



October 29, 2025

To Our Shareholders:

Third quarter results reflect strong performance for Security Financial Bank (SFB) as we benefited from an expanding net interest margin driven by disciplined balance sheet management and strategic loan growth. Our focus on relationship-based lending and careful deposit pricing allowed us to capture improved spreads while maintaining a stable funding base. As a result, earnings increased compared to the prior quarter, and overall profitability continues to trend positively. We remain focused on sound credit underwriting and prudent cost management as we position the bank for continued success.

The Federal Reserve implemented its first rate cut in 2025 this past September, signaling a shift toward a more accommodative monetary policy. While this move has provided some relief to borrowers and improved loan demand in certain sectors, the industry has also begun to experience a modest decline in overall credit quality. Rising delinquencies, from historically low levels, in consumer and commercial portfolios have been noted nationally, emphasizing the importance of ongoing risk monitoring and strong credit administration, SFB remains well-capitalized and well-positioned to navigate evolving market conditions while continuing to deliver value to our shareholders.

Balance Sheet Summary – Third Quarter

Loan balances for the first nine months of 2025 grew by \$41.9 million to a total of \$711.2 million and were \$50.4 million or 7.63% higher year-over-year. We continue to see strong loan demand in all our markets, which combined with higher rates on loan renewals has been growing our net interest income in 2025.

Deposits were up \$27.1 million from year-end 2024 at a balance of \$806.9 million and were \$44.2 million higher than a year ago. Competition for deposits remains elevated as customers continue to look for higher rate products both in and out of the banking system.

Credit quality continues to be strong, and the Allowance for Credit Losses (ACL) was adequately funded at \$10.2 million or 1.44% of gross loans. Non-accrual loans increased to \$11 million, which represents 1.54% of the loan portfolio. While this ratio has increased, it is still at a lower level and management continues to work on these relationships to limit potential losses. Loans past due 30 days or more were 0.68% of the loan portfolio, slightly higher than the prior year ratio of 0.34%.

Security Financial Services Corporation (SFSC) debt was paid off during the third quarter of 2025. A total of \$2.9 million was paid off during 2025.

Income Statement Summary – Third Quarter

Net income for the first nine months of 2025 was \$9.7 million compared to \$5.2 million for the same period last year. The increase in net income was a result of growing interest income through new loan originations, renewal of lower rate loans and repositioning of the investment portfolio over the past couple of years.

Interest income of \$38.6 million year-to-date was up \$5.7 million from 2024. While interest income has grown, interest expense has remained unchanged. Interest expense for the nine months ending 2025 totaled \$14.8 million which was the same amount for the period ending nine months 2024. Although short-term rates were reduced 100 bps in late 2024 and now 25 bps in 2025, we have not experienced decreased interest expense due to the competition for deposits continuing throughout the industry.

Non-interest income of \$2.1 million was \$113,000 below the same period in 2024 due to lower gains on third-party bank stock we own and continued decline in mortgage related income.

Non-interest expense of \$15.1 million was \$1.2 more than year-to-date 2024 as we have hired additional employees to support our growth along with some investments in technology as we continue to grow the bank. These investments in people and technology will enable future growth as we continue to look to enhance our operational efficiencies.

Loan loss provisions were \$675,000 for the nine months as we added to reserves to match our loan growth. Reserves to gross loans ended the nine months at 1.44%. Management believes we were adequately reserved given all current assumptions.

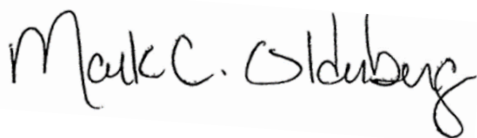
Year-to-date earnings per share (EPS) for 2025 were \$745.72, up from \$403.23 for the first nine months of 2024. The increased EPS is a result of our enhanced net interest income.

With the talent and experience of our employees, I am confident that we will continue to produce positive results for our shareholders, customers and communities.

Thank you for your continued loyalty and support. If you have questions or need help, 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,

A handwritten signature in black ink that reads "Mark C. Oldenberg". The signature is written in a cursive, flowing style.

Mark C. Oldenberg
President and Chief Executive Officer