SECURITY FINANCIAL SERVICES CORPORATION

October 30, 2026

To Our Shareholders:

I am pleased to report that Security Financial Service Corp. (SFSC) continues to deliver strong financial results through the first nine months of 2026. Net income increased to $13.3 million compared to $9.7 million for the same period last year, reflecting continued improvement in our net interest income. Loan balances have grown $35.2 million since year-end and are up more than 8% from a year ago as we continue to see opportunities to expand relationships across our markets. The combination of loan growth, higher yields on renewing loans, and strategic changes to our investment portfolio has allowed us to improve profitability while maintaining a strong capital position.

While we are encouraged by these results, the banking environment continues to present challenges. Competition for deposits remains strong, and recent increases in short-term interest rates have begun to put additional pressure on our funding costs. We also remain attentive to credit quality as higher borrowing costs affect some customers. Our focus continues to be on disciplined loan and deposit pricing, managing operating expenses, and maintaining sound credit underwriting standards. I believe our experienced team and strong customer relationships position us well to manage these challenges while continuing to grow the bank and deliver positive results for our shareholders.

As we manage today's challenges, we also are investing in SFB's future and the communities we serve. Construction is underway on our new corporate office and full-service branch in Eau Claire, with the branch tentatively scheduled to open in early May. We look forward to hosting our Annual Shareholders Meeting at our new corporate office on May 27, 2027 to give you a first look at the new headquarters. More details to come.

Balance Sheet Summary – Third Quarter

Loan balances for the first nine months of 2026 grew by $35.2 million to a total of $770.4 million and were $59.2 million or 8.32% 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 for the past several years.

Deposits were down $22.1 million from year-end 2025 at a balance of $813.9 million and were $7.0 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 $11.0 million or 1.43% of gross loans. Non-accrual loans decreased during the quarter to $9.5 million, which represents 1.24% of the loan portfolio. While this ratio has increased over prior years, 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 0.51% of the loan portfolio, slightly lower than the prior year ratio of 0.68%.

Income Statement Summary – Third Quarter

Net income for the first nine months of 2026 was $13.3 million compared to $9.7 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 $43.3 million year-to-date was up $4.6 million from 2025. While interest income continues to experience growth, interest expense has just started to experience growth as well. Interest expense for the nine months ending 2026 totaled $15.2 million, which was $347,000 higher than the amount for the period ending nine months 2025. Although short-term rates were reduced 175 basis points in late 2024 and 2025, we experienced our first rate hike in 2026 since 2023. Due to this increase in short-term rates, in addition to the continued increased market demand for deposits, our cost of funds has increased slightly in 2026.

Non-interest income of $2.2 million was $50,000 higher than the same period in 2025. Although there is a slight increase, the industry is experiencing lower non-interest income due to charging less fees and the continued decline in mortgage-related income.

Non-interest expense of $16.1 million was $1.0 million more than a year ago as we have hired additional employees and invested in technology, which will enable future growth as we continue to look to enhance our operational efficiencies.

Loan loss provisions were $900,000 for the nine months as we added to reserves to match our loan growth. Reserves to gross loans ended the nine months at 1.43%. Management believes we were adequately reserved given all current assumptions.

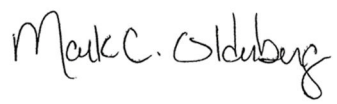
Earnings per share (EPS) for the first nine months of 2026 were $1,015.66, which is up from $745.72 for the first nine months of 2025. The increased EPS is a result of our enhanced net interest income being greater than the increase in our operating costs.

To help us reduce postage costs and deliver shareholder letters more quickly please provide us with your email address. You can help us with this effort by emailing your first name, last name, and email address to khudson@sfbank.com with "Shareholder Email Address" in the subject line.

Thank you for your continued loyalty and support. If you are interested in receiving the 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
President and Chief Executive Officer