



VALLANT FINANCIAL, INC. REPORTS EARNINGS FOR FIRST QUARTER 2026

ELBERTON, Georgia (April 24, 2026) – Vallant Financial, Inc. (OTCQX: VLNT) (“Vallant”), the holding company of Vallant Bank, today announced its results of operations for the quarter ended March 31, 2026. Vallant also announced the results of operations of Morris State Bancshares, Inc. (“Morris”), which merged into Vallant effective April 1, 2026.

“I am incredibly excited about the completion of the merger with Morris to position Vallant as a leading Georgia-based community bank holding company,” said L. Jackson McConnell, Jr., Chairman and CEO of Vallant. “Each company went into the merger with strong performance, and Vallant has strong prospects for the future.”

Vallant Financial, Inc. Quarterly Report: (Highlights)

- Vallant, formerly known as Pinnacle Financial Corporation, completed its merger with Morris effective April 1, 2026.
- Vallant and Morris operated as independent companies through March 31, 2026.
- Effective April 1, 2026, the combined company operates as Vallant Financial, Inc.
- Effective April 1, 2026, the name of Pinnacle Bank was changed to Vallant Bank. The trade names “Pinnacle Bank, a division of Vallant Bank” and “Morris Bank, a division of Vallant Bank” will be used pending information systems conversion, expected to occur during the second quarter.
- Consolidating financial statements showing both Vallant and Morris are not yet available.
- Total assets for the combined company on a pro forma basis as of March 31, 2026, were \$3.98 billion.
- Pinnacle Bank experienced loan growth of 3.34% as compared to year end 2025.
- Morris Bank experienced a decrease in total loans of 1.96% as compared to year end 2025.
- Total deposits for both banks increased during the first quarter.
- Vallant posted quarterly net income of \$6.4 million, or \$4.63 per diluted share, compared to \$6.3 million, or \$4.51 per diluted share, in the same quarter last year.
- Due to merger-related charges of \$14.5 million, Morris posted a loss of \$6.75 million in the first quarter compared to net income of \$6.37 million or \$0.60 per share in the prior quarter.
- Full consolidation will occur in the second quarter and be reflected in the financial release for June 30, 2026.

First Quarter Results for Vallant and Pinnacle Bank (excluding Morris and Morris Bank)

Vallant grew total assets 3.43% quarter over quarter to \$2.34 billion. The growth was driven by quarterly growth in deposits of 3.80% from \$1.99 billion at year end to \$2.06 billion as of March 31, 2026. Total deposits were \$2.02 billion at the end of the same quarter last year. First quarter net loan growth totaled 3.34%, excluding mortgage loans held for sale, with loans at \$1.73 billion for the first quarter of 2026, compared to \$1.67 billion at year end 2025.

Net income for the quarter ended March 31, 2026, was \$6.4 million, compared to \$10.4 million for the fourth quarter of 2025 and \$6.3 million for the first quarter of 2025. Fourth quarter 2025 net income was positively impacted by a one-time income recognition event. Net interest margin increased to 4.44% for the first quarter of 2026, compared to 4.30% for the fourth quarter of 2025 and 4.11% for the first quarter of 2025. The improved margin is a result of increased yield on loans and a lower cost of funds. The margin improvement in recent months is expected to moderate in coming quarters. Average cost of funds for the first quarter of 2026 was 1.17%, compared to 1.30% for the fourth quarter of 2025 and 1.33% for the first quarter of 2025.

Return on average assets (annualized), at the bank level, for the first quarter of 2026 was 1.19%, compared to 1.30% for the fourth quarter of 2025 and 1.18% for the first quarter of 2025. Fully diluted earnings per share for the first quarter totaled \$4.63 as compared to \$4.51 for the first quarter 2025. Earnings per share for the fourth quarter was elevated at \$7.47 due to the one-time event referenced earlier. Vallant paid a dividend of \$1.45 per share during the first quarter.

The Bank's asset quality remains solid, ending the quarter with total adversely classified assets to Tier 1 capital plus allowance of 6.80%. Vallant remains well capitalized with total shareholder's equity of \$219.7 million.

First Quarter Results for Morris and Morris Bank (excluding Vallant and Pinnacle Bank)

Morris grew total assets in the first quarter to \$1.60 billion, an increase of \$49.2 million from December 31, 2025. Morris generated \$60.1 million in total deposit growth during the first quarter, a growth rate of 4.6%. Net loans decreased during the quarter by \$23.8 million due to paydowns related to the sale of real estate projects. Despite the decrease in outstanding balances, loan production during the first quarter remained robust compared to prior quarters.

Due to merger-related costs of \$14.5 million, net income before taxes for the first quarter declined to a net loss of \$6.2 million. Excluding these one-time charges, income before taxes was \$8.3 million. Net interest margin declined from 4.73% from the prior quarter to

4.51% for the first quarter, the primary driver being lower net interest income from the previously mentioned loan payoffs. Cost of funds improved from 1.84% in the fourth quarter 2025 to 1.75% for the first quarter, driven primarily by a decline in time deposit costs.

Return on average assets (annualized), at the bank level, for the first quarter of 2026 was (0.45%) compared to 1.86% for the fourth quarter of 2025 and 1.41% for the first quarter of 2025. Fully diluted earnings per share for the first quarter was (\$0.63) as compared to \$0.60 for the prior quarter and \$0.46 for the first quarter 2025. Including the transaction dividend of \$0.54 per share, Morris paid dividends of \$0.83 per share during the first quarter.

Morris Bank's asset quality remains solid, ending the quarter with total adversely classified assets to Tier 1 capital plus allowance of 10.88%. Morris remained well capitalized with total shareholders' equity of \$198.5 million. Total equity declined by \$13.8 million or 6.5% during the quarter, related directly to one-time transaction expenses and dividends related to the merger with Vallant.

Vallant Financial, Inc. will present consolidated financial statements for the combined company as of and for the quarter ended June 30, 2026. Integration and conversion into one platform, as well as a complete re-branding, is scheduled for the second quarter. After opening a new office in the Augusta area in April, the combined bank operates 36 branch locations in 22 counties in Northeast, Middle and Southeast Georgia.

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 Vallant's loan portfolio; asset quality and loan charge-offs; inaccuracy of the assumptions and estimates management of Vallant makes in establishing reserves for probable loan losses and other estimates; lack of liquidity; impairment of investment securities, goodwill or other intangible assets; Vallant'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.

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**VALLANT FINANCIAL, INC.
AND SUBSIDIARIES**

Consolidating Balance Sheet

	March 31, 2026	December 31, 2025	Change	% Change	March 31, 2025	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
ASSETS							
Cash and due from banks	\$ 20,067,505	\$ 35,004,946	\$ (14,937,441)	-42.67%	\$ 20,291,257	\$ (223,752)	-1.10%
Interest-bearing time deposits in other banks	66,304,083	30,317,952	35,986,131	118.70%	\$ 171,646,524	\$ (105,342,441)	-61.37%
Federal funds sold	11,168,408	10,200,000	968,408	9.49%	10,200,000	968,408	9.49%
Total cash and cash equivalents	<u>97,539,996</u>	<u>75,522,898</u>	<u>22,017,098</u>	<u>29.15%</u>	<u>202,137,781</u>	<u>(104,597,785)</u>	<u>-51.75%</u>
Securities available for sale, at fair value	378,359,397	385,059,228	(6,699,831)	-1.74%	372,159,960	6,199,437	0.00%
Federal Home Loan Bank stock, restricted, at cost	1,772,200	1,719,300	52,900	3.08%	1,719,300	52,900	3.08%
Mortgage loans held for sale	4,761,311	5,451,309	(689,998)	(12.66%)	6,922,920	(2,161,609)	-31.22%
Loans, net of allowance for credit losses	1,726,220,299	1,670,401,800	55,818,499	3.34%	1,554,402,885	171,817,414	11.05%
Loans, net	<u>1,730,981,610</u>	<u>1,675,853,109</u>	<u>55,128,501</u>	<u>3.29%</u>	<u>1,561,325,805</u>	<u>169,655,805</u>	<u>10.87%</u>
Premises and equipment, net	47,892,195	42,789,167	5,103,028	11.93%	39,478,456	8,413,739	21.31%
Accrued interest receivable	8,565,733	8,868,336	(302,603)	-3.41%	7,799,801	765,932	9.82%
Goodwill and intangibles, net	33,733,953	33,829,560	(95,607)	-0.28%	34,116,382	(382,429)	-1.12%
Cash surrender value of life insurance	17,065,256	14,990,125	2,075,131	13.84%	14,770,408	2,294,848	15.54%
Other real estate and foreclosed assets	3,450,592	1,991,720	1,458,872	73.25%	-	3,450,592	#DIV/0!
Other assets	23,382,673	24,367,952	(985,279)	-4.04%	25,938,737	(2,556,064)	-9.85%
Total Assets	<u>\$ 2,342,743,606</u>	<u>\$ 2,264,991,396</u>	<u>\$ 77,752,210</u>	<u>3.43%</u>	<u>\$ 2,259,446,630</u>	<u>83,296,976</u>	<u>3.69%</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits:							
Non-interest bearing	\$ 652,694,869	\$ 625,578,595	\$ 27,116,274	4.33%	\$ 608,680,993	44,013,876	7.23%
Interest bearing	1,409,925,027	1,361,582,278	48,342,749	3.55%	1,406,990,691	2,934,336	0.21%
	<u>2,062,619,895</u>	<u>1,987,160,873</u>	<u>75,459,022</u>	<u>3.80%</u>	<u>2,015,671,684</u>	<u>46,948,211</u>	<u>2.33%</u>
Securities sold under repurchase agreements	1,111,833	570,716	541,117	94.81%	1,774,933	(663,100)	-37.36%
Federal funds purchased	-	737,000	(737,000)	-100.00%	136,000	(136,000)	-100.00%
Subordinated notes	24,260,012	24,747,555	(487,543)	-1.97%	24,710,184	(450,172)	-1.82%
Subordinated debentures	7,217,000	7,217,000	-	0.00%	7,217,000	-	0.00%
Accrued interest payable	2,859,860	3,153,498	(293,638)	-9.31%	4,432,678	(1,572,818)	-35.48%
Accrued expenses and other liabilities	24,929,149	24,010,213	918,937	3.83%	16,575,823	8,353,326	50.39%
	<u>2,122,997,749</u>	<u>2,047,596,855</u>	<u>75,400,895</u>	<u>3.68%</u>	<u>2,070,518,302</u>	<u>52,479,447</u>	<u>2.53%</u>
Shareholders' Equity:							
Common stock	86,580,946	86,580,946	-	0.00%	87,593,517	(1,012,571)	-1.16%
Restricted stock	(3,615,016)	(3,878,102)	263,086	-6.78%	(4,682,570)	1,067,554	-22.80%
Dividends paid	(1,985,218)	(7,549,158)	5,563,940	-73.70%	(1,788,147)	(197,071)	11.02%
Retained earnings	171,153,763	172,281,493	(1,127,730)	-0.65%	147,952,313	23,201,450	15.68%
Accumulated other comprehensive income (loss)	(32,388,619)	(30,040,639)	(2,347,980)	7.82%	(40,146,784)	7,758,165	-19.32%
Total shareholders' equity	<u>219,745,856</u>	<u>217,394,541</u>	<u>2,351,316</u>	<u>1.08%</u>	<u>188,928,329</u>	<u>30,817,527</u>	<u>16.31%</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,342,743,606</u>	<u>\$ 2,264,991,396</u>	<u>77,752,210</u>	<u>3.43%</u>	<u>\$ 2,259,446,631</u>	<u>83,296,975</u>	<u>3.69%</u>

**VALLANT FINANCIAL, INC.
AND SUBSIDIARIES**

**Consolidating Statement of Income
for the Three Months Ended**

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>Change</u>	<u>% Change</u>	<u>March 31,</u> <u>2025</u>	<u>Change</u>	<u>% Change</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Interest and Dividend Income:							
Interest and fees on loans	\$ 26,228,614	\$ 26,175,525	\$ 53,089	0.20%	\$ 23,389,236	\$ 2,839,378	12.14%
Securities							
Taxable	2,345,596	2,356,137	(10,541)	-0.45%	2,212,306	133,290	6.02%
Nontaxable	411,905	418,437	(6,532)	-1.56%	423,763	(11,858)	-2.80%
Federal funds sold and interest-bearing deposits in banks	546,724	58,557	488,167	833.67%	1,495,058	(948,334)	-63.43%
Total interest and dividend income	<u>29,532,838</u>	<u>29,008,655</u>	<u>524,183</u>	<u>1.81%</u>	<u>27,520,363</u>	<u>2,012,475</u>	<u>7.31%</u>
Interest Expense:							
Deposits	5,721,760	5,650,777	70,983	1.26%	6,542,002	(820,242)	-12.54%
Borrowings	407,270	338,047	69,222	20.48%	346,626	60,644	17.50%
Total interest expense	<u>6,129,029</u>	<u>5,988,824</u>	<u>140,205</u>	<u>2.34%</u>	<u>6,888,628</u>	<u>(759,599)</u>	<u>-11.03%</u>
Net interest income before provision for loan losses	23,403,809	23,019,831	383,978	1.67%	20,631,735	2,772,074	13.44%
Less-provision for credit losses	600,000	450,000	150,000	33.33%	450,000	150,000	33.33%
Net interest income after provision for credit losses	<u>22,803,809</u>	<u>22,569,831</u>	<u>233,978</u>	<u>1.04%</u>	<u>20,181,735</u>	<u>2,622,074</u>	<u>12.99%</u>
Noninterest Income:							
Service charges on deposit accounts	3,826,066	3,861,239	(35,173)	-0.91%	3,345,351	480,715	14.37%
Mortgage loan origination fees	652,306	640,471	11,835	1.85%	600,578	51,728	8.61%
Other service charges and fees	539,416	520,810	--	--	526,627	12,789	2.43%
Security gains (loss), net	--	426	(426)	-100.00%	3,805	(3,805)	-100.00%
Other income	895,641	5,634,577	(4,738,936)	-84.10%	948,361	(52,720)	-5.56%
Total noninterest income	<u>5,913,429</u>	<u>10,657,523</u>	<u>(4,744,094)</u>	<u>-44.51%</u>	<u>5,424,722</u>	<u>488,707</u>	<u>9.01%</u>
Noninterest Expense:							
Salaries and employee benefits	10,786,299	11,496,531	(710,232)	-6.18%	9,852,816	933,483	9.47%
Occupancy and equipment expenses, net	2,829,541	3,239,345	(409,804)	-12.65%	2,560,271	269,270	10.52%
Other expenses	6,825,318	6,048,656	776,662	12.84%	5,132,338	1,692,980	32.99%
Total noninterest expense	<u>20,441,158</u>	<u>20,784,532</u>	<u>(343,374)</u>	<u>-1.65%</u>	<u>17,545,425</u>	<u>2,895,733</u>	<u>16.50%</u>
Income Before Income Taxes							
	8,276,080	12,442,822	(4,166,742)	-33.49%	8,061,032	215,048	2.67%
Provision for income taxes	1,854,652	2,052,083	(197,431)	9.62%	1,769,795	84,857	4.79%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	<u>\$ 6,421,428</u>	<u>\$ 10,390,739</u>	<u>(3,969,311)</u>	<u>-38.20%</u>	<u>\$ 6,291,237</u>	<u>130,191</u>	<u>2.07%</u>
Earnings per common share:							
Basic	<u>\$ 4.69</u>	<u>\$ 7.57</u>	<u>(2.88)</u>	<u>-38.05%</u>	<u>\$ 4.57</u>	<u>0.12</u>	<u>2.54%</u>
Diluted	<u>\$ 4.63</u>	<u>\$ 7.47</u>	<u>(2.84)</u>	<u>-38.03%</u>	<u>\$ 4.51</u>	<u>0.12</u>	<u>2.56%</u>

VALLANT FINANCIAL, INC. SELECTED FINANCIAL INFORMATION

	Quarter Ending		
	March 31, 2026 (Unaudited)	December 31, 2025 (Unaudited)	March 31, 2025 (Unaudited)
<u>Dollars in thousand, except per share data</u>			
Per Share Data			
Basic Earnings per Common Share	\$ 4.69	\$ 7.57	\$ 4.57
Diluted Earnings per Common Share	4.63	7.47	4.51
Dividends per Common Share	1.45	1.45	1.30
Book Value per Common Share	160.50	158.78	137.40
Tangible Book Value per Common Share	135.45	133.67	112.59
Average Diluted Shared Outstanding	1,369,116	1,372,512	1,375,487
End of Period Common Shares Outstanding	1,387,583	1,391,312	1,394,287
Annualized Performance Ratios (Bank Only)			
Return on Average Assets	1.19%	1.30%	1.18%
Return on Average Equity	12.12%	14.88%	13.52%
Equity/Assets	9.59%	9.87%	8.86%
Yield on Earning Assets	5.55%	5.55%	5.40%
Cost of Funds	1.17%	1.30%	1.33%
Net Interest Margin	4.44%	4.30%	4.11%
Efficiency Ratio	66.48%	65.40%	65.75%
Credit Metrics			
Allowance for Loan Losses to Total Loans	1.23%	1.24%	1.31%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	6.80%	5.85%	3.25%

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

Consolidating Balance Sheet

	March 31, 2026	December 31, 2025	Change	% Change	March 31, 2025	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
ASSETS							
Cash and due from banks	\$ 166,430,748	\$ 68,557,088	\$ 97,873,660	142.76%	\$ 92,342,678	\$ 74,088,070	80.23%
Federal funds sold	-	24,222,527	(24,222,527)	-100.00%	15,606,716	(15,606,716)	-100.00%
Total cash and cash equivalents	<u>166,430,748</u>	<u>92,779,615</u>	<u>73,651,133</u>	<u>79.38%</u>	<u>107,949,394</u>	<u>58,481,354</u>	<u>54.17%</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	26,284,723	23,890,954	2,393,769	10.02%	9,414,147	16,870,576	0.00%
Securities held to maturity, at cost (net of CECL Reserve)	182,346,992	186,027,966	(3,680,974)	-1.98%	208,561,077	(26,214,085)	-12.57%
Federal Home Loan Bank stock, restricted, at cost	1,123,800	1,084,300	39,500	3.64%	1,084,200	39,600	3.65%
Loans, net of unearned income	1,172,048,422	1,195,494,788	(23,446,366)	(1.96%)	1,139,719,828	32,328,594	2.84%
Less-allowance for credit losses	(15,732,233)	(15,367,077)	(365,156)	2.38%	(14,829,709)	(902,524)	6.09%
Loans, net	<u>1,156,316,189</u>	<u>1,180,127,711</u>	<u>(23,811,522)</u>	<u>-2.02%</u>	<u>1,124,890,119</u>	<u>31,426,070</u>	<u>2.79%</u>
Bank premises and equipment, net	15,637,621	14,915,617	722,004	4.84%	14,844,597	793,024	5.34%
ROU assets for operating lease, net	462,141	565,759	(103,618)	-18.31%	692,339	(230,198)	-33.25%
Goodwill	9,361,704	9,361,704	-	0.00%	9,361,704	-	0.00%
Intangible assets, net	933,828	1,009,542	(75,714)	-7.50%	1,253,288	(319,460)	-25.49%
Other real estate and foreclosed assets	297,716	1,059,930	(762,214)	-71.91%	15,503	282,213	1820.38%
Accrued interest receivable	6,956,109	7,871,717	(915,608)	-11.63%	6,369,932	586,177	9.20%
Cash surrender value of life insurance	15,668,526	15,559,812	108,714	0.70%	15,233,512	435,014	2.86%
Other assets	17,295,603	15,673,514	1,622,089	10.35%	21,726,495	(4,430,892)	-20.39%
Total Assets	<u>\$ 1,599,215,700</u>	<u>\$ 1,550,028,141</u>	<u>\$ 49,187,559</u>	<u>3.17%</u>	<u>\$ 1,521,496,307</u>	<u>77,719,393</u>	<u>5.11%</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits:							
Non-interest bearing	\$ 350,975,812	\$ 350,297,726	\$ 678,086	0.19%	\$ 330,414,834	20,560,978	6.22%
Interest bearing	1,030,461,995	970,980,044	59,481,951	6.13%	963,948,287	66,513,708	6.90%
	<u>1,381,437,807</u>	<u>1,321,277,770</u>	<u>60,160,037</u>	<u>4.55%</u>	<u>1,294,363,121</u>	<u>87,074,686</u>	<u>6.73%</u>
Other borrowed funds	4,124,000	4,124,000	-	0.00%	19,029,606	(14,905,606)	-78.33%
Lease liability for operating lease	462,141	565,759	(103,618)	-18.31%	692,339	(230,198)	-33.25%
Accrued interest payable	2,447,249	2,873,678	(426,429)	-14.84%	2,778,669	(331,420)	-11.93%
Accrued expenses and other liabilities	12,210,247	8,828,315	3,381,932	38.31%	6,726,119	5,484,128	81.53%
Total liabilities	<u>1,400,681,444</u>	<u>1,337,669,522</u>	<u>63,011,922</u>	<u>4.71%</u>	<u>1,323,589,854</u>	<u>77,091,590</u>	<u>5.82%</u>
Shareholders' Equity:							
Common stock	10,815,726	10,754,034	61,692	0.57%	10,701,756	113,970	1.06%
Paid in capital surplus	37,052,597	36,181,552	871,045	2.41%	35,307,009	1,745,588	4.94%
Retained earnings	160,550,750	141,831,290	18,719,460	13.20%	149,055,224	11,495,526	7.71%
Current year earnings	(6,752,868)	26,486,986	(33,239,854)	-125.50%	4,913,056	(11,665,924)	-237.45%
Accumulated other comprehensive income (loss)	683,550	920,256	(236,706)	-25.72%	1,289,137	(605,587)	-46.98%
Treasury Stock, at cost 95,498	(3,815,499)	(3,815,499)	-	0.00%	(3,359,729)	(455,770)	13.57%
Total shareholders' equity	<u>198,534,256</u>	<u>212,358,619</u>	<u>(13,824,363)</u>	<u>-6.51%</u>	<u>197,906,453</u>	<u>627,803</u>	<u>0.32%</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,599,215,700</u>	<u>\$ 1,550,028,141</u>	<u>49,187,559</u>	<u>3.17%</u>	<u>\$ 1,521,496,307</u>	<u>77,719,393</u>	<u>5.11%</u>

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

**Consolidating Statement of Income
for the Three Months Ended**

	March 31, 2026	December 31, 2025	Change	% Change	March 31, 2025	Change	% Change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Interest and Dividend Income:							
Interest and fees on loans	\$ 20,539,085	\$ 21,619,247	\$ (1,080,162)	-5.00%	\$ 19,338,360	\$ 1,200,725	6.21%
Interest income on securities	1,515,367	1,522,775	(7,408)	-0.49%	1,671,657	(156,290)	-9.35%
Income on federal funds sold	191,216	152,174	39,042	25.66%	534,479	(343,263)	-64.22%
Income on time deposits held in other banks	874,916	561,109	313,807	55.93%	605,454	269,462	44.51%
Other interest and dividend income	24,276	19,877	4,399	22.13%	25,413	(1,137)	-4.47%
Total interest and dividend income	<u>23,144,860</u>	<u>23,875,182</u>	<u>(730,322)</u>	<u>-3.06%</u>	<u>22,175,363</u>	<u>969,497</u>	<u>4.37%</u>
Interest Expense:							
Deposits	5,909,904	6,097,045	(187,141)	-3.07%	6,413,065	(503,161)	-7.85%
Interest on other borrowed funds	120,385	61,281	59,104	96.45%	286,480	(166,095)	-57.98%
Interest on federal funds purchased	--	827	(827)	-100.00%	--	--	0.00%
Total interest expense	<u>6,030,289</u>	<u>6,159,153</u>	<u>(128,864)</u>	<u>-2.09%</u>	<u>6,699,545</u>	<u>(669,256)</u>	<u>-9.99%</u>
Net interest income before provision for loan losses	17,114,571	17,716,029	(601,458)	-3.39%	15,475,818	1,638,753	10.59%
Less-provision for credit losses	(14,468)	644,331	(658,799)	-102.25%	577,123	(591,591)	-102.51%
Net interest income after provision for credit losses	<u>17,129,039</u>	<u>17,071,698</u>	<u>57,341</u>	<u>0.34%</u>	<u>14,898,695</u>	<u>2,230,344</u>	<u>14.97%</u>
Noninterest Income:							
Service charges on deposit accounts	570,956	609,695	(38,739)	-6.35%	540,600	30,356	5.62%
Other service charges, commissions and fees	616,305	423,887	192,418	45.39%	380,482	235,823	61.98%
Gain on sales of foreclosed assets	8,594	12,950	(4,356)	--	--	8,594	0%
Gain on sale of securities available for sale	--	--	--	--	--	--	--
Increase in CSV of life insurance	108,714	109,511	(797)	-0.73%	104,750	3,964	3.78%
Other income	112,742	324,082	(211,340)	-65.21%	20,407	92,335	452.47%
Total noninterest income	<u>1,417,311</u>	<u>1,480,125</u>	<u>(62,814)</u>	<u>-4.24%</u>	<u>1,046,239</u>	<u>371,072</u>	<u>35.47%</u>
Noninterest Expense:							
Salaries and employee benefits	10,573,589	5,503,626	5,069,963	92.12%	5,122,152	5,451,437	106.43%
Occupancy and equipment expenses, net	604,721	633,039	(28,318)	-4.47%	527,532	77,189	14.63%
Loss on sales of foreclosed assets	--	926	(926)	-100.00%	--	--	--
Other expenses	13,562,304	3,874,120	9,688,184	250.07%	3,905,857	9,656,447	247.23%
Total noninterest expense	<u>24,740,614</u>	<u>10,011,711</u>	<u>14,728,903</u>	<u>147.12%</u>	<u>9,555,541</u>	<u>15,185,073</u>	<u>158.91%</u>
Income Before Income Taxes	(6,194,264)	8,540,112	(14,734,376)	-172.53%	6,389,393	(12,583,657)	-196.95%
Provision for income taxes	558,604	2,169,377	(1,610,773)	74.25%	1,476,337	(917,733)	-62.16%
Net Income	<u>\$ (6,752,868)</u>	<u>\$ 6,370,735</u>	<u>(13,123,603)</u>	<u>-206.00%</u>	<u>\$ 4,913,056</u>	<u>(11,665,924)</u>	<u>-237.45%</u>
Earnings per common share:							
Basic	<u>\$ (0.63)</u>	<u>\$ 0.60</u>	<u>(1.23)</u>	<u>-205.00%</u>	<u>\$ 0.46</u>	<u>(1.09)</u>	<u>-236.96%</u>
Diluted	<u>\$ (0.63)</u>	<u>\$ 0.60</u>	<u>(1.23)</u>	<u>-205.00%</u>	<u>\$ 0.46</u>	<u>(1.09)</u>	<u>-236.96%</u>

MORRIS STATE BANCSHARES SELECTED FINANCIAL INFORMATION

Dollars in thousand, except per share data	Quarter Ending		
	March 31, 2026 (Unaudited)	December 31, 2025 (Unaudited)	March 31, 2025 (Unaudited)
Per Share Data			
Basic Earnings per Common Share	\$ (0.63)	\$ 0.60	\$ 0.46
Diluted Earnings per Common Share	(0.63)	0.60	0.46
Dividends per Common Share	0.83	0.12	0.27
Book Value per Common Share	18.56	19.96	18.66
Tangible Book Value per Common Share	17.59	18.99	17.66
Average Diluted Shared Outstanding	10,643,209	10,649,977	10,593,370
End of Period Common Shares Outstanding	10,699,299	10,637,606	10,606,258
Annualized Performance Ratios (Bank Only)			
Return on Average Assets	-0.450%	1.86%	1.41%
Return on Average Equity	-3.500%	14.05%	11.12%
Equity/Assets	12.48%	13.20%	12.75%
Yield on Earning Assets	6.08%	6.37%	6.07%
Cost of Funds	1.75%	1.84%	1.97%
Net Interest Margin	4.51%	4.73%	4.29%
Efficiency Ratio	105.71%	48.42%	57.90%
Credit Metrics			
Allowance for Loan Losses to Total Loans	1.34%	1.29%	1.30%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	10.88%	10.53%	4.66%