

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

ASSETS

	2025	2024
Cash and Cash Equivalents		
Cash and Due from Banks	\$ 67,652,824	\$ 52,797,778
Federal Funds Sold	<u>24,222,527</u>	<u>42,064,131</u>
	<u>91,875,351</u>	<u>94,861,909</u>
Interest-Bearing Time Deposits in Other Banks	100,000	100,000
Debt Securities Available for Sale, at Fair Value	23,890,954	9,726,716
Debt Securities Held to Maturity, at Cost, Net of Allowance for Credit Losses of \$41,379 and \$66,390 in 2025 and 2024, respectively	186,027,966	215,836,502
Federal Home Loan Bank Stock, Restricted, at Cost	1,084,300	1,032,800
Equity Investment, at Cost	3,436,775	3,500,000
Loans Held for Sale	153,000	465,250
Loans, Net of Unearned Income	1,195,116,955	1,115,609,409
Allowance for Credit Losses - Loans	<u>(15,367,077)</u>	<u>(14,488,525)</u>
Loans, Net	<u>1,179,902,878</u>	<u>1,101,586,134</u>
Other Assets		
Bank Premises and Equipment, Net	14,915,617	12,780,014
Right of Use Asset for Operating Lease	565,759	776,979
Goodwill	9,361,704	9,361,704
Intangible Assets, Net	1,009,542	1,338,964
Other Real Estate and Foreclosed Assets	1,059,930	21,898
Accrued Interest Receivable	7,871,717	7,278,258
Cash Surrender Value of Life Insurance	16,035,115	15,653,587
Investment in Tax Credits, Net	4,256,006	7,906,077
Other Assets	<u>7,443,596</u>	<u>10,375,569</u>
Total Other Assets	<u>62,518,986</u>	<u>65,493,050</u>
Total Assets	<u><u>\$ 1,548,837,210</u></u>	<u><u>\$ 1,492,137,111</u></u>

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

LIABILITIES AND SHAREHOLDERS' EQUITY

	2025	2024
Deposits		
Noninterest Bearing	\$ 349,945,425	\$ 324,991,598
Interest Bearing	971,332,345	939,896,740
Total Deposits	1,321,277,770	1,264,888,338
Other Liabilities		
Other Borrowed Funds	4,124,000	19,019,371
Lease Liability for Operating Lease	565,759	776,979
Accrued Interest Payable	2,873,679	2,111,092
Accrued Expenses and Other Liabilities	7,637,382	9,738,172
Total Liabilities	1,336,478,590	1,296,533,952
Shareholders' Equity		
Common Stock, \$1 Par Value, Authorized 50,000,000 Shares, 10,754,034 Issued and 10,637,606 Outstanding in 2025 and 10,688,723 Issued and 10,593,225 Outstanding in 2024	10,754,034	10,688,723
Paid-In Capital Surplus	35,086,553	33,841,059
Retained Earnings	169,413,275	153,010,395
Accumulated Other Comprehensive Income	920,257	1,422,711
Treasury Stock, at Cost 116,428 Shares in 2025 and 95,498 Shares in 2024	(3,815,499)	(3,359,729)
Total Shareholders' Equity	212,358,620	195,603,159
Total Liabilities and Shareholders' Equity	\$ 1,548,837,210	\$ 1,492,137,111

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest and Dividend Income			
Loans, Including Fees	\$ 82,322,208	\$ 72,415,765	\$ 62,022,894
Interest on Debt Securities	6,364,282	7,368,157	8,196,152
Income on Federal Funds Sold	1,043,787	851,717	627,235
Income on Time Deposits Held in Other Banks	11,975	16,524	11,433
Other Interest and Dividend Income	3,124,347	1,866,332	1,502,077
Total Interest and Dividend Income	<u>92,866,599</u>	<u>82,518,495</u>	<u>72,359,791</u>
Interest Expense			
Deposits	25,690,689	25,981,732	18,599,665
Interest on Other Borrowed Money	808,907	1,442,530	2,148,020
Interest on Federal Funds Purchased	827	296	842
Total Interest Expense	<u>26,500,423</u>	<u>27,424,558</u>	<u>20,748,527</u>
Net Interest Income Before Provision for Credit Losses	<u>66,366,176</u>	<u>55,093,937</u>	<u>51,611,264</u>
Provision for Credit Losses - Debt Securities Held to Maturity	(25,011)	(21,050)	(8,561)
Provision for Credit Losses - Loans	2,625,000	600,000	800,000
Provision for Credit Losses - Off Balance Sheet Credit Exposures	270,735	(33,492)	(340,964)
Provision for Credit Losses	<u>2,870,724</u>	<u>545,458</u>	<u>450,475</u>
Net Interest Income After Provision for Credit Losses	<u>63,495,452</u>	<u>54,548,479</u>	<u>51,160,789</u>
Noninterest Income			
Service Charges on Deposit Accounts	2,320,360	2,168,900	2,143,963
Other Service Charges, Commissions and Fees	1,499,019	1,489,018	1,526,333
Increase in Cash Value of Life Insurance	434,507	423,522	384,867
Gain on Sales and Calls of Securities	-	182	-
Loss on Sales of Other Real Estate and Foreclosed Assets	(2,326)	(9,681)	(7,221)
Gain (Loss) on Sales of Premises and Equipment	12,950	-	(54,269)
Other Income	3,633,445	736,475	753,550
Total Noninterest Income	<u>7,897,955</u>	<u>4,808,416</u>	<u>4,747,223</u>
Noninterest Expenses			
Salaries	15,656,073	14,246,133	13,494,877
Employee Benefits	5,412,909	5,414,342	4,347,422
Net Occupancy Expense	2,906,218	2,777,024	2,855,872
Equipment Rental and Depreciation of Equipment	152,782	166,192	138,050
Impairment Recognized on Other Real Estate Held for Sale	-	-	314,562
Other Expenses	12,322,294	13,737,967	13,276,107
Total Noninterest Expenses	<u>36,450,276</u>	<u>36,341,658</u>	<u>34,426,890</u>
Income Before Income Taxes	<u>34,943,131</u>	<u>23,015,237</u>	<u>21,481,122</u>
Provision for Income Taxes	(8,456,145)	(1,210,893)	(2,148,933)
Net Income	<u>\$ 26,486,986</u>	<u>\$ 21,804,344</u>	<u>\$ 19,332,189</u>
Earnings Per Common Share			
Basic	<u>\$ 2.49</u>	<u>\$ 2.06</u>	<u>\$ 1.83</u>
Diluted	<u>\$ 2.49</u>	<u>\$ 2.06</u>	<u>\$ 1.83</u>

MORRIS STATE BANCSHARES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net Income	\$ 26,486,986	\$ 21,804,344	\$ 19,332,189
Other Comprehensive Income (Loss)			
Unrealized Holding Gains (Losses) on Available for Sale Debt Securities	33,408	37,361	(10,605)
Reclassification Adjustment for Amortization of Unrealized Holding Gains From the Transfer of Securities			
From Available for Sale to Held to Maturity	(669,425)	(728,489)	(798,560)
Reclassification Adjustment for Gains Included in Net Income	-	(182)	-
Net Unrealized Losses	(636,017)	(691,310)	(809,165)
Tax Effect	133,563	145,175	169,925
Total Other Comprehensive Loss	(502,454)	(546,135)	(639,240)
Total Comprehensive Income	\$ 25,984,532	\$ 21,258,209	\$ 18,692,949