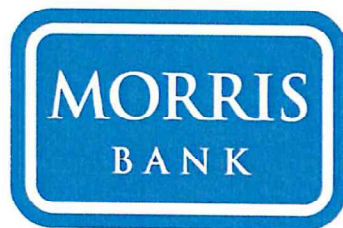


# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Balance Sheet September 30, 2024



	September 30, 2024 <i>(Unaudited)</i>	June 30, 2024 <i>(Unaudited)</i>	Change	% Change	September 30, 2023 <i>(Unaudited)</i>	Change	% Change
<b>ASSETS</b>							
Cash and due from banks	\$ 48,180,615	\$ 43,688,884	\$ 4,491,731	10.28%	\$ 36,373,555	\$ 11,807,060	32.46%
Federal funds sold	11,932,122	14,624,710	(2,692,588)	-18.41%	8,695,149	3,236,973	37.23%
Total cash and cash equivalents	<u>60,112,737</u>	<u>58,313,594</u>	<u>1,799,143</u>	<u>3.09%</u>	<u>45,068,704</u>	<u>15,044,033</u>	<u>33.38%</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	6,299,609	7,669,642	(1,370,033)	-17.86%	3,879,531	2,420,078	0.00%
Securities held to maturity, at cost (net of CECL Reserve)	224,532,603	227,532,821	(3,000,218)	-1.32%	244,837,916	(20,305,313)	-8.29%
Federal Home Loan Bank stock, restricted, at cost	1,740,300	1,027,800	712,500	69.32%	1,727,100	13,200	0.76%
Loans, net of unearned income	1,088,132,851	1,081,790,223	6,342,628	0.59%	1,049,730,890	38,401,961	3.66%
Less-allowance for credit losses	(14,179,392)	(14,109,191)	(70,201)	0.50%	(13,860,420)	(318,972)	2.30%
Loans, net	<u>1,073,953,459</u>	<u>1,067,681,032</u>	<u>6,272,427</u>	<u>0.59%</u>	<u>1,035,870,470</u>	<u>38,082,989</u>	<u>3.68%</u>
Bank premises and equipment, net	12,912,111	13,051,972	(139,861)	-1.07%	13,325,846	(413,735)	-3.10%
ROU assets for operating lease, net	854,808	945,268	(90,460)	-9.57%	1,216,601	(361,793)	-29.74%
Goodwill	9,361,704	9,361,704	--	0.00%	9,361,704	--	0.00%
Intangible assets, net	1,422,326	1,508,214	(85,888)	-5.69%	1,765,877	(343,551)	-19.45%
Other real estate and foreclosed assets	39,755	43,408	(3,653)	-8.42%	3,567,309	(3,527,554)	-98.89%
Accrued interest receivable	6,640,617	6,421,999	218,618	3.40%	5,585,081	1,055,536	18.90%
Cash surrender value of life insurance	15,022,374	14,915,967	106,407	0.71%	14,613,337	409,037	2.80%
Other assets	22,311,520	21,721,225	590,295	2.72%	25,711,989	(3,400,469)	-13.23%
<b>Total Assets</b>	<u>\$ 1,435,303,923</u>	<u>\$ 1,430,294,646</u>	<u>\$ 5,009,277</u>	<u>0.35%</u>	<u>\$ 1,406,631,465</u>	<u>28,672,458</u>	<u>2.04%</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits:							
Non-interest bearing	\$ 320,503,732	\$ 298,997,994	\$ 21,505,738	7.19%	\$ 316,825,603	3,678,129	1.16%
Interest bearing	876,274,737	914,360,430	(38,085,693)	-4.17%	862,167,812	14,106,925	1.64%
	<u>1,196,778,469</u>	<u>1,213,358,424</u>	<u>(16,579,955)</u>	<u>-1.37%</u>	<u>1,178,993,415</u>	<u>17,785,054</u>	<u>1.51%</u>
Other borrowed funds	34,009,138	18,998,904	15,010,234	79.01%	42,132,633	(8,123,495)	-19.28%
Lease liability for operating lease	854,808	945,268	(90,460)	-9.57%	1,216,601	(361,793)	-29.74%
Accrued interest payable	2,114,956	1,730,280	384,676	22.23%	979,913	1,135,043	115.83%
Accrued expenses and other liabilities	10,938,057	9,038,821	1,899,236	21.01%	10,056,934	881,123	8.76%
<b>Total liabilities</b>	<u>1,244,695,428</u>	<u>1,244,071,697</u>	<u>623,731</u>	<u>0.05%</u>	<u>1,233,379,496</u>	<u>11,315,932</u>	<u>0.92%</u>
Shareholders' Equity:							
Common stock	10,688,223	10,688,223	--	0.00%	2,179,210	8,509,013	390.46%
Paid in capital surplus	34,867,691	34,729,351	138,340	0.40%	41,548,417	(6,680,726)	-16.08%
Retained earnings	131,085,914	132,061,494	(975,580)	-0.74%	116,705,941	14,379,973	12.32%
Current year earnings	15,660,043	10,213,197	5,446,846	53.33%	13,404,804	2,255,239	16.82%
Accumulated other comprehensive income (loss)	1,582,952	1,648,392	(65,440)	-3.97%	2,148,509	(565,557)	-26.32%
Treasury Stock, at cost 91,878	(3,276,328)	(3,117,708)	(158,620)	5.09%	(2,734,912)	(541,416)	19.80%
<b>Total shareholders' equity</b>	<u>190,608,495</u>	<u>186,222,949</u>	<u>4,385,546</u>	<u>2.35%</u>	<u>173,251,969</u>	<u>17,356,526</u>	<u>10.02%</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 1,435,303,923</u>	<u>\$ 1,430,294,646</u>	<u>5,009,277</u>	<u>0.35%</u>	<u>\$ 1,406,631,465</u>	<u>28,672,458</u>	<u>2.04%</u>

# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Consolidating Statement of Income for the Three Months Ended



	September 30, 2024 <i>(Unaudited)</i>	June 30, 2024 <i>(Unaudited)</i>	Change	% Change	September 30, 2023 <i>(Unaudited)</i>	Change	% Change
<b>Interest and Dividend Income:</b>							
Interest and fees on loans	\$ 18,630,690	\$ 17,879,134	\$ 751,556	4.20%	\$ 15,803,711	\$ 2,826,979	17.89%
Interest income on securities	1,825,236	1,837,396	(12,160)	-0.66%	2,051,695	(226,459)	-11.04%
Income on federal funds sold	163,624	156,184	7,440	4.76%	216,377	(52,753)	-24.38%
Income on time deposits held in other banks	338,433	590,205	(251,772)	-42.66%	302,545	35,888	11.86%
Other interest and dividend income	21,031	64,639	(43,608)	-67.46%	43,630	(22,599)	-51.80%
Total interest and dividend income	<u>20,979,014</u>	<u>20,527,558</u>	<u>451,456</u>	<u>2.20%</u>	<u>18,417,958</u>	<u>2,561,056</u>	<u>13.91%</u>
<b>Interest Expense:</b>							
Deposits	6,671,982	6,568,679	103,303	1.57%	5,109,712	1,562,270	30.57%
Interest on other borrowed funds	309,265	389,629	(80,364)	-20.63%	455,105	(145,840)	-32.05%
Interest on federal funds purchased	--	--	--	--	--	--	0.00%
Total interest expense	<u>6,981,247</u>	<u>6,958,308</u>	<u>22,939</u>	<u>0.33%</u>	<u>5,564,817</u>	<u>1,416,430</u>	<u>25.45%</u>
Net interest income before provision for loan losses	13,997,767	13,569,250	428,517	3.16%	12,853,141	1,144,626	8.91%
Less-provision for credit losses	252,021	272,419	(20,398)	-7.49%	(33,351)	285,372	-855.66%
Net interest income after provision for credit losses	<u>13,745,746</u>	<u>13,296,831</u>	<u>448,915</u>	<u>3.38%</u>	<u>12,886,492</u>	<u>859,254</u>	<u>6.67%</u>
<b>Noninterest Income:</b>							
Service charges on deposit accounts	576,751	535,847	40,904	7.63%	532,598	44,153	8.29%
Other service charges, commissions and fees	399,839	397,787	2,052	0.52%	399,587	252	0.06%
Gain on sales of foreclosed assets	--	--	--	0.00%	--	--	0.00%
Gain on sales of premises and equipment	--	141	(141)	-100.00%	--	--	0.00%
Increase in CSV of life insurance	106,407	102,828	3,579	3.48%	97,005	9,402	9.69%
Other income	23,002	355,155	(332,153)	-93.52%	7,681	15,321	199.47%
Total noninterest income	<u>1,105,999</u>	<u>1,391,758</u>	<u>(285,759)</u>	<u>-20.53%</u>	<u>1,036,871</u>	<u>69,128</u>	<u>6.67%</u>
<b>Noninterest Expense:</b>							
Salaries and employee benefits	4,794,940	4,650,704	144,236	3.10%	4,374,087	420,853	9.62%
Occupancy and equipment expenses, net	592,165	536,330	55,835	10.41%	599,714	(7,549)	-1.26%
Loss on sales and calls of securities	--	265	(265)	0.00%	--	--	0.00%
Loss on Sales of premises and equipment	--	--	--	0.00%	54,269	(54,269.0)	0.00%
Loss on sales of foreclosed assets	2,065	--	2,065	0.00%	320,110	(318,045)	0.00%
Other expenses	3,752,517	3,860,188	(107,671)	-2.79%	3,837,844	(85,327)	-2.22%
Total noninterest expense	<u>9,141,687</u>	<u>9,047,487</u>	<u>94,200</u>	<u>1.04%</u>	<u>9,186,024</u>	<u>(44,337)</u>	<u>-0.48%</u>
<b>Income Before Income Taxes</b>	<u>5,710,058</u>	<u>5,641,102</u>	<u>68,956</u>	<u>1.22%</u>	<u>4,737,339</u>	<u>972,719</u>	<u>20.53%</u>
Provision for income taxes	263,212	318,723	(55,511)	17.42%	244,258	18,954	7.76%
<b>Net Income</b>	<u>\$ 5,446,846</u>	<u>\$ 5,322,379</u>	<u>124,467</u>	<u>2.34%</u>	<u>\$ 4,493,081</u>	<u>953,765</u>	<u>21.23%</u>
<b>Earnings per common share:</b>							
Basic	\$ 0.51	\$ 0.50	0.01	2.43%	\$ 0.42	0.09	21.00%
Diluted	\$ 0.51	\$ 0.50	0.01	2.00%	\$ 0.42	0.09	21.43%

Per share amounts for September 30, 2024 and previous quarters have been adjusted to reflect the April 22, 2024 5-for-1 stock dividend.



# MORRIS STATE BANCSHARES, INC. AND SUBSIDIARIES

## Selected Financial Information



Dollars in thousand	September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
<b>Per Share Data</b>			
Basic Earnings per Common Share	\$ 0.51	\$ 0.50	\$ 0.42
Diluted Earnings per Common Share	0.51	0.50	0.42
Dividends per Common Share	0.092	0.092	0.088
Book Value per Common Share	17.99	17.56	16.37
Tangible Book Value per Common Share	16.97	16.53	15.32
Average Diluted Shared Outstanding	10,602,348	10,611,811	10,582,485
End of Period Common Shares Outstanding	10,596,345	10,605,080	10,582,494
<b>Annualized Performance Ratios (Bank Only)</b>			
Return on Average Assets	1.65%	1.73%	1.45%
Return on Average Equity	12.37%	13.12%	11.37%
Equity/Assets	13.23%	13.18%	12.79%
Yield on Earning Assets	6.05%	5.96%	5.48%
Cost of Funds	2.18%	2.16%	1.69%
Net Interest Margin	4.10%	4.02%	3.94%
Efficiency Ratio	58.90%	58.36%	62.24%
<b>Credit Metrics</b>			
Allowance for Loan Losses to Total Loans	1.30%	1.30%	1.32%
Adversely Classified Assets to Tier 1 Capital plus Allowance for Loan Losses	6.15%	6.04%	7.00%

*Per share amounts for September 30, 2023 and previous quarters have been adjusted to reflect the April 22, 2024 5-for-1 stock dividend.*