July 31, 2026

To Our Shareholders:

The banking industry continues to operate in a dynamic interest rate environment, presenting both challenges and opportunities. Security Financial Bank continued its strong performance through the first half of 2026, building on the momentum established throughout 2025, because of our disciplined balance sheet management and relationship-focused banking model. As our earning assets continue to be repriced at higher market rates while our interest expense remains well managed, we continue to experience expansion in our net interest margin. This favorable trend reflects the strength of our core deposit franchise, prudent asset-liability management, and our continued focus on delivering sustainable long-term value for our shareholders while meeting the financial needs of the communities we serve.

As we continue to make a meaningful impact on the communities we serve, we would like to thank our shareholders for their ongoing support and participation. We are pleased to report that we have received signed shareholder amendments representing approximately 80% of the shares held. While this is an outstanding milestone, our goal is to achieve 100% participation to ensure every shareholder is represented in this important process. If you have not yet returned your signed amendment, we encourage you to do so at your earliest convenience.

We also are excited to share that construction of our new corporate office and bank branch is well underway. This project represents a significant investment in the future of our bank and the communities we serve. We invite you to follow our progress and see updates throughout the construction process by connecting with us on our social media channels. We look forward to sharing this exciting journey with you and celebrating the opening of our new facility together in Spring 2027.

<u>Balance Sheet Summary – Second Quarter</u>

Loan balances increased during the first half of 2026 by $22.7 million to a total of $758.0 million and were $56.6 million or 8.1% higher from the second quarter of 2025. Strong loan demand continues across our markets, and higher loan yields continue to contribute positively to interest income.

Credit quality continues to perform well with limited net charge-offs, and the Allowance for Credit Losses (ACL) was adequately funded at $10.9 million or 1.44% of gross loans. Non-accrual loans of $10.9 million represented 1.44% of the loan portfolio and increased $2.5 million from the second quarter of 2025 due to a couple of loan relationships being downgraded. Loans past due 30 days or more were 1.89% of gross loans, which were up 0.63% from a year ago but still at low levels.

Deposits were $10.1 million lower from year-end with a balance of $825.9 million and were $20.3 million higher than a year ago. The decrease in 2026 is a result of some higher balance deposit accounts having taken money out of the bank. Looking at the year-over-year increase, a significant portion of the increase, $14 million, was a result of obtaining brokered deposits. Competition for deposits remains elevated as customers continue to look for higher rate products both in and out of the banking system.

Income Statement Summary – Second Quarter

Net income for the first six months of 2026 was $8.3 million compared to $6.1 million for the same period last year. The increase is the result of growing interest income while maintaining interest expense. Since 2024, the net interest margin has been expanding due to assets being repriced higher while interest expense was maintained at similar levels.

Interest income of $28.2 million year-to-date was up $3.1 million from the second quarter of 2025. Our loan growth, higher rate environment, and repricing of the investment portfolio have resulted in increased interest income. Interest expense of $9.8 million was $45,000 higher than last year primarily due to growing deposit balances. Although there were rate cuts in late 2025, the competition for deposits has limited the cost savings.

Non-interest income of $1.3 million was $95,000 less than the same period of 2025 due to decreased insurance commission income, secondary market mortgage sales, and service fees. Non-interest income growth continues to struggle within the industry due to weak demand in the residential mortgage industry.

Non-interest expense of $10.8 million was up $943,000 from the second quarter of 2025. Non-interest expenses continue to rise as we make investments in people and technology to assist in the future growth of the bank. To help mitigate further increases, we continue to review processes and our third-party relationships looking for cost savings and efficiency improvements.

Loan loss provisions were $600,000 for the six months as we continue reserving for potential losses given our strong loan growth over the past couple of years. Management believes the allowances for credit losses (ACL) is adequately funded given all current assumptions.

Earnings per share (EPS) for the first half of 2026 was $636.71, which is up from $465.42 in the first half of 2025. The increase in EPS is primarily a result of the increasing net interest income.

As we enter the second half of 2026, we remain optimistic about the opportunities ahead. Our balance sheet remains strong, capital levels are solid, and our experienced employees continue to deliver exceptional service to our customers and communities. We remain committed to disciplined growth, prudent risk management, and creating long-term value for our shareholders.

Thank you for your continued loyalty and support. If you are interested in receiving a copy of our 2025 Financial Audit, please contact Krystal Hudson at khudson@sfbank.com or 715-930-7034.

We invite you to visit any of our banking locations for your banking needs or visit us at www.sfbank.com to learn more about how we can serve you.

Best Regards,

Mark C. Oldenberg

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President and Chief Executive Officer