April 30, 2020

Notice: Changing the 2020 Annual Meeting of Shareholders Format

Dear Fellow Shareholder:

As a result of the continuing public health impact of the coronavirus outbreak (COVID-19) and to protect the health and well-being of our shareholders, directors, officers and employees, we are changing the format of the 2020 Annual Meeting of Shareholders. As previously announced, the annual meeting will be held on Thursday, May 21, 2020, at 11:00 a.m. Eastern Daylight Time. In light of public health concerns regarding the coronavirus outbreak, the annual meeting will be held in telephonic format only and you will not be able to physically attend the meeting.

As described in the previously distributed proxy materials for the annual meeting, you are entitled to participate in the annual meeting if you were a shareholder at the close of business on March 12, 2020, the voting record date. You may join the annual meeting by dialing toll free (877) 568 4106. When prompted, enter the access code 513-449-253#. You will only be able to listen during the meeting; therefore, we will be pleased to answer any questions you may have before or after the meeting. If you have any questions, please call Chris Verenes, Roy Lindburg or Jessica Cummins at (803) 641-3000 or toll free at (866) 851-3000 or submit your question by email to bank@securityfederalbank.com. We have included with this letter presentation materials that will be discussed during the meeting of shareholders.

We would also like to point out that there is an incorrect statement on the first page of the proxy statement. As correctly noted in other places in the proxy statement and on the proxy card, four directors have been nominated for election at the meeting, each for a three-year term. No director has been nominated for a one-year term.

Thank you again for your continued support of Security Federal Corporation.

Sincerely,

[Signature]

Timothy W. Simmons
Chairman of the Board

www.securityfederalbank.com
Main 803.641.3000  Toll Free 866.851.3000
Security Federal Corporation
Annual Meeting of Shareholders
Financial Presentation
NET INCOME
SECURITY FEDERAL CORPORATION

 Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$5,676</td>
</tr>
<tr>
<td>2016</td>
<td>$6,162</td>
</tr>
<tr>
<td>2017</td>
<td>$5,918</td>
</tr>
<tr>
<td>2018</td>
<td>$7,207</td>
</tr>
<tr>
<td>2019</td>
<td>$7,794</td>
</tr>
</tbody>
</table>

+8%
NET INCOME
SECURITY FEDERAL CORPORATION

7% AVERAGE ANNUAL OVER 20 YRS
TOTAL ASSETS
SECURITY FEDERAL CORPORATION

<table>
<thead>
<tr>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

- $800
- $813
- $869
- $913
- $963

+6%
TOTAL GROSS LOANS
SECURITY FEDERAL CORPORATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$342</td>
</tr>
<tr>
<td>2016</td>
<td>$372</td>
</tr>
<tr>
<td>2017</td>
<td>$406</td>
</tr>
<tr>
<td>2018</td>
<td>$447</td>
</tr>
<tr>
<td>2019</td>
<td>$473</td>
</tr>
</tbody>
</table>

+6%
NET INTEREST INCOME
SECURITY FEDERAL CORPORATION

Thousands

$0
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
$35,000

2015  2016  2017  2018  2019

+4%
US TREASURY RATES
(PRIOR YEAR SLIDE)

One Year

Ten Year

12/03 12/04 12/05 12/06 12/07 12/08 12/09 12/10 12/11 12/12 12/13 12/14 12/15 12/16 12/17 12/18
CURRENT ENVIRONMENT

(PRIOR YEAR SLIDE)

• How do we prepare for all possible environments?
  – Diversify Income and Risk
  – Build Reserves
    • Allowance for Loan Losses
    • Capital
BANK CAPITAL RESERVES


– Security Federal Corporation took $10 million of the proceeds of this issuance and injected into Security Federal Bank as capital.

– The remaining $20 million can be injected as needed to provide capital to the Bank.
TOTAL RISK-BASED CAPITAL RATIO (% OF RISK WEIGHTED ASSETS)

- WELL CAPITALIZED: 10.00%
- NATIONAL PEERS: 15.85%
- LOCAL PEERS - SC/GA: 16.43%
- SECURITY FEDERAL BANK: 19.44%

Security Federal Bank has $108 million in total risk-based capital compared to $88 million for national peers, resulting in $20 million in excess capital.
ALLOWANCE FOR LOAN LOSSES (AS A % OF TOTAL LOANS)

- **NATIONAL PEERS**: 1.25%
- **LOCAL PEERS - SC/ GA**: 1.27%
- **SECURITY FEDERAL BANK**: 2.01%

$9.3 million vs $5.8 million

$3.5 MILLION MORE IN LOAN RESERVES
OUR FOCUS IN 2020

• The health and well-being of our employees and customers
• Helping our customers and communities weather the storm
  – Participation in the Payroll Protection Program
  – Staying in communication with customers
• Building reserves
• Maintaining a strong liquidity position
SHAREHOLDER STATS
ANNUAL DIVIDEND RATE
SECURITY FEDERAL CORPORATION

- FIRST DIVIDEND WAS PAID IN MARCH 1991
- NOW $0.40/ SHARE ANNUALLY
- DIVIDEND YIELD ON CURRENT PRICE IS 1.4%
STOCK PRICES
SECURITY FEDERAL CORPORATION

$28.30 → $35.00
$100 INVESTED ON 10/31/87 WOULD BE AT MARCH 31, 2020

1 Year Treasury  S & P 500 Index  Russell 2000 Index  Security Federal Corporation Stock

$292  $2,585  $1,153  $2,336

10.2% W/ DIV  9.1% RETURN  9.1% RETURN

RUSSELL 2000 INDEX – 7.3% RETURN
S&P 500 INDEX – 7.4% RETURN
1 YR UST– 3.4% RETURN