



## FOR IMMEDIATE RELEASE

### **Morris State Bancshares Announces Quarterly Earnings and Declares Second Quarter Dividend**

DUBLIN, GA. (May 3, 2024) – Morris State Bancshares, Inc. (OTCQX: MBLU) (the “Company”), the parent of Morris Bank, today announced net income of \$4.9 million for the quarter ending March 31, 2024, representing an increase of \$787 thousand, or 19.17%, compared to net income of \$4.1 million for the quarter ended March 31, 2023. In the linked quarter comparison, the bank’s net income decreased \$1.0 million, or 17.55%, compared to net income of \$5.9 million for the quarter ended December 31, 2023. Net interest income before provision for credit losses was in line with prior quarter levels. Lower linked quarter net earnings were a result of higher salaries and employee benefits expense related to beginning of the year pay raises, bonuses, and equity-related benefits.

“We are pleased with the first quarter and the stability of our core earnings as evidenced by a solid net interest margin and net interest income. While our cost of funds has continued to rise, we’ve been able to keep pace with parallel increases in our earning asset yield. We continue to experience larger loan payoffs that have impeded our loan growth for the year but have provided higher pricing opportunities for new loans in addition to the repricing of scheduled maturities within the portfolio. We were also able to reduce our non-earning asset levels through a significant reduction in our other real estate (ORE) during the first quarter. Other real estate and foreclosed assets declined by over \$3.5 million down to \$39 thousand during the quarter,” said Spence Mullis, Chairman and CEO.

The net interest margin was 3.99% for the first quarter of 2024 compared to 3.97% for the fourth quarter of 2023 and 3.98% for the first quarter of 2023. The average yield on earning assets grew 17 basis points from 5.70%, as of December 31, 2023, to 5.87%, while the bank’s cost of funds grew 17 basis points from 1.92% to 2.09% during the same period.

Provision for credit losses declined \$237 thousand during the quarter as a result of lower unfunded commitments which decreased the required CECL unfunded commitment reserve and with reduced loan levels due to the slight contraction in the loan portfolio of \$3.0 million since the beginning of the year. The Company’s asset quality improved with a \$3.5 million reduction in Other Real Estate during the quarter, which improved the bank’s adversely classified index from 6.69% as of December 31, 2023, to 5.22% as of March 31, 2024. The bank’s reserve as a percentage of total loans was 1.34% for March 31, 2024, as compared to 1.34% for December 31, 2023, and 1.35% for March 31, 2023. Noninterest expense increased \$847,951, or 10.25%, over

December 31, 2023, due mainly to the previously mentioned higher salary and benefits expense. Provision for income taxes increased \$568,470, or 136.56%, during the quarter.

The Company's total shareholders' equity increased 2.16% during the quarter to \$182 million as of March 31, 2024, and up 9.36%, or \$15.6 million, from March 31, 2023. Tangible book value of the company grew to \$80.83<sup>1</sup> on March 31, 2024, from \$78.97<sup>1</sup> on December 31, 2023, and was up 10.51% from \$73.14 as of March 31, 2023. On April 17, 2024, the board of directors approved a second quarter dividend of \$0.46<sup>1</sup> per share payable on or about June 15, 2024, to all shareholders of record as of May 15, 2024. As announced on April 23, 2024, the bank declared a 4 for 1 stock dividend to all shareholders of record on that date. As such, the aforementioned cash dividend approved on April 17 will equate to approximately \$0.09 cents per share outstanding of record on May 15, 2024, after giving effect to the stock dividend.

### **Forward-looking Statements**

Certain statements contained in this release may not be based on historical facts and are forward-looking statements. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "will," "would," "could" or "intend." We caution you not to place undue reliance on the forward-looking statements contained in this news release, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors, including, among others, the business and economic conditions; risks related to the integration of acquired businesses and any future acquisitions; changes in management personnel; interest rate risk; ability to execute on planned expansion and organic growth; credit risk and concentrations associated with the Company's loan portfolio; asset quality and loan charge-offs; inaccuracy of the assumptions and estimates management of the Company makes in establishing reserves for probable loan losses and other estimates; lack of liquidity; impairment of investment securities, goodwill or other intangible assets; the Company's risk management strategies; increased competition; system failures or failures to prevent breaches of our network security; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes; and increases in capital requirements. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this news release.

CONTACT:  
Morris State Bancshares  
Chris Bond  
Chief Financial Officer  
478-272-5202

---

<sup>1</sup> Per share amounts have not been adjusted to reflect the April 23, 2024 4-for-1 stock dividend.

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Balance Sheet March 31, 2024



MORRIS  
BANK

	March 31, 2024	December 31, 2023	Change	% Change	March 31, 2023	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
<b>ASSETS</b>							
Cash and due from banks	\$ 67,354,916	\$ 33,192,772	\$ 34,162,144	102.92%	\$ 51,448,341	\$ 15,906,575	30.92%
Federal funds sold	3,746,408	17,268,446	(13,522,038)	-78.30%	16,102,872	(12,356,464)	-76.73%
Total cash and cash equivalents	<u>71,101,324</u>	<u>50,461,218</u>	<u>20,640,106</u>	<u>40.90%</u>	<u>67,551,213</u>	<u>3,550,111</u>	<u>5.26%</u>
Interest-bearing time deposits in other banks	100,000	100,000	-	0.00%	100,000	-	0.00%
Securities available for sale, at fair value	7,845,095	7,875,780	(30,685)	-0.39%	-	7,845,095	0.00%
Securities held to maturity, at cost (net of CECL Reserve)	231,758,455	240,205,635	(8,447,180)	-3.52%	257,399,845	(25,641,390)	-9.96%
Federal Home Loan Bank stock, restricted, at cost	1,029,600	1,029,600	-	0.00%	1,588,300	(558,700)	-35.18%
Loans, net of unearned income	1,060,755,992	1,063,772,222	(3,016,230)	(0.28%)	1,040,411,604	20,344,388	1.96%
Less-allowance for credit losses	(14,236,149)	(14,291,923)	55,774	-0.39%	(14,047,855)	(188,294)	1.34%
Loans, net	<u>1,046,519,843</u>	<u>1,049,480,299</u>	<u>(2,960,456)</u>	<u>-0.28%</u>	<u>1,026,363,749</u>	<u>20,156,094</u>	<u>1.96%</u>
					-		
Bank premises and equipment, net	13,112,437	13,188,353	(75,916)	-0.58%	13,658,218	(545,781)	-4.00%
ROU assets for operating lease, net	1,035,712	1,126,156	(90,444)	-8.03%	1,431,413	(395,701)	-27.64%
Goodwill	9,361,704	9,361,704	-	0.00%	9,361,704	-	0.00%
Intangible assets, net	1,594,101	1,679,989	(85,888)	-5.11%	1,937,652	(343,551)	-17.73%
Other real estate and foreclosed assets	38,558	3,611,235	(3,572,677)	-98.93%	3,803,252	(3,764,694)	-98.99%
Accrued interest receivable	5,964,911	6,424,090	(459,179)	-7.15%	4,959,915	1,004,996	20.26%
Cash surrender value of life insurance	14,813,139	14,711,623	101,516	0.69%	14,423,960	389,179	2.70%
Other assets	25,151,653	25,321,095	(169,442)	-0.67%	22,390,328	2,761,325	12.33%
<b>Total Assets</b>	<u>\$ 1,429,426,532</u>	<u>\$ 1,424,576,777</u>	<u>\$ 4,849,755</u>	<u>0.34%</u>	<u>\$ 1,424,969,549</u>	<u>4,456,983</u>	<u>0.31%</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits:							
Non-interest bearing	\$ 302,810,356	\$ 298,356,827	\$ 4,453,529	1.49%	\$ 323,091,870	(20,281,514)	-6.28%
Interest bearing	904,181,606	909,976,336	(5,794,730)	-0.64%	877,794,418	26,387,188	3.01%
	<u>1,206,991,962</u>	<u>1,208,333,163</u>	<u>(1,341,201)</u>	<u>-0.11%</u>	<u>1,200,886,288</u>	<u>6,105,674</u>	<u>0.51%</u>
					-		
Other borrowed funds	27,169,934	27,151,283	18,651	0.07%	47,095,332	(19,925,398)	-42.31%
Lease liability for operating lease	1,035,712	1,126,156	(90,444)	-8.03%	1,431,413	(395,701)	-27.64%
Accrued interest payable	1,419,439	1,059,226	360,213	34.01%	491,159	928,280	189.00%
Accrued expenses and other liabilities	10,830,616	8,773,430	2,057,186	23.45%	8,660,358	2,170,258	25.06%
					-		
<b>Total liabilities</b>	<u>1,247,447,663</u>	<u>1,246,443,258</u>	<u>1,004,405</u>	<u>0.08%</u>	<u>1,258,564,550</u>	<u>(11,116,887)</u>	<u>-0.88%</u>
Shareholders' Equity:							
Common stock	2,179,210	2,179,210	-	0.00%	2,177,510	1,700	0.08%
Paid in capital surplus	42,816,048	41,635,204	1,180,844	2.84%	41,281,108	1,534,940	3.72%
Retained earnings	133,038,717	115,774,853	17,263,864	14.91%	118,570,582	14,468,135	12.20%
Current year earnings	4,890,818	19,332,490	(14,441,672)	-74.70%	4,103,935	786,883	19.17%
Accumulated other comprehensive income (loss)	1,811,160	1,968,846	(157,686)	-8.01%	2,468,079	(656,919)	-26.62%
Treasury Stock, at cost 63,290	(2,757,084)	(2,757,084)	-	0.00%	(2,196,215)	(560,869)	25.54%
<b>Total shareholders' equity</b>	<u>181,978,869</u>	<u>178,133,519</u>	<u>3,845,350</u>	<u>2.16%</u>	<u>166,404,999</u>	<u>15,573,870</u>	<u>9.36%</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 1,429,426,532</u>	<u>\$ 1,424,576,777</u>	<u>4,849,755</u>	<u>0.34%</u>	<u>\$ 1,424,969,549</u>	<u>4,456,983</u>	<u>0.31%</u>

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Statement of Income for the Three Months Ended



MORRIS  
BANK

	March 31, 2024	December 31, 2023	Change	% Change	March 31, 2023	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
<b>Interest and Dividend Income:</b>							
Interest and fees on loans	\$ 17,124,889	\$ 16,525,637	\$ 599,252	3.63%	\$ 14,466,103	\$ 2,658,786	18.38%
Interest income on securities	1,970,394	2,039,123	(68,729)	-3.37%	2,005,741	(35,347)	-1.76%
Income on federal funds sold	168,129	171,564	(3,435)	-2.00%	132,805	35,324	26.60%
Income on time deposits held in other banks	408,412	397,228	11,184	2.82%	247,252	161,160	65.18%
Other interest and dividend income	75,848	84,638	(8,790)	-10.39%	61,186	14,662	23.96%
Total interest and dividend income	<u>19,747,672</u>	<u>19,218,190</u>	<u>529,482</u>	<u>2.76%</u>	<u>16,913,087</u>	<u>2,834,585</u>	<u>16.76%</u>
<b>Interest Expense:</b>							
Deposits	6,339,843	5,730,050	609,793	10.64%	3,469,654	2,870,189	82.72%
Interest on other borrowed funds	445,278	554,336	(109,058)	-19.67%	564,278	(119,000)	-21.09%
Interest on federal funds purchased	--	137	(137)	-100.00%	--	-	0.00%
Total interest expense	<u>6,785,121</u>	<u>6,284,523</u>	<u>500,598</u>	<u>7.97%</u>	<u>4,033,932</u>	<u>2,751,189</u>	<u>68.20%</u>
Net interest income before provision for loan losses	12,962,551	12,933,667	28,884	0.22%	12,879,155	83,396	0.65%
Less-provision for credit losses	4,501	241,637	(237,136)	-98.14%	383,376	(378,875)	-98.83%
Net interest income after provision for credit losses	<u>12,958,050</u>	<u>12,692,030</u>	<u>266,020</u>	<u>2.10%</u>	<u>12,495,779</u>	<u>462,271</u>	<u>3.70%</u>
<b>Noninterest Income:</b>							
Service charges on deposit accounts	491,568	514,786	(23,218)	-4.51%	562,893	(71,325)	-12.67%
Other service charges, commissions and fees	362,692	410,311	(47,619)	-11.61%	403,583	(40,891)	-10.13%
Gain on sales of foreclosed assets	700	2,723	(2,023)	-74.29%	1,420	(720)	-50.70%
Gain on sales of premises and equipment	--	--	--	--	--	--	--
Increase in CSV of life insurance	101,516	98,285	3,231	3.29%	90,416	11,100	12.28%
Other income	251,361	72,233	179,128	247.99%	420,788	(169,427)	-40.26%
Total noninterest income	<u>1,207,837</u>	<u>1,098,338</u>	<u>109,499</u>	<u>9.97%</u>	<u>1,479,100</u>	<u>(271,263)</u>	<u>-18.34%</u>
<b>Noninterest Expense:</b>							
Salaries and employee benefits	4,861,534	4,254,389	607,145	14.27%	4,896,748	(35,214)	-0.72%
Occupancy and equipment expenses, net	545,126	530,833	14,293	2.69%	549,051	(3,925)	-0.71%
Other expenses	3,716,219	3,489,706	226,513	6.49%	3,433,785	282,434	8.23%
Total noninterest expense	<u>9,122,879</u>	<u>8,274,928</u>	<u>847,951</u>	<u>10.25%</u>	<u>8,879,584</u>	<u>243,295</u>	<u>2.74%</u>
<b>Income Before Income Taxes</b>	5,043,008	5,515,440	(472,432)	-8.57%	5,095,295	(52,287)	-1.03%
Provision for income taxes	152,190	(416,280)	568,470	136.56%	991,360	(839,170)	-84.65%
<b>Net Income</b>	<u>\$ 4,890,818</u>	<u>\$ 5,931,720</u>	<u>(1,040,902)</u>	<u>-17.55%</u>	<u>\$ 4,103,935</u>	<u>786,883</u>	<u>19.17%</u>
<b>Earnings per common share:</b>							
Basic	\$ 2.31	\$ 2.81	(0.50)	-17.79%	\$ 1.94	0.37	19.07%
Diluted	\$ 2.31	\$ 2.81	(0.50)	-17.79%	\$ 1.94	0.37	19.07%

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Selected Financial Information



	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	(Unaudited)	(Unaudited)	(Unaudited)
Dollars in thousand, except per share data			
<b>Per Share Data</b>			
Basic Earnings per Common Share	\$ 2.31	\$ 2.81	\$ 1.94
Diluted Earnings per Common Share	2.31	2.81	1.94
Dividends per Common Share	0.46	0.44	0.44
Book Value per Common Share	86.00	84.14	78.47
Tangible Book Value per Common Share	80.83	78.97	73.14
Average Diluted Shared Outstanding	\$ 2,116,078	\$ 2,116,078	\$ 2,111,955
End of Period Common Shares Outstanding	\$ 2,115,919	\$ 2,115,920	\$ 2,120,598
<b>Annualized Performance Ratios (Bank Only)</b>			
Return on Average Assets	1.55%	1.84%	1.33%
Return on Average Equity	11.74%	14.11%	10.64%
Equity/Assets	13.09%	13.07%	11.90%
Yield on Earning Assets	5.87%	5.70%	5.06%
Cost of Funds	2.09%	1.92%	1.18%
Net Interest Margin	3.99%	3.97%	3.98%
Efficiency Ratio	61.48%	55.18%	59.32%
<b>Credit Metrics</b>			
Allowance for Loan Losses to Total Loans	1.34%	1.34%	1.35%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	5.22%	6.69%	6.49%