



January 30, 2026

To Our Shareholders:

The fourth quarter marked a strong finish to an exceptional year for Security Financial Bank (SFB). We continued to build momentum across our core franchise, delivering an expanding net interest margin alongside robust loan and deposit growth. These results reflect the strength of our balance sheet, disciplined pricing, and the trust our customers place in us. We were proud to receive an “Outstanding” rating in our recent Community Reinvestment Act (CRA) examination, affirming our long-standing commitment to serving the needs of our communities and supporting sustainable local economic growth.

As a result of this performance, the bank achieved record net income for 2025, a milestone that underscores the effectiveness of our strategy and the dedication of our employees. Strong operating fundamentals, prudent risk management, and continued investment in our markets allowed us to deliver meaningful value for our shareholders while remaining well-positioned for the future. As we look ahead, we remain focused on responsible growth, community engagement, and long-term profitability.

Please note your K-1 tax information will be mailed prior to March 15, 2026. We mailed fourth quarter tax distributions the first week of January and anticipate that the next tax distribution will occur in April 2026.

Balance Sheet Summary

Loan balances grew \$24 million during the quarter and \$65.9 million during the year to a total of \$735.25 million, a 9.85% increase from December 2024. We continue to experience strong loan and deposit growth in all of our markets, which, when combined with higher interest rates on loans and investments, resulted in higher net interest income.

The securities portfolio decreased to \$212.4 million, a \$9.2 million decrease for the year, even though our unrealized losses (AOCI) declined to \$7.2 million compared to \$15.6 million as of December 2024. The decrease in balance was a result of our need for loan funding during the year.

Credit quality remained strong as we had net recoveries in 2025 of \$18,000. The balance of our Allowance for Credit Losses (ACL) was \$10.5 million, representing 1.43% of gross loans. Non-

accrual loans of \$11.2 million represented 1.52% of the loan portfolio and increased \$9.9 million from December 2024, due to a couple of large relationships that are being worked out. Loans past due 30 days or more were 0.85% of gross loans, which increased 0.20% from a year ago, and are still at low levels.

Deposits increased \$29.1 million from last quarter and were \$56.2 million higher for the year at a total of \$836 million. Competition for deposits remains elevated; however, deposit yields continued their slight decline in 2025, and we experienced cost savings as a result.

During 2025, Security Financial Services Corporation (SFSC) paid off debt, which totaled \$2.9 million. This was the remaining balance of the loan used to help purchase Jackson County Bank.

Income Statement Summary

Net income for the fourth quarter was \$4.0 million resulting in year-to-date net income of \$13.7 million, which was \$6.1 million more than 2024. The growth in net income for 2025 was a result of the bank expanding net interest margin due to the Federal Open Market Committee's (FOMC) decreasing short-term interest rates 1.75% over the past 15 months.

Interest income totaled \$52.7 million for 2025 and was \$7.6 million higher than 2024. Our loan growth, the higher interest rate environment, and some restructuring of the investment portfolio have resulted in additional interest income. Although deposits and borrowings increased in 2025, interest expense of \$19.8 million decreased \$200,000 compared to 2024 as a result of the FOMC decreasing short-term interest rates.

Non-interest income of \$2.8 million for the current year was \$196,000 lower than 2024. Non-interest income for the past several years has declined due to the declining mortgage-related revenue.

Non-interest expense of \$20.7 million for 2025 was \$1.4 million higher compared to 2024, as we experienced rising costs of operations and personnel and made investments in technology in order to gain efficiencies to grow the bank.

Loan loss provisions were \$900,000 for 2025 as we added to reserves because of our loan growth. Management believes the ACL is adequately funded given all current assumptions.

Due to the increased earnings, earnings per share (EPS) for the year was \$1,049.12, which is an increase from \$582.67 for 2024. An updated valuation as of December 31, 2025 will be completed during the first quarter of 2026 and we will share the results in our next shareholder letter.

Our commitment to providing value to our customers, shareholders, and communities remains steadfast. Thank you for your continued loyalty and support.

Please plan on joining us on May 28, 2026 for our annual shareholder meeting, If you are interested in receiving the 2025 Financial Audit when completed, 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 style with a large, prominent 'M' and 'O'.

Mark C. Oldenberg
President and Chief Executive Officer