



May 2, 2025

Dear Shareholders,

Please find below several important notices and updates, along with a summary of our financial results for Q1 2025. Our Bank continues to invest in growth and scale, and the first quarter of this year was certainly no exception. I am pleased to provide this quarterly update, and I hope to see you at the upcoming annual meeting of shareholders!

2024 Annual Report: Our annual report for 2024 is now available! In 2024, Studio Bank successfully achieved our primary strategic aims for the year: earnings growth, core deposit growth, and reinvesting in the infrastructure to scale the Bank. If you have not done so already, please take a few minutes to read the shareholder letter, which includes some of the highlights from 2024, shares our perspective on the growth of our business, and provides a comprehensive summary of our organization's financial performance.

2025 Annual Meeting of Shareholders: The Annual Meeting of Shareholders for Studio Financial Holdings, Inc. is on Friday, June 27, 2025. Please be on the lookout... as always, we will need you to review proxy materials and vote your proxy. While the actual meeting will occur at 8:30am in our Franklin office, we will request proxy votes in advance of the meeting in order to expediently establish a quorum and conduct business. Please be sure to review the materials immediately upon receipt and follow the instructions to record your votes and RSVP for the in-person meeting. We expect proxy materials to be mailed out to your address of record the week of May 19, 2025.

New Investor Relations Page: I am pleased to share that we recently launched an Investor Relations page on our website. This page includes an investors library with all prior annual reports and the most recent four quarters of our update letters. Also available on the website is important shareholder information, including a link to our most recent Call Report, contact information for our stock transfer agent, and stock listing details.

Summary of Q1 2025:

In Q1 2025 we experienced robust deposit growth, continued margin improvement, and a new quarterly record for revenue. For the fifth quarter in a row, we posted our highest quarterly revenue (\$8.2 million) since inception, up 1% over prior quarter. This was supported by

continued expansion of our net interest margin, with net interest income up \$198 thousand (2.9%) over Q4 2024. We also successfully recruited new revenue-producing bankers and support staff to our company, which bodes well for the trajectory of our revenue growth.

We started the year exceptionally strong with deposit growth, with total deposits increasing \$77.5 million (9.2%) over prior quarter. Notably, more than half of this growth resulted from new relationships to the Bank. Non-interest bearing checking account balances have decreased since year-end, which is a common trend observed during the first quarter of each year due to tax payments and other seasonal factors. Nonetheless, our team continues to open new non-interest bearing checking accounts at a robust pace.

Loan growth picked up moderately in Q1, continuing the momentum that we saw at the end of last year. Loans increased \$13.7 million (1.8%) in the quarter, with most of the growth occurring in the CRE, C&I, and Residential-Revolving loan categories. The Bank crossed the \$1 billion mark in terms of loan commitments for the first time in Q1, reaching total commitments of \$1.01 billion, up \$27.6 million (2.8%) over prior quarter.

In terms of credit quality, the overall portfolio remains strong, with non-performing assets at \$6.0 million, down nearly \$1.3 million during the quarter, ending at 0.77% of total loans. In the fourth quarter of last year, we took on two properties that became bank-owned properties, or other real estate owned (“ORE”). We sold one of the properties in the first quarter and we anticipate no additional losses on the remaining property as we pursue an exit strategy.

For the fifth consecutive quarter we saw continued expansion of our net interest margin. Bank-only quarter-to-date net interest margin was 3.01%, an improvement of 11 basis points from the prior quarter (2.89%) and up 35 basis points from prior year (2.66%). We continued our efforts to lower our cost of funds through repricing client exception-priced accounts, refinancing callable brokered CDs at lower rates, and utilizing core deposit growth to pay down higher-priced wholesale borrowings. We intentionally reduced wholesale borrowings by \$50 million over prior quarter, which is a decrease of \$111 million over prior year. Cost of funds decreased by 28 basis points compared to the prior quarter, while total earning assets decreased only 14 basis points.

Our non-interest income declined \$137 thousand (10.8%) quarter over quarter primarily due to a slower start for the mortgage team and lower swap and SBA fees. Treasury management, depository fees, and other fee income sources remained stable, and we continue to be optimistic about the pipelines for mortgage, swap, and SBA fee income.

Non-interest expense growth outpaced revenue growth in the first quarter as we continued to invest in scaling our team and hiring new revenue-producing bankers and support staff. The Bank added four (4) new commercial and community bankers in the first quarter, along with four (4) support staff. These investments in our increased capacity for revenue growth create a temporary impact to our earnings until the new bankers generate a sufficient book of business of new clients, new loans, and new deposits; however, we believe these investments ultimately to be beneficial to the long-term growth prospects for our earnings and shareholder value.

Overall, quarterly net income of \$1.4 million outpaced our budget for Q1. Yet, it represented a decline from the fourth quarter, primarily due to the continued investments we are making in our recruiting and balance sheet growth. Additionally, our tax expense increased quarter-over-quarter, as we recognized in Q4 of last year certain Community Investment Tax Credits (“CITC”) and thus lowered our Tennessee franchise and excise tax for 2024.

Looking forward to the remainder of 2025, we continue to focus on expanding our revenue production team and on investing in growth, with a commitment to generating core deposit growth, increasing our pace of loan growth, and expanding our fee income generation – all while maintaining our strong track record of high credit quality and operational excellence.

Once again, please be sure to vote your proxy when you receive the materials for the annual meeting in the coming weeks. I look forward to seeing many of you at the annual meeting in June!

Sincerely,

A handwritten signature in blue ink, appearing to read "Aaron J. Dorn".

Aaron J. Dorn
Chairman of the Board, President and Chief Executive Officer

A NOTE ABOUT OUR COMPANY'S SECURITIES AND FORWARD-LOOKING STATEMENTS

Studio Financial Holdings, Inc. is the bank holding company parent of our wholly-owned bank subsidiary, Studio Bank, headquartered in Nashville, Tennessee. The common stock of Studio Financial Holdings, Inc. is not listed on a national securities exchange and is not registered with the U.S. Securities and Exchange Commission. Our common stock is quoted under the symbol "STBK" on the OTC PINK operated by OTC Markets Group, Inc., which is an inter-dealer automated quotation system for equity securities that is not a national securities exchange. This alternative trading system (referred to as an "ATS") displays quotes from broker-dealers for the price per share of many over-the-counter ("OTC") securities, including our company's common stock. "Market makers" and other broker-dealers who buy and sell OTC securities can use this platform to publish their bid and ask quotation prices. For our stock price to be quoted, there must be at least one broker-dealer willing to quote our stock on OTC Link® ATS. More information is accessible via the OTC Markets website at www.otcm Markets.com.

This quarterly update letter may contain "forward-looking statements" about Studio Financial Holdings, Inc., Studio Bank, and/or the consolidated financial institution that involve inherent risks and uncertainties. Forward-looking statements typically refer to our statements and discussions in this quarterly update letter relating to the financial condition, results of operations, plans, objectives, future performance and business of Studio Financial Holdings, Inc. and/or our combined company (as well as our underlying assumptions), including statements preceded by, followed by or that include the words or phrases such as "believes," "expects," "anticipates," "plans," "trend," "objective," "continue," "remain" or similar expressions or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to: (1) general economic conditions and weakening in the economy are less favorable than expected, specifically the real estate market, either nationally or in the southeastern United States and our market areas; (2) deteriorating credit quality; (3) political developments, wars or other hostilities may disrupt or increase volatility in securities markets or other economic conditions; (4) changes in the interest rate environment reduce interest margins; (5) prepayment speeds, loan origination and sale volumes, charge-offs and credit loss provisions; (6) our ability to maintain required capital levels and adequate sources of funding and liquidity; (7) changes and trends in the banking industry generally; (8) competitive pressures among depository institutions; (9) effects of critical accounting policies and judgments; (10) changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies; (11) legislative or regulatory changes or actions, or significant litigation, adversely affecting our financial institution or the lines of business in which we are engaged; (12) our ability to attract and retain key personnel; (13) the ability of the holding company to receive dividends from its bank subsidiary; (14) the potentially dilutive effect of future acquisitions (if any) on current shareholders' ownership of our holding company; (15) our ability to secure confidential information through the use of computer systems and telecommunications networks; and (16) the impact of reputational risk created by these developments within our financial institution (or within the larger banking industry) on such matters as business generation and retention, funding, and liquidity. Neither Studio Financial Holdings, Inc. nor Studio Bank undertakes any obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this quarterly update letter.



Balance Sheet
March 31, 2025

		Unaudited March 2025
Assets		
Cash and due from banks	\$	8,995,153
Fed funds sold & repos		59,598,792
Interest bearing deposits with banks		494,433
Investment securities - taxable		145,355,187
Investment securities - tax-exempt		23,608,392
Mortgage loans held for sale		1,961,876
Loans, net of unearned income		770,860,256
Less: Allowance for loan losses		-9,079,643
Bank Owned Life Insurance		23,963,379
Premises and equipment, net		4,408,024
Accrued interest receivable		4,636,665
Other real estate		1,365,000
Other assets		13,954,445
Total Assets	\$	1,050,121,959
Liabilities		
Non-interest bearing demand deposits	\$	136,110,057
Interest bearing demand deposits		44,263,020
ICS deposits		317,647,747
Savings and money market deposits		318,321,584
Time deposits - retail		35,711,040
Time deposits - wholesale		71,888,011
Total Deposits		923,941,459
Accrued expenses and other liabilities		8,597,440
FHLB advances		20,000,000
Sr. Debt		19,828,023
Total Liabilities		972,366,922
Equity		
Common stock		697
Capital surplus		74,523,019
Retained earnings		7,621,333
Accumulated other comprehensive income (loss)		-5,827,866
Net Income		1,437,854
Total Equity		77,755,037
Total Liabilities & Equity	\$	1,050,121,959
Shares outstanding end of period		
		7,098,457
Weighted average shares year to date		
		7,084,961
TBVPS		
	\$	10.95
TBVPS excluding AOCI		
	\$	11.77



YTD Statement of Operations
March 31, 2025

	YTD Unaudited March 2025
Interest Income	
Interest on loans	\$ 11,754,563
Mortgage loans held for sale	12,569
Fees on loans	348,546
Interest on federal funds sold	605,360
Interest on deposits with banks	8,907
Investment securities - taxable	1,708,988
Investment securities - tax-exempt	139,432
Total Interest Income	14,578,365
Interest Expense	
Interest bearing demand deposits	220,542
ICS deposits	2,404,176
Savings and money market deposits	2,717,018
Time deposits - retail	366,908
Time deposits - wholesale	865,602
Total Interest Expense on Deposits	6,574,246
FHLB advances	597,347
Interest on other borrowings	1,617
Sr. Debt	342,998
Total Interest Expense	7,516,208
Net Interest Income	7,062,157
Provision for loan losses	203,152
Net In. Inc. After Prov. for Loan Losses	6,859,005
Non Interest Income	
Service charges and fees	286,049
Mortgage loan and related fees	410,531
Other noninterest income	439,906
Total Non Interest Income	1,136,486
Non Interest Expense	
Salaries and employee benefits	4,003,381
Occupancy	385,129
Other noninterest expense	1,820,946
Total Non Interest Expense	6,209,456
Income Before Taxes	1,786,035
Income taxes	348,181
Net Income	\$ 1,437,854
EPS (YTD 2025)	\$ 0.20

FTE Employees at March 31, 2025 **98**