648
Other real estate owned	**-**	-
Other assets	**24,681,735**	21,128,349
Total assets	**$ 2,229,951,784**	$ 2,129,249,499
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing	**$ 635,803,971**	$ 590,450,424
Interest-bearing	**1,335,911,411**	1,278,722,236
Total deposits	**1,971,715,382**	1,869,172,659
Securities sold under repurchase agreements	**407,230**	2,359,667
Federal funds purchased	**-**	-
Subordinate notes	**24,735,098**	24,685,269
Subordinated debentures	**7,217,000**	7,217,000
FHLB advances	**-**	25,000,000
Accrued interest payable	**2,703,347**	3,832,661
Other liabilities	**17,681,985**	13,617,825
Total liabilities	**2,024,460,042**	1,945,885,082
Stockholders' equity:		
Common stock, no par value, 10,000,000 shares authorized; 1,369,476 and 1,372,657 shares issued, respectively	**82,477,431**	82,227,129
Dividends paid	**(5,564,143)**	(4,883,489)
Retained earnings	**161,890,755**	141,056,690
Accumulated other comprehensive income/loss	**(33,312,301)**	(35,035,913)
Total stockholders' equity	**205,491,742**	183,364,418
Total liabilities and stockholders' equity	**$ 2,229,951,784**	$ 2,129,249,499

as of 10/7/2025

PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

unaudited

	2025	2024
Interest income:		
Loans, including fees	**$ 74,099,362**	$ 65,697,384
Securities:		
Taxable	**6,844,707**	7,054,919
Nontaxable	**1,285,963**	1,336,856
Federal funds sold and interest-bearing deposits in banks	**3,922,456**	3,977,502
Total interest income	**86,152,489**	78,066,661
Interest expense:		
Deposits	**19,707,786**	19,547,463
Borrowings	**1,036,501**	2,465,397
Total interest expense	**20,744,287**	22,012,861
Net interest income	**65,408,202**	56,053,801
Provision for loan losses	**1,350,000**	900,000
Net interest income after provision for loan losses	**64,058,202**	55,153,801
Other income:		
Service charges on deposit accounts	**11,124,907**	10,729,681
Mortgage loan origination fees	**2,355,015**	985,754
Other service charges and fees	**1,572,739**	1,418,393
Security gains, net	**2,305**	(12,116)
Other income	**1,693,527**	3,305,490
Total other income	**16,748,493**	16,427,202
Other expenses:		
Salaries and employee benefits	**30,380,646**	25,520,252
Occupancy and equipment expense	**7,828,117**	7,254,037
Other expenses	**16,839,746**	15,598,640
Total other expenses	**55,048,509**	48,372,929
Net income (loss) before taxes	**$ 25,758,186**	$ 23,208,073
Taxes	**$ 5,528,507**	$ 5,091,265
Net Income	**$ 20,229,679**	$ 18,116,808
Basis earnings per common share	**$ 14.73**	$ 11.39
Fully diluted earnings per common share	**14.53**	13.19
Average shares outstanding - basic	**1,373,620**	1,285,303
Average shares outstanding - diluted	**1,392,420**	1,373,028

as of 10/7/2025

EXHIBIT D

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MORRIS STATE BANCSHARES, INC. AS OF DECEMBER 31, 2024

AND

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MORRIS STATE BANCSHARES, INC. AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

See attached.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
DUBLIN, GEORGIA

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 AND 2023 AND INDEPENDENT AUDITOR'S REPORT

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES

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Independent Auditor's Report

Board of Directors
Morris State Bancshares, Inc. and Subsidiaries
Dublin, Georgia 31021

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the consolidated financial statements of Morris State Bancshares, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years ended 2024, 2023, and 2022, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Morris State Bancshares, Inc. and its subsidiaries as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended 2024, 2023, and 2022 in accordance with accounting principles generally accepted in the United States of America.

We also have audited Morris State Bancshares, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)*. In our opinion, Morris State Bancshares, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework (2013), issued by the COSO*.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of Morris State Bancshares, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morris State Bancshares, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of consolidated financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of consolidated financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the consolidated financial statement audits in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morris State Bancshares, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the consolidated financial statement audit.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
March 25, 2025

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

ASSETS

	2024	2023
Cash and Cash Equivalents		
Cash and Due from Banks	**$ 52,797,778**	$ 32,305,873
Federal Funds Sold	**42,064,131**	17,268,446
	94,861,909	49,574,319
Interest-Bearing Time Deposits in Other Banks	**100,000**	100,000
Debt Securities Available for Sale, at Fair Value	**9,726,716**	7,875,780
Debt Securities Held to Maturity, at Cost, Net of Allowance for Credit Losses of $66,390 and $87,440 in 2024 and 2023, respectively	**215,836,502**	240,205,635
Federal Home Loan Bank Stock, Restricted, at Cost	**1,032,800**	1,029,600
Equity Investment, at Cost	**3,500,000**	3,500,000
Loans Held for Sale	**465,250**	-
Loans, Net of Unearned Income	**1,115,609,409**	1,063,772,222
Allowance for Credit Losses - Loans	**(14,488,525)**	(14,291,923)
Loans, Net	**1,101,586,134**	1,049,480,299
Other Assets		
Bank Premises and Equipment, Net	**12,780,014**	13,188,353
Right of Use Asset for Operating Lease	**776,979**	1,126,156
Goodwill	**9,361,704**	9,361,704
Intangible Assets, Net	**1,338,964**	1,679,990
Other Real Estate and Foreclosed Assets	**21,898**	3,611,235
Accrued Interest Receivable	**7,278,258**	6,424,087
Cash Surrender Value of Life Insurance	**15,653,587**	15,230,065
Investment in Tax Credits, Net	**7,906,077**	10,806,898
Other Assets	**10,375,569**	11,711,587
Total Other Assets	**65,493,050**	73,140,075
Total Assets	**$ 1,492,137,111**	$ 1,424,905,708

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

LIABILITIES AND SHAREHOLDERS' EQUITY

	2024	2023
Deposits		
Noninterest Bearing	**$ 324,991,598**	$ 297,373,659
Interest Bearing	**939,896,740**	910,959,803
Total Deposits	**1,264,888,338**	1,208,333,462
Other Liabilities		
Other Borrowed Funds	**19,019,371**	27,151,284
Lease Liability for Operating Lease	**776,979**	1,126,156
Accrued Interest Payable	**2,111,092**	1,016,318
Accrued Expenses and Other Liabilities	**9,738,172**	9,145,272
Total Liabilities	**1,296,533,952**	1,246,772,492
Shareholders' Equity		
Common Stock, $1 Par Value, Authorized 10,000,000 Shares, 10,688,723 Issued and 10,593,225 Outstanding in 2024 and 10,645,509 Issued and 10,582,219 Outstanding in 2023	**10,688,723**	10,645,509
Paid-In Capital Surplus	**33,841,059**	33,168,905
Retained Earnings	**153,010,395**	135,107,041
Accumulated Other Comprehensive Income	**1,422,711**	1,968,846
Treasury Stock, at Cost 95,498 Shares in 2024 and 63,290 Shares in 2023	**(3,359,729)**	(2,757,085)
Total Shareholders' Equity	**195,603,159**	178,133,216
Total Liabilities and Shareholders' Equity	**$ 1,492,137,111**	$ 1,424,905,708

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

	2024	2023	2022
Interest and Dividend Income			
Loans, Including Fees	**$ 72,415,765**	$ 62,022,894	$ 53,034,139
Interest on Debt Securities	**7,368,157**	8,196,152	7,294,294
Income on Federal Funds Sold	**851,717**	627,235	186,056
Income on Time Deposits Held in Other Banks	**16,524**	11,433	5,881
Other Interest and Dividend Income	**1,866,332**	1,502,077	1,012,196
Total Interest and Dividend Income	**82,518,495**	72,359,791	61,532,566
Interest Expense			
Deposits	**25,981,732**	18,599,665	4,530,637
Interest on Other Borrowed Money	**1,442,530**	2,148,020	1,745,537
Interest on Federal Funds Purchased	**296**	842	3,221
Total Interest Expense	**27,424,558**	20,748,527	6,279,395
Net Interest Income Before Provision for Credit Losses	**55,093,937**	51,611,264	55,253,171
Provision for Credit Losses - Debt Securities Held to Maturity	**(21,050)**	(8,561)	-
Provision for Credit Losses - Loans	**600,000**	800,000	5,100,000
Provision for Credit Losses - Off Balance Sheet Credit Exposures	**(33,492)**	(340,964)	-
Provision for Credit Losses	**545,458**	450,475	5,100,000
Net Interest Income After Provision for Credit Losses	**54,548,479**	51,160,789	50,153,171
Noninterest Income			
Service Charges on Deposit Accounts	**2,168,900**	2,143,963	2,417,800
Other Service Charges, Commissions and Fees	**1,489,018**	1,526,333	1,439,536
Increase in Cash Value of Life Insurance	**423,522**	384,867	355,593
Gain (Loss) on Sales and Calls of Securities	**182**	-	(326)
Gain (Loss) on Sales of Other Real Estate and Foreclosed Assets	**(9,681)**	(7,221)	608,935
Loss on Sales of Premises and Equipment	-	(54,269)	(201,009)
Other Income	**736,475**	753,550	379,926
Total Noninterest Income	**4,808,416**	4,747,223	5,000,455
Noninterest Expenses			
Salaries	**14,246,133**	13,494,877	14,351,568
Employee Benefits	**5,414,342**	4,347,422	4,674,727
Net Occupancy Expense	**2,777,024**	2,855,872	3,019,729
Equipment Rental and Depreciation of Equipment	**166,192**	138,050	94,992
Impairment Recognized on Other Real Estate Held for Sale	-	314,562	-
Other Expenses	**13,737,967**	13,276,107	10,893,040
Total Noninterest Expenses	**36,341,658**	34,426,890	33,034,056
Income Before Income Taxes	**23,015,237**	21,481,122	22,119,570
Provision for Income Taxes	**(1,210,893)**	(2,148,933)	(1,010,940)
Net Income	**$ 21,804,344**	$ 19,332,189	$ 21,108,630
Earnings Per Common Share			
Basic	$ 2.06	$ 1.83	$ 2.00
Diluted	$ 2.06	$ 1.83	$ 2.00

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	2024	2023	2022
Net Income	**$ 21,804,344**	$ 19,332,189	$ 21,108,630
Other Comprehensive Income (Loss)			
Unrealized Holding Gains (Losses) on Available for Sale Debt Securities	**37,361**	(10,605)	(76,067)
Reclassification Adjustment for Amortization of Unrealized Holding Gains From the Transfer of Securities From Available for Sale to Held to Maturity	**(728,489)**	(798,560)	(932,206)
Reclassification Adjustment for (Gains) Losses Included in Net Income	**(182)**	-	(326)
Net Unrealized Gains (Losses)	**(691,310)**	(809,165)	(1,008,599)
Tax Effect	**145,175**	169,925	211,669
Total Other Comprehensive Loss	**(546,135)**	(639,240)	(796,930)
Total Comprehensive Income	**$ 21,258,209**	$ 18,692,949	$ 20,311,700

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Common Stock	Paid-In Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance - December 31, 2021	$ 2,159,148	$ 40,349,139	$ 104,039,835	$ 3,404,364	$ (1,693,544)	$ 148,258,942
Issuance of Common Stock	6,582	558,136	-	-	-	564,718
Issuance of Restricted Stock, Net	3,827	(95,230)	-	-	-	(91,403)
Stock Based Compensation Expense	-	116,686	-	-	-	116,686
Purchase of Treasury Stock	-	-	-	-	(502,672)	(502,672)
Net Income	-	-	21,108,630	-	-	21,108,630
Other Comprehensive Loss	-	-	-	(796,278)	-	(796,278)
Cash Dividends	-	-	(3,722,220)	-	-	(3,722,220)
Balance - December 31, 2022	2,169,557	40,928,731	121,426,245	2,608,086	(2,196,216)	164,936,403
Cumulative Change in Accounting Principle	-	-	(1,926,890)	-	-	(1,926,890)
Balance at January 1, 2023 (as adjusted for change in accounting principle)	2,169,557	40,928,731	119,499,355	2,608,086	(2,196,216)	163,009,513
Issuance of Common Stock	4,040	377,740	-	-	-	381,780
Issuance of Restricted Stock, Net	5,613	43,234	-	-	-	48,847
Stock Based Compensation Expense		285,499	-	-	-	285,499
Purchase of Treasury Stock	-	-	-	-	(560,869)	(560,869)
Net Income	-	-	19,332,189	-	-	19,332,189
Other Comprehensive Loss	-	-	-	(639,240)	-	(639,240)
Cash Dividends	-	-	(3,724,503)	-	-	(3,724,503)
Balance - December 31, 2023	2,179,210	41,635,204	135,107,041	1,968,846	(2,757,085)	178,133,216
Four for One Stock Split	8,466,299	(8,466,299)	-	-	-	-
Balance at December 31, 2023 (as adjusted for four for one stock split)	10,645,509	33,168,905	135,107,041	1,968,846	(2,757,085)	178,133,216
Issuance of Restricted Stock, Net	43,214	221,386	-	-	-	264,600
Stock Based Compensation Expense	-	450,768	-	-	-	450,768
Purchase of Treasury Stock	-	-	-	-	(602,644)	(602,644)
Net Income	-	-	21,804,344	-	-	21,804,344
Other Comprehensive Loss	-	-	-	(546,135)	-	(546,135)
Cash Dividends	-	-	(3,900,990)	-	-	(3,900,990)
Balance - December 31, 2024	**$ 10,688,723**	**$ 33,841,059**	**$ 153,010,395**	**$ 1,422,711**	**$ (3,359,729)**	**$ 195,603,159**

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2024	2023	2022
Cash Flows from Operating Activities			
Net Income	**$ 21,804,344**	$ 19,332,189	$ 21,108,630
Adjustments to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities			
Provision for Credit Losses	**545,458**	450,475	5,100,000
Depreciation	**779,265**	844,810	915,340
Impairment Recognized on Other Real Estate Held for Sale	**-**	314,562	-
(Gain) Loss on Sales of Foreclosed Assets,			
Other Real Estate and Property, Net	**9,681**	61,490	(407,926)
Net Amortization on Debt Securities	**1,102,919**	1,283,723	1,015,422
(Gain) Loss on Sales/Calls of Debt Securities	**(182)**	-	326
Deferred Tax	**1,068,588**	(784,565)	(402,680)
Increase in CSV Life Insurance	**(423,522)**	(384,867)	(355,593)
Amortization of Intangible Assets	**341,026**	343,550	345,850
Amortization of Operating Lease Right-of-Use Assets	**349,177**	403,389	382,388
Amortization of Operating Lease Liabilities	**(349,177)**	(403,389)	(382,388)
Amortization of Investment in Tax Credit	**2,920,825**	2,733,248	405,126
Stock Based Compensation Expense	**450,768**	285,499	116,686
Changes in			
Loans Held for Sale	**(465,250)**	1,939,500	700,563
Accrued Income and Other Assets	**(461,568)**	(3,117,035)	(3,062,450)
Accrued Expenses and Other Liabilities	**1,839,253**	3,568,508	(2,927,681)
Net Cash Provided by Operating Activities	**29,511,605**	26,871,087	22,551,613
Cash Flows from Investing Activities			
Net Change in Loans to Customers	**(48,878,858)**	(14,533,888)	(128,521,540)
Net Change in Interest-Bearing Time Deposits in Other Banks	**-**	-	250,000
Purchase of Available Sale Securities	**(3,950,625)**	(7,866,369)	-
Proceeds from Maturities/ Calls/Paydowns of Avaliable for Sale Securities	**2,196,383**	-	-
Purchase of Held to Maturity Securities	**-**	-	(30,211,429)
Proceeds from Maturities/Calls/Paydowns of Held to Maturity Securities	**22,499,440**	17,284,259	24,611,602
Proceeds from Redemption of Federal Home Loan Bank Stock	**-**	548,800	-
Purchase of Federal Home Loan Bank Stock	**(3,200)**	-	(954,100)
Purchase of Investment Tax Credit	**-**	(8,806,764)	(3,147,349)
Purchase of CSV Life Insurance	**-**	(511,654)	-
Property and Equipment Expenditures	**(370,926)**	(221,490)	(413,672)
Proceeds from Sales of Property and Equipment	**-**	-	369,972
Proceeds from Sales of Other Real Estate and Foreclosed Assets	**217,929**	306,937	905,491
Net Cash Used by Investing Activities	**(28,289,857)**	(13,800,169)	(137,111,025)
Cash Flows from Financing Activities			
Net Change in Deposits	**56,554,876**	1,876,965	(17,747,949)
Proceeds from Other Borrowed Funds	**-**	-	20,000,000
Repayment of Other Borrowed Funds	**(8,250,000)**	(21,750,000)	-
Purchase of Treasury Stock	**(602,644)**	(560,869)	(502,672)
Proceeds from Issuance of Common Stock	**264,600**	381,780	564,718
Cash Dividends Paid	**(3,900,990)**	(3,724,503)	(3,722,220)
Net Cash Provided (Used) by Financing Activities	**44,065,842**	(23,776,627)	(1,408,123)
Net Increase (Decrease) in Cash and Cash Equivalents	**45,287,590**	(10,705,709)	(115,967,535)
Cash and Cash Equivalents, Beginning	**49,574,319**	60,280,028	176,247,563
Cash and Cash Equivalents, Ending	**$ 94,861,909**	$ 49,574,319	$ 60,280,028

See accompanying notes which are an integral part of these consolidated financial statements.

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2024	2023	2022
Cash Payments			
Interest on Deposits	**$ 24,884,367**	$ 17,729,107	$ 4,529,247
Interest on Borrowings	**$ 1,445,416**	$ 2,152,079	$ 1,740,641
Income Taxes	**$ -**	$ 600,000	$ -
Noncash Items			
Changes in Unrealized Loss on Securities Available for Sale	**$ (691,310)**	$ (809,165)	$ (1,007,947)
Transfer of Loans to Other Real Estate and Foreclosed Assets	**$ 192,582**	$ 531,508	$ 235,897
Transfer of Other Real Estate and Foreclosed Assets to Loans	**$ 3,554,309**	$ -	$ 1,556,235
Initial Recognition of Operating Lease Right-of-Use Assets	**$ -**	$ -	$ 672,107
Initial Recognition of Operating Lease Liabilities	**$ -**	$ -	$ (672,107)
Transfer of Securities from Available for Sale to Held to Maturity	**$ -**	$ -	$ 244,979,034
Issuance of Restricted Stock, Net of Forfeitures	**$ 264,600**	$ 48,847	$ (91,403)

See accompanying notes which are an integral part of these consolidated financial statements.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of Morris State Bancshares, Inc., and its Subsidiaries, collectively known as (the Company), conform with generally accepted accounting principles in the United States of America (GAAP) and with general practices within the banking industry. The following is a description of the more significant of those policies the Company follows in preparing and presenting its financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Morris State Bancshares, Inc. and its wholly owned subsidiaries, Morris Bank (the Bank) and IMOR Properties LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Reporting Entity

The Company was formed on July 1, 1989, as Morris State Bancshares, Inc., and operates as a bank holding company with one bank subsidiary. At December 31, 2024, the Company owned 100 percent of Morris Bank, Dublin, Georgia. The Bank provides a variety of financial services to individuals and small businesses through its offices in middle Georgia. The Bank offers a full range of commercial and personal loan products. The Bank makes loans to individuals for purposes such as home mortgage financing, personal vehicles and various consumer purchases and other personal and family needs. The Bank makes commercial loans to businesses for purposes such as providing equipment and machinery purchases, commercial real estate purchases and working capital. The Bank offers a full range of deposit services that are typically available from financial institutions, including Negotiable Order of Withdrawal (NOW) accounts, demand, savings, and other time deposits. In addition, retirement accounts such as Individual Retirement Accounts are available. All deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum amount currently permitted by law.

During 2015, the Company established IMOR Properties, LLC with 100 percent ownership. IMOR Properties, LLC was established by the Company as a subsidiary for holding real property.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

On January 1, 2023, the Company adopted ASU *2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized costs. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). In addition, *ASC* 326 made changes to the accounting for available for sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities management does not intend to sell or believes that it is more likely than not, they will be required to sell.

The Company adopted *ASC* 326 using the modified retrospective method for all financial assets measured at amortized costs and off-balance sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under *ASC* 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

(1) Summary of Significant Accounting Policies (Continued)

Changes in Accounting Principles and Effects of New Accounting Pronouncements (Continued)

The transition adjustment of the adoption of CECL included no net change in the allowance for credit losses on loans, and an increase in the allowance for credit losses on off-balance sheet exposure of $2,250,189, which is recorded within accrued expenses and other liabilities. The Company recorded an allowance for credit losses for held-to-maturity securities of $96,001, which is presented as a reduction to held-to-maturity securities outstanding. The Company recorded a net decrease to retained earnings of $1,926,890 as of January 1, 2023 for the cumulative effect of adopting CECL, which reflects the transition adjustments noted below, net of the applicable deferred tax assets recorded.

The following table illustrates the impact of *ASC* 326.

	January 1, 2023		
	As Reported Under *ASC* 326	Pre-*ASC* 326 Adoption	Impact of *ASC* 326 Adoption
Assets			
Allowance for Credit Losses on Debt Securities			
Held-to-Maturity			
Commercial Mortgage Backed Securities	$ 44,256	$ -	$ 44,256
State, County and Municipal Securities	41,412	-	41,412
Other Debt Securities	10,333	-	10,333
	96,001	-	96,001
Loans			
Allowance for Credit Losses on Loans			
Commercial	2,925,886	2,925,886	-
Commercial Real Estate	7,433,855	7,433,855	-
Consumer	376,394	376,394	-
Residential Real Estate	2,261,464	2,261,464	-
Agriculture	619,863	619,863	-
Other	11,793	11,793	-
	13,629,255	13,629,255	-
Deferred Tax Assets	4,065,126	3,645,826	419,300
Liabilities			
Allowance for Credit Losses on Off-Balance Sheet Exposure	2,250,189	-	2,250,189
Equity			
Retained Earnings	$ 119,499,355	$ 121,426,245	$ (1,926,890)

(1) Summary of Significant Accounting Policies (Continued)

Changes in Accounting Principles and Effects of New Accounting Pronouncements (Continued)

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructuring and Vintage Disclosure*, which eliminated the recognition and measurement guidance for Troubled Debt Restructurings (TDR) by creditors in *ASC* 310-40. The ASU also enhances disclosure requirements for certain loan restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity will apply the loan refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. The amendments in the ASU are effective for fiscal years beginning after December 15, 2022. The Company adopted ASU 2022-02 using the prospective method. As a result, the Company will continue to apply legacy TDR guidance to the existing pool of TDR designated loans until those loans are settled. The adoption of this standard did not have a material effect on the Company's operating results or financial condition.

Acquisition Accounting

Acquisitions are accounted for under the purchase method of accounting. Purchased assets and assumed liabilities are recorded at their estimated fair values as of the purchase date. Any identifiable intangible assets are also recorded at fair value. When the fair value of the assets purchased exceeds the fair value of liabilities assumed, it results in a "bargain purchase gain." If the consideration given exceeds the fair value of the net assets received, goodwill is recognized. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from the entity). Because deposit liabilities and the related customer relationship intangible assets may be exchanged in a sale or exchange transaction, the intangible asset associated with the depositor relationship is considered identifiable.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date and prohibit the carryover of the related allowance for credit losses. When the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable discount. The Company must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for credit losses. Subsequent increases in cash flows result in a reversal of the provision for credit losses to the extent of prior provisions and adjust accretable discount if no prior provisions have been made. This increase in accretable discount will have a positive impact on interest income. In addition, purchased loans without evidence of credit deterioration are also handled under this method.

(1) Summary of Significant Accounting Policies (Continued)

Debt Securities

The classification of debt securities is determined at the date of purchase. Gains or losses on the sale of debt securities are recognized on a specific identification basis.

Debt securities available for sale, are recorded at fair value with unrealized gains or losses excluded from earnings and reported as a component of shareholders' equity. Debt securities available for sale will be used as a part of the Company's interest rate risk management strategy and may be sold in response to changes in interest rates, changes in prepayment risk, and other factors.

Held-to-maturity debt securities, are stated at cost, net of the amortization of premium and the accretion of discount and the allowance for credit losses. The Company intends and has the ability to hold such securities on a long-term basis or until maturity.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by issuers of the securities. Mortgage-backed securities are carried at unpaid principal balances, adjusted for unamortized premiums and unearned discounts.

The market value of debt securities is generally based on quoted market prices. If a quoted market price is not available, market value is estimated using quoted market prices for similar debt securities.

Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

Allowance for Credit Losses - Available for Sale Debt Securities

For available for sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities Available for sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which the fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as a provision for credit losses (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available for sale security has been confirmed or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2024 and 2023, there was no allowance for credit loss related to the available for sale portfolio.

Accrued interest receivable on available for sale debt securities has been excluded from the estimate of credit losses.

(1) Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses – Held-to-Maturity Debt Securities

The Company measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. The Company classifies the held-to-maturity portfolio into the following major security types: mortgage backed residential and commercial as well as nonmortgage backed US treasury securities, state, county, and municipal securities and other. Nearly all the mortgage backed are residential and commercial debt securities either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. The remaining mortgage-backed debt securities, all state, county and municipal securities and all corporate debt securities are evaluated for credit losses. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

Accrued interest receivable on held-to-maturity debt securities has been excluded from the estimate of credit losses.

Loans and Interest Income

Loans are stated at the amount of unpaid principal, reduced by net deferred loan fees, unearned discounts, and a valuation allowance for possible credit losses. Interest on simple interest installment loans and other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. Loans are generally placed on nonaccrual status when full payment of principal or interest is in doubt, or when they are past due 90 days as to either principal or interest. Senior management may grant a waiver from nonaccrual status if a past due loan is well secured and in process of collection. A nonaccrual loan may be restored to accrual status when all principal and interest amounts contractually due, including payments in arrears, are reasonably assured of repayment within a reasonable period, and there is a sustained period of performance by the borrower in accordance with the contractual terms of the loan. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

Allowance for Credit Losses - Loans

The allowance for credit losses (ACL) is available to absorb losses inherent in the credit extension process. The entire allowance is available to absorb losses related to the loan and lease portfolio. Credit exposures deemed to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses. Additions to the allowance for credit losses are made by charges to the provision for credit losses.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The allowance for credit losses is measured on a collective pool basis when similar risk characteristics exist. For the collectively evaluated pools, the Company segments the loan portfolio by call report classification. The Company utilizes the remaining life method for estimating credit losses for each of the loan pools.

(1) Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses – Loans (Continued)

Loans that do not share risk characteristics are evaluated on an individual loan basis. Loans evaluated individually are excluded from the collectively evaluated pool. An ACL for an individually evaluated loan is recorded when the amortized cost basis of the loan exceeds the discounted estimated cash flows using the loan's initial effective interest rate or the fair value, less estimated costs to sell, of the collateral for certain collateral dependent loans.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless those options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company maintains an allowance for off-balance sheet credit exposures, which would include any unadvanced amounts on lines of credit and any letters of credit provided to borrowers. The allowance is carried as a liability and is included in accrued expenses and other liabilities on the Company's consolidated balance sheet. The liability was $1,875,733 and $1,909,225 as of December 31, 2024 and 2023, respectively. Adjustments to the allowance for credit losses for off-balance sheet exposures is recorded through the provision for credit losses - off-balance sheet credit exposures.

The Company follows the same methodology as the allowance for credit losses for loans when calculating the allowance for off-balance sheet credit exposures, with the exception of estimating the likelihood that funding will occur. Using the weighted average remaining maturity method, a historical loss ratio and qualitative factor are combined to produce an adjusted loss ratio, which is multiplied by the amount at risk for each loan pool. The allocations are summed to arrive at the total allowance for off-balance sheet credit exposures.

Premises and Equipment

Land is carried at cost. Other premises and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to operating expenses over the estimated useful lives of the assets and is computed on the straight-line method. In general, estimated lives for buildings are up to 40 years, furniture, and equipment (including vehicles) useful lives range from five to 20 years, and the lives of software and computer related equipment range from three to five years. Leasehold improvements are amortized over the life of the related lease, or the related assets, whichever is shorter. Expenditures for major improvements of the Company's premises and equipment are capitalized and depreciated over their estimated useful lives. Minor repairs, maintenance and improvements are charged to operations as incurred. When assets are sold or disposed of, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in earnings.

(1) Summary of Significant Accounting Policies (Continued)

Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets purchased in business combinations. Goodwill is required to be tested annually for impairment or whenever events occur that may indicate that the recoverability of the carrying amount is not probable. In the event of an impairment, the amount by which the carrying amount exceeds the fair value is charged to earnings. At December 31, 2024, the Company's annual testing identified no impairment; accordingly, no impairment was recorded for the year.

Intangible assets consist of core deposit premiums acquired in connection with business combinations and are based on the established value of acquired customer deposits. The core deposit premium is initially recognized based on a valuation performed as of the consummation date and is amortized over an estimated useful life of ten years. Amortization periods are reviewed annually in connection with the annual impairment testing of goodwill.

Other Real Estate

Real estate properties acquired through or in lieu of loan foreclosure are held-for-sale and are initially recorded at fair value less estimated selling costs at the date of foreclosure establishing a new cost basis. After acquisition, foreclosed real estate is carried at the lower of carrying amount or fair value less estimated selling costs. Fair value is estimated through current appraisals, where practical, or an inspection and a comparison of the property securing the loan with similar properties in the area by a licensed appraiser, a real estate broker or management. Subsequent provisions for losses, which may result from the ongoing periodic valuations of these properties, are charged to expense in the period in which they are identified. Carrying costs, such as maintenance and taxes, are charged to expense as incurred.

Cash Surrender Value of Life Insurance (BOLI)

The Bank has purchased life insurance on the lives of certain Bank officers. The beneficial aspects of these life insurance policies are tax-free earnings and a tax-free death benefit, which are realized by the Bank as the owner of the policies. The cash surrender value of these policies is included as an asset on the balance sheets, and any increases in cash surrender value are recorded as noninterest income in the consolidated statements of income.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of the future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment on the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal.

(1) Summary of Significant Accounting Policies (Continued)

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Investment tax credits are accounted for by the flow-through method whereby they reduce income taxes currently payable and the provision for income taxes in the period the assets giving rise to such credits are placed in service. To the extent such credits are not currently utilized on the Company's tax return, deferred tax assets, subject to considerations about the need for a valuation allowance, are recognized for the carryforward amount. During the years ended December 31, 2024, 2023 and 2022, the Bank recognized amortization expense of $2,920,825, $2,733,248, and $405,126, respectively, in noninterest expense on the consolidated statements of income.

The Company recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination.

The Company recognizes interest and penalties related to income tax matters in income tax expense.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, highly liquid debt instruments purchased with an original maturity of three months or less, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

Securities Sold Under Agreement to Repurchase

Securities sold under agreement to repurchase are secured borrowings from customers and are treated as financing activities which are carried at the amounts at which the securities will be subsequently reacquired as specified in the respective agreements. The Bank had no such items outstanding as of December 31, 2024 or 2023.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies (Continued)

Use of Estimates (Continued)

The determination of the adequacy of the allowance for credit losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Advertising Costs

It is the policy of the Company to expense advertising costs as they are incurred. The Company does not engage in any direct-response advertising and accordingly has no advertising costs reported as assets on its consolidated balance sheets. Amounts charged to advertising expense for the years ended December 31, 2024, 2023 and 2022 were $883,743, $831,379, and $885,724, respectively.

Stock Compensation Plans

The Company has a 401(k) and employee stock ownership plan covering substantially all of its employees meeting age and length of service requirements. Contributions to the plan are made at the discretion of the Board of Directors. The Company also has a stock ownership plan which grants stocks to selected executives and other key employees. Stock grants under this plan vest over a period of three or five years. In 2018 the Company adopted an equity incentive plan. Under this plan, the Company has granted equity incentive units, stock appreciation rights, as well as restricted stock units.

Earnings Per Common Share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed conversion. Potentially dilutive common shares are limited to preferred shares outstanding that would be converted to common shares upon change in control of the Company. As such, the average number of common shares outstanding used to calculate diluted earnings per share equals the total number of common and preferred shares outstanding less any shares held in treasury.

Effective April 22, 2024, the Company recorded a stock split of four additional shares for every share issued and outstanding. Common stock, paid-in capital surplus and all stock related to employee benefit plans have been restated to reflect the stock split as of December 31, 2023. There was no impact to total shareholders' equity. The per share amounts as of December 31, 2023 and 2022 have been restated to reflect the April 22, 2024 stock split.

(1) Summary of Significant Accounting Policies (Continued)

Earnings Per Common Share

Earnings per common share have been computed based on the following for the years ended December 31:

	2024	2023	2022
Net Income Applicable to Common Shares	**$ 21,804,344**	$ 19,332,189	$ 21,108,630
Average Number of Common Shares Outstanding	**10,603,218**	10,582,377	10,575,160
Effect of Dilutive Options, Warrants, Etc.	**-**	-	-
Average Number of Common Shares Outstanding Used to Calculate Diluted Earnings Per Common Share	**10,603,218**	10,582,377	10,575,160

Comprehensive Income

GAAP generally requires that recognized revenues, expenses, gains, and losses be included in net earnings. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the consolidated balance sheets, such items along with net earnings, are components of comprehensive income. The adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification *(ASC) Topic 220, Comprehensive Income*, had no effect on the Company's net income or shareholders' equity. The Company presents comprehensive income in a separate consolidated statement of comprehensive income.

Reclassifications

Certain accounts in the 2023 consolidated financial statements have been reclassified to conform to the presentation of current-year consolidated financial statements.

Federal Home Loan Bank Stock

Investment in stock of a Federal Home Loan Bank (FHLB) is required for every federally insured institution that utilizes its services. FHLB stock is considered restricted, as defined in FASB *ASC Topic 320, Investments - Debt and Equity Securities*; accordingly, the provisions of *ASC Topic 320* are not applicable to this investment. The FHLB stock is reported in the consolidated financial statements at cost. Dividend income is recognized when earned.

Equity Investment

In December 2020, the Bank made a $3,500,000 perpetual investment in The Change Company. The Change Company is a Community Reinvestment Act (CRA) credit origination firm, that will assist the Bank in meeting its CRA requirements. The Bank's investment is less than 20 percent and has been recorded at cost.

(2) Debt Securities

The following tables summarize the amortized cost, fair value, and allowance for credit losses of securities available-for-sale and securities held-to-maturity at December 31, 2024 and 2023 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) and gross unrecognized gains and losses:

	2024				
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Allowance for Credit Losses**	**Estimated Market Value**
Nonmortgage Backed Debt Securites					
U.S. Treasury Securities	**$ 2,976,856**	**$ 8,494**	**$ -**	**$ -**	**$ 2,985,350**
Mortgage Backed Debt Securites					
Commercial Mortgage Backed Securities	**6,723,104**	**18,281**	**(19)**	**-**	**6,741,366**
	$ 9,699,960	**$ 26,775**	**$ (19)**	**$ -**	**$ 9,726,716**
	2023				
Nonmortgage Backed Debt Securites					
U.S. Treasury Securities	$ 3,911,434	$ -	$ (10,614)	$ -	$ 3,900,820
Mortgage Backed Debt Securites					
Commercial Mortgage Backed Securities	3,974,951	9	-	-	3,974,960
	$ 7,886,385	$ 9	$ (10,614)	$ -	$ 7,875,780

(2) Debt Securities (Continued)

The book and market values of securities held-to-maturity as of December 31 were as follows:

	2024				
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Estimated Market Value**	**Allowance for Credit Losses**
Nonmortgage Backed Debt Securities					
U.S. Treasury Securities	**$ 14,765,232**	**$ -**	**$ (953,414)**	**$ 13,811,818**	**$ -**
State, County, and Municipal Securities	**123,672,092**	**18,129**	**(23,013,398)**	**100,676,823**	**46,223**
Other Debt Securities	**13,845,661**	**-**	**(594,704)**	**13,250,957**	**8,354**
Total Nonmortgage Backed Debt Securities	**152,282,985**	**18,129**	**(24,561,516)**	**127,739,598**	**54,577**
Mortgage Backed Debt Securities					
Residential Mortgage Backed Securities	**19,166,129**	**-**	**(2,051,560)**	**17,114,569**	**-**
Commercial Mortgage Backed Securities	**44,453,778**	**-**	**(6,336,552)**	**38,117,226**	**11,813**
Total Mortgage Backed Securities	**63,619,907**	**-**	**(8,388,112)**	**55,231,795**	**11,813**
	$ 215,902,892	**$ 18,129**	**$ (32,949,628)**	**$ 182,971,393**	**$ 66,390**
	2023				
Nonmortgage Backed Debt Securites					
U.S. Treasury Securities	$ 18,568,874	$ -	$ (1,514,440)	$ 17,054,434	$ -
State, County, and Municipal Securities	125,879,085	17,210	(26,748,689)	99,147,606	47,478
Other Debt Securities	15,169,014	-	(1,339,915)	13,829,099	9,223
Total Nonmortgage Backed Debt Securities	159,616,973	17,210	(29,603,044)	130,031,139	56,701
Mortgage Backed Debt Securities					
Residential Mortgage Backed Securities	21,454,758	-	(2,738,908)	18,715,850	-
Commercial Mortgage Backed Securities	59,221,344	-	(7,451,288)	51,770,056	30,739
Total Mortgage Backed Securities	80,676,102	-	(10,190,196)	70,485,906	30,739
	$ 240,293,075	$ 17,210	$ (39,793,240)	$ 200,517,045	$ 87,440

(2) Debt Securities (Continued)

Amortized costs presented above include $1,774,143 and $2,502,581 of unamortized gains related to the transfer from available for sale to held-to-maturity as of December 31, 2024 and 2023, respectively.

The book and market values of pledged securities were $70,155,510 and $60,894,662 at December 31, 2024, respectively and $77,944,342 and $66,589,388 at December 31, 2023, respectively.

The proceeds from sales/calls of securities and the associated gains and losses are as follows as of December 31:

	2024	2023	2022
Proceeds	**$ 3,431,786**	$ -	$ -
Gross Gains	**681**	-	-
Gross Losses	**499**	-	326

Taxable interest income on securities was $5,964,050, $6,362,885, and $5,267,862 for the years ended December 31, 2024, 2023 and 2022, respectively. Interest income exempt from Federal income tax was $1,404,107, $1,833,267, and $2,026,432 for the years ended December 31, 2024, 2023, and 2022, respectively.

The amortized cost and estimated market value of debt securities for available for sale and held-to-maturity at December 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	2024 Available for Sale	
	Amortized Cost	**Estimated Market Value**
Nonmortgage Backed Debt Securities		
Due In One Year or Less	$ 2,976,856	$ 2,985,350
Mortgage Backed Debt Securities		
Commercial Mortgage Backed Debt Securities	6,723,104	6,741,366
	$ 9,699,960	$ 9,726,716

	2024 Held to Maturity	
	Amortized Cost	**Estimated Market Value**
Nonmortgage Backed Debt Securities		
Due In One Year or Less	$ 11,050,351	$ 10,909,266
Due After One Year Through Five Years	32,975,696	30,591,368
Due After Five Years Through Ten Years	25,140,760	22,281,190
Due After Ten Years	83,116,178	63,957,774
Total Nonmortgage Backed Debt Securities	152,282,985	127,739,598
Mortgage Backed Debt Securities		
Residential Mortgage Backed Debt Securities	19,166,129	17,114,569
Commercial Mortgage Backed DebtSecurities	44,453,778	38,117,226
Total Mortgage Backed Debt Securities	63,619,907	55,231,795
	$ 215,902,892	$ 182,971,393

(2) Debt Securities (Continued)

As of December 31, 2024, the Company held one available for sale Commercial Mortgage-Backed Security with an unrealized loss of $19 for less than twelve months. As of December 31, 2023, the Company held three available for sale U.S Treasury Securities with an unrealized loss of $10,614 for less than twelve months.

The market value is established by an independent pricing service as of the approximate dates indicated. The differences between the book value and market value reflect current interest rates and represent the potential loss (or gain) had the portfolio been liquidated on that date. Security losses (or gains) are realized only in the event of dispositions prior to maturity.

At December 31, 2024 and 2023, the Company did not hold investment securities of any single issuer, other than obligations of the U. S. Treasury and other U. S. Government agencies, whose aggregate book value exceeded ten percent of shareholders' equity.

Information pertaining to securities with gross unrealized losses at December 31, 2024 and 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	2024			
	Less Than Twelve Months		**Twelve Months Or More**	
Securities Held to Maturity	**Unrealized Losses**	**Estimated Market Value**	**Unrealized Losses**	**Estimated Market Value**
Nonmortgage Backed Debt Securities				
U.S. Treasury Securities	**$ -**	**$ -**	**$ 953,414**	**$ 13,811,818**
State, County and Municipal Securities	**13,400**	**3,189,509**	**22,999,998**	**96,432,437**
Other Debt Securities	**-**	**-**	**594,704**	**12,750,957**
Total Nonmortgage Backed Debt Securities	**13,400**	**3,189,509**	**24,548,116**	**122,995,212**
Mortgage Backed Debt Securities				
Residential Mortgage Backed Debt Securities	**-**	**-**	**2,067,732**	**16,631,420**
Commercial Mortgage Backed Debt Securities	**70,595**	**1,583,001**	**6,249,785**	**31,121,368**
Total Mortgage Backed Debt Securities	**70,595**	**1,583,001**	**8,317,517**	**47,752,788**
	$ 83,995	**$ 4,772,510**	**$ 32,865,633**	**$ 170,748,000**

	2023			
Nonmortgage Backed Debt Securities				
U.S. Treasury Securities	$ -	$ -	$ 1,514,440	$ 17,054,434
State, County and Municipal Securities	36,521	3,630,004	26,712,168	94,802,099
Other Debt Securities	373,740	3,376,260	966,175	8,952,840
Total Nonmortgage Backed Debt Securities	410,261	7,006,264	29,192,783	120,809,373
Mortgage Backed Debt Securities				
Residential Mortgage Backed Debt Securities	-	-	2,738,908	18,715,850
Commercial Mortgage Backed Debt Securities	1,637,042	20,498,955	5,814,246	23,451,098
	1,637,042	20,498,955	8,553,154	42,166,948
Total Mortgage Backed Debt Securities	$ 2,047,303	$ 27,505,219	$ 37,745,937	$ 162,976,321

(2) Debt Securities (Continued)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

As of December 31, 2024, the Company held 204 debt securities that had unrealized losses with aggregate depreciation of 15.5 percent from the Company's amortized cost basis.

As of December 31, 2024, the Company held eight U.S. treasury security, thirty-five commercial mortgage-backed securities and twenty-eight residential mortgage-backed securities that were in an unrealized loss position, all of which were issued by U.S. government sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, management does not consider these securities to be other-than-temporarily impaired at December 31, 2024.

As of December 31, 2024, the Company held one hundred and nineteen, state, county, and municipal securities that were in an unrealized loss position. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, management does not consider these securities to be other-than-temporarily impaired at December 31, 2024.

As of December 31, 2024, the Company held fourteen corporate bonds that were in an unrealized loss position. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, management does not consider these securities to be other-than-temporarily impaired at December 31, 2024.

As of December 31, 2024 and 2023, the allowance for credit losses on available for sale debt securities was $-0-.

The table below presents a roll forward for the years ended December 31, 2024 and 2023 of the allowance for credit losses on held-to-maturity debt securities:

	State, County, & Municipal	**Other Debt Securities**	**Mortgage-Backed Commercial**	**Total**
Beginning Balance, January 1, 2024	**$ 47,478**	**$ 9,223**	**$ 30,739**	**$ 87,440**
Provisions for Credit Losses	**(1,255)**	**(869)**	**(18,926)**	**(21,050)**
Ending Balance, December 31, 2024	**$ 46,223**	**$ 8,354**	**$ 11,813**	**$ 66,390**
Beginning Balance, January 1, 2023	$ -	$ -	$ -	$ -
Impact of Adopting *ASC* 326	41,412	10,333	44,256	96,001
Provisions for Credit Losses	6,066	(1,110)	(13,517)	(8,561)
Ending Balance, December 31, 2023	$ 47,478	$ 9,223	$ 30,739	$ 87,440

(2) Debt Securities (Continued)

The Company monitors the credit quality of the debt securities held-to-maturity through the use of credit ratings. The Company monitors the credit ratings on a quarterly basis. The following table summarizes the amortized cost of debt securities held-to-maturity at December 31, aggregated by credit quality indicators.

	2024	2023
Aaa	**$ 89,767,185**	$ 98,578,958
Aa1/Aa2/Aa3	**76,566,752**	77,907,130
A1/A2/A3	**11,263,819**	12,114,043
Not Rated	**38,305,136**	51,692,944
Total	**$ 215,902,892**	$ 240,293,075

(3) Loans and Allowance for Credit Losses

The Company engages in a full complement of lending activities, including real estate-related loans, commercial and industrial loans, and consumer installment loans. The majority of its lending activities are concentrated in real estate loans. While risk of loss in the Company's portfolio is primarily tied to the credit quality of the various borrowers, risk of loss may increase due to factors beyond the Company's control, such as local, regional, and/or national economic downturns. General conditions in the real estate market may also impact the relative risk in the real estate portfolio.

Loans are stated at unpaid balances, net of unearned income and deferred loan fees. Balances within the major loans' receivable categories at December 31 are presented in the following table:

	2024	2023
Commercial	**$ 81,213,055**	$ 85,069,477
Commercial Real Estate	**734,216,165**	660,253,001
Consumer	**10,653,584**	15,816,539
Residential Real Estate	**245,438,826**	254,441,118
Agriculture	**43,898,640**	46,720,320
Other	**423,718**	1,741,142
Total Loans	**$ 1,115,843,988**	1,064,041,597
Other		
Loans Held for Sale	**465,250**	-
Overdraft, In-Process and Suspense Accounts	**(234,579)**	(269,375)
Total Other	**230,671**	(269,375)
Gross Loans	**1,116,074,659**	1,063,772,222
Allowance for Credit Losses	**(14,488,525)**	(14,291,923)
Net Loans	**$ 1,101,586,134**	$ 1,049,480,299

Overdrafts included in loans were $387,697 and $186,701 at December 31, 2024 and 2023, respectively.

(3) Loans and Allowance for Credit Losses (Continued)

Commercial Loans - Loans in this segment are generally made to businesses and are typically secured by business assets, equipment, inventory, and accounts receivable. Repayment is expected from the cash flows of the business entity. A weakened economy and decreased consumer spending will have a negative impact on the credit quality in this portfolio segment.

Commercial Real Estate Loans - Loans in this segment include all mortgages and other liens on commercial real estate. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn will have an effect on the credit quality in this portfolio segment.

Consumer Loans - Loans in this segment include unsecured loans, cash value loans and auto loans. Loans in these categories are primarily dependent on the credit quality of the borrower. The overall health of the economy, including unemployment rates in the Company's market area will have an effect on the credit quality of this portfolio segment.

Residential Real Estate Loans - Loans in this segment include all mortgages and other liens on residential real estate, as well as vacant land designated as residential real estate. Loans in this segment are dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates will have an effect on the credit quality of this portfolio segment.

Agriculture Loans - Loans in this segment include loans to finance agricultural production and other loans to farmers. The overall health of the economy will have an effect on the credit quality of this portfolio segment.

Other Loans - Loans in this segment do not belong in the other categories previously described. Loans in this segment are dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates will have an effect on the credit quality of the segment.

Allowance for Credit Losses

The following table details activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2024 and 2023, respectively. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(3) Loans and Allowance for Credit Losses (Continued)

	2024						
	Commercial	**Commercial Real Estate**	**Consumer**	**Residential Real Estate**	**Agriculture**	**Other**	**Total**
Allowance for Credit Losses							
Beginning Balance as of January 1, 2024	**$ 2,625,967**	**$ 8,303,891**	**$ 308,914**	**$ 2,494,911**	**$ 545,246**	**$ 12,994**	**$ 14,291,923**
Chargeoffs	**(241,462)**	**-**	**(322,299)**	**-**	**-**	**-**	**(563,761)**
Recoveries	**70,761**	**-**	**70,898**	**18,704**	**-**	**-**	**160,363**
Provisons	**(284,902)**	**716,933**	**217,341**	**(17,405)**	**(22,308)**	**(9,659)**	**600,000**
Ending Balance as of December 31, 2024	**$ 2,170,364**	**$ 9,020,824**	**$ 274,854**	**$ 2,496,210**	**$ 522,938**	**$ 3,335**	**$ 14,488,525**

	2023						
Allowance for Credit Losses							
Beginning Balance as of January 1, 2023	$ 2,925,886	$ 7,433,855	$ 376,394	$ 2,261,464	$ 619,863	$ 11,793	$ 13,629,255
Chargeoffs	(278,568)	-	(329,708)	-	(629)	-	(608,905)
Recoveries	258,781	96,782	95,910	20,100	-	-	471,573
Provisons	(280,132)	773,254	166,318	213,347	(73,988)	1,201	800,000
Ending Balance as of December 31, 2023	$ 2,625,967	$ 8,303,891	$ 308,914	$ 2,494,911	$ 545,246	$ 12,994	$ 14,291,923

Nonaccrual and Past Due Loans

A loan is placed on nonaccrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued and is subsequently determined to have doubtful collectability is charged to interest income. Interest on loans that are classified as nonaccrual is recognized when received. Past due loans are loans, whose principal or interest is 30 days or more past due. In some cases, where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

(3) Loans and Allowance for Credit Losses (Continued)

The following tables present an analysis of past due loans and loans accounted for on a nonaccrual basis as of December 31:

	2024						
	Past Due and Still Accruing						
	Current and < 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Accruing Past Due	Nonaccrual	Total Loans
Commercial	$ 79,499,060	$ 537,652	$ 426,227	$ -	$ 963,879	$ 750,116	$ 81,213,055
Commercial Real Estate	730,376,349	1,081,144	-	-	1,081,144	2,758,672	734,216,165
Consumer	10,460,271	111,433	13,839	-	125,272	68,041	10,653,584
Residential Real Estate	243,162,735	1,043,827	288,680	-	1,332,507	943,584	245,438,826
Agriculture	43,858,402	-	-	-	-	40,238	43,898,640
Other	423,718	-	-	-	-	-	423,718
Total	$ 1,107,780,535	$ 2,774,056	$ 728,746	$ -	$ 3,502,802	$ 4,560,651	$ 1,115,843,988
Loans Held for Sale							465,250
Overdraft, In-process and Suspense Accounts							(234,579)
							$ 1,116,074,659

	2023						
	Past Due and Still Accruing						
	Current and < 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Accruing Past Due	Nonaccrual	Total Loans
Commercial	$ 84,517,487	$ 293,480	$ 19,081	$ -	$ 312,561	$ 239,429	$ 85,069,477
Commercial Real Estate	657,483,518	1,289,810	9,632	-	1,299,442	1,470,041	660,253,001
Consumer	15,427,516	263,857	26,642	-	290,499	98,524	15,816,539
Residential Real Estate	251,222,653	2,345,879	82,925	-	2,428,804	789,661	254,441,118
Agriculture	46,696,194	-	-	-	-	24,126	46,720,320
Other	1,741,142	-	-	-	-	-	1,741,142
Total	$ 1,057,088,510	$ 4,193,026	$ 138,280	$ -	$ 4,331,306	$ 2,621,781	$ 1,064,041,597
Loans Held for Sale							-
Overdraft, In-process and Suspense Accounts							(269,375)
							$ 1,063,772,222

(3) Loans and Allowance for Credit Losses (Continued)

Nonaccrual and Past Due Loans (Continued)

The following table presents the amortized cost basis of loans on non-accrual status:

December 31, 2024	Non-Accrual Loans with No Allowance	Non-Accrual Loans with an Allowance	Total Non-Accrual Loans
Commercial	**$ 260,963**	**$ 489,153**	**$ 750,116**
Commercial Real Estate	**1,959,378**	**799,294**	**2,758,672**
Consumer	**68,041**	**-**	**68,041**
Residential Real Estate	**943,584**	**-**	**943,584**
Agriculture	**40,238**	**-**	**40,238**
Other	**-**	**-**	**-**
	$ 3,272,204	**$ 1,288,447**	**$ 4,560,651**
December 31, 2023			
Commercial	$ 239,429	$ -	$ 239,429
Commercial Real Estate	1,397,470	72,571	1,470,041
Consumer	98,524	-	98,524
Residential Real Estate	789,661	-	789,661
Agriculture	24,126	-	24,126
	$ 2,549,210	$ 72,571	$ 2,621,781

Impaired Loans

Prior to the adoption of ASU 2016-13, loans were considered impaired when, based on current information and events, it was probable the Company would be unable to collect all amounts due in accordance with the original contractual terms of the loan agreements. When determining if the Company would be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement, the Company considered the borrower's capacity to pay, which included such factors as the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impaired loans were measured by either the present value of expected cash flows discounted at the loan's effective rate, the loan's obtainable market price, or the estimated fair value of the collateral if the loan was collateral dependent.

The following is a summary of information pertaining to interest income on impaired loans as of December 31, 2022:

	Average Investment in Impaired Loans	Interest Income Recognized on Impaired Loans	Interest Income Recognized on Cash Basis on Impaired Loans
Commercial	$ 188,783	$ 10,287	$ 9,075
Commercial Real Estate	5,542,724	212,481	216,148
Consumer	-	-	-
Residential Real Estate	911,722	61,298	54,973
Agriculture	204,930	11,941	-
Total	$ 6,848,159	$ 296,007	$ 280,196

(3) Loans and Allowance for Credit Losses (Continued)

Collateral Dependent Loans

The Company designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans designated as having higher risk. Collateral-dependent loans are loans where repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty. If the Company determines that foreclosure is probable, these loans are written down to the lower of cost or fair value of the collateral less estimated costs to sell. When repayment is expected to be from the operation of the collateral, the ACL is calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. The Company may, in the alternative, measure the ACL as the amount by which the amortized cost basis of the financial asset exceeds the estimated fair value of the collateral.

The following tables presents the Company's collateral dependent loans and related ACL as of December 31, 2024 and 2023, respectively.

	2024	
	Amortized Cost Basis Of Loans Determined To Be Collateral Dependent	Related Allowance for Credit Losses
Commercial	**$ 940,362**	**$ 895,438**
Commercial Real Estate	**2,186,134**	**169,294**
Residential Real Estate	**773,467**	**-**
Total	**$ 3,899,963**	**$ 1,064,732**

	2023	
Commercial Real Estate	$ 1,429,722	$ 171,649
Residential Real Estate	391,850	-
Total	$ 1,821,572	$ 171,649

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators

The Company uses a nine-category risk grading system to assign a risk grade to each loan in the portfolio. The following is a description of the general characteristics of the grades:

Grade 1 - Excellent Risk

Loans in this category are considered to have very little, if any, credit risk. The following characteristics are common for loans in this category:

- Loan is fully secured by cash or cash equivalents.
- Loan is secured by marketable securities with no less than a 25 percent margin.
- There are no material exceptions to the Company's loan policy.
- Alternative sources of cash exist, such as commercial paper market, capital market, internal liquidity, or other bank lines.
- Borrower is a national or regional company with excellent cash flow which covers all debt service requirements and a significant portion of capital expenditures.
- Balance sheet strength and liquidity are excellent and exceed industry norms.
- Financial trends are positive.
- Borrower is a market leader within the industry, and industry performance is excellent.
- Borrower is of unquestioned strength. Financial wherewithal is known.
- Borrower exhibits excellent liquidity, net worth, cash flow, and leverage.

Grade 2 - High Quality

Loans in this category are considered to be an excellent credit risk with minimal risk of loss. The following characteristics are common for loans in this category:

- Loan is secured by marketable securities with margin below 25 percent.
- There are no material exceptions to the Company's loan policy.
- Borrower has stable and reliable cash flow and above-average liquidity.
- Borrower exhibits moderate risk from exposure to contingent liabilities.
- Borrower has strong, stable financial trends.
- Borrower has strong cash flow which covers all debt service requirements and some portion of capital expenditures.
- Alternative sources of repayment are evident and financial ratios are comparable to or exceed the industry norms.
- Borrower holds a prominent position in the industry or local economy.
- Borrower's industry's performance is above average.
- Management is strong in most areas and with good back-up depth.

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

Grade 3 - Average Risk

Loans in this category are considered to be of normal risk and of average quality. The following characteristics are common for loans in this category:

- Borrower has reliable cash flow, but alternative sources of repayment would require sale of assets that may be considered illiquid.
- Borrower's financial position has been leveraged to an average degree or individual has an average net worth position considering income and debt.
- Cash flow is adequate to cover all debt service requirements but not capital expenditures.
- Balance sheet may be leveraged but still comparable to the industry.
- Financial trends are stable to mixed over long-term, but no significant concerns exist at this time.
- Borrower's industry has a generally stable outlook and may have some cyclical characteristics.
- Borrower holds an average position in the industry or local economy.
- Management is considered capable and stable.
- Start-up venture with experienced management, adequate capitalization, and favorable performance versus projections.

Grade 4 - Acceptable

Loans in this category are considered to be of above-average risk or of below-average quality. The following characteristics are common for loans in this category:

- Borrower's sources of income or cash flow have become unstable or limited.
- Borrower's income has declined due to current business or economic conditions.
- Borrower has a somewhat highly leveraged condition and limited capital.
- Moderate history of some degree of slow payment.
- Loan conditions require more frequent monitoring than the higher-graded loans.
- Stability is lacking in the primary repayment source, cash flow, credit history, or liquidity, however, the instability is manageable and considered temporary.
- Overall trends are not yet adverse.
- Loan involves speculative activity where the primary source for repayment is the activity itself and the borrower has limited ability to support the debt outside the successful completion of the activity.

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

Grade 5 - Watch

Loans in this category have potential financial weaknesses, the loan officer may not have properly supervised the credit, or material collateral exceptions exist. This category includes loans which do not presently expose the Company to a sufficient degree of risk to warrant adverse classification but do possess credit deficiencies deserving of management's close attention. Failure to correct deficiencies could result in greater credit risk in the future. The following characteristics are common for loans in this category:

- There is a material exception to the Company's loan policy.
- Management has potential weakness and back-up depth is weak.
- Principal and interest are currently protected through sufficient cash flows, collateral values, or secondary repayment sources, but downward trends in profitability and cash flow are evident.
- Financial leverage is excessive, and margins and financial ratios fall below industry averages.
- Adequate financial statements are not produced and/or provided timely, or the borrower exhibits an uncooperative attitude.
- Moderate delinquency may exist from time to time.
- A loss may not be readily apparent, but sufficient problems have arisen to cause the lender to go to abnormal lengths to protect its position.

Grade 6 - Substandard

Loans in this category display a well-defined weakness or weaknesses that may jeopardize collection of the debt. Assets do not appear to possess any loss but exhibit more than a normal degree of risk. Lack of continued close attention on the part of the Company could result in deterioration and potential loss. The following characteristics are common for loans in this category:

- Cash flows are not sufficient to meet scheduled obligations and/or the financial strengths of the guarantors are questionable.
- Losses have eroded the net worth so that survivability of the business is in question.
- Primary and secondary sources of repayment are believed to offer marginal protection to the credit.
- Repayment of debt is likely to come from the liquidation of collateral or payments from guarantors.
- Past due problems are apparent.
- The loan has been placed on nonaccrual status and/or is in bankruptcy with current repayment history for less than three months.
- The value of the collateral is questionable or has declined significantly.

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

Grade 7 - Impaired

Loans in this category have been classified as impaired. The classification of impaired is based upon the likelihood that the Company will not be able to collect all principal and interest under the original terms of the note. The following characteristics are common for loans in this category:

- Loan has been placed on nonaccrual.
- Repayment of the debt is dependent upon the sale of collateral.
- The value of the collateral has declined such that its liquidation would not be sufficient to retire the debt.
- Repayment is dependent upon cash flows, and the cash flows are no longer sufficient to cover principal and interest payments under the terms of the debt.

Grade 8 - Doubtful

Loans in this category have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable. The following characteristics are common for loans in this category:

- Borrower is having financial difficulties, and the collateral does not cover the loan balance.
- Loan is unsecured and repayment is highly questionable.
- Company's access or rights to the collateral is unclear (e.g., because the lender's lien is subordinate to substantial other liens or there is a dispute over title to the collateral).
- Business is on the verge of closing, being sold, or liquidated.

Grade 9 - Loss

Loans in this category are considered not collectible and of such little value that their continuance as active assets are not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

The following tables present the loan portfolio by risk grade as of December 31:

	2024						
	Commercial	Commercial Real Estate	Consumer	Residential Real Estate	Agriculture	Other	Total
Grade 1 (Excellent Risk)	$ 3,307,879	$ -	$ 2,141,195	$ -	$ 35,145	$ -	$ 5,484,219
Grade 2 (High Quality)	37,436	-	198,041	-	-	-	235,477
Grade 3 (Average Risk)	197,753	2,131,293	59,355	661,724	1,198,842	423,718	4,672,685
Grade 4 (Acceptable)	76,107,078	713,862,264	7,989,335	241,430,446	42,384,338	-	1,081,773,461
Grade 5 (Watch)	195,033	12,518,189	113,318	1,383,789	223,223	-	14,433,552
Grade 6 (Substandard)	427,515	1,156,182	149,620	957,622	57,092	-	2,748,031
Grade 7 (Impaired)	940,361	4,524,868	-	1,005,245	-	-	6,470,474
Grade 8 (Doubtful)	-	23,369	2,720	-	-	-	26,089
Grade 9 (Loss)	-	-	-	-	-	-	-
	$ 81,213,055	$ 734,216,165	$ 10,653,584	$ 245,438,826	$ 43,898,640	$ 423,718	$ 1,115,843,988
Loans Held for Sale							465,250
Overdraft, In-Process, and Suspense Accounts							(234,579)
Total Loans							$ 1,116,074,659

	2023						
Grade 1 (Excellent Risk)	$ 4,518,300	$ -	$ 1,708,769	$ -	$ -	$ -	$ 6,227,069
Grade 2 (High Quality)	-	-	34,185	-	-	-	34,185
Grade 3 (Average Risk)	157,755	3,482,959	78,937	1,303,411	1,961,735	469,995	7,454,792
Grade 4 (Acceptable)	79,457,267	650,074,764	13,669,223	248,579,230	44,266,380	1,271,147	1,037,318,011
Grade 5 (Watch)	407,124	861,993	90,720	2,426,904	448,217	-	4,234,958
Grade 6 (Substandard)	325,624	265,925	229,312	1,237,423	43,988	-	2,102,272
Grade 7 (Impaired)	203,407	5,567,360	-	894,150	-	-	6,664,917
Grade 8 (Doubtful)	-	-	5,393	-	-	-	5,393
Grade 9 (Loss)	-	-	-	-	-	-	-
	$ 85,069,477	$ 660,253,001	$ 15,816,539	$ 254,441,118	$ 46,720,320	$ 1,741,142	$ 1,064,041,597
Loans Held for Sale							-
Overdraft, In-Process and Suspense Accounts							(261,375)
Total Loans							$ 1,063,780,222

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

The following table presents the loan portfolio's amortized cost by class, risk grade and year of origination. Generally, current period renewals of credit are underwritten again at the point of renewal and considered current period originations for purpose of the table below. The Company had immaterial amounts of revolving loans which converted to term loans and the amortized cost basis of those loans are included in the applicable origination year.

	As of December 31, 2024						
	Term Loans By Year of Origination						
	2024	2023	2022	2021	Prior	Revolving	Total
Commercial							
Grade 1	$ 1,925,394	$ 306,637	$ 229,443	$ 79,129	$ 767,276	$ -	$ 3,307,879
Grade 2	37,436	-	-	-	-		37,436
Grade 3	81,795	-	-	-	115,958	-	197,753
Grade 4	29,472,292	12,655,556	18,590,643	8,759,728	6,628,859	-	76,107,078
Grade 5	44,450	19,497	60,752	63,008	7,326	-	195,033
Grade 6	73,346	87,583	80,506	158,137	27,943	-	427,515
Grade 7	383,829	-	66,188	82,842	407,502	-	940,361
Total	32,018,542	13,069,273	19,027,532	9,142,844	7,954,864	-	81,213,055
Gross Charge-offs	-	(164,767)	(33,206)	(28,848)	(14,641)	-	(241,462)
Commercial Real Estate							
Grade 3	-	-	-	-	2,131,293	-	2,131,293
Grade 4	178,828,619	126,204,472	185,148,295	122,003,714	101,677,164	-	713,862,264
Grade 5	508,147	1,527,607	1,564,074	119,860	8,798,501	-	12,518,189
Grade 6	13,475	551,777	180,846	41,609	368,475	-	1,156,182
Grade 7	-	785,555	601,285	66,627	3,071,401	-	4,524,868
Grade 8	-	-	-	23,369	-	-	23,369
Total	179,350,241	129,069,411	187,494,500	122,255,179	116,046,834	-	734,216,165
Gross Charge-offs	-	-	-	-	-	-	-
Consumer							
Grade 1	1,681,749	378,161	33,668	27,819	19,798	-	2,141,195
Grade 2	177,156	11,088	9,797	-	-	-	198,041
Grade 3	-	30,540	2,696	10,057	16,062	-	59,355
Grade 4	2,647,685	2,140,637	2,181,994	821,556	197,463	-	7,989,335
Grade 5	57,248	655	25,958	8,086	21,371	-	113,318
Grade 6	-	45,249	35,644	40,545	28,182	-	149,620
Grade 8	-	2,512	187	21	-	-	2,720
Total	4,563,838	2,608,842	2,289,944	908,084	282,876	-	10,653,584
Gross Charge-offs	-	(62,419)	(38,533)	(32,483)	(188,864)	-	(322,299)
Residential Real Estate							
Grade 3	-	-	-	-	661,724	-	661,724
Grade 4	64,626,548	37,850,356	55,993,175	46,626,852	36,333,515	-	241,430,446
Grade 5	92,938	416,754	144,236	149,854	580,007	-	1,383,789
Grade 6	-	-	285,012	203,342	469,268	-	957,622
Grade 7	-	372,890	-	-	632,355	-	1,005,245
Total	64,719,486	38,640,000	56,422,423	46,980,048	38,676,869	-	245,438,826
Gross Charge-offs	-	-	-	-	-	-	-
Agriculture							
Grade 1	35,145	-	-	-	-	-	35,145
Grade 3	-	1,198,842	-	-	-	-	1,198,842
Grade 4	10,799,805	6,933,422	2,613,360	9,860,865	12,176,886	-	42,384,338
Grade 5	-	223,223	-	-	-	-	223,223
Grade 6	8,045	40,238	-	-	8,809	-	57,092
Total	10,842,995	8,395,725	2,613,360	9,860,865	12,185,695	-	43,898,640
Gross Charge-offs	-	-	-	-	-	-	-
Other							
Grade 3	-	-	-	-	423,718	-	423,718
Grade 4	-	-	-	-	-	-	-
Total	-	-	-	-	423,718	-	423,718
Gross Charge-offs	-	-	-	-	-	-	-
Total	$ 291,495,102	$ 191,783,251	$ 267,847,759	$ 189,147,020	$ 175,570,856	$ -	$ 1,115,843,988
Gross Charge-offs	$ -	$ (227,186)	$ (71,739)	$ (61,331)	$ (203,505)	$ -	(563,761)

(3) Loans and Allowance for Credit Losses (Continued)

Credit Quality Indicators (Continued)

	As of December 31, 2023					
	Term Loans By Year of Origination					
	2023	2022	2021	Prior	Revolving	Total
Commercial						
Grade 1	$ 2,881,008	$ 416,189	$ 128,440	$ 1,092,663	$ -	$ 4,518,300
Grade 2	-					-
Grade 3	-	11,489	-	146,266	-	157,755
Grade 4	26,583,842	27,797,397	13,644,633	11,431,395	-	79,457,267
Grade 5	93,098	158,897	120,008	35,121	-	407,124
Grade 6	57,946	110,917	138,280	18,481	-	325,624
Grade 7	-	94,873	108,534	-	-	203,407
Total	29,615,894	28,589,762	14,139,895	12,723,926	-	85,069,477
Gross Charge-offs	-	(144,307)	(43,612)	(90,649)	-	(278,568)
Commercial Real Estate						
Grade 3	-	100,000	-	3,382,959	-	3,482,959
Grade 4	146,401,156	217,295,927	153,030,656	133,347,025	-	650,074,764
Grade 5	608,315	-	-	253,678	-	861,993
Grade 6	9,632	167,642	46,725	41,926	-	265,925
Grade 7	195,499	160,208	462,434	4,749,219	-	5,567,360
Total	147,214,602	217,723,777	153,539,815	141,774,807	-	660,253,001
Gross Charge-offs	-	-	-	-	-	-
Consumer						
Grade 1	1,336,463	151,037	143,558	77,711	-	1,708,769
Grade 2	18,127	16,058	-	-	-	34,185
Grade 3	38,434	6,401	12,735	21,367	-	78,937
Grade 4	5,389,723	5,064,039	2,149,144	1,066,317	-	13,669,223
Grade 5	-	32,185	3,379	55,156	-	90,720
Grade 6	41,006	61,079	57,612	69,615	-	229,312
Grade 8	3,200	2,193	-	-	-	5,393
Total	6,826,953	5,332,992	2,366,428	1,290,166	-	15,816,539
Gross Charge-offs	-	(120,830)	(24,766)	(184,112)	-	(329,708)
Residential Real Estate						
Grade 3	-	-	-	1,303,411	-	1,303,411
Grade 4	70,256,839	74,624,912	56,988,215	46,709,264	-	248,579,230
Grade 5	1,528,761	175,392	260,641	462,110	-	2,426,904
Grade 6	124,517	148,195	223,307	741,404	-	1,237,423
Grade 7	391,850	-	-	502,300	-	894,150
Total	72,301,967	74,948,499	57,472,163	49,718,489	-	254,441,118
Gross Charge-offs	-	-	-	-	-	-
Agriculture						
Grade 1	-	-	-	-	-	-
Grade 3	1,252,054	-	-	709,681	-	1,961,735
Grade 4	10,341,996	5,805,420	13,174,964	14,944,000	-	44,266,380
Grade 5	351,333	-	9,102	87,782	-	448,217
Grade 6	-	-	-	43,988	-	43,988
Total	11,945,383	5,805,420	13,184,066	15,785,451	-	46,720,320
Gross Charge-offs	-	(629)	-	-	-	(629)
Other						
Grade 3	-	-	-	469,995	-	469,995
Grade 4	-	-	-	1,271,147	-	1,271,147
Total	-	-	-	1,741,142	-	1,741,142
Gross Charge-offs	-	-	-	-	-	-
Total	$ 267,904,799	$ 332,400,450	$ 240,702,367	$ 223,033,981	$ -	$ 1,064,041,597
Gross Charge-offs	$ -	$ (265,766)	$ (68,378)	$ (274,761)	$ -	$ (608,905)

(3) Loans and Allowance for Credit Losses (Continued)

Borrowers Experiencing Financial Difficulties

The Company periodically provides modifications to borrowers experiencing financial difficulty. These modifications include either payment deferrals, term extensions, interest rate reductions, principal forgiveness, or combinations of modification types. The determination of whether the borrower is experiencing financial difficulty is made on the date of modification. When principal forgiveness is provided, the amount of principal forgiveness is charged off against the allowance for credit losses with a corresponding reduction in the amortized cost basis of the loan.

The following tables present the amortized cost basis of loans modified to borrowers experiencing financial difficulty by portfolio type and by type of modification during the years ended December 31, 2024 and 2023. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress to the amortized cost basis of each class of financing receivables is also presented below.

December 31, 2024	Combined Payment Delay and Deferred Interest	Total Modified	Total % Modified
Commercial	$ 214,993	$ 214,993	0.26%
Commercial Real Estate	24,848,077	24,848,077	3.38%
Residential Real Estate	523,311	523,311	0.21%
	$ 25,586,381	$ 25,586,381	

December 31, 2023	Payment Delay	Combined Term Extension and Interest Rate Reduction	Total Modified	Total % Modified
Commercial Real Estate	$ 1,496,789	$ -	$ 1,496,789	0.23%
Consumer	-	18,401	18,401	0.12%
	$ 1,496,789	$ 18,401	$ 1,515,190	

The Company does not have any commitments to lend additional funds to borrowers experiencing financial difficulty for which the Company has modified their loans.

(3) Loans and Allowance for Credit Losses (Continued)

Borrowers Experiencing Financial Difficulties (Continued)

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following tables present the performance of such loans that were modified during the 12-month periods ended December 31:

December 31, 2024	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total
Commercial	$ 214,993	$ -	$ -	$ -	$ -	$ 214,993
Commercial Real Estate	24,848,077	-	-	-	-	24,848,077
Residential Real Estate	523,311	-	-	-	-	523,311
	$ 25,586,381	$ -	$ -	$ -	$ -	$ 25,586,381

December 31, 2023	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total
Commercial Real Estate	$ 1,496,789	$ -	$ -	$ -	$ -	$ 1,496,789
Consumer	-	-	-	-	18,401	18,401
	$ 1,496,789	$ -	$ -	$ -	$ 18,401	$ 1,515,190

The following tables present the financial effect by type of modifications made to borrowers experiencing financial difficulties as of December 31, 2024 and 2023:

December 31, 2024	
Combined Payment Delay and Deferred Interest	
	Financial Effect
Commercial	3 month payment forbearance period; $8,396 deferred interest
Commercial Real Estate	2 to 3 month payment forbearance period; $316,435 deferred interest
Residential Real Estate	1 to 3 month payment forbearance period; $8,089 deferred interest

December 31, 2023	
Payment Delay	
	Financial Effect
Commercial Real Estate	6 month payment forbearance period

Combined Term Extension and Interest Rate Reduction	
	Financial Effect
Consumer	Added a weighted average of 3 years to the life of the loan; Reduced weighted average contractual interest from 8.95% to 5.00%
Consumer	Added a weighted average of 3 years to the life of the loan; Reduced weighted average contractual interest from 8.95% to 7.50%
Consumer	Added a weighted average of 3 years to the life of the loan; Reduced weighted average contractual interest from 10.75% to 8.00%

(3) Loans and Allowance for Credit Losses (Continued)

Borrowers Experiencing Financial Difficulties (Continued)

As of December 31, 2024, and 2023, the Company had a recorded investment in TDRs of $2,629,884, and $3,216,479, respectively. The Company had no previous charge offs on such loans as of December 31, 2024 and 2023. The Company's allowance for credit losses included an allocation of $8,714 and $19,492 of specific allowance for those loans as of December 31, 2024, and 2023, respectively. The Company had no unfunded commitments to lend to customers with loans modified as TDRs as of December 31, 2024.

(4) Allowance for Off-Balance Sheet Credit Exposure

The following tables present the balance in the allowance for off-balance sheet credit exposure based on portfolio segment as of December 31, 2024 and 2023, and activity for the years ended December 31, 2024 and 2023.

	2024						
	Commercial	**Commercial Real Estate**	**Consumer**	**Residential Real Estate**	**Agriculture**	**Other**	**Total**
Beginning Balance	**$ 248,773**	**$ 1,129,068**	**$ 4,981**	**$ 412,540**	**$ 113,863**	**$ -**	**$ 1,909,225**
Provisions	**(4,074)**	**(19,498)**	**(59)**	**(8,208)**	**(1,653)**	**-**	**(33,492)**
Ending Balance	**$ 244,699**	**$ 1,109,570**	**$ 4,922**	**$ 404,332**	**$ 112,210**	**$ -**	**$ 1,875,733**

	2023						
Beginning Balance, prior to Adoption of *ASC* 326	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impact of adopting *ASC* 326	293,201	1,330,706	5,871	486,215	134,196	-	2,250,189
Provisions	(44,428)	(201,638)	(890)	(73,675)	(20,333)	-	(340,964)
Ending Balance	$ 248,773	$ 1,129,068	$ 4,981	$ 412,540	$ 113,863	$ -	$ 1,909,225

(5) Bank Premises and Equipment

Premises and equipment as of December 31 are summarized as follows:

	2024	2023
Land	**$ 3,408,936**	$ 3,408,936
Buildings and Improvements	**12,931,717**	12,867,135
Leasehold Improvements	**617,508**	617,509
Equipment, Furniture and Fixtures	**5,793,857**	5,513,512
Vehicles	**195,839**	169,839
Total	**22,947,857**	22,576,931
Less: Accumulated Depreciation	**(10,167,843)**	(9,388,578)
Bank Premises and Equipment, Net	**$ 12,780,014**	$ 13,188,353

Depreciation included in operating expenses amounted to $779,265, $844,810, and $915,340 for the years ended December 31, 2024, 2023 and 2022, respectively.

(6) Leases

The Company has entered into operating leases for branch locations, storage, and equipment with terms extending through July 2027. These leases have initial terms of one to five years. The exercise of lease renewal options is at the sole discretion of the Company, which does not consider exercise of any lease renewal options reasonably certain. The lease agreements do not contain early termination options. No renewal options or early termination options have been included in the calculation of the operating right-of-use asset or operating lease liability.

At the commencement date of the lease, the Company recognizes a lease liability of the lease payments not yet paid. The Company also recognizes a right-of-use asset measured at the initial measurement of the lease liability. Lease expense is recognized on a straight-line basis over the lease term. At December 31, 2024, the Company had no leases classified as finance leases. The Company's right-of-use lease asset and lease liability also include leases for storage space and small equipment. Estimated minimum lease payments as of December 31, 2024 are as follows:

2025	$ 351,738
2026	327,214
2027	98,027
	$ 776,979

The weighted average remaining lease term was 27 months and 39 months as of December 31, 2024 and 2023, respectively. The Company recognized lease expenses of $397,542, $491,587, and $427,656 for the years ended December 31, 2024, 2023, and 2022, respectively.

(7) Goodwill and Intangible Assets

The Company recorded $7,123,814 of goodwill on the acquisition of FMB Equibanc, Inc. (FMB) during 2019. Previously, the Company reported goodwill in the amount of $2,237,890, primarily resulting from the acquisition of the CertusBank Warner Robins, Georgia branch, which resulted in total reported goodwill of $9,361,704 for the years ended December 31, 2024 and 2023. Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. At December 31, 2024, the Company's management determined the reporting unit had positive equity, and the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment.

The Bank recorded a core deposit intangible asset of $3,028,582 associated with the acquisition of FMB during 2019. The amortization period used for the core deposit intangible is 10 years. The intangible asset's carrying amount, accumulated amortization, and amortization expense for December 31, 2024, and the five succeeding years are as follows:

	2024	2025	2026	2027	2028	2029
Amortizing Intangible Assets						
Core Deposit Premium						
Gross Carrying Amount	**$ 3,028,582**	$ 3,028,582	$ 3,028,582	$ 3,028,582	$ 3,028,582	$ 3,028,582
Accumulated Amortization	**(1,716,184)**	(2,019,040)	(2,321,896)	(2,624,752)	(2,927,608)	(3,028,582)
Net Carrying Value	**$ 1,312,398**	$ 1,009,542	$ 706,686	$ 403,830	$ 100,974	$ -
Amortizing Expense	**$ 302,856**	$ 302,856	$ 302,856	$ 302,856	$ 302,856	$ 100,974

(7) Goodwill and Intangible Assets (Continued)

The Bank recorded a core deposit intangible asset of $455,782 associated with the branch purchase from CertusBank during 2015. The amortization period used for the core deposit intangible is 10 years. The intangible asset's carrying amount, accumulated amortization, and amortization expense for December 31, 2024 and the five succeeding years are as follows:

	2024	2025	2026	2027	2028	2029
Amortizing Intangible Assets						
Core Deposit Premium						
Gross Carrying Amount	**$ 455,782**	$ 455,782	$ 455,782	$ 455,782	$ 455,782	$ 455,782
Accumulated Amortization	**(429,216)**	(455,782)	(455,782)	(455,782)	(455,782)	(455,782)
Net Carrying Value	**$ 26,566**	$ -	$ -	$ -	$ -	$ -
Amortizing Expense	**$ 38,170**	$ 26,566	$ -	$ -	$ -	$ -

(8) Other Real Estate and Foreclosed Assets

Other real estate and foreclosed assets activity was as follows:

	2024	**2023**
Balances, Beginning	**$ 3,611,235**	$ 3,715,202
Loans transferred to Other Real Estate and Foreclosed Assets	**192,582**	531,508
Sale of Other Real Estate and Foreclosed Assets	**(3,781,919)**	(635,475)
Balances, Ending	**$ 21,898**	$ 3,611,235

As of December 31, 2024 and 2023, there is no valuation allowance recorded against other real estate and foreclosed assets. At December 31, 2023, foreclosed residential real estate properties included $13,676 recorded as a result of obtaining physical possession of the property. At December 31, 2024, the Bank had no residential real estate properties or consumer mortgage loans secured by residential real estate for which formal foreclosure procedures were in process.

Expenses related to other real estate and foreclosed assets include:

	2024	2023	2022
Net Loss (Gain) on Sales	**$ 9,681**	$ 7,221	$ (608,935)
Provisions Charged to Expense	**-**	314,562	-
Operating Expenses, Net of Rental Income	**212,238**	174,142	288,537
Total	**$ 221,919**	$ 495,925	$ (320,398)

(9) Cash Surrender Value of Life Insurance

The Bank has established a BOLI program under which single-premium, split-dollar, whole-life insurance contracts are purchased on certain eligible officers. Initial investments in the policies are nondeductible for income tax purposes and the related investment income and death benefits are nontaxable when received. Death benefits are divided among the Bank and beneficiaries designated by the insured officer. The cash surrender value of these policies was $15,653,587 and $15,230,065 at December 31, 2024 and 2023, respectively. Income earned on the cash surrender value of these policies was $423,522, $384,867, and $355,593 for the years ended December 31, 2024, 2023 and 2022, respectively.

(10) Deposits

The aggregate amount of time deposits that meet or exceed $250,000 at December 31, 2024 and 2023 was $108,447,799 and $84,377,550, respectively. At December 31, 2024, the scheduled maturities of time deposits are as follows:

2025	$	244,061,700
2026		11,354,518
2027		2,354,879
2028		2,568,111
2029		894,888
Total Time Deposits	$	261,234,096

The Bank held brokered deposits totaling $11,141,959 and $47,316,213 as of December 31, 2024 and 2023, respectively.

(11) Short-Term Borrowings

The Bank had five lines of credit for federal funds purchased totaling $53,000,000 and $40,000,000 with correspondent institutions as of December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, there were no outstanding balances on these lines of credit.

(12) Subordinated Debentures

On April 30, 2019, the Company acquired FMB by merger. In connection with such transaction, the Company assumed the obligations of FMB related to its prior issuance of trust preferred securities. In 2005, FMB's statutory trust subsidiary, FMB 2005 Capital Trust I, issued $4,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-month LIBOR plus 1.57 percent through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date.

(12) Subordinated Debentures (Continued)

On April 15, 2019, the Company completed the sale of $10,000,000 in aggregate principal amount of its 6.25 percent Fixed-To-Floating Rate Subordinated Notes due 2029 (the 2029 subordinated notes). The 2029 subordinated notes will mature on April 15, 2029, and through April 14, 2024, will bear a fixed rate of interest of 6.25 percent per annum, payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year. Beginning December 15, 2024, the interest rate on the 2029 subordinated notes resets quarterly to a floating rate per annum equal to the then-current 3-month LIBOR plus 4.08 percent, payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year to the maturity date or earlier redemption. On any scheduled interest payment date beginning April 15, 2024, the Company may, at its option, redeem the 2029 subordinated notes, in whole or in part, at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest. The Company paid off the note in 2024.

On July 22, 2020, the Company completed the sale of $15,000,000 in aggregate principal amount of its 5.25 percent Fixed-To-Floating Rate Subordinated Notes due 2030 (the 2030 subordinated notes). The 2030 subordinated notes will mature on July 22, 2030, and through July 22, 2025 will bear a fixed rate of interest of 5.25 percent per annum, payable semiannually in arrears on June 30 and December 31 of each year. Beginning July 22, 2025, the interest rate on the 2030 subordinated notes resets quarterly to a floating rate per annum equal to the then-current LIBOR plus 4.92 percent, payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year to the maturity date or earlier redemption. On any scheduled interest payment date beginning July 22, 2025, the Company may, at its option, redeem the 2030 subordinated notes, in whole or in part, at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest.

As of December 31, 2024 and 2023, the outstanding balance on subordinated debentures was $19,124,000 and $27,374,000, respectively. Unamortized debt placement costs were $104,629 and $222,716 as of December 31, 2024 and 2023, respectively.

(13) Long-Term Borrowings

The Bank became a member of the Federal Home Loan Bank (FHLB) of Atlanta during 1998 establishing a Credit Availability of $15,000,000. This agreement was modified in 2008 to increase credit availability to 20 percent of total assets. There were no amounts advanced against this line of credit at December 31, 2024 and 2023. In the event the Bank requests future advances, the Bank has pledged loans with a carrying value of $294,345,875 and $168,227,598 at December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, letters of credit issued by the FHLB totaling $36,000,000 and $31,000,000, respectively, were used to guarantee the Bank's performance related to a portion of its public fund deposit balances. The collateral discussed above is also pledged to secure the letters of credit.

Based on the pledged collateral and the Bank's holdings of FHLB stock, the Bank is eligible to borrow up to a total of $322,694,250 and $351,498,250 as of December 31, 2024 and 2023, respectively.

(14) Income Taxes

The provision for income taxes for the years ended December 31 are as follows:

	2024	2023	2022
Current Tax Expense	**$ 3,648,071**	$ 437,735	$ 1,309,199
Deferred Tax Expense (Benefit)	**1,068,588**	(784,565)	(402,680)
Change in Valuation Allowance	**(3,505,766)**	2,495,763	104,421
Net Provision for Income Taxes	**$ 1,210,893**	$ 2,148,933	$ 1,010,940

Deferred income taxes are reflected for certain timing differences between book and taxable income and will be reduced in future years as these timing differences reverse. The reasons for the difference between the actual tax expense and tax computed at the federal income tax rate are as follows as of December 31:

	2024	2023	2022
Tax on Pretax Income at Statutory Rate	**$ 4,830,794**	$ 4,511,036	$ 4,645,110
Change Resulting from			
Tax Exempt Interest Income	**(308,307)**	(326,134)	(360,656)
State Income Taxes, Net of Federal Tax Benefit	**452,083**	183,899	203,631
Tax Credits	**(3,720,744)**	(2,172,223)	(3,405,909)
Life Insurance Income	**(87,599)**	(79,397)	(74,675)
Other	**44,666**	31,752	3,439
Total	**$ 1,210,893**	$ 2,148,933	$ 1,010,940
Net Effective Tax Rate	**5.26%**	10.00%	4.57%

(14) Income Taxes (Continued)

The sources and tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows as of December 31:

	2024	2023
Deferred Income Tax Assets		
Net Operating Loss Carryover	**$ 2,272,120**	$ 2,495,240
Provision for Credit Losses	**4,318,528**	4,357,197
Deferred Compensation	**306,547**	261,990
Deferred Loan Fees	**91,561**	93,883
Core Deposit	**190,063**	163,568
Tax Credit Carryover	**-**	1,829,175
Other	**23,544**	4,343
Total Deferred Tax Assets	**7,202,363**	9,205,396
Less: Valuation Allowance	**(1,667,025)**	(5,172,790)
Net Deferred Tax Assets	**5,535,338**	4,032,606
Deferred Income Tax Liabilities		
Unrealized Losses on Securities	**(378,189)**	(523,364)
Other Real Estate	**-**	(940,258)
Tax Credit Carryover	**(250,000)**	-
Depreciation	**(420,476)**	(664,663)
Total Deferred Tax Liabilities	**(1,048,665)**	(2,128,285)
Net Deferred Tax Asset	**$ 4,486,673**	$ 1,904,321

Realization of deferred tax assets associated with net operating loss carryforwards and tax credit carryovers is dependent upon generating sufficient taxable income prior to their expiration. A valuation allowance to reflect management's estimate of the temporary deductible differences that may expire prior to their utilization has been recorded at year-end 2024.

At December 31, 2024, the Company had federal net operating loss carryforwards of approximately $7,873,000 which expire at various dates from 2031 to 2039. The Company also had state operating loss carryforwards of approximately $11,481,000 which expire at various dates from 2030 to 2039. A valuation allowance has been recorded against the deferred tax assets recognized for net operating losses because the recognition of the benefit is uncertain.

The Company and its subsidiaries are subject to U.S. federal income tax as well as tax of the state of Georgia. The Company is subject to examination by taxing authorities for years ended December 31, 2021, and thereafter.

(15) Employee Benefit Plans

401(k) and Employee Stock Ownership Plan

The Company adopted a 401(k) plan in 1996. Effective January 1, 2012, the 401(k) Plan was converted into a profit-sharing plan with a cash deferral feature of an employee stock ownership plan to form the KSOP. The Company made matching contributions to the plan totaling $434,384, $432,321, and $446,133 for the years ended December 31, 2024, 2023, and 2022, respectively.

The Plan covers substantially all of its full-time employees meeting length of service requirements. Under the Plan, shares of stock in the Company are purchased on behalf of eligible employees. Contributions are made to the plan at management's discretion and allocated based on a percentage of salary. Dividend income is accrued on the ex-dividend date and allocated based on the individual ownership percentage of the participants. The fair value of shares under the Plan are valued based upon an independent appraisal. As of December 31, 2024, the Plan owned 853,715 shares of stock. The amount of pension expense charged to operations for the years ended December 31, 2024, 2023 and 2022 were $258,608, $255,505, and $272,232, respectively.

Shares held by the Plan were as follows as of December 31:

	2024	2023
Shares Held by the Plan were as Follows		
Allocated to Participants	**853,715**	872,735
Unearned	**-**	-
Total KSOP Shares	**853,715**	872,735
Fair Value of Unearned Shares	$ -	$ -

Stock Grant Plans

The Company initiated a Stock Grant Plan (Plan 2) on September 25, 2019, in which 134,550 shares of granted stock has a three-year vesting period. The fair value of each grant under Plan 2 was estimated on the date of grant using the same valuation model used for shares granted under the Plan. The term for shares granted under Plan 2 expired as of December 31, 2023. Under Plan 2, there were no stock grants outstanding as of December 31, 2024. Dividend income is accrued on the ex-dividend date and allocated based on the individual ownership percentage of the participants. The Company recognized $-0-, $-0-, and $292,025 in expense for the portion of the stock value vested in 2024, 2023 and 2022, respectively. As of December 31, 2024, there was no unrecognized cost related to nonvested shares granted under Plan 2.

(15) Employee Benefit Plans (Continued)

Stock Grant Plans (Continued)

The Company initiated a Stock Grant Plan (Plan 3) on September 25, 2019, in which 81,820 shares of granted stock has a 5.22-year vesting period. The fair value of each grant under Plan 3 was estimated on the date of grant using the same valuation model used for shares granted under the Plan. The term for shares granted under Plan 3 expired as of December 31, 2023. Under Plan 3, there were no stock grants outstanding as of December 31, 2024. Dividend income is accrued on the ex-dividend date and allocated based on the individual ownership percentage of the participants. The Company recognized $118,595, $67,281, and $118,665 in expense for the portion of the stock value vested in 2024, 2023, and 2022, respectively. As of December 31, 2024, there was no unrecognized cost related to nonvested shares granted under Plan 3.

Deferred Compensation Plan

In 2014, the Company commenced a salary continuation plan covering seven executive officers through individual contracts. Under this plan, the Company is committed to pay the individuals an annual benefit as defined in each individual contract. The officers vest zero percent during the first five years of service and 100 percent after five years of service. The benefit will be paid over a period of 15 years beginning at age 60 for one officer and 65 for the other officers.

In 2019, the Company commenced another salary continuation plan covering four executive officers. Under this plan, the Company is committed to pay the individuals an annual benefit as defined in the individual contract over a period of 15 years beginning at age 60 for two officers and age 65 for the other two officers. The officers vest zero percent during the first year of service and 100 percent after the first year of service.

In 2023, the Company commenced a third salary continuation plan covering one executive officer. Under this plan, the Company is committed to pay the individual an annual benefit defined in the individual contract over a period of five years beginning at age 65.

The liability accrued under these plans totaled $1,161,604 and $979,400 as of December 31, 2024 and 2023, respectively. Expense charged to operations totaled $182,204, $93,354, and $172,710 for the years ended December 31, 2024, 2023 and 2022, respectively. No benefits were paid as of December 31, 2024 and 2023.

Equity Incentive Plans

In September 2018, the Bank granted 112,750 equity incentive units (EIUs) to certain employees under the Morris Bank 2018 Equity Incentive Unit Plan (the 2018 EIU Plan). The 2018 EIU Plan permits the grant of equity incentive units to employees of the Bank to promote the long-term financial interests of the Bank including its growth and performance. A EIU granted under the 2018 EIU Plan entitles the recipient to receive cash in an amount equal to the excess of the per unit book value on the payment date, which shall be determined by the compensation committee of the board of directors, over the base value of the EIU. The payment date is defined as the earlier of (a) the last day of the third fiscal year of the Bank following the fiscal year in which the grant date occurred; (b) the last day of the fiscal year following the employee's death; or (c) the effective date of a change in control.

(15) Employee Benefit Plans (Continued)

Equity Incentive Plans (Continued)

In October 2019, the Company granted 90,000 stock appreciation rights (SARs) to certain individuals under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan. The SARs granted vest over six years. Once vested, the portion of the SARs that became vested may be exercised and will be converted to the right to receive a cash payment from the Company in an amount equal to the positive difference between the fair market value of the Company's common stock as of the exercise date and the initial value of the SAR.

The following table details activity in the equity incentive plans for the years ended December 31:

	2024	2023	2022
Shares Outstanding at January 1	**65,000**	75,000	202,750
Forfeited	**-**	(5,000)	-
Exercised	**(45,000)**	(5,000)	(127,750)
Shares Outstanding at December 31	**20,000**	65,000	75,000
Liability at December 31	**$ 276,600**	$ 353,737	$ 466,523
Compensation Expense for the Years Ended December 31	**$ 593,713**	$ (67,887)	$ 257,648

The initial value for the stock appreciation rights granted in 2019 was $8.67 per SAR. The base value for the equity incentive units granted in 2018 was $7.53.

Restricted Stock Units

The Company grants restricted stock units (RSUs) to select senior officers across the Company under the Morris State Bancshares, Inc. 2019 Equity Incentive Plan. Forty percent of the RSUs vest over a three-year time period. The remaining sixty percent of the RSUs are performance vested awards that vest based on a combination of continued service and corporate performance results.

	Number of Shares	Weighted-Average Measurement Date Fair Value
Shares Outstanding at December 31, 2022	53,940	$ 16.20
Granted	29,340	18.00
Vested	(16,277)	15.95
Canceled	(8,380)	16.19
Shares Outstanding at December 31, 2023	58,623	17.17
Granted	43,214	15.69
Vested	(15,339)	16.51
Canceled	(3,882)	16.34
Shares Outstanding at December 31, 2024	**82,616**	**$ 16.57**

(15) Employee Benefit Plans (Continued)

Restricted Stock Units (Continued)

The Company recognized $450,768, $492,634, and $250,116 of compensation expense related to the RSUs at December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, there was $710,388 of total unrecognized cost related to nonvested RSUs. The unrecognized cost is expected to be recognized through 2026.

Endorsement Split Dollar Arrangement

On February 3, 2021, the Bank entered into an endorsement split dollar arrangement with six of its officers. This plan is intended to be an employee welfare benefit plan as defined in the Employee Retirement Income Security Act of 1974 (ERISA), which is intended to provide death benefits solely to a select group of management. The Bank is the owner of the life insurance contracts. The officers are not entitled to any of the cash value and have no rights except to name a beneficiary for a portion of the death proceeds. Death benefits for five of the officers are $75,000 each. The death benefit for one of the officers is $425,000.

(16) Limitation on Dividends

The board of directors of any state-chartered bank in Georgia may declare and pay cash dividends on its outstanding capital stock without any request for approval of the Bank's regulatory agency if the following conditions are met:

- Total adversely classified assets at the most recent examination of the Bank do not exceed 80 percent of Tier 1 Capital plus the allowance for credit losses as reflected at such examination,
- The aggregate amount of dividends declared or anticipated to be declared in the calendar year does not exceed 50 percent of the net income that is attributable to the Bank, for the previous calendar year; and
- The ratio of Tier 1 Capital to Average Total Assets shall not be less than six percent.

As of December 31, 2024, the amount available for distribution as dividends in the subsequent year without regulatory consent was $12,067,021.

(17) Commitments and Contingencies

Credit-Related Financial Instruments

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in those particular financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

(17) Commitments and Contingencies (Continued)

Credit-Related Financial Instruments (Continued)

The Bank does require collateral or other security to support financial instruments with credit risk as follows as of December 31:

	2024	2023
Financial Instruments Whose Contract Amount Represent Credit Risk		
Commitments to Extend Credit	**$ 204,832,116**	$ 184,450,850
Standby Letters of Credit	**2,485,803**	2,765,367
Total	**$ 207,317,919**	$ 187,216,217

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. All letters of credit are due within one year of the original commitment date. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

In the normal course of business, the Company enters into various contracts for data processing services, Internet banking, ATM/debit card processing and related network monitoring and support. These generally expire after a term of 36 to 84 months and are cancelable by either party with a written notice subject to certain penalties.

The Company's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management for the Bank, there is no litigation in which the outcome will have a material effect on the consolidated financial statements.

(18) Related Party Transactions

In the ordinary course of business, the Company, through the Bank, has direct and indirect loans outstanding to or for the benefit of certain executive officers and directors. These loans were made on substantially the same terms as those prevailing, at the time made, for comparable loans to other persons and did not involve more than the normal risk of collectability or present other unfavorable features. The following is a summary of activity during the years ended December 31with respect to such loans to these individuals:

	2024	2023
Balances, Beginning	**$ 17,599,406**	$ 19,025,699
New Loans	**7,597,600**	2,579,322
Effect of Change in Composition of Related Party	**-**	(128,000)
Repayments	**(12,289,045)**	(3,877,615)
Balances, Ending	**$ 12,907,961**	$ 17,599,406

The Bank also had deposits from these related parties of approximately $34,429,042 and $49,225,391 at December 31, 2024 and 2023, respectively.

The Bank leases office space for its Warner Robins branch from Red Thunder Properties, LLC, of which a member of the Bank's Board of Directors is the managing member. On December 19, 2016, the organizers of Morris Bank entered into a lease agreement for office space located in Warner Robins, Georgia. This lease agreement includes a period of five years beginning December 16, 2016 and ending December 31, 2021. The Bank will have a total of three, five-year options to extend the original lease term for an aggregate term of 20 years. On January 1, 2022, the Bank elected to renew the lease for another five-year period. Monthly lease payments for the second five-year period were established at $9,535, after which time, monthly lease payments may increase by no more than 10 percent of the price of the previous lease term.

(19) Fair Values of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value.

(19) Fair Values of Financial Instruments (Continued)

Following is a description of valuation methodologies used for assets and liabilities which are either recorded or disclosed at fair value:

Debt Securities Available for Sale

The fair value of securities available for sale is determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include mortgage-backed securities issued by government sponsored enterprises and municipal bonds. The Level 2 fair value pricing is provided by an independent third-party and is based upon similar securities in an active market. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include certain residual municipal securities and other less liquid securities.

Collateral-Dependent Loans

The fair value for collateral-dependent loans is estimated based on discounted cash flows or underlying collateral values, where applicable. Fair value is measured based on the value of the collateral securing these loans and is classified at a Level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory, and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Company. The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Company if significant, or the equipment's net book value on the business' financial statements. Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. Appraised and reported values may be discounted based on management's expertise and knowledge of the client and the client's business, which would result in classification as Level 3.

Other Real Estate and Foreclosed Assets

Other real estate and foreclosed assets are adjusted to fair value, less cost to sell, upon transfer of the loans to other real estate and foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the other real estate and foreclosed asset as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the other real estate and foreclosed asset as nonrecurring Level 3.

Loans Held-for-Sale

Loans held-for-sale are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held-for-sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments for third party investors, which would result in classification as Level 2.

(19) Fair Values of Financial Instruments (Continued)

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below present the recorded amount of assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023 aggregated by the level in the fair value hierarchy within which those measurements fall.

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Debt Securities Available for Sale				
U.S. Treasury Securities	**$ -**	**$ 2,985,350**	**$ -**	**$ 2,985,350**
Commercial Mortgage Backed Securities	**3,950,625**	**2,790,741**	**-**	**6,741,366**
Total Debt Securities	**$ 3,950,625**	**$ 5,776,091**	**$ -**	**$ 9,726,716**
Loans Held for Sale	**$ -**	**$ 465,250**	**$ -**	**$ 465,250**

	2023			
Assets				
Debt Securities Available for Sale				
U.S. Treasury Securities	$ -	$ 3,900,820	$ -	$ 3,900,820
Commercial Mortgage Backed Securities	3,974,960	-	-	3,974,960
Total Debt Securities	$ 3,974,960	$ 3,900,820	$ -	$ 7,875,780

There were no liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023.

Assets Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. The table below presents the Company's assets and liabilities measured at fair value on a nonrecurring basis as of December 31, aggregated by the level in the fair value hierarchy within which those measurements fall.

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Collateral-Dependent Loans	**$ -**	**$ -**	**$ 1,087,859**	**$ 1,087,859**
Other Real Estate and Foreclosed Assets	**-**	**-**	**21,898**	**21,898**
	$ -	**$ -**	**$ 1,109,757**	**$ 1,109,757**

	2023			
Collateral-Dependent Loans	$ -	$ -	$ 1,096,934	$ 1,096,934
Other Real Estate and Foreclosed Assets	-	-	3,611,235	3,611,235
	$ -	$ -	$ 4,708,169	$ 4,708,169

(19) Fair Values of Financial Instruments (Continued)

Assets Recorded at Fair Value on a Nonrecurring Basis (Continued)

The following table shows significant unobservable inputs used in the fair value measurement of Level 3 assets and liabilities as of December 31:

Measurements	**Fair Value at 2024**	**Valuation Technique**	**Unobservable Inputs**	**Range**
Nonrecurring				
Collateral-Dependent Loans	**$ 1,087,859**	Third party appraisals and loan pricing	Collateral discounts, estimated selling expenses, and discount rates	**0.00 -100**
Other Real Estate and Foreclosed Assets	**21,898**	Third party appraisals	Collateral discounts, estimated selling expenses, and discount rates	**10.00 -39.09**

Measurements	Fair Value at 2023	Valuation Technique	Unobservable Inputs	Range
Nonrecurring				
Collateral-Dependent Loans	$ 1,096,934	Third party appraisals and loan pricing	Collateral discounts, estimated selling expenses, and discount rates	0.00 -100
Other Real Estate and Foreclosed Assets	3,611,235	Third party appraisals	Collateral discounts, estimated selling expenses, and discount rates	10.00 -39.09

(20) Credit Risk Concentration

The Bank grants agribusiness, commercial and residential loans to customers. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the area's economic stability. The primary trade area for the Bank is generally that area within fifty miles in each direction.

The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers. The Bank, as a matter of policy, does not extend credit in excess of the legal lending limit to any single borrower or group of related borrowers.

The Company's bank subsidiary maintains its cash at several financial institutions located in the Southeast. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law and permanently raised the FDIC coverage limit to $250,000. The Company had uninsured balances of $10,262,741 as of December 31, 2024.

The Company maintains a cash balance in an account held with the Federal Home Loan Bank (FHLB). The FHLB is not a financial institution, and as a result, funds held are not subject to FDIC coverage. As of December 31, 2024, the Company had an outstanding balance of $6,028,807 with the FHLB, which is entirely uninsured.

(20) Credit Risk Concentration (Continued)

The Company also maintains an account with the Federal Reserve Bank of Atlanta. Although funds held by this institution are not insured with the FDIC, funds are backed by the full faith and credit of the United States Government. As of December 31, 2024, the Company had an outstanding balance of $29,793,347 with the Federal Reserve Bank, which is backed by the full faith and credit of the United States Government.

Pandemics, natural disasters such as extreme weather conditions, hurricanes, floods, and other acts of nature, and geopolitical events involving civil unrest, changes in government regimes, terrorism, or military conflict could adversely affect our business operations and those of our customers and have significant negative impacts upon economic conditions and cause substantial damage and loss to real and personal property. These pandemics, natural disasters and geopolitical events could impair our borrowers' ability to service their loans, decrease the level and duration of deposits by customers, erode the value of loan collateral, and result in an increase in the amount of our nonperforming loans and a higher level of nonperforming assets (including real estate owned), net charge-offs, and provision for loan losses, and could materially and adversely affect our business, financial condition, results of operations, and the value of our common stock.

(21) Operating Income and Expenses

Components of other operating expenses greater than one percent of total interest income and other income for the years ended December 31, are as follows:

	2024	2023	2022
Data Processing	**$ 4,009,289**	$ 3,803,567	$ 3,640,803
Legal and Accounting Fees	**873,485**	1,052,494	995,245
Business Development	**693,404**	671,172	838,834
Advertising	**883,743**	831,379	885,724

There were no components of other operating income greater than one percent of total interest income and other income for the years ended December 31, 2024, 2023 and 2022.

(22) Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amount and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in as of January 1, 2019. Under the Basel III rules, the Bank must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer was phased in at a rate of 0.625 percent per year from 0.0 percent in 2015 to 2.50 percent on January 1, 2019. The Company and its bank subsidiaries have elected to exclude the net unrealized gain or loss on available for sale securities, if any, in computing regulatory capital.

(22) Regulatory Matters (Continued)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total risk-based, Tier I capital and Common Equity Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2024, the Bank meets all capital adequacy requirements to which it is subject. As of December 31, 2024, the most recent notification from regulatory agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, Common Equity Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

Actual and required capital amounts and ratios are presented below at year-end.

	Actual		For Capital Adequacy		To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In Thousands)			
As of December 31, 2024						
Total Capital to Risk-Weighted Assets	**$ 195,513**	**15.78 %**	**$ 99,091**	**8.00 %**	**$ 123,864**	**10.00 %**
Tier I Capital to Risk-Weighted Assets	**180,018**	**14.53**	**74,318**	**6.00**	**99,091**	**8.00**
Common Equity Tier I Capital to Risk-Weighted Assets	**180,018**	**14.53**	**55,739**	**4.50**	**80,511**	**6.50**
Tier I Capital to Average Assets	**180,018**	**12.43**	**57,910**	**4.00**	**72,387**	**5.00**
As of December 31, 2023						
Total Capital to Risk-Weighted Assets	$ 189,831	14.55 %	$ 104,372	8.00 %	$ 130,465	10.00 %
Tier I Capital to Risk-Weighted Assets	173,543	13.30	78,279	6.00	104,372	8.00
Common Equity Tier I Capital to Risk-Weighted Assets	173,543	13.30	58,709	4.50	84,802	6.50
Tier I Capital to Average Assets	173,543	12.41	55,946	4.00	69,933	5.00

(23) Segment Reporting

Reportable segments are strategic business units that offer different products and services. Reportable segments are managed separately because each segment appeals to different markets and, accordingly, requires different technology and marketing strategies.

The Company and its subsidiaries do not have any separately reportable operating segments. The entire operations of the Company are managed as one operation.

(24) Subsequent Events

The Company performed an evaluation of subsequent events through March 25, 2025, the date upon which the Company's consolidated financial statements were available to be issued.

(25) Condensed Financial Statements (Parent Company Only)

Condensed parent company financial information on Morris State Bancshares, Inc. at December 31, is as follows:

Balance Sheets

	2024	2023
Assets		
Cash in Subsidiary	**$ 21,700,447**	$ 17,867,617
Investment in Subsidiaries, at Equity in Underlying Net Assets	**192,448,123**	186,860,407
Goodwill	**388,816**	388,816
Other Assets	**143,576**	209,514
Total Assets	**$ 214,680,962**	$ 205,326,354
Liabilities		
Notes Payable or Other Borrowed Funds	**$ 19,019,372**	$ 27,151,284
Accrued Expenses	**58,431**	41,854
Total Liabilities	**19,077,803**	27,193,138
Shareholders' Equity		
Common Stock, $1 Par Value, Authorized 10,000,000 Shares, 10,688,723 Issued and 10,593,225 Outstanding in 2024 and 10,645,509 Issued and 10,582,219 Outstanding in 2023	**10,688,723**	10,645,509
Paid-in Capital Surplus	**33,841,059**	33,168,905
Retained Earnings	**153,010,395**	135,107,041
Accumulated Other Comprehensive Income	**1,422,711**	1,968,846
Treasury Stock, at Cost 95,498 Shares in 2024 and and 63,290 Shares in 2023	**(3,359,729)**	(2,757,085)
Total Shareholders' Equity	**195,603,159**	178,133,216
Total Liabilities and Shareholders' Equity	**$ 214,680,962**	$ 205,326,354

(25) Condensed Financial Statements (Parent Company Only) (Continued)

Statements of Income and Retained Earnings

	Years Ended December 31,		
	2024	2023	2022
Revenues			
Dividend Income	**$ 18,000,000**	$ 16,000,000	$ 6,500,000
Interest Income	**11,222**	49,712	4,137
Total Revenues	**18,011,222**	16,049,712	6,504,137
Expenses			
Interest Expense	**1,349,705**	1,708,164	1,629,759
Other	**990,822**	749,278	887,605
Total Expenses	**2,340,527**	2,457,442	2,517,364
Income Before Equity Income of Subsidiary	**15,670,695**	13,592,270	3,986,773
Equity in Undistributed Income of Subsidiaries	**6,133,649**	5,739,919	17,121,857
Net Income	**21,804,344**	19,332,189	21,108,630
Retained Earnings, Beginning	**135,107,041**	121,426,245	104,039,835
Cumulative Change in Accounting Principle	**-**	(1,926,890)	-
Balance at January 1, 2023 (as adjusted for change in accounting principle)	**135,107,041**	119,499,355	104,039,835
Stock and Cash Dividends	**(3,900,990)**	(3,724,503)	(3,722,220)
Retained Earnings, Ending	**$ 153,010,395**	$ 135,107,041	$ 121,426,245

(25) Condensed Financial Statements (Parent Company Only) (Continued)

Statements of Cash Flows

The following additional information is related to the Holding Company's cash flows during the periods reported.

	Years Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities			
Net Income	**$ 21,804,344**	$ 19,332,189	$ 21,108,630
Adjustments to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities			
Equity in Undistributed Income of Subsidiary	**(6,133,649)**	(5,739,919)	(17,121,857)
Stock Based Compensation Expense	**450,768**	285,499	116,686
Net Change in Operating Assets and Liabilities			
Accrued Income and Other Assets	**65,736**	311,022	675,616
Changes in Accrued Expenses and Other Liabilities	**134,665**	122,590	63,050
Net Cash Provided by Operating Activities	**16,321,864**	14,311,381	4,842,125
Cash Flows from Financing Activities			
Repayment of Other Borrowed Funds	**(8,250,000)**	(1,750,000)	-
Purchase of Treasury Stock	**(602,644)**	(560,869)	(502,672)
Proceeds from Issuance of Common Stock	**264,600**	381,780	564,718
Cash Dividends Paid	**(3,900,990)**	(3,724,503)	(3,722,220)
Net Cash Used in Financing Activities	**(12,489,034)**	(5,653,592)	(3,660,174)
Net Increase in Cash and Cash Equivalents	**3,832,830**	8,657,789	1,181,951
Cash and Cash Equivalents - Beginning of Year	**17,867,617**	9,209,828	8,027,877
Cash and Cash Equivalents - End of Year	**$ 21,700,447**	$ 17,867,617	$ 9,209,828

	Years Ended December 31,		
	2024	2023	2022
Cash Paid for Interest			
Interest on Borrowings	**$ 1,231,618**	$ 1,706,303	$ 1,621,642
Noncash Items			
Changes in Unrealized Loss on Investments	**$ (691,310)**	$ (809,165)	$ (1,007,947)
Stock Grant Forfeitures	**$ 264,600**	$ 48,847	$ (91,403)

(26) Other Comprehensive Income (Loss)

The tax effects allocated to each component of other comprehensive income (loss) for the years ended December 31 are as follows:

	2024		
	Before Tax Amount	**Tax Expense (Benefit)**	**Net of Tax Amount**
Securities Available for Sale			
Change in Net Unrealized Gain During the Period	**$ 37,361**	**$ 7,846**	**$ 29,515**
Reclassification Adjustment for Net Gain Included in Net Income	**(182)**	**(38)**	**(144)**
Net Change in Unamortized Gains on Available for Sale Transferred into Held to Maturity	**(728,489)**	**(152,983)**	**(575,506)**
	$ (691,310)	**$ (145,175)**	**$ (546,135)**

	2023		
Securities Available for Sale			
Change in Net Unrealized Gain During the Period	$ (10,605)	$ (2,239)	$ (8,366)
Net Change in Unamortized Gains on Available for Sale Transferred into Held to Maturity	(793,883)	(167,686)	(626,197)
	$ (804,488)	$ (169,925)	$ (634,563)

	2022		
Securities Available for Sale			
Change in Net Unrealized Gain During the Period	$ (76,067)	$ (15,974)	$ (60,093)
Reclassification Adjustment for Net Loss Included in Net Income	326	7	319
Net Change in Unamortized Gains on Available for Sale Transferred into Held to Maturity	(932,206)	(195,702)	(736,504)
	$ (1,007,947)	$ (211,669)	$ (796,278)

(27) Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component, net of tax, for the years ended December 31 are as follows:

	2024	2023	2022
Beginning Balance	**$ 1,968,846**	$ 2,608,086	$ 3,404,364
Other Comprehensive Income (Loss) Before Reclassification	**29,515**	(8,424)	(60,093)
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	**(144)**	-	319
Net Change in Unamortized Gains on Available for Sale Transferred into Held to Maturity	**(575,506)**	(630,816)	(736,504)
Net Current Period Other Comprehensive Loss	**(546,135)**	(639,240)	(796,278)
Ending Balance	**$ 1,422,711**	$ 1,968,846	$ 2,608,086

(28) Revenues from Contracts with Customers

The Company's revenue from contracts with customers within the scope of ASU 2014-09 included in noninterest income (expense) in the consolidated income statement is comprised of the following for the years ended December 31:

	2024	2023	2022
Noninterest Income (Expense)			
Service Charges on Deposits	**$ 2,168,900**	$ 2,143,963	$ 2,417,800
ATM Interchange Fees	**2,371,561**	2,259,696	2,115,529
Net Gains (Losses) on Sales of Other Real Estate and Foreclosed Assets	**(9,681)**	(321,783)	608,935
	$ 4,530,780	$ 4,081,876	$ 5,142,264

A description of the Company's revenue streams accounted for under ASU 2014-09 is as follows:

- *Service Charges on Deposit Accounts:* The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

(28) Revenues from Contracts with Customers (Continued)

- *ATM Interchange Fees:* The Company earns interchange fees from cardholder transactions conducted through the Visa/MasterCard or other payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

- *Gains/(Losses) on Sales of Other Real Estate Owned (OREO) and Foreclosed Assets:* The Company records a gain or loss from the sale of OREO or foreclosed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO or foreclosed assets to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset or foreclosed asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
September 30, 2025

	September 30, 2025 (Unaudited)	June 30, 2025 (Unaudited)	Change	% Change	September 30, 2024 (Unaudited)	Change	% Change
ASSETS							
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%
LIABILITIES AND SHAREHOLDERS' EQUITY							
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	June 30, 2025	Change	% Change	September 30, 2024	Change	% Change
	(Unaudited)	*(Unaudited)*			*(Unaudited)*		
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, commisions 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

Dollars in thousand, except per share data	September 30, 2025 (Unaudited)	June 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
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%

EXHIBIT E

FAIRNESS DETERMINATION ISSUED BY THE SECRETARY OF STATE OF THE STATE OF GEORGIA

See attached.

BEFORE THE SECRETARY OF STATE OF GEORGIA	))))	IN RE: APPLICATION OF VALLANT FINANCIAL, INC. PURSUANT TO SECTION 10-5-11(9) OF THE GEORGIA UNIFORM SECURITIES ACT OF 2008

Order of Approval

On November 25, 2025, Vallant Financial, Inc., a Georgia corporation formerly known as Pinnacle Financial Corporation and bank holding company registered with the Board of Governors of the Federal Reserve System, headquartered in Elberton, Georgia ("Vallant"), filed an Application for a Fairness Hearing (the "Application") regarding the issuance of shares of Vallant Common Stock in exchange for all of the outstanding shares of Morris State Bancshares, Inc., a Georgia corporation and a bank holding company registered with the Board of Governors of the Federal Reserve System, headquartered in Dublin, Georgia ("Morris"), pursuant to an Agreement and Plan of Merger dated November 19, 2025 (the "Merger Agreement") of Morris with and into Vallant.

Having been considered by the Secretary of State of Georgia as the Commissioner of Securities of the State of Georgia (the "Commissioner"), acting by and through the undersigned Assistant Commissioner of Securities, who has received the Application and appointed a Hearing Officer to conduct a hearing as requested thereunder and as authorized by Section 10-5-11(9) of the Georgia Uniform Securities Act of 2008 (the "Act") and the Rules promulgated thereunder, and having received proof of the proper notice of said hearing was given to all persons entitled thereto on a timely basis, and having reviewed the Findings of Fact and Recommendation of Approval by the Hearing Officer, which is attached to this Order as Exhibit 1, enters the following order:

NOW, THEREFORE, IT IS HEREBY ORDERED that the terms and conditions of the Merger Agreement providing for the issuance of shares of Vallant Common Stock to the holders of Morris Common Stock, substantially upon the terms described in the Findings of Fact and Recommendation of Approval and in the Application, are determined to be both procedurally and substantively fair and reasonable within the purview of the Act to the holders of Morris Common Stock; and the terms and conditions of the Merger Agreement and the procedural and substantive fairness thereof are hereby approved by the Commissioner in accordance with and pursuant to the authority conferred on him by Section 10-5-11(9) of the Georgia Uniform Securities Act of 2008 and the regulations promulgated thereunder.

This 10th day of February, 2026.

BRAD RAFFENSPERGER, SECRETARY OF STATE AND COMMISSIONER OF SECURITIES OF THE STATE OF GEORGIA

By: _____

Name: Noula Zaharis

Title: Assistant Commissioner of Securities

BEFORE THE	)	IN RE: APPLICATION OF VALLANT
SECRETARY OF STATE OF	)	FINANCIAL, INC. PURSUANT TO
GEORGIA	)	SECTION 10-5-11(9) OF THE GEORGIA
	)	UNIFORM SECURITIES ACT OF 2008

Findings of Fact and Recommendation of Approval

The undersigned Hearing Officer, appointed by the Secretary of State of Georgia as the Commissioner of Securities of the State of Georgia (the "Commissioner"), has reviewed the above-referenced application ("the Application") and conducted a hearing pursuant to Section 10-5-11(9) of the Georgia Uniform Securities Act of 2008 (the "Act"). Having received proof that the proper notice of said hearing was given to all persons entitled thereto on a timely basis and upon consideration of the Application, appendices thereto, and the testimony from the hearing, the Hearing Officer makes the following findings of fact and enters the following order:

1. Vallant Financial, Inc., a Georgia corporation formerly known as Pinnacle Financial Corporation and a bank holding company registered with the Board of Governors of the Federal Reserve System, headquartered in Elberton, Georgia ("Vallant"), filed the Application on November 25, 2025, pursuant to Section 10-5-11(9) of the Act. On January 5, 2026, Pinnacle changed its name to Vallant Financial, Inc. ("Vallant"). The Application is for approval of the issuance of shares of Vallant's voting common stock, no par value (Vallant Common Stock"), together with cash in lieu of fractional shares, in exchange for all of the outstanding shares of common stock, $1.00 par value per share (the "Morris Common Stock"), of Morris State Bancshares, Inc., a Georgia corporation and a bank holding company registered with the Board of Governors of the Federal Reserve System, headquartered in Dublin, Georgia ("Morris"). Such issuance will occur in connection with the proposed merger (the "Merger") of Morris with and into Vallant. The Merger will be effected pursuant to the Agreement and Plan of Merger, dated as of November 19, 2025, by and between Vallant and Morris (the "Merger Agreement"). A copy of the Merger Agreement is attached as Appendix A to the Application.

2. At the effective time of the Merger, Morris will merge with and into Vallant, the separate existence of Morris will cease, and the corporate existence of Vallant will continue. Each outstanding share of Morris Common Stock will be converted into the right to receive 0.1095 shares of Vallant Common Stock (the "Merger Consideration"); *provided, however*, Morris shareholders who would be entitled to receive a fractional share of Vallant Common Stock as a result of the Merger shall receive, in lieu of such shares of Vallant Common Stock, cash in an amount equal to such fractional share of Vallant Common Stock multiplied by $215.00. Vallant Common Stock will be issued at a valuation of $215.00 per share. Additionally, Morris shareholders will receive, prior to and contingent upon completion of the Merger, a cash dividend in the amount of

$0.54 per share. Morris shareholders residing outside of Georgia and in states in which the necessary state securities law or "blue sky" permits and approvals required to effect the Merger are not obtained will be ineligible to receive Vallant Common Stock in the Merger and will instead receive cash in the amount of $23.54 per share for each share of Morris Common Stock held by such shareholder.

3. The Commissioner has authority to consider Vallant's application. Vallant's issuance and delivery, in connection with the Merger, of shares of Vallant Common Stock to the holders of Morris Common Stock constitutes "A transaction in a security . . . in exchange for one or more bona fide outstanding securities, claims, or property interests or partly in such exchange and partly for cash . . ." within the meaning of Section 10-5-11(9) of the Act.

4. Section 10-5-11(9) was adopted from and contains the same language as Section 202(9) of the Uniform Securities Act of 2002. Official Comment 10 to the Uniform Securities Act of 2002 provides in pertinent part as follows "Section 202(9) provides a state counterpart to the exemption in Section 3(a)(10) of the Securities Act of 1933."

5. Vallant has advised the Commissioner that Vallant's issuance of shares of Vallant Common Stock to the holders of Morris Common Stock as described above is a transaction which involves the issuance and exchange of securities, which, if approved by the Commissioner, is intended to be exempt from the registration requirements of the federal securities laws under Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act"). Vallant intends to rely upon Section 3(a)(10) if the transaction is approved by the Commissioner.

6. Vallant is a Georgia corporation headquartered in Elberton, Georgia. Morris is a Georgia corporation headquartered in Dublin, Georgia. Vallant's offer to exchange its securities for the shares of Morris Common Stock was made from Georgia and the sale, issuance, and delivery of the shares of Vallant Common Stock in the Merger will be initiated from Georgia and consummated at a closing to be held in Georgia pursuant to the Merger Agreement. In addition, 412 record and beneficial owners of Morris Common Stock, who constitute 82.6% of the overall number of holders of Morris Common Stock holding in the aggregate approximately 86.7% of the outstanding Morris Common Stock, are residents of Georgia. Vallant Common Stock is not publicly traded. The Commissioner has jurisdiction over Vallant's issuance and delivery of securities pursuant to Section 10-5-11(9) of the Act and the Rules promulgated thereunder and is authorized to hold a hearing on and to thereafter approve the terms and conditions of Vallant's issuance of shares of Vallant Common Stock in exchange for Morris Common Stock and the fairness of such terms and conditions.

7. The Morris shareholders are required to approve the Merger under Georgia law, and Morris intends to hold a meeting of its shareholders for that purpose.

8. In connection with seeking the approval of the Application, on January 15, 2026, Vallant and Morris sent to each of the Morris shareholders, by United States mail, postage prepaid, a Shareholders' Notice of Fairness Hearing (the "Notice of Hearing"), which Notice of Hearing included information about the Merger, the Merger Agreement and the parties, and informed the Morris shareholders that the Application and supporting documentation annexed thereto was available for inspection at the office of the Commissioner and the principal offices of Vallant and Morris.

9. As described in the Notice of Hearing, the hearing requested by the Application was held before the Commissioner on February 6, 2026 at 1:00 p.m., pursuant to Section 10-5-11(9) of the Act, at least 14 days after the Application was filed with the Commissioner. All persons to whom Vallant proposes to issue shares of Vallant Common Stock in consummation of the Merger had the right to appear and be heard at the hearing. No one was prevented from appearing by action of Vallant, Morris, or the Commissioner. Evidence and testimony relating to the proposed exchange was presented to the Hearing Officer.

10. As provided by the Merger Agreement, the exchange of securities pursuant to the Merger Agreement will be accomplished as soon as reasonably practicable after the effective time of the Merger.

11. In the course of negotiations, both Vallant and Morris were represented by counsel experienced in commercial transactions similar to the Merger, and by financial advisors with experience in such transactions. Each of the boards of directors of Vallant and Morris approved the terms and conditions of the Merger Agreement and of the Merger by vote of those present at a meeting of such board (at which a quorum was present). The terms and conditions of the Merger Agreement and of the Merger are the result of arm's length negotiations under circumstances in which the boards of directors of each party to the Merger Agreement were positioned to act in the best interest of their respective corporation and shareholders.

12. L. Jackson McConnell, Jr. testified that the Merger will benefit Vallant in that it is expected to expand Vallant's footprint in middle and Southeast Georgia through the addition of Morris's nine offices, which will strengthen Vallant's strategic position and better enable Vallant to provide financial services to mid-size businesses throughout Georgia by offering enhanced product and technological services through the convenience of an expanded branch network. L. Jackson McConnell, Jr. testified that the Merger will benefit the holders of capital stock of Morris that receive Vallant Common Stock in that they will acquire an interest in a larger corporation with greater financial

resources and a stronger market position. L. Jackson McConnell, Jr. further testified that, prior to the completion of the Merger, Vallant will use its commercially reasonable efforts to cause Vallant Common Stock to be listed on the OTCQX, which will provide Morris shareholders a trading market for shares of Vallant Common Stock received in the Merger.

13. Shareholders holding a majority of the issued and outstanding shares of Morris Common Stock entitled to vote on such matter are required to approve the terms and conditions of the Merger Agreement. Morris shareholders who oppose the Merger may exercise appraisal rights pursuant to Georgia law and seek to obtain payment of the fair value of their shares.

14. Morris shareholders will receive proxy materials in connection with the Meeting of Shareholders to be held for considering approval of the Merger. These materials will include:

    - Notice of the Meeting of Shareholders, including the matters to be decided, and the date, time, and place of the meeting;

    - A recommendation of the board of directors of Morris that the shareholders vote "FOR" approval of the Merger Agreement and the Merger;

    - A description of the terms and conditions of the Merger and a copy of the Merger Agreement;

    - A description and a copy of the fairness opinion issued by Keefe, Bruyette & Woods, Inc. with respect to whether, in its opinion, the consideration to be provided to shareholders of Morris is fair from a financial point of view; and

    - A proxy card providing the shareholders with the opportunity to vote "FOR" or "AGAINST" approval of the Merger Agreement and the Merger.

15. Sufficient information has been provided to the Commissioner to permit the Commissioner to determine the relative value of the securities to be exchanged and the securities to be issued in the Merger.

16. The terms and conditions of the Merger and the Merger Agreement and the issuance and delivery of shares of Vallant Common Stock to the holders of Morris Common Stock as contemplated by the Merger Agreement are determined to be both procedurally and substantively fair and reasonable within the purview of the Act to Vallant, Morris, and the holders of Morris Common Stock.

NOW, THEREFORE, IT IS HEREBY ORDERED that the terms and conditions of the Merger Agreement providing for the issuance of shares of Vallant Common Stock to the holders of Morris Common Stock, substantially upon the terms described herein and in the Application, are determined to be both procedurally and substantively fair and reasonable within the purview of the Act to the holders of Morris Common Stock; and the terms and conditions of the Merger Agreement and the procedural and substantive fairness thereof are recommended for approval by the Commissioner in accordance with and pursuant to the authority conferred on him by Section 10-5-11(9) of the Georgia Uniform Securities Act of 2008 and the regulations promulgated thereunder.

This 9th day of February, 2026.

By: _____

Name: C. Ryan Germany

Title: Hearing Officer

EXHIBIT F

DISSENTERS' RIGHTS STATUTES

OFFICIAL CODE OF GEORGIA ANNOTATED
TITLE 14. CORPORATIONS, PARTNERSHIPS, AND ASSOCIATIONS
CHAPTER 2. BUSINESS CORPORATIONS
ARTICLE 13. DISSENTERS' RIGHTS
PART 1. RIGHT TO DISSENT AND OBTAIN PAYMENT FOR SHARES

§ 14-2-1301. Definitions

As used in this article, the term:

(1) "Beneficial shareholder" means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(2) "Corporate action" means the transaction or other action by the corporation that creates dissenters' rights under Code Section 14-2-1302.

(3) "Corporation" means the issuer of shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(4) "Dissenter" means a shareholder who is entitled to dissent from corporate action under Code Section 14-2-1302 and who exercises that right when and in the manner required by Code Sections 14-2-1320 through 14-2-1327.

(5) "Fair value," with respect to a dissenter's shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action.

(6) "Interest" means interest from the effective date of the corporate action until the date of payment, at a rate that is fair and equitable under all the circumstances.

(7) "Record shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(8) "Shareholder" means the record shareholder or the beneficial shareholder.

§ 14-2-1302. Right to Dissent

(a) A record shareholder of the corporation is entitled to dissent from, and obtain payment of the fair value of his or her shares in the event of, any of the following corporate actions:

(1) Consummation of a plan of merger to which the corporation is a party:

(A) If approval of the shareholders of the corporation is required for the merger by Code Section 14-2-1103 or the articles of incorporation and the shareholder is entitled to vote on the merger, unless the corporation:

(i) is merging into a subsidiary corporation pursuant to Code Section 14-2-1104;

(ii) each shareholder of the corporation whose shares were outstanding immediately prior to the effective time of the merger shall receive a like number of shares of the

surviving corporation, with designations, preferences, limitations, and relative rights identical to those previously held by each shareholder; and

(iii) the number and kind of shares of the surviving corporation outstanding immediately following the effective time of the merger, plus the number and kind of shares issuable as a result of the merger and by conversion of securities issued pursuant to the merger, shall not exceed the total number and kind of shares of the corporation authorized by its articles of incorporation immediately prior to the effective time of the merger; or

(B) If the corporation is a subsidiary that is merged with its parent under Code Section 14-2-1104;

(2) Consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan;

(3) Consummation of a sale or exchange of all or substantially all of the property of the corporation if a shareholder vote is required on the sale or exchange pursuant to Code Section 14-2-1202, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale;

(4) An amendment of the articles of incorporation with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Code Section 14-2-604; or

(5) Any corporate action taken pursuant to a shareholder vote to the extent that Article 9 of this chapter, the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.

(b) A shareholder entitled to dissent and obtain payment for his or her shares under this article may not challenge the corporate action creating his or her entitlement unless the corporate action fails to comply with procedural requirements of this chapter or the articles of incorporation or bylaws of the corporation or the vote required to obtain approval of the corporate action was obtained by fraudulent and deceptive means, regardless of whether the shareholder has exercised dissenter's rights.

(c) Notwithstanding any other provision of this article, there shall be no right of dissent in favor of the holder of shares of any class or series which, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at a meeting at which a plan of merger or share exchange or a sale or exchange of property or an amendment of the articles of incorporation is to be acted on, were either listed on a national securities exchange or held of record by more than 2,000 shareholders, unless:

(1) In the case of a plan of merger or share exchange, any holders of shares of the class or series are required under the plan of merger or share exchange to accept for their shares:

(A) Anything except shares of the surviving corporation or another publicly held corporation which at the effective date of the merger or share exchange are either listed on a national securities exchange or held of record by more than 2,000 shareholders, except for scrip or cash payments in lieu of fractional shares; or

(B) Any shares of the surviving corporation or another publicly held corporation which at the effective date of the merger or share exchange are either listed on a national securities exchange or held of record by more than 2,000 shareholders that are different, in type or exchange ratio per share, from the shares to be provided or offered to any other holder of shares of the same class or series of shares in exchange for such shares; or

(2) The articles of incorporation or a resolution of the board of directors approving the transaction provides otherwise.

§ 14-2-1303. Dissent by Nominees and Beneficial Owners

A record shareholder may assert dissenters' rights as to fewer than all the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one beneficial shareholder and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenters' rights. The rights of a partial dissenter under this Code section are determined as if the shares as to which he dissents and his other shares were registered in the names of different shareholders.

PART 2. PROCEDURE FOR EXERCISE OF DISSENTERS' RIGHTS

§ 14-2-1320. Notice of Dissenters' Rights

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters' rights under this article and be accompanied by a copy of this article.

(b) If corporate action creating dissenters' rights under Code Section 14-2-1302 is taken without a vote of shareholders, the corporation shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and send them the dissenters' notice described in Code Section 14-2-1322 no later than ten days after the corporate action was taken.

§ 14-2-1321. Notice of Intent to Demand Payment

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, a record shareholder who wishes to assert dissenters' rights:

(1) Must deliver to the corporation before the vote is taken written notice of his intent to demand payment for his shares if the proposed action is effectuated; and

(2) Must not vote his shares in favor of the proposed action.

(b) A record shareholder who does not satisfy the requirements of subsection (a) of this Code section is not entitled to payment for his shares under this article.

§ 14-2-1322. Dissenters' Notice

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of Code Section 14-2-1321.

(b) The dissenters' notice must be sent no later than ten days after the corporate action was taken and must:

(1) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

(2) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

(3) Set a date by which the corporation must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the notice required in subsection (a) of this Code section is delivered; and

(4) Be accompanied by a copy of this article.

§ 14-2-1323. Duty to Demand Payment

(a) A record shareholder sent a dissenters' notice described in Code Section 14-2-1322 must demand payment and deposit his certificates in accordance with the terms of the notice.

(b) A record shareholder who demands payment and deposits his shares under subsection (a) of this Code section retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

(c) A record shareholder who does not demand payment or deposit his share certificates where required, each by the date set in the dissenters' notice, is not entitled to payment for his shares under this article.

§ 14-2-1324. Share Restrictions

(a) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is taken or the restrictions released under Code Section 14-2-1326.

(b) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

§ 14-2-1325. Offer of Payment

(a) Except as provided in Code Section 14-2-1327, within ten days of the later of the date the proposed corporate action is taken or receipt of a payment demand, the corporation shall by notice to each dissenter who complied with Code Section 14-2-1323 offer to pay to such dissenter the amount the corporation estimates to be the fair value of his or her shares, plus accrued interest.

(b) The offer of payment must be accompanied by:

(1) The corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(2) A statement of the corporation's estimate of the fair value of the shares;

(3) An explanation of how the interest was calculated;

(4) A statement of the dissenter's right to demand payment under Code Section 14-2-1327; and

(5) A copy of this article.

(c) If the shareholder accepts the corporation's offer by written notice to the corporation within 30 days after the corporation's offer or is deemed to have accepted such offer by failure to respond within said 30 days, payment for his or her shares shall be made within 60 days after the making of the offer or the taking of the proposed corporate action, whichever is later.

§ 14-2-1326. Failure to Take Action

(a) If the corporation does not take the proposed action within 60 days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(b) If, after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters' notice under Code Section 14-2-1322 and repeat the payment demand procedure.

§ 14-2-1327. Procedure if Shareholder Dissatisfied with Payment or Offer

(a) A dissenter may notify the corporation in writing of his own estimate of the fair value of his shares and amount of interest due, and demand payment of his estimate of the fair value of his shares and interest due, if:

(1) The dissenter believes that the amount offered under Code Section 14-2-1325 is less than the fair value of his shares or that the interest due is incorrectly calculated; or

(2) The corporation, having failed to take the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

(b) A dissenter waives his or her right to demand payment under this Code section and is deemed to have accepted the corporation's offer unless he or she notifies the corporation of his or her demand in writing under subsection (a) of this Code section within 30 days after the corporation offered payment for his or her shares, as provided in Code Section 14-2-1325.

(c) If the corporation does not offer payment within the time set forth in subsection (a) of Code Section 14-2-1325:

(1) The shareholder may demand the information required under subsection (b) of Code Section 14-2-1325, and the corporation shall provide the information to the shareholder within ten days after receipt of a written demand for the information; and

(2) The shareholder may at any time, subject to the limitations period of Code Section 14-2-1332, notify the corporation of his own estimate of the fair value of his shares and the amount of interest due and demand payment of his estimate of the fair value of his shares and interest due.

PART 3. JUDICIAL APPRAISAL OF SHARES

§ 14-2-1330. Court Action

(a) If a demand for payment under Code Section 14-2-1327 remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the 60 day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(b) The corporation shall commence the proceeding, which shall be a nonjury equitable valuation proceeding, in the superior court of the county where a corporation's registered office is located. If the surviving corporation is a foreign corporation without a registered office in this state, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(c) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding, which shall have the effect of an action quasi in rem against their shares. The corporation shall serve a copy of the petition in the proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons and complaint, and upon each nonresident dissenting shareholder either by registered or certified mail or statutory overnight delivery or by publication, or in any other manner permitted by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) of this Code section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. Except as otherwise provided in this chapter, Chapter 11 of Title 9, known as the "Georgia Civil Practice Act," applies to any proceeding with respect to dissenters' rights under this chapter.

(e) Each dissenter made a party to the proceeding is entitled to judgment for the amount which the court finds to be the fair value of his shares, plus interest to the date of judgment.

§ 14-2-1331. Court Costs and Counsel Fees

(a) The court in an appraisal proceeding commenced under Code Section 14-2-1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court, but not including fees and expenses of attorneys and experts for the respective parties. The court shall assess the costs against the corporation, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under Code Section 14-2-1327.

(b) The court may also assess the fees and expenses of attorneys and experts for the respective parties, in amounts the court finds equitable:

(1) Against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of Code Sections 14-2-1320 through 14-2-1327; or

(2) Against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(c) If the court finds that the services of attorneys for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these attorneys reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

§ 14-2-1332. Limitation of Actions

No action by any dissenter to enforce dissenters' rights shall be brought more than three years after the corporate action was taken, regardless of whether notice of the corporate action and of the right to dissent was given by the corporation in compliance with the provisions of Code Section 14-2-1320 and Code Section 14-2-1322.