

ELEVATING

THE CHAMPIONS OF FREE ENTERPRISE



WE EMPOWER CLIENTS TO BUILD BETTER BUSINESSES.



LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

“You are what your record says you are.” – NFL Hall of Fame coach Bill Parcells

Texas Security Bankshares, Inc. (the “Company”) evaluates performance by results. With the historic rise in interest rates and resulting margin compression the industry experienced in 2023 and 2024, the Company fell short of its standards. In response, we took decisive actions to drive improvement in margins, which have positively impacted 2025, resulting in earnings per share up 46% to \$3.79 and the Company’s stock value rising 10% to \$39 per share. The Company and Texas Security Bank, its wholly owned subsidiary (the “Bank”), remain focused on sustained progress, knowing our record defines who we are.

We began 2025 energized by the favorable regulatory environment along with stable economic conditions supporting our focus on improving loan yields, reducing funding costs, and growing loans and deposits. Our loan yield increased slightly to 6.44%, while our cost of funds decreased 52 bps to 2.55%. The Federal Reserve’s reduction of 0.69% in short-term interest rates also helped ease funding costs. Total net loans increased 9% to \$930.9 million, while core deposits increased 21% to \$1,190.5 million. Combined with the increased earning assets and core deposits, our net interest margin (“NIM”) for the year improved to 3.12% from 2.69%. As a directional indicator, the Bank’s NIM for the month of December was 3.35%. These improvements combined to produce net income of \$12.3 million for 2025, a 44% increase over 2024.

2026 has started strong, leading to the best first quarter performance in the Company’s history. This is, in large part, due to the momentum from 2025 and the continued efforts to increase assets and core deposits without sacrificing credit quality while maintaining disciplined funding costs. Additionally, the Bank hired six experienced middle market bankers last year, including our first officer in the Houston market. These bankers are already materially contributing to the financial performance of the Bank, and we look forward to a full year of their performance in 2026.

Finally, given the improved regulatory environment, merger and acquisition activity picked up dramatically in 2025 and continues today. We are focused on strategic acquisition opportunities while also cultivating relationships that could provide a public currency for acquisitions along with greater liquidity for shareholders. We remain focused on *Elevating the Champions of Free Enterprise*.

Craig T. Scheef

Founder, Chairman, Chief Executive Officer

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WE EMPOWER CLIENTS TO BUILD BETTER BUSINESSES.

Client Growth and Retention

Our commitment to acting as a strategic partner and educator enables sustainable growth through a dual focus on client acquisition and relationship deepening. High retention rates reduce costs while increasing penetration. This strategy enhances our deposit base and profitability, resulting in a more resilient and trusted organization positioned for long-term success.

Business Education

Business education offers critical advantages to business owners by transforming raw passion into actionable, strategic, and scalable business acumen. By participating in targeted training, owners gain essential financial literacy, market insights, and managerial skills that facilitate better decision-making and risk management in highly competitive markets. These programs also foster innovation and adaptability, allowing businesses to pivot quickly and stay competitive in the marketplace. Furthermore, such initiatives provide invaluable opportunities for networking, mentoring, and accessing resources that directly contribute to increased revenue and long-term sustainability and growth.

Awards and Recognition

Our proven commitment to clients and culture is validated by top honors: The Dallas Morning News Gold Award and Best Workplace Institute Certification. These awards, reflecting high client and employee satisfaction, highlight our exceptional year of growth and strengthen our leadership in commercial banking by highlighting our dedication to world class service and our people.

Satisfaction and Loyalty

Exemplary customer service is a core value that directly drives our long-term financial success and competitive advantage. Our strategy focuses on building high-quality, relationship-based experiences, which strengthens loyalty and yields tangible business results: increased retention, reduced acquisition costs, and a predictable revenue base. Furthermore, these loyal customers become valuable brand advocates, fueling organic growth through referrals.

Digital Solutions and My Toolkit

Our strategic investment in digital solutions and tailored, specialized products has significantly strengthened our competitive edge, driving both efficiency and deeper customer engagement. The addition of specialized products—such as Business Insights, ZSuite and My Toolkit—has allowed us to meet rising customer demands for seamless, efficient digital solutions.

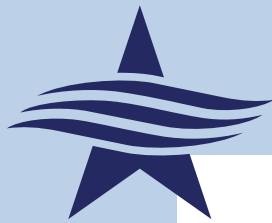


TEXAS SECURITY BANK EXECUTIVE TEAM

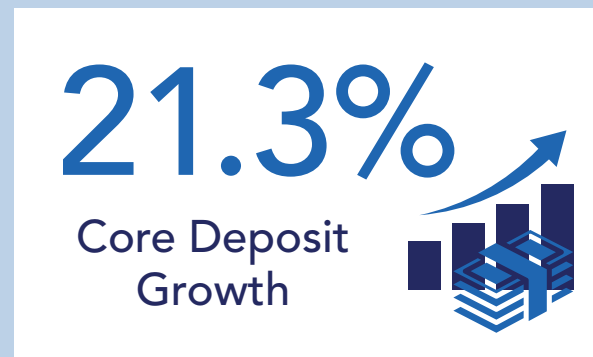
Ben Parkey, Executive Vice President, Chief Banking Officer
Shon Cass, Executive Vice President, Chief Experience Officer
Craig Scheef, Chief Executive Officer, Chairman of the Board of Directors
Traci Spratt, Senior Vice President, Chief Financial Officer
Drew Keith, President, Board of Directors
Chris Jones, Executive Vice President, Board of Directors (*not pictured*)

BOARD OF DIRECTORS

Chris Jones, EVP, Special Assets and Special Projects, former Chief Lending Officer
Drew Keith, President, Texas Security Bank
Kip Kernodle, Retired, Formerly CFO & Director Allflex Holdings, Inc.
Chris Kirkpatrick, Partner, Wick Phillips Gould & Martin, LLP
Courtney Liddiard, Retired, Formerly CEO, Ball Ventures LLC
Scott Miller, Principal, Miller Global Investments, LLC
Leann Nabors, CFO, The Wright Group
Dale Pearce, Founder, Pearce Advisors, (former Wells Fargo EVP, CFO & CIO)
Jude Ramayya, Founder & CEO, Coventus AI Solutions (formerly Eleviant Solutions)
Craig Scheef, CEO/Chairman, Texas Security Bank
Joe Shockley, Semi-Retired, CEO Shockley Consulting, LLC
Michael Thomas, Retired, Formerly President, Commercial Industries, NTT Data Inc.
Jeff Whittle, Founder, Whittle Partners



CLIENT GROWTH AND RETENTION



TSB Academy 2025 Graduation

BUSINESS EDUCATION

2025 Business Education Recap

- 33 TSB Academy graduates
- 23 Business classes offered to business owners and key leaders
- 902 Business owners educated
- 869 Business Speaker Series attendees

“Attending the TSB Academy has been one of the most valuable professional experiences I’ve had. Each session is thoughtfully designed to strengthen and equip business leaders with knowledge that goes far beyond the surface. The Academy brings together an impressive roster of subject-matter experts – from business law and acquisitions to leadership, management, and sales – each sharing practical insight drawn from real-world experience. The conversations, questions, and shared experiences in this setting consistently challenge and inspire new ways of thinking. I am deeply grateful to Texas Security Bank for their commitment to investing in the business community through this program. TSB Academy is more than a class – it’s a catalyst for better leadership, stronger companies, and long-term success.

– Bruce Pittman, APS Building Services



INDUSTRY RECOGNITION AND AWARDS



Texas Security Bank is a bank you can count on. In a world filled with uncertainty, our customers know they can rely on us to provide secure and trusted banking solutions. Our commitment to elevating your banking experience by providing our customers with exemplary service and innovative financial solutions makes us the banking destination of choice for business owners. These incredible achievements wouldn't be possible without the support of our amazing customers and dedicated team.



Dallas Morning News Best in DFW People's Choice Gold Winner

For the fifth consecutive year, Texas Security Bank has earned the prestigious Gold Award naming us The Best Bank in DFW. This continued recognition reinforces our position as the premier choice for North Texas consumers, setting us apart as a trusted partner in the banking industry.



Best Workplace Institute Certification

Earning a healthy workplace certification six years in a row validates our deeply embedded positive culture. This sustained recognition acts as a critical competitive advantage for recruiting and retaining top talent. It reinforces the high-trust environment that drives employee engagement and lowers retention costs.



Texas Bankers Association Emerging Leader

James Ocker, Vice President, Financial Planning and Analysis, was recognized with the Texas Bankers Association Emerging Leader Award. This honor recognizes industry professionals who drive impact through leadership and service. James exemplifies excellence through his outstanding leadership and problem-solving skills, contributing significantly to our bank's continued growth and success.



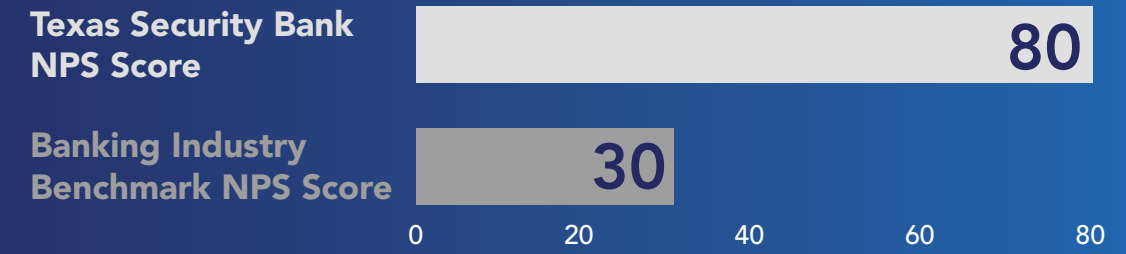
SATISFACTION AND LOYALTY

Net Promoter Score

Our year ended with an overall Net Promoter Score ("NPS") of 80, outperforming the banking industry benchmark of 30.

2025 Net Promoter Score

Another year of world-class banking by Texas Security Bank!



Our Google reviews speak for themselves!

★★★★★
 We have been working with Texas Security Bank as our lending institution for the past four years, and the experience has been nothing short of exceptional. Their team has been supportive, knowledgeable, and genuinely invested in our success. Thanks to their guidance and financial partnership, we've been able to grow our business tremendously. They truly understand the needs of entrepreneurs and go above and beyond to help businesses thrive. Highly recommend to any business owner looking for a bank that truly cares about your growth and success!

★★★★★
 I couldn't ask for a better banking partner for my business than Texas Security Bank. The team is always there to support the growth of my business, they offer valuable insight, wisdom and advice to help drive our success. Thank you!

★★★★★
 We've been with Texas Security Bank for almost a year now, and I've never worked with another bank that puts more emphasis on the relationship. Moving our business to Texas Security Bank has been a great experience from day one.

★★★★★
 Texas Security Bank is the most service-driven bank I have ever experienced. They will go the extra mile to solve any problems or questions you have and they do it fast. I enjoy the one-on-one relationships you build with their team and the friendliness of everyone who works there.

★★★★★
 I have been using this bank for over eight years, and they have helped me in so many ways. If I could give them a 10 out 5, I would.

DIGITAL SOLUTIONS



Business Insights

Business Insights is a digital banking solution designed to help business owners track company performance, forecast cash flow, and plan future finances. These tools provide a clear view of a company's financial position, simplify revenue and expense planning, and enable competitive benchmarking.



ZEscrow

ZEscrow makes running a business effortless, by offering modern escrow and subaccounting, accommodating a wide range of businesses. ZEscrow accelerates business growth using secure digital tools that eliminate paper forms, faxes, and manual service calls by providing flexible solutions for diverse, complex uses.



ZRent

ZRent transforms the complex task of rent collection into a seamless, automated workflow, replacing manual busy work by streamlining workflows. By simplifying the monthly reconciliation, it allows clients to put their focus back on growing their business.

13.2%

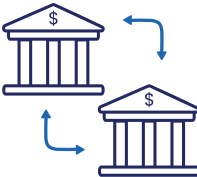


growth in
**commercial
mobile
adoption.**

65.1%

of all deposits originate from
 **remote
deposit
capture.**

66.9%

of companies
originate
transactions
via **ACH.**


FINANCIAL HIGHLIGHTS

Below is a summary of Texas Security Bankshares, Inc.'s (TSB) financial highlights and performance ratios for 2021 through 2025. Pages 12-15 present TSB's comparative consolidated financial statements for the years ended December 31, 2025 and 2024. These reports are presented in our annual audited financial statements. You may request complete audited financial statements, including the Report of Independent Registered Public Accounting Firm and the required notes to the consolidated financial statements, at any time from me.

Our auditors have expressed an unmodified opinion on our consolidated financial statements for both 2025 and 2024. This means that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Texas Security Bankshares, Inc. and Subsidiary and the results of their consolidated operations and cash flows for these years.

Traci Spratt

Traci Spratt

Senior Vice President, Chief Financial Officer

	2021	2022	2023	2024	2025
OPERATING RESULTS					
Net interest income	\$ 33,366,923	\$ 34,885,317	\$ 34,337,816	\$ 32,131,748	\$ 38,172,592
Provision (benefit) for loan losses	1,300,000	1,550,000	2,137,000	(425,441)	233,994
Non-interest Income	3,086,712	2,366,909	3,076,596	2,819,252	3,113,475
Net realized gain (loss) on sales of securities	1,056,036	(3,115)	(1,045,885)	(52)	-
Non-interest expense	19,737,281	21,098,333	22,309,725	24,957,276	25,545,375
Income before provision for income tax expense	16,472,390	14,600,778	11,921,802	10,419,113	15,506,698
Income tax expense	3,454,217	3,067,759	2,413,650	1,915,223	3,240,620
Net income	\$ 13,018,173	\$ 11,533,019	\$ 9,508,152	\$ 8,503,890	\$ 12,266,078
AT YEAR END					
Total assets	\$ 974,072,740	\$ 1,139,946,092	\$ 1,197,408,512	\$ 1,169,575,803	\$1,352,791,440
Investments in securities & interest bearing deposits	307,908,597	265,327,711	269,399,190	265,943,556	371,544,466
Loans, net of allowance	634,884,535	820,983,524	876,173,824	853,816,620	929,636,674
Deposits	808,459,633	833,364,467	923,980,380	1,058,854,858	1,221,581,228
Total borrowings	79,500,000	239,500,000	183,000,000	15,000,000	16,200,000
Stockholders' equity	76,261,715	57,976,658	75,077,452	84,260,459	101,786,893
Common shares outstanding (net of treasury)	3,252,306	3,290,798	3,291,096	3,285,624	3,195,429
OTHER FINANCIAL DATA					
Return on average assets	1.29%	1.08%	0.77%	0.70%	0.99%
Return on average equity	17.70%	18.17%	14.50%	10.70%	13.30%
Loans to deposits	80%	100%	95%	81%	76%
Allowance for loan losses to loans	1.40%	1.20%	1.20%	1.25%	1.10%
Net charge offs to loans	0.00%	0.00%	0.10%	0.00%	0.07%
PER SHARE DATA					
Net income (basic)	\$ 4.01	\$ 3.51	\$ 2.89	\$ 2.59	\$ 3.79
Book value	\$ 23.45	\$ 17.62	\$ 22.81	\$ 25.65	\$ 31.85

FINANCIAL HIGHLIGHTS

Texas Security Bankshares, Inc. and Subsidiary Consolidated Balance Sheets for the Years Ended December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 3,848,311	\$ 1,783,219
Interest bearing deposits in other banks	159,265,357	53,780,519
Total cash and cash equivalents	163,113,668	55,563,738
Securities available for sale, at fair value (amortized cost of \$232,825,722 and \$242,359,719, respectively)	212,279,109	212,163,037
Loans held for sale	1,282,330	250,000
Loans, net of allowance for credit losses of \$10,376,000 and \$10,783,000, respectively	929,636,674	853,816,620
Bank-owned life insurance	17,757,478	17,032,562
Bank premises and equipment, net	6,746,611	7,130,132
Accrued interest receivable	5,203,732	5,423,740
Other assets	16,771,838	18,195,974
Total assets	\$ 1,352,791,440	\$ 1,169,575,803
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	\$ 318,218,867	\$ 313,754,796
Interest bearing	903,362,361	745,100,062
Total deposits	1,221,581,228	1,058,854,858
Subordinated promissory notes	7,250,000	7,250,000
Other borrowings	8,950,000	7,750,000
Accrued interest payable	668,758	436,577
Other liabilities	12,554,561	11,023,909
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0 par value; 1,000,000 shares authorized, 0 shares outstanding	-	-
Common stock, \$5 par value; 10,000,000 shares authorized, 3,752,209 and 3,731,209 shares issued, respectively; 3,195,429 and 3,285,624 shares outstanding, respectively	18,761,045	18,656,045
Additional paid-in capital	27,729,790	26,968,675
Stock issued with notes receivable	(2,053,247)	(1,759,720)
Accrued interest receivable on stock issued with notes receivable	(199,466)	(255,474)
Retained earnings	84,402,230	72,136,152
Accumulated other comprehensive loss	(16,231,825)	(23,855,379)
Treasury stock, at cost, 556,780 and 445,585 shares, respectively	(10,621,634)	(7,629,840)
Total stockholders' equity	101,786,893	84,260,459
Total liabilities and stockholders' equity	\$ 1,352,791,440	\$ 1,169,575,803

Texas Security Bankshares, Inc. and Subsidiary Consolidated Statements of Income for the Years Ended December 31, 2025 and 2024

	2025	2024
INTEREST INCOME		
Interest and fees on loans	\$ 57,880,863	\$ 55,996,935
Interest on investment securities:		
Taxable	5,521,493	6,334,414
Non-taxable	445,038	451,691
Interest and dividends on other accounts	3,232,520	3,531,141
Total interest income	67,079,914	66,314,181
INTEREST EXPENSE		
Interest and fees on deposit accounts	24,356,453	25,683,198
Interest on borrowings	4,550,869	8,499,235
Total interest expense	28,907,322	34,182,433
Net interest income	38,172,592	32,131,748
Provision for (reversal of) credit losses	233,994	(425,441)
Net interest income after provision	37,938,598	32,557,189
NONINTEREST INCOME:		
Service charges on deposit accounts	1,617,562	1,630,825
Gain on sales of mortgage loans	254,868	233,170
Other	1,241,045	955,257
Total noninterest income	3,113,475	2,819,252
NONINTEREST EXPENSE:		
Salaries and employee benefits	16,830,087	15,810,212
Occupancy of bank premises	1,434,717	1,575,641
Professional fees	1,187,934	1,229,134
Advertising and promotional	245,258	276,558
Data processing and IT management	1,552,767	1,538,517
Mortgage and lending	147,594	188,118
Internet banking	920,461	809,421
Regulatory assessments	888,540	881,533
Software costs	848,484	757,818
Other	1,489,533	1,890,376
Total noninterest expense	25,545,375	24,957,328
Net income before income tax expense	15,506,698	10,419,113
Income tax expense	3,240,620	1,915,223
Net income	\$12,266,078	\$ 8,503,890
Basic earnings per share	3.79	\$ 2.59
Diluted earnings per share	3.73	\$ 2.55

FINANCIAL HIGHLIGHTS

Texas Security Bankshares, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2025 and 2024

	2025	2024
Net income	\$ 12,266,078	\$ 8,503,890
Other comprehensive income:		
Net unrealized holding gains on available for sale securities during the period	9,650,069	910,240
Reclassification adjustment for net realized losses on available for sale securities included in net income	-	52
Other comprehensive income, before income tax expense	9,650,069	910,292
Income tax expense	2,026,515	191,160
Other comprehensive income, net of income tax expense	7,623,554	719,132
Total comprehensive income	\$ 19,889,632	\$ 9,223,022

Texas Security Bankshares Inc. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2025 and 2024

	Preferred Stock	Common Stock	Additional Paid-in Capital	Stock Issued with Notes Receivable	Accrued Interest on Stock Issued with Notes Receivable	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, January 1, 2024	\$ -	\$18,546,045	\$26,281,355	\$ (1,813,540)	\$ (263,624)	\$ 63,632,262	\$ (24,574,511)	\$ (6,730,535)	\$ 75,077,452
Stock options exercised, 22,000 shares	-	110,000	212,000	-	-	-	-	-	322,000
Purchase of treasury stock, 31,782 shares	-	-	-	-	-	-	-	(1,032,915)	(1,032,915)
Sale of treasury stock, 4,310 shares	-	-	-	-	-	-	-	133,610	133,610
Payments received on notes receivable	-	-	-	317,820	45,651	-	-	-	363,471
Funding of notes receivable	-	-	-	(264,000)	-	-	-	-	(264,000)
Interest on stock issued with notes receivable	-	-	37,501	-	(37,501)	-	-	-	-
Net income	-	-	-	-	-	8,503,890	-	-	8,503,890
Stock based compensation	-	-	437,819	-	-	-	-	-	437,819
Other comprehensive income	-	-	-	-	-	-	719,132	-	719,132
Balance, Dec. 31, 2024	\$ -	\$18,656,045	\$26,968,675	\$ (1,759,720)	\$ (255,474)	\$72,136,152	\$ (23,855,379)	\$ (7,629,840)	\$ 84,260,459
Stock options exercised, 21,000 shares	-	105,000	222,375	-	-	-	-	-	327,375
Purchase of treasury stock, 118,976 shares	-	-	-	-	-	-	-	(3,178,538)	(3,178,538)
Sale of treasury stock, 7,781 shares	-	-	48,631	-	-	-	-	186,744	235,375
Payments received on notes receivable	-	-	-	91,640	17,591	-	-	-	109,231
Funding of notes receivable and loan modifications	-	-	-	(385,167)	106,167	-	-	-	(279,000)
Interest on stock issued with notes receivable	-	-	67,750	-	(67,750)	-	-	-	-
Net income	-	-	-	-	-	12,266,078	-	-	12,266,078
Stock based compensation	-	-	422,359	-	-	-	-	-	422,359
Other comprehensive income	-	-	-	-	-	-	7,623,554	-	7,623,554
Balance, Dec. 31, 2025	\$ -	\$18,761,045	\$27,729,790	\$ (2,053,247)	\$ (199,466)	\$ 84,402,230	\$ (16,231,825)	\$ (10,621,634)	\$101,786,893

Texas Security Bankshares, Inc. and Subsidiary

Consolidated Statements of Cash Flows for the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 12,266,078	\$ 8,503,890
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net	1,811,945	2,081,392
Provision for (reversal of) credit losses	233,994	(425,441)
Net loss on sales of securities	-	52
Gain on sales of loans held for sale	(254,868)	(233,170)
Proceeds from sales of loans held for sale	20,820,140	14,814,215
Net originations of loans held for sale	(21,597,602)	(14,223,045)
Increase in cash surrender value of bank-owned life insurance	(724,916)	(661,569)
Loss on sale of asset	1,500	-
Stock based compensation	422,359	437,819
Deferred tax expense	(382,680)	(485,720)
Net change in accrued interest and other assets	296,748	948,217
Net change in accrued expenses and other liabilities	1,761,833	(3,839,139)
Net cash provided by operating activities	14,654,531	6,917,501
CASH FLOWS FROM INVESTING ACTIVITIES:		
Activity in available for sale securities:		
Maturities, calls, sales and principal paydowns received	159,589,393	138,178,387
Purchases	(151,348,510)	(121,494,461)
Net (originations) repayments of loans	(76,053,048)	22,769,345
Purchase of bank-owned life insurance	-	(665,772)
Additions to bank premises and equipment	(119,233)	(234,691)
Proceeds from sale of asset	5,500	-
Capital calls on non-marketable investments	(20,498,458)	(10,335,654)
Proceeds from redemptions of non-marketable investments	20,178,942	11,940,385
Net cash (used in) provided by investing activities	(68,245,414)	40,157,539
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	162,726,370	134,874,478
Repayment of subordinated notes	-	(7,250,000)
Repayments of other borrowings	(2,015,800,000)	(1,083,000,000)
Proceeds from other borrowings	2,017,000,000	922,250,000
Proceeds from sale of common stock	327,375	322,000
Proceeds from sale of treasury stock	235,375	133,610
Purchase of treasury stock	(3,178,538)	(1,032,915)
Funding of stock issued with notes receivable	(279,000)	(264,000)
Proceeds from repayment of stock issued with notes receivable	109,231	363,471
Net cash provided by (used in) financing activities	161,140,813	(33,603,356)
Net increase in cash and cash equivalents	107,549,930	13,471,684
Cash and cash equivalents at beginning of year	55,563,738	42,092,054
Cash and cash equivalents at end of year	\$ 163,113,668	\$ 55,563,738
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 28,675,141	\$ 39,231,739
Cash paid for income taxes	\$ 3,690,000	\$ 2,346,154
Noncash Transactions:		
Interest on stock issued with notes receivable	\$ 67,750	\$ 37,501
Modification of loan and interest on stock issued with notes receivable	\$ 106,167	\$ -

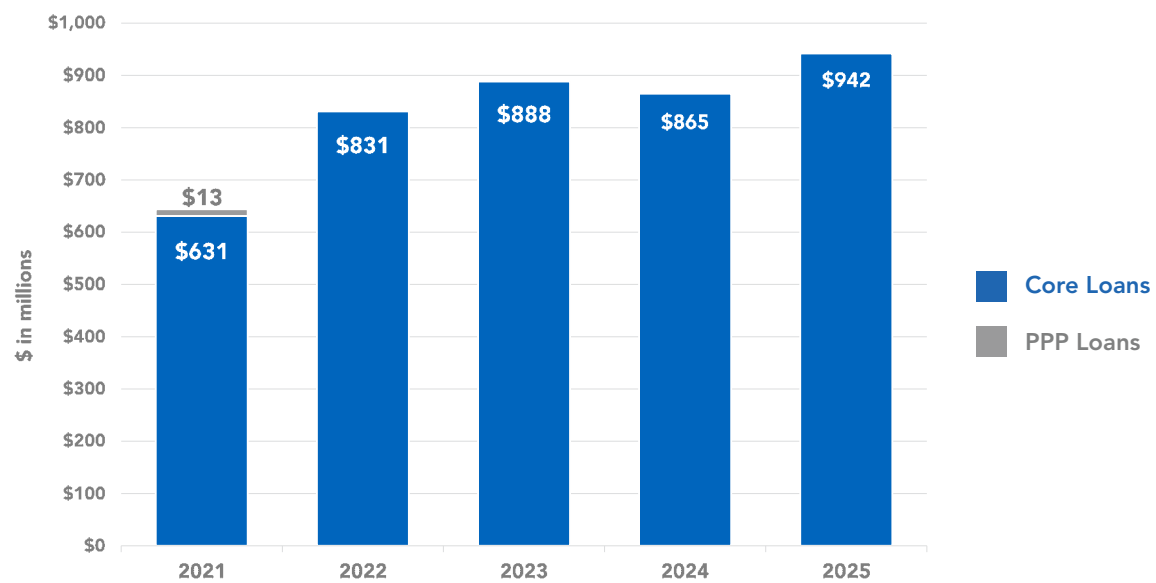
FINANCIAL HIGHLIGHTS

Financial Trends

Texas Security Bankshares, Inc. and Subsidiary

Loan Growth (Gross of Allowance for Credit Losses)

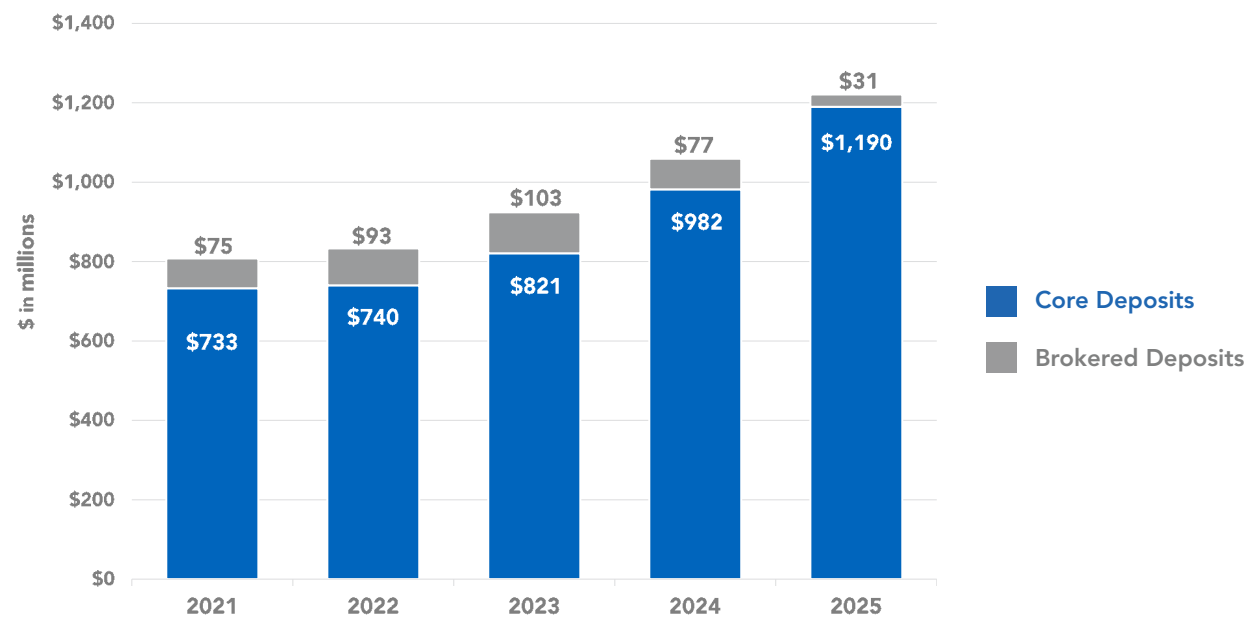
Four Year Average Annual Growth Rate for Core Loans of 11%*



* The annual growth rate calculations do not include loan growth from funding of PPP loans.

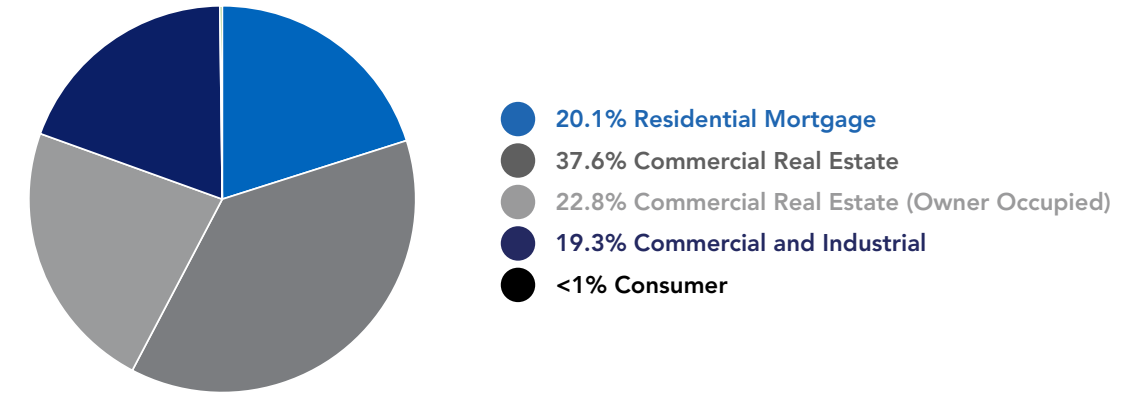
Deposit Growth

Four Year Average Annual Growth Rate for Deposits of 13%

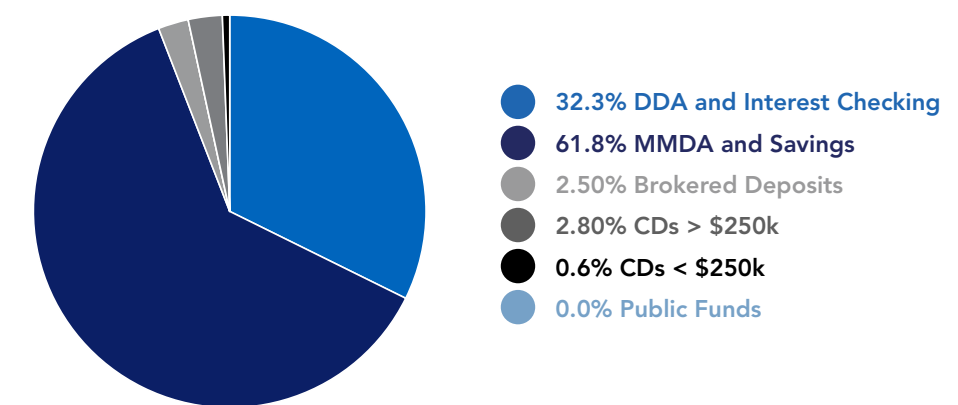


Loan & Deposit Components

December 31, 2025 Loan Portfolio

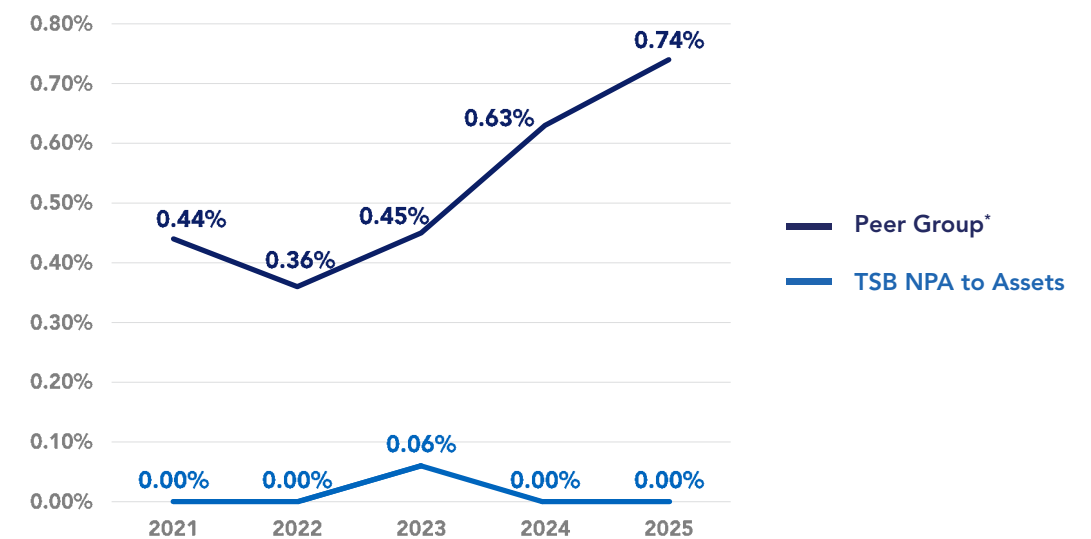


December 31, 2025 Deposit Mix



Credit Quality

No Non-Performing Assets (NPA) Despite Substantial Growth



* Peer Group 4: FDIC-insured commercial banks having assets between \$1 billion and \$3 billion

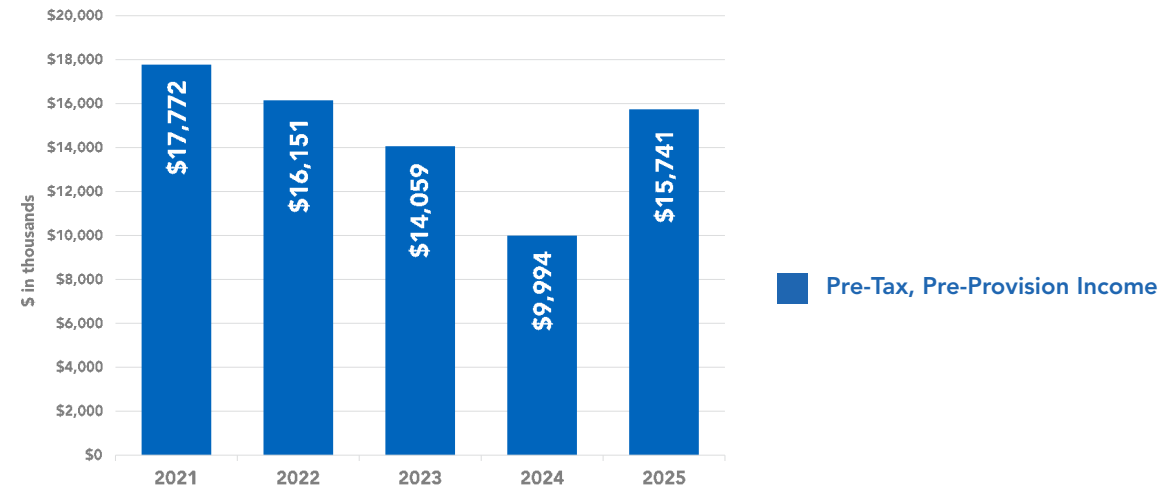
FINANCIAL HIGHLIGHTS

In 2024, the Company experienced a challenging operating environment due to high short-term interest rates and internal migration of deposit accounts to higher-yielding money market accounts, which increased funding costs and led to an increase in interest expense and a drop in profitability. As a result, key earnings and efficiency metrics were negatively impacted. However, the Company saw a steady rise in net interest margin late in 2024 that continued throughout 2025, driven by relief in funding costs. This combined with improved loan demand toward the end of 2025 contributed to the substantial improvements reflected in our key financial measures for 2025.

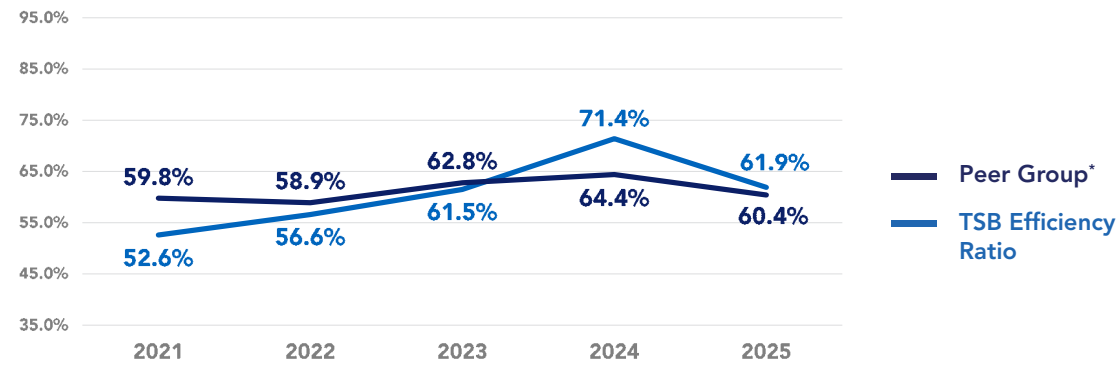
Financial Trends

Texas Security Bankshares, Inc. and Subsidiary

Pre-Tax, Pre-Provision Income

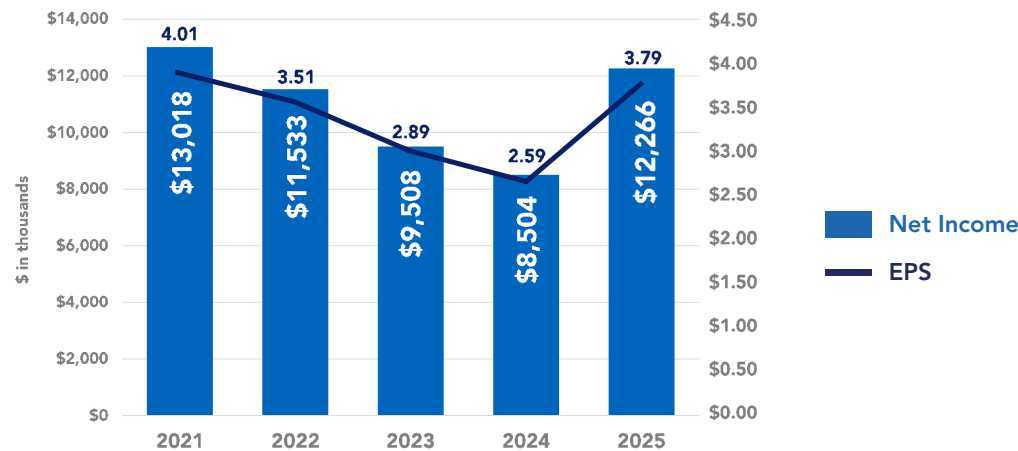


Efficiency Ratio



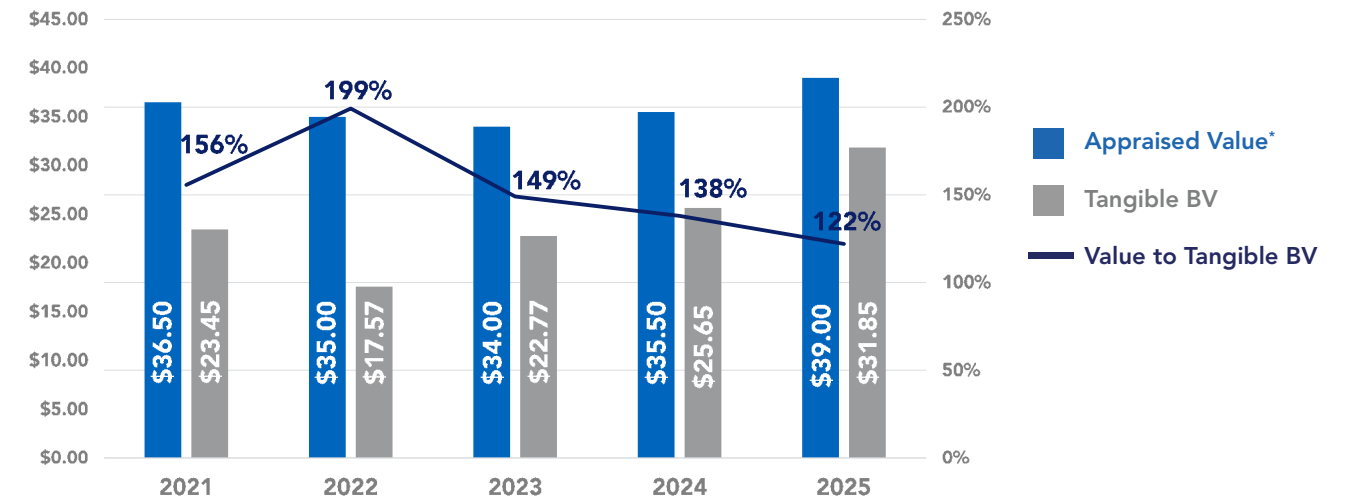
Efficiency ratio measures how much expense is incurred to earn the company's revenue stream.
* Peer Group 4: FDIC-insured commercial banks having assets between \$1 billion and \$3 billion

Earnings Per Share (EPS)



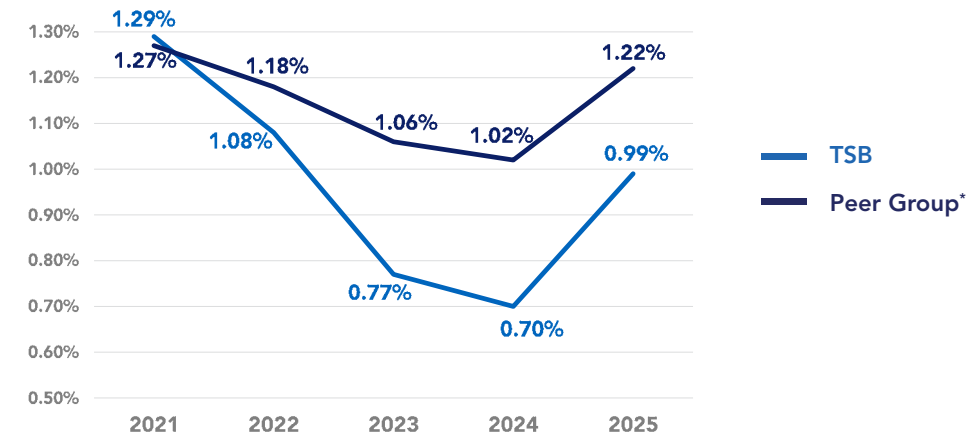
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Shareholder Value (per share)



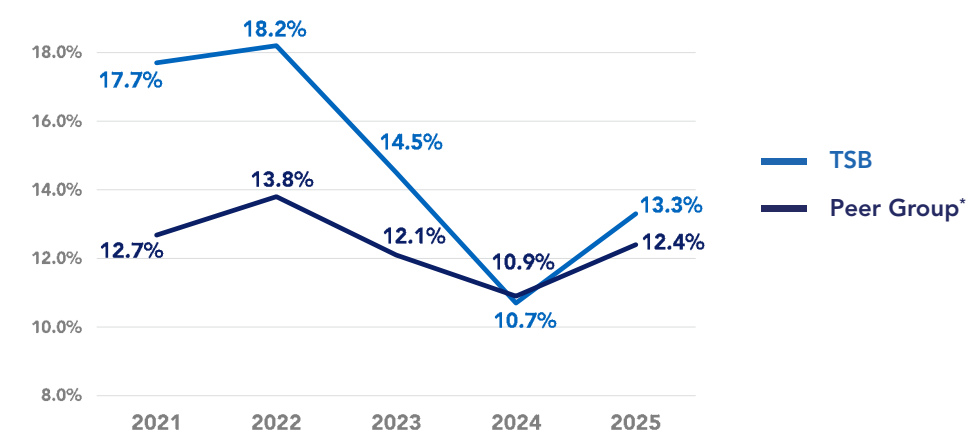
* Appraisal is made on a minority interest basis.

Return on Average Assets (ROAA)



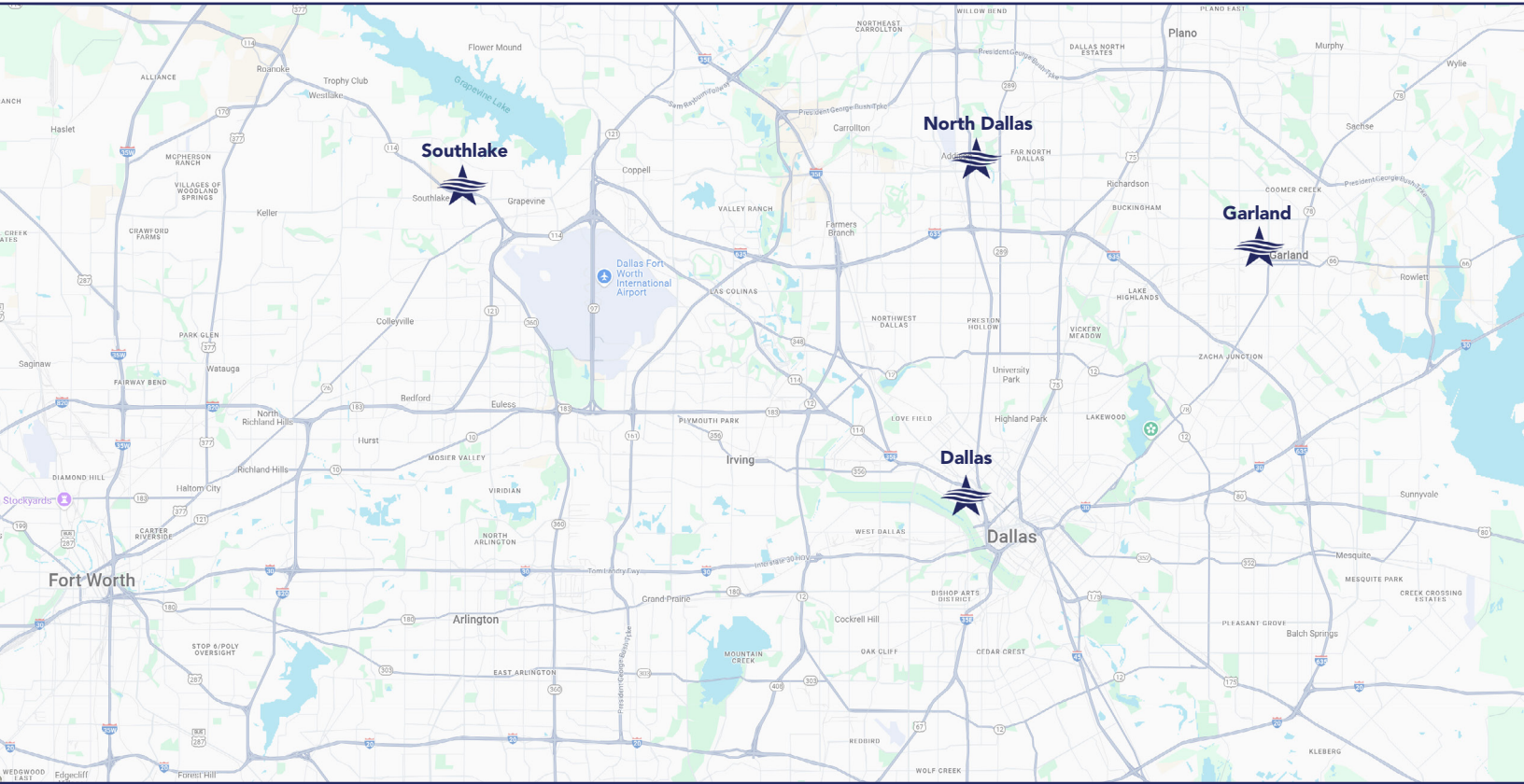
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Return on Average Equity (ROAE)

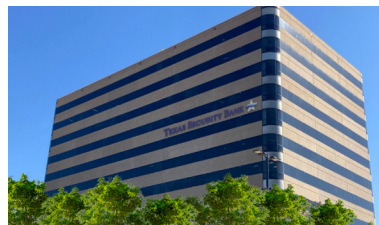


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Coming soon: Fort Worth and Houston



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