



STUDIO
FINANCIAL HOLDINGS INC

2025 ANNUAL REPORT

FORWARD LOOKING STATEMENTS

This report may contain “forward-looking statements” about Studio Financial Holdings, Inc., Studio Bank, and/or the consolidated financial institution that involve inherent risks and uncertainties. (The term “forward-looking statement” is defined by the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and certain rules promulgated thereunder. Our annual report may contain certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Studio Financial Holdings, Inc. and/or our combined company 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, health emergencies, wars or other hostilities that may disrupt or increase volatility in securities markets or other economic conditions; (4) changes in the interest rate environment that may have the effect of reducing interest margins; (5) prepayment speeds, loan origination and sale volumes, charge-offs and loan 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 and technology changes instituted by us, our competitors, and our counterparties, including artificial intelligence; (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 our ability to effectively address and withstand technology disruptions on our part or on the part of our vendors and customers; 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 annual report.

Contents

Studio Financial Holdings, Inc. and our wholly-owned bank subsidiary, Studio Bank, continue to thrive and reach new milestones. In this annual report for 2025, we are pleased to present some of the key highlights of the year, to share our perspective on our business, and to provide a comprehensive summary of our organization's financial performance.

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Our motto for 2025 was "Full Steam Ahead," expressing our purposeful growth-oriented strategy.



Studio Bank proudly served our communities through our services and through our participation with dozens of local non-profit organizations.



OUR PURPOSE IS TO

EMPOWER CREATORS

by

PROVIDING

meaningful financial
resources and
human connections
that make an impact

by

SERVING

those in our care and
in our community
with our very best

and thereby

ACHIEVING

superior results

inspired by

**HONOR,
CAMARADERIE
& EXCELLENCE**

Dear Shareholders,

A YEAR OF EXPANSION

Full steam ahead! That was our motto for 2025, and we certainly delivered on it. From the expansion of our geographic footprint, to the acceleration in our recruiting efforts, to the material increase in our revenues and net interest margin, to the growth of our total assets, last year was a year of rejuvenated activity and trajectory for Studio Bank. As you will see in this report, we invested heavily in growth in 2025, and those investments are already paying off. By the end of the year, our run rate of revenue reached an all-time high since the inception of our Bank, while pre-tax earnings in Q4 also showed noteworthy growth over prior quarters.

In many ways, 2025 marked a turning point. After navigating one of the most challenging and unusual operating environments the banking industry has faced in decades, we entered the year with renewed momentum, improving fundamentals, and a clear strategic direction. We moved decisively – expanding into the Chattanooga market, strengthening our capital base, adding depth to our team, and positioning the balance sheet for sustained growth. And the balance sheet certainly grew... rapidly. We also grew profitably, as our net interest margin expanded in eight of the last nine quarters. Importantly, we did all of this while maintaining the discipline, prudence, and operational excellence that have defined Studio Bank since our founding.

Looking back, I remain immensely proud of what our team accomplished in 2025. The progress we made was not simply incremental – it was meaningful, measurable, and foundational for the next phase of our growth.



Aaron J. Dorn

Chairman of the Board, President & Chief Executive Officer,
Studio Financial Holdings, Inc. and Studio Bank

“By the end of the year, our run rate of revenue reached an **all-time high** since the inception of our Bank...”

“Chattanooga represents a natural extension of our vision...”

GEOGRAPHIC EXPANSION: STRENGTHENING OUR FOOTPRINT

One of the great milestones of 2025 was the expansion of Studio Bank beyond our Middle Tennessee roots with the launch of our Chattanooga team.

This decision was the result of deliberate recruiting and long-term strategic intent. From the beginning, our vision has been to build a highly valuable banking franchise in Nashville and beyond – one rooted in strong and prospering communities, disciplined growth, and deep client relationships. Chattanooga represents a natural extension of our vision. It is a dynamic metropolitan area with a diversified economic base, strong entrepreneurial activity, and long-term growth fundamentals that closely align with the clients and businesses we are best positioned to serve.

During the year, we established a loan and deposit production office in downtown Chattanooga, laying the foundation for a durable, relationship-driven franchise in the area. The early traction we experienced validated both our team selection and our approach. In its first year, the Chattanooga expansion contributed meaningfully to new client activity and loan growth, while continuing to integrate into the Studio Bank culture and operating model.

We approached this expansion with the same philosophy that has guided Studio Bank since inception: build relationships, earn trust, and scale deliberately. Success in a new market is measured over time – in the durability of relationships, the stability of funding, and

the quality of the loan portfolio – not in a single year. We look forward to seeing this expansion blossom in the years ahead.

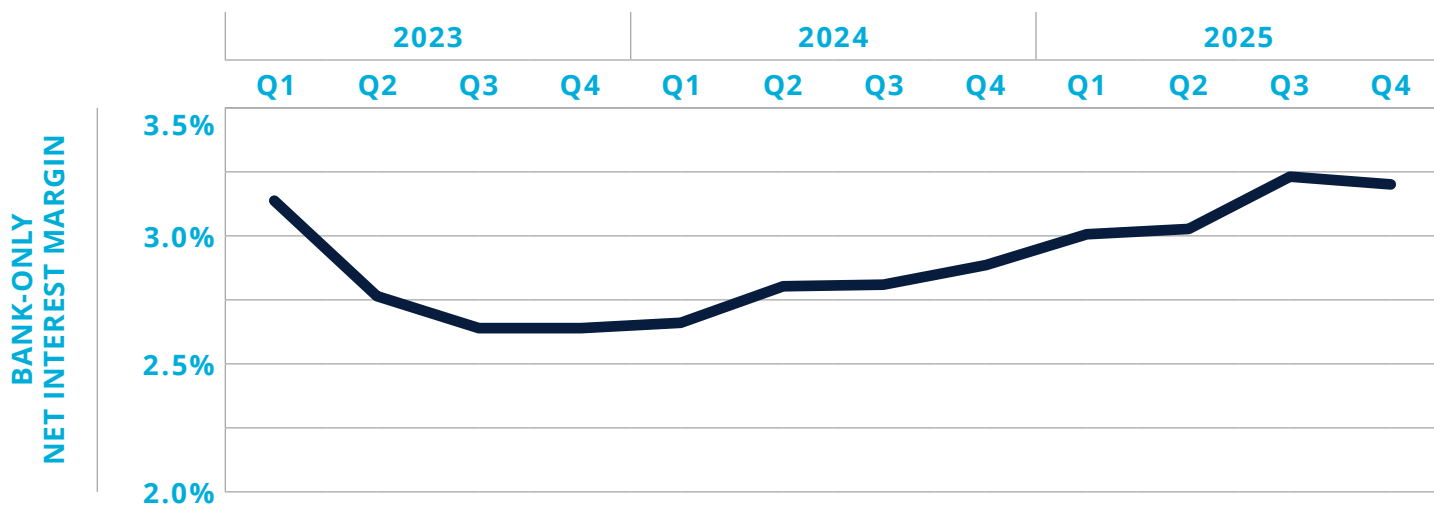
GROWTH BY THE NUMBERS: PEOPLE AND PERFORMANCE

While Chattanooga marks our first material geographic expansion, we remain definitively growth-oriented in Middle Tennessee, as well. We continue to be thoughtful and selective about future opportunities, and in 2025 we recruited numerous new teammates in Nashville and Franklin. Expansion for Studio Bank is not measured by geography alone, but by our ability to attract strong talent, deliver exceptional service, and generate sustainable shareholder value, wherever those aspects may be found.

At Studio Bank, growth is ultimately driven by our excellent bankers. In 2025, we invested meaningfully in expanding our team – adding revenue-producing capacity while also strengthening the operational and management capabilities that support a larger, more complex organization.

Over the course of the year, we facilitated strong revenue growth and strengthened our organizational depth by increasing our overall headcount, ending 2025 with 109 full-time equivalent employees. These additions reflected two priorities working in tandem. First, we expanded revenue-producing capacity in both Nashville and Chattanooga to generate high growth and to deepen client relationships. Second, we

Expansion for Studio Bank is not measured by geography alone, but by our ability to **attract strong talent, deliver exceptional service, and generate sustainable shareholder value,** wherever those aspects may be found.”



enhanced our organizational bandwidth across functions such as credit, finance, technology, and client support – ensuring the Bank remains strong, consistent, and scalable.

This balance matters. Growth is most valuable over the long term when it is supported by excellent execution and disciplined risk management. Throughout 2025, we focused on ensuring our infrastructure, controls, and leadership capacity remain aligned with our growth trajectory, so that the client experience stays exceptional as we scale and so that we gain the efficiencies that can ultimately emerge with greater scale.

The impact of these investments in people became increasingly evident as the year progressed. By year-end, our new-business pipelines were robust, client activity remained strong, and we were better positioned to support continued momentum in 2026 and beyond.

FINANCIAL PERFORMANCE

The financial results of 2025 reflect both the momentum of our growth and the effectiveness of our strategic decisions.

A defining feature of the year was the continued improvement in our net interest margin, which translated directly into stronger net interest income and

record revenue levels. On a Bank-only basis, our year-to-date net interest margin improved by 33 basis points to approximately 3.12% in 2025, compared to 2.79% in 2024. This improvement was driven by a combination of lower funding costs – from rate reductions, disciplined deposit pricing, and refinancing higher-cost wholesale funding into lower-cost sources – and stronger earning-asset mix and volume, led by robust loan growth even as yields adjusted with federal rate cuts.

Importantly, this margin improvement represents a recovery from the unusually challenging conditions experienced in 2023, when rapid interest rate increases caused industry-wide ramifications for all banks: deposit repricing, shifts in deposit mix, increased use of non-core funding, a prolonged inverted yield curve, and compressed margins. As those dynamics moderated in late 2024 and into 2025, we were able to take a more proactive and tactical approach to rebuilding margin through balance sheet and funding strategies.

The benefit of this margin recovery was evident in our revenue performance. In the fourth quarter, we achieved a new record for quarterly total revenue of \$10.3 million, up 27.0% from the fourth quarter of 2024. In particular, net interest income for the quarter reached \$9.0 million, an increase of 31.8% over the prior year. For the full year, total revenue increased 26.9% over 2024 and totaled \$38.2 million. This increase included certain one-time gains and

losses of \$1.2 million. Yet, aside from those items, the trend in core operating revenue is quite clear: recurring revenue expanded materially, driven by net interest income growth and supported by a healthy contribution from fee income.

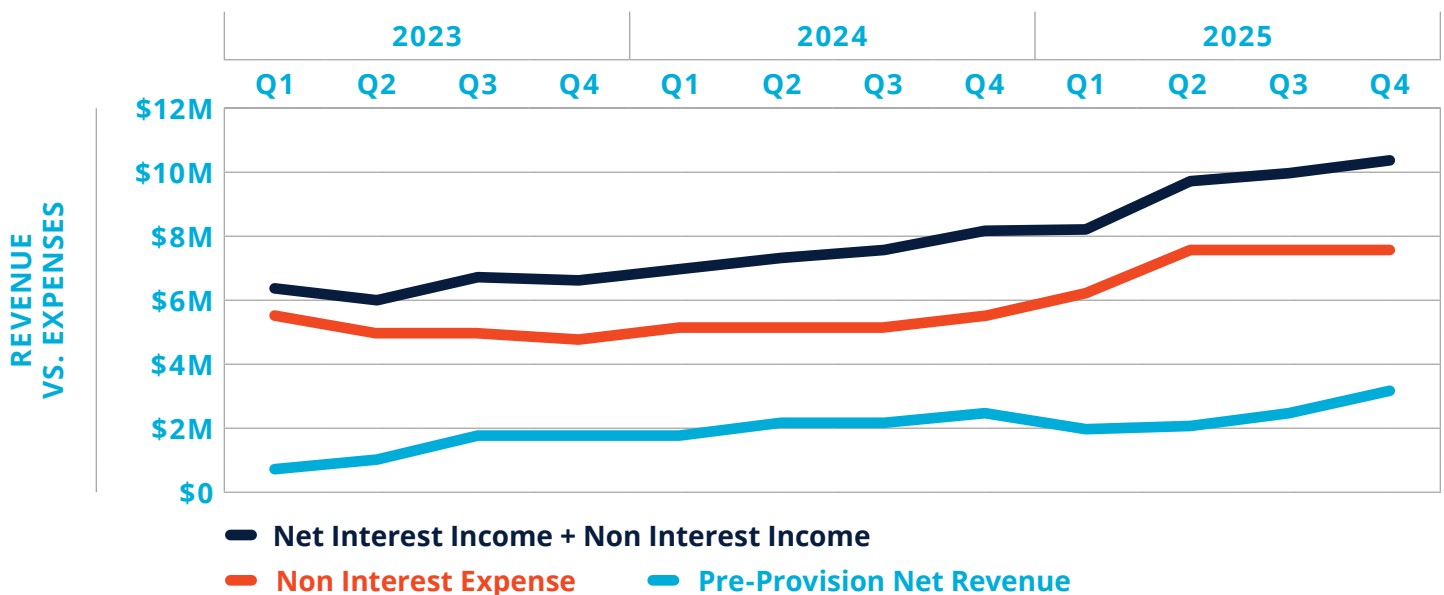
From a balance sheet perspective, the pace of the growth mattered as much as the quality of the growth. During 2025, loans held for investment grew 25.5%, supported by gross fundings of \$296.3 million and led by commercial and industrial, commercial real estate, and construction lending. Credit quality remained solid, with year-end nonperforming assets at 0.53% and nonperforming loans to total loans held for investment at 0.46%, both improved from the prior year.

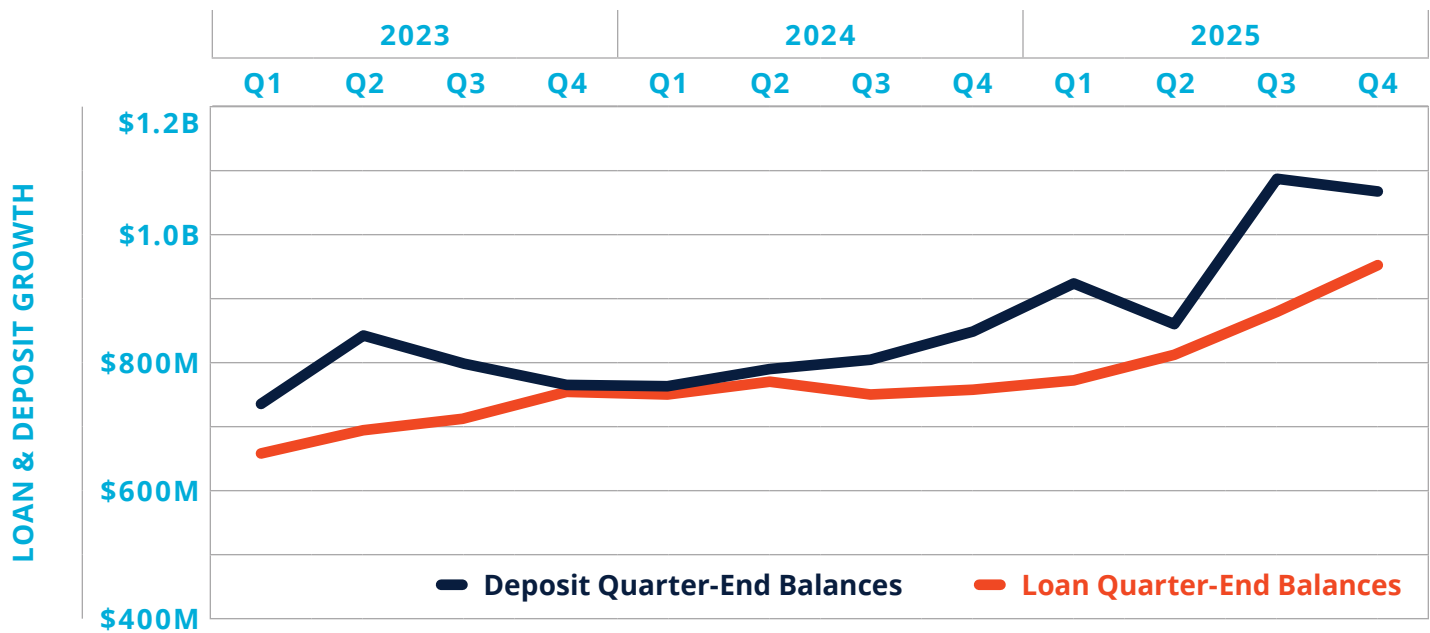
Deposit performance was also strong, and it deserves a nuanced explanation. Deposits ended the year at approximately \$1.07 billion, representing an increase of \$219.6 million (or 25.9%) compared with the end of 2024. While some of this growth resulted from a known large temporary deposit of \$120.0 million, all other deposits increased \$99.6 million (or 11.8%) during 2025 compared with the end of 2024. That distinction matters, because it illustrates two truths at once: we experienced meaningful relationship-driven deposit growth across the franchise, and we also managed normal variability that can occur with larger commercial deposit balances. While fostering high deposit growth, we remained disciplined in how we

priced deposits and how we managed funding mix – using a combination of repricing, refinancing, and balance sheet positioning to protect profitability while continuing to serve clients effectively.

Noninterest income also contributed positively to performance. For the year, noninterest income increased \$1.9 million or 40.0% to \$6.5 million compared to the previous year. Even excluding the \$1.2 million of one-time gains and losses recognized during 2025, this still represents meaningful growth for the Company. We view these revenue streams as an important complement to core spread income, because they deepen client relationships and diversify earnings. Fee income comes from multiple sources and can vary quarter to quarter, but the underlying theme is relationship breadth. Mortgage banking, loan swap fees, SBA loan-related fees, treasury management and depository fees, and other recurring service charges all play a role in serving clients well and enhancing overall profitability. Over time, our aim is not simply to increase fee income, but to build a set of capabilities that simultaneously make Studio Bank more resilient across economic cycles and more valuable to our clients.

On the expense side, our investments in the business were evident – as intended. Noninterest expense for the year increased to \$28.6 million, reflecting the up-front cost of growth and expansion, along with the





infrastructure required to support a larger organization. Even with these investments, we remain focused on maintaining a disciplined approach to managing costs and, going forward, improving efficiency and net income.

Total assets ended 2025 at approximately \$1.24 billion, representing 21.9% growth from 2024 and another important milestone in the evolution of our balance sheet and the scale of the company.

STRENGTHENING THE CAPITAL BASE

A noteworthy financial event of 2025 was the successful execution of a \$40 million subordinated debt offering at the holding company level. This transaction was both strategic and opportunistic. The offering

was oversubscribed and well received by institutional participants, reflecting confidence in Studio Bank’s performance, leadership, and long-term prospects. The proceeds were used to refinance existing senior debt and to provide additional capital flexibility to support future growth.

From a capital perspective, this transaction meaningfully strengthened our position, particularly at the Bank level. The subordinated debt qualified as Tier 2 capital for the holding company and allowed us to downstream Tier 1 equity capital to the Bank level, thus improving our overall capital ratios. This transaction enhanced our ability to support continued balance sheet growth without common stock dilution to shareholders. Just as importantly, it provides optionality – allowing us to be proactive and agile as opportunities arise.

“Total assets ended 2025 at approximately \$1.24 billion, representing **21.9% growth** from 2024 and another important milestone in the evolution of our balance sheet and the scale of the company.”

“To be **locked in** means to be fully focused, disciplined, and committed to successful performance. It reflects our belief that the opportunity in front of us is significant..”

OPERATIONAL EXCELLENCE: A FOUNDATIONAL PRIORITY

While growth and expansion were defining themes of 2025, operational excellence remained a constant and foundational priority.

As we are continually aware, high growth can amplify both strengths and challenges. Our vigilant focus on risk management, excellence in execution, and efficiency supports our vision for high growth to generate long-term value and consistency of performance. We aim to manage our growth in such a way that it strengthens our Bank, rather than strains it. Throughout 2025, we continued to invest in systems, processes, and people to support scale - while maintaining the high standards for safety and soundness expected by regulators, clients, and shareholders alike.

Operational excellence at Studio Bank is a discipline that shows up in how we execute: strong credit administration, thoughtful underwriting and portfolio monitoring, sound governance, and consistent client servicing across our various teams. It also includes continuous improvement. In 2025 we once again completed a full slate of customary external and internal reviews. These processes collectively reinforced the confidence of our Board and leadership team in the soundness of the Bank and the validity of our operating model.

We also continue to focus on efficiency as we scale. As the organization grows, we are working to standardize processes where it improves quality and speed, strengthen reporting and oversight, and ensure our teams have the tools they need to execute consistently. The objective is simple: operate a safe, sound, and compliant Bank, with as much prudence,

and efficiency as is practical, while maintaining the high-touch service that defines our culture and the client experience.

As we grew the organization last year, we also paid close attention to operational capacity and resiliency, including technology and cybersecurity oversight, vendor management, and business continuity planning. The goal in this respect is straightforward: as the Bank grows and we serve more and more clients, our systems environment should remain strong and resilient.

Equally important is the consistency of the client experience. Regardless of city, product, or size of relationship, our clients expect a consistent and high level of responsiveness, expertise, and care. That consistency is the result of deliberate onboarding, clear expectations, and a culture that prioritizes service excellence.

Operational excellence is not a static achievement – it is a daily discipline. As we grow, it will remain a defining characteristic of Studio Bank.

LOOKING AHEAD: FOCUSED, READY, AND "LOCKED IN"

As we turn the page to 2026 and beyond, we do so with confidence, clarity, and momentum. For the coming year, we are fully aligned around a simple but powerful mindset: "Locked in." To be locked in means to be fully focused, disciplined, and committed to successful performance. It reflects our belief that the opportunity in front of us is significant and that it requires our very best, every day.

In 2026, we will be focused on translating the new capacity for growth that we built in 2025 into durable operating leverage and enhanced profitability. That

means growing revenue while gradually improving efficiency as our various banking teams and client relationships grow and deepen. It means continuing to optimize our funding mix and protect net interest margin through disciplined deposit management and thoughtful balance sheet strategy. It also means continuing to diversify and grow fee income through the products and services that deepen relationships and create value for clients.

We will also remain focused on the maturation of our new Chattanooga location. Our objective is not simply to be present in Chattanooga, but to build a high-quality franchise there – one that reflects our culture, maintains strong credit standards, and grows in a measured and sustainable way.

Our priorities are clear. To accomplish these objectives, we will aim to deepen client relationships, drive core deposit growth, and prudently expand our loan portfolio. We will strive to manage expenses diligently, to improve efficiency, and to enhance profitability as the investments we made in 2025 continue to mature. We will stay vigilant in risk management, working hard to make credit quality and balance sheet strength the enduring hallmarks of our franchise. As part of this focus, we will continue to invest in leadership development and in the habits of high-performing teams, so that execution and accountability remain consistent as we grow.

The economic environment will continue to evolve, as it always does. Interest rates will move, markets will shift, and new challenges will emerge. It is true that past success does not guarantee future performance. What will not change is our readiness, flexibility, and leadership. We have built a team, a culture, and a balance sheet designed not just to endure change – but to capitalize on it.

CLOSING THOUGHTS

In closing, I want to express my sincere gratitude to our shareholders for your continued trust and support. Studio Bank exists because of your belief in our vision and your partnership in our journey. I am equally grateful to our clients, who entrust us with their ambitions, and to our incredible team, whose talent, dedication, and integrity made everything we achieved in 2025 possible. We are building something special together – and 2025 was yet another momentous year for our company.

Sincerely,



Aaron J. Dorn

Chairman of the Board, President & Chief Executive Officer,
Studio Financial Holdings, Inc. and Studio Bank



In 2025, Studio Bank launched a new webpage for **Investor Relations:**
StudioBank.com/Investor-Relations

Financial Highlights

	METRIC	2023	2024	2025
SELECTED BALANCE SHEET DATA	Total Loans Held for Investment (Dollars in Thousands)	\$749,440	\$757,201	\$950,509
	Total Deposits (Dollars in Thousands)	\$763,310	\$846,402	\$1,065,989
	Total Assets (Dollars in Thousands)	\$990,156	\$1,020,801	\$1,244,143
	Total Equity (Dollars in Thousands)	\$68,376	\$75,551	\$85,261
SELECTED PROFITABILITY METRICS	Pre-Tax, Pre-Provision Net Revenue (Dollars in Thousands)	\$5,463	\$8,878	\$9,638
	Net Income (Dollars in Thousands)	\$2,287	\$6,715	\$6,462
	Return on Average Assets	0.3 %	0.7 %	0.6 %
	Return on Average Equity	3.3 %	9.3 %	8.1 %
	Efficiency Ratio	78.8 %	70.6 %	74.8 %
	Net Interest Margin	2.62 %	2.65 %	2.95 %
CAPITAL RATIOS	Total Equity/Assets	6.9 %	7.4 %	6.9 %
	Common Equity Tier 1 Capital Ratio (Bank Only)	11.7 %	11.9 %	11.9 %
	Total Risk-Based Capital Ratio (Bank Only)	12.9 %	13.1 %	13.1 %
	Tier 1 Leverage Ratio (Bank Only)	9.8 %	9.7 %	9.8 %
LIQUIDITY & ASSET QUALITY	Loans Held for Investment to Deposits Ratio	98.2 %	89.5 %	89.2 %
	Nointerest-bearing/Total Deposits	16.6 %	16.3 %	14.3 %
	Allowance for Credit Losses/Loans Held for Investment	1.2 %	1.2 %	1.1 %
	Nonperforming Loans/Loans Held for Investment	0.8 %	0.6 %	0.5 %
	Nonperforming Assets/Assets	0.6 %	0.7 %	0.5 %
	Net Charge-offs/Average Loans	0.0 %	0.1 %	0.1 %
PER SHARE	Book Value Per Share	\$9.75	\$10.70	\$11.95
	Shares Outstanding at Period End	7,009,371	7,062,280	7,135,131
	Basic Earnings Per Share	\$0.31	\$0.95	\$0.91
	Weighted Average Basic Shares Outstanding	7,389,129	6,983,356	7,012,582
	Diluted Earnings Per Share	\$0.30	\$0.95	\$0.90
	Weighted Average Diluted Shares Outstanding	7,497,669	7,010,951	7,072,734



In 2025, we continued to invest in our greatest strength: our people. Studio Bank grew to 109 team members across 16 departments and expanded our presence beyond Nashville with the launch of our Chattanooga location. Across Tennessee, the Bank welcomed experienced professionals in commercial banking, treasury management, credit, and client services, strengthening both our depth of expertise and local relationships. This growth reflects our belief that exceptional banking begins with exceptional people.





Driving Local Momentum

Community impact is not separate from our work – it is an extension of our purpose. In 2025, our team continued to invest deeply in the people and places that make our communities strong, pairing financial support with meaningful, hands-on involvement and leadership. We were proud to stand alongside organizations advancing opportunities in education, economic development, affordable housing, health and human services, and the arts, including Junior Achievement of Middle TN, Habitat for Humanity of Greater Nashville, FiftyForward, LOVE Academy, Ella's House, Renewal House, NAMI Chattanooga, Dream Streets, the Chattanooga Area Food Bank, and more. This work reflects who we are and our belief that lasting success is built by strengthening the communities we serve.



85

Nonprofit partners received financial support

795

Volunteer hours among teammates

22

Team members in nonprofit leadership roles

Board of Directors



AARON J. DORN
Chairman of the Board,
President & Chief Executive
Officer



HARRY ALLEN
Vice Chairman, EVP for
Financial Excellence & CFO,
Belmont University



HOWARD BLUVER
Lead Director of Studio Bank;
Former President & CEO,
Suffolk County National Bank



JOSH DEUTSCH
CEO, Premier Music
Group



SARA FINLEY
Corporate & Nonprofit
Director and former General
Counsel, CVS Caremark Corp.



RUSTY GASTON
CEO, Sony/ATV Music
Publishing Nashville



MIKE HARDWICK, III
Founder & CEO, Churchill
Mortgage Corporation



MATT KISBER
Co-Founder & Chairman,
Silicon Ranch Corp.; Former
Commissioner of Economic
Development, State of Tenn.



JANET MILLER
Vice Chair, Nashville Colliers
International



TARA SCARLETT
President & CEO, Scarlett
Family Foundation



PAT SHEA
Founder & Former CEO,
Nashville Police + Public Safety
Alliance



KENT WOOD
Entrepreneur & Investor,
ImageQuest, Latitude, Hyve
Health and New Orchard

Executive Operating Committee



AARON J. DORN
Chairman of the
Board, President &
Chief Executive Officer



**ANDREW
BLAHNIK**
Chief Operations
Officer



**APRIL
BRITT**
Chief Experience
Officer & Community
Banking Executive



**RICHARD
BYNUM**
Chief Credit Officer
& Commercial Banking
Executive



**ERIKA
SMALL**
Chief Financial Officer
& Corporate Secretary

Shareholder Information

SHAREHOLDER MEETING

The next Annual Meeting of shareholders of Studio Financial Holdings, Inc. is Friday, June 26, 2026, at 8:30 AM CT, at our Franklin Office. Please see proxy materials for more details.

STOCK LISTING

OTCMKTS: STBK <https://otcmarkets.com/stock/STBK>

CORPORATE HEADQUARTERS

Studio Financial Holdings, Inc.
124 12th Avenue South, Suite 400
Nashville, TN 37203

615-338-9998
[StudioBank.com](https://www.studiobank.com)

CONSOLIDATED REPORTS OF CONDITION & INCOME

Studio Bank's most recent Consolidated Reports of Condition and Income (Call Report) is available on the Federal Financial Institutions Examinations Council (FFIEC) website at <https://cdr.ffiec.gov/public>.

FINANCIAL INFORMATION

For additional financial documents and information, please visit the Investor Relations section of our website at [StudioBank.com](https://www.studiobank.com).

INDEPENDENT AUDITOR

Crowe LLP
720 Cool Springs Blvd., Suite 600
Franklin, TN 37067

615-360-5500

STOCK TRANSFER AGENT

Continental Stock Transfer & Trust Company
1 State Street, 30th Floor
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[ContinentalStock.com](https://www.ContinentalStock.com)

2025 Financial Report

STUDIO FINANCIAL HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

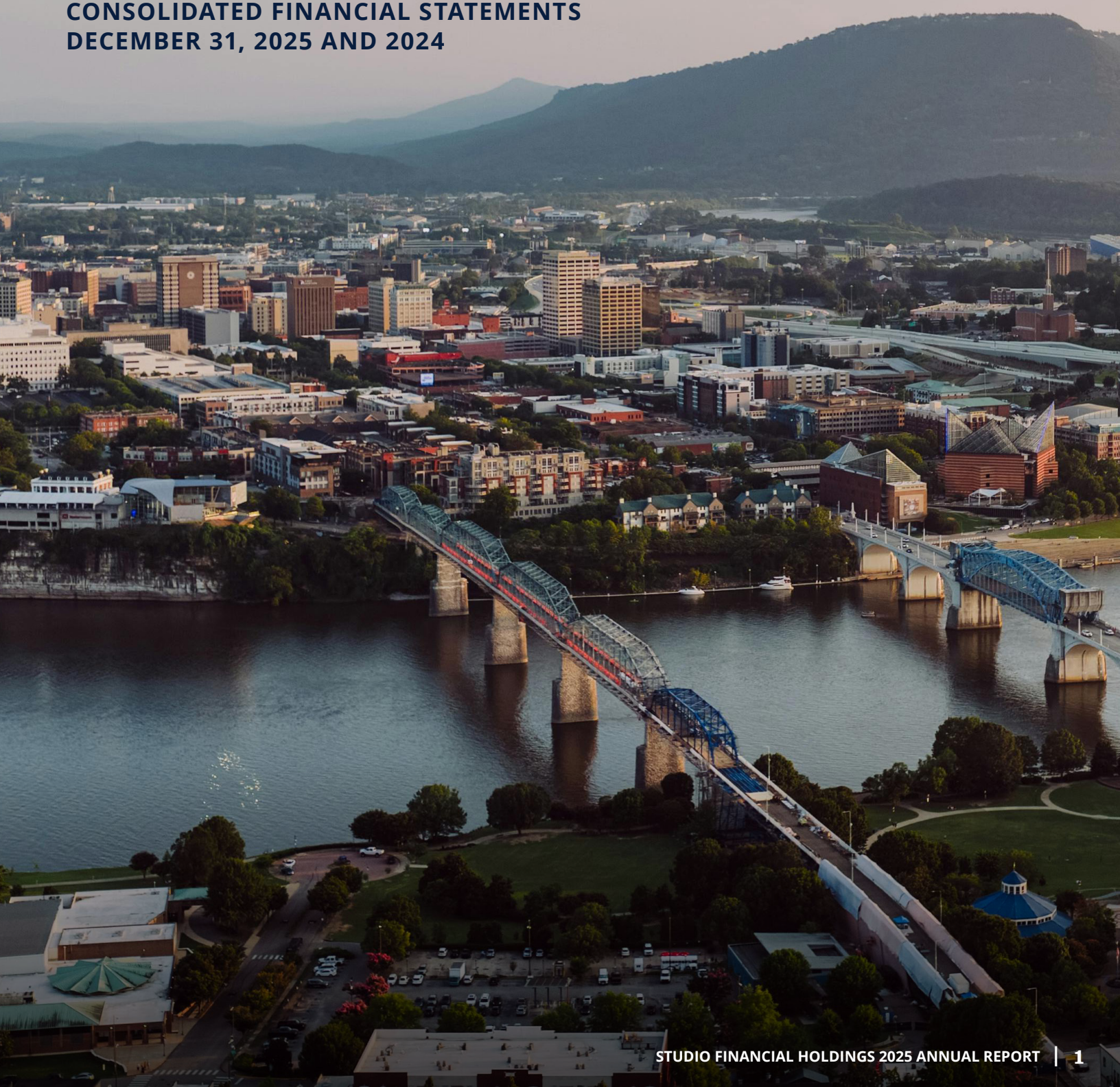


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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Studio Financial Holdings, Inc.
Nashville, Tennessee

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of Studio Financial Holdings, Inc., which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Studio Financial Holdings, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Studio Financial Holdings, Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in the *Internal Control—Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) and our report dated March 30, 2026 expressed an unmodified opinion. .

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Studio Financial Holdings, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Studio Financial Holdings, Inc.'s ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Studio Financial Holdings, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.



Crowe LLP

Franklin, Tennessee
March 30, 2026

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Balance Sheets
(Dollars in Thousands, Except Share Data)

	December 31,	
	2025	2024
ASSETS		
Cash and due from financial institutions	\$ 16,097	\$ 7,919
Interest-bearing deposits with other banks	56,128	32,711
Cash and cash equivalents	72,225	40,630
Investments:		
Available-for-sale, at fair value (amortized cost of \$129,264 and \$141,563, respectively)	125,404	134,712
Held-to-maturity, net of allowance for credit losses of \$1 and \$2, respectively (fair value of \$34,603 and \$35,014, respectively)	39,073	41,466
Restricted stock, at cost	4,569	5,477
Mortgage loans held for sale	4,133	3,955
Loans held for investment, net of unearned income	950,509	757,201
Allowance for credit losses	(10,740)	(9,022)
Loans held for investment, net	939,769	748,179
Bank owned life insurance	28,845	23,724
Premises and equipment, net	1,549	1,547
Operating lease right-of-use assets	5,213	3,132
Accrued interest receivable	4,827	4,448
Other real estate owned	2,254	2,765
Deferred tax asset, net	6,042	6,239
Other assets	10,240	4,527
Total assets	\$ 1,244,143	\$ 1,020,801
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 152,572	\$ 137,940
Interest-bearing:		
Interest-bearing demand	342,694	305,800
Savings and money market	473,798	296,134
Time deposits - customer	28,236	34,679
Time deposits - wholesale	68,689	71,849
Total deposits	1,065,989	846,402
Federal Home Loan Bank advances	40,000	70,000
Long-term debt	39,080	19,810
Operating lease liabilities	6,017	3,958
Accrued interest payable	1,321	836
Accrued expenses and other liabilities	6,475	4,244
Total liabilities	1,158,882	945,250
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value; 50,000,000 shares authorized, no shares issued as of December 31, 2025 and 2024	—	—
Common stock, \$0.0001 par value; 150,000,000 shares authorized; 7,135,131 and 7,062,280 shares issued as of December 31, 2025 and 2024	75,258	74,353
Retained earnings	14,083	7,621
Accumulated other comprehensive loss	(4,080)	(6,423)
Total shareholders' equity	85,261	75,551
Total liabilities & shareholders' equity	\$ 1,244,143	\$ 1,020,801

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Statements of Income
(Dollars in Thousands, Except Share Data)

	Year Ended December 31,	
	2025	2024
Interest income		
Loans, including fees	\$ 54,292	\$ 49,946
Investment securities - taxable	6,204	7,071
Investment securities - tax-exempt	876	576
Other interest-bearing balances	3,199	1,950
Total interest income	64,571	59,543
Interest expense		
Deposits:		
Interest-bearing demand	10,998	11,302
Savings and money market	12,542	10,840
Time deposits - customer	1,451	1,481
Time deposits - wholesale	2,984	4,183
Total interest expense on deposits	27,975	27,806
Federal Home Loan Bank advances	2,929	2,328
Other borrowings	8	2,547
Long-term debt	1,938	1,374
Total interest expense	32,850	34,055
Net interest income	31,721	25,488
Provision for credit losses on loans held for investment	2,178	327
Provision for credit losses on unfunded commitments	75	252
Net interest income after provision for credit losses	29,468	24,909
Noninterest income		
Service charges and fees on deposits	1,259	1,078
Net gains on sale of loans	1,951	2,341
Bank owned life insurance income	1,789	947
Gain from securities, net	309	—
Other noninterest income	1,216	295
Total noninterest income	6,524	4,661
Noninterest expense		
Salaries and employee benefits	18,947	13,891
Occupancy and equipment	1,506	1,558
Data processing	2,203	1,691
Professional fees	1,396	826
Advertising	688	476
Other noninterest expense	3,867	2,829
Total noninterest expense	28,607	21,271
Income before income taxes	7,385	8,299
Income taxes	923	1,584
Net income	\$ 6,462	\$ 6,715
Earnings per share:		
Basic	\$ 0.91	\$ 0.95
Diluted	\$ 0.90	\$ 0.95

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Statements of Comprehensive Income
(Dollars in Thousands)

	Year Ended December 31,	
	2025	2024
Net income	\$ 6,462	\$ 6,715
Other comprehensive income (loss), net of tax:		
Available-for-sale securities:		
Net unrealized holding gain (loss), net of tax expense (benefit) of \$865 and (\$157), respectively	2,435	(424)
Reclassification adjustment for gain on sale of securities realized in income, net of tax expense of \$81	(228)	—
Held-to-maturity securities:		
Amortization of unrealized holding losses on securities transferred from the available-for-sale category	200	213
Derivative instruments:		
Net unrealized holding loss on cash flow hedge, net of tax benefit of \$23	(64)	—
Total other comprehensive income (loss), net of tax	2,343	(211)
Comprehensive income	\$ 8,805	\$ 6,504

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in Thousands, Except Share Data)

	Common Stock		Retained Earnings	Accumulated other comprehensive loss	Total
	Shares	Amount			
Balance as of January 1, 2024	7,009,371	\$ 73,682	\$ 906	\$ (6,212)	\$ 68,376
Net income	—	—	6,715	—	6,715
Other comprehensive income	—	—	—	(211)	(211)
Issuance of restricted shares, net of forfeitures	28,242	—	—	—	—
Exercise of stock options	24,667	247	—	—	247
Stock-based compensation expense	—	424	—	—	424
Balance as of December 31, 2024	7,062,280	\$ 74,353	\$ 7,621	\$ (6,423)	\$ 75,551
Net income	—	—	6,462	—	6,462
Other comprehensive income	—	—	—	2,343	2,343
Issuance of restricted shares, net of forfeitures and shares withheld for taxes	61,992	(12)	—	—	(12)
Exercise of stock options	10,859	108	—	—	108
Stock-based compensation expense	—	809	—	—	809
Balance as of December 31, 2025	7,135,131	\$ 75,258	\$ 14,083	\$ (4,080)	\$ 85,261

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 6,462	\$ 6,715
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for credit losses	2,253	579
Depreciation on premises and equipment	424	551
Accretion of premiums and discounts on securities, net	(239)	(421)
Gain from securities, net	(309)	—
Net gain on sale of other real estate owned	(57)	—
Amortization of debt issuance costs	106	73
Provision for deferred income taxes	(631)	(171)
Net gains on sales of loans held for sale	(1,951)	(2,449)
Loss on debt extinguishment	141	—
Stock-based compensation expense	809	424
Earnings on bank owned life insurance	(1,789)	(947)
Origination of loans held for sale	(74,601)	(73,612)
Proceeds from sale of loans held for sale	76,374	76,911
Changes in:		
Operating lease assets and liabilities, net	(22)	(43)
Accrued interest receivable and other assets	(5,479)	21
Accrued interest payable and other liabilities	2,132	(1,693)
Net cash provided by operating activities	<u>3,623</u>	<u>5,938</u>
Cash flows from investing activities:		
Securities available-for-sale:		
Proceeds from sales	9,581	—
Proceeds from maturities, prepayments and calls	31,596	15,770
Purchases	(28,304)	(33,102)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	2,443	2,596
Net redemptions of restricted stock	908	2,399
Loan originations and payments, net	(195,327)	(10,720)
Purchases of premises and equipment	(426)	(141)
Purchase of bank owned life insurance	(5,000)	(10,000)
Proceeds from bank owned life insurance death benefit	1,668	—
Additions to other real estate owned	(317)	—
Proceeds from sale of other real estate owned and other assets	2,444	—
Net cash used in investing activities	<u>(180,734)</u>	<u>(33,198)</u>
Cash flows from financing activities:		
Net change in deposits	219,587	83,092
Stock-based compensation withholding payments	(12)	—
Proceeds from exercise of stock options	108	247
Repayments of Federal Home Loan Bank advances	(50,000)	(53,000)
Proceeds from Federal Home Loan Bank advances	20,000	50,000
Repayments from Bank Term Funding Program	—	(55,000)
Proceeds from issuance of subordinated debt, net of issuance costs	39,023	—
Repayment of senior notes	(20,000)	—
Net cash provided by financing activities	<u>208,706</u>	<u>25,339</u>
Net increase (decrease) in cash and cash equivalents	31,595	(1,921)
Cash and cash equivalents at beginning of period	40,630	42,551
Cash and cash equivalents at end of period	<u>\$ 72,225</u>	<u>\$ 40,630</u>

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Consolidated Statements of Cash Flows (continued)

	Year Ended December 31,	
	2025	2024
Supplemental cash flow information:		
Interest paid	\$ 32,365	\$ 34,362
Taxes paid, net of refunds received	1,034	2,489
Supplemental non-cash items:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 2,768	\$ —
Transfers from loans to other real estate owned	1,559	2,765

See the accompanying notes to the consolidated financial statements.

STUDIO FINANCIAL HOLDINGS, INC.
Notes to Consolidated Financial Statements
(Dollars in Thousands, Except Share Data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Studio Financials Holdings, Inc. (the “Company”) is a single-bank holding company headquartered in Nashville, Tennessee whose primary business is conducted through its wholly-owned subsidiary, Studio Bank (the “Bank”).

The Bank operates in the state of Tennessee in the cities of Nashville and Franklin and opened a location in Chattanooga during the second half of 2025. The Bank provides a wide range of services to its clients, including commercial and consumer loans and depository services and other traditional banking services.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 30, 2026, which is the date the financial statements were available to be issued.

Basis of Presentation

The accompanying consolidated financial statements and disclosures of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and prevailing bank industry practices. In preparing the consolidated financial statements, management makes certain estimates and assumptions based on available information that affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Certain policies that significantly affect the determination of financial position, results of operations and cash flows are summarized below. Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders’ equity.

Cash Equivalents and Cash Flows

Cash and cash equivalents include cash and deposits with other financial institutions with maturities fewer than 90 days. Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements in addition to collateral requirements under the Company’s derivative contracts.

Net cash flows are reported for loans held for investment and deposit transactions.

Securities

The Company classifies debt securities as available-for-sale or held-to-maturity on the date of purchase. Debt securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available-for-sale when they might be sold before maturity. Available-for-sale securities are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Accrued interest receivable is separated from other components of amortized cost and presented separately on the consolidated balance sheets. Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level-yield method to earliest call date without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Nearly all of the mortgage-back securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. Any remaining mortgage-backed securities are collateralized mortgage obligations which carry investment grade ratings. Obligations of states and political subdivisions represent investments that have a long history of no credit losses issued by political subdivisions considered to be financially sound.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is “more likely than not” that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security’s amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically

STUDIO FINANCIAL HOLDINGS, INC.

Notes to Consolidated Financial Statements

(Dollars in Thousands, Except Share Data)

related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded in expense as provision for credit losses. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Restricted stock

The Bank is a member of the Federal Home Loan Bank (“FHLB”) system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. The Bank also owns stock of its other correspondent banks and other investments. FHLB stock and other investments are carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights released. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans Held for Investment

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. When material, loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level yield method without anticipating prepayments.

Interest income on mortgage and commercial loans is discontinued and placed on non-accrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Mortgage loans are charged off at 180 days past due, and commercial loans are charged off to the extent principal or interest is deemed uncollectible. Consumer loans continue to accrue interest until they are charged off no later than 120 days past due unless the loan is in the process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans are evaluated individually for impairment.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for a prescribed amount of time, and future payments are reasonably assured.

Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Credit losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rate, property values, or other relevant factors.

The Company calculates its expected credit loss using a discounted cash flow methodology, except for farmland, consumer and other and cash-secured loans, which utilizes the weighted average remaining remaining life method. The Company utilizes a probability of default and loss given default model, as well as expectations of future economic conditions, using reasonable and

STUDIO FINANCIAL HOLDINGS, INC.

Notes to Consolidated Financial Statements

(Dollars in Thousands, Except Share Data)

supportable forecasts. Together, the probability of default and loss given default model with the use of reasonable and supportable forecasts generate estimates for cash flows expected to be collected over the estimated life of a loan.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments: construction real estate, commercial real estate, residential real estate, commercial, and consumer. The risk associated with the construction real estate portfolio segment is most directly tied to the probability of declines in the value of residential and commercial real estate in the Company's market area and secondarily to the financial capacity of the borrower. The other four portfolio segments have various risk characteristics associated with: i) the borrower's cash flow, ii) the value of the Bank's collateral and iii) the capacity of guarantors.

- Real estate loans are affected by the local real estate market, the local economy, and for variable rate mortgages, movement in indices tied to these loans. Appraisals are obtained to support the loan amount.
- Commercial loans are dependent on the strength of the industries of the related borrowers and the success of their businesses. Commercial loans are advanced for equipment purchases or to provide working capital or meet other financing needs of business enterprises. These loans may be secured by accounts receivable, inventory, equipment or other business assets. Financial information is obtained from the borrowers to evaluate the ability to repay the loans.
- Consumer loans are dependent on local economies. Consumer loans are generally secured by consumer assets, but may be unsecured. The Company evaluates the borrower's repayment ability through a review of credit scores and an evaluation of debt to income ratios.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a loan modification for a borrower experiencing financial difficulty will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit unless, that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. As of December 31, 2025 and 2024, the allowance for credit losses on off-balance sheet credit exposures was \$1,318 and \$1,243, respectively and is included in accrued expenses and other liabilities.

Concentration of Credit Risk

Most of the Company's business activity is with customers located within the state of Tennessee. Therefore, the Company's exposure to credit risk is significantly affected by changes in the local economy. The Bank does not have a significant concentration of loans within a particular industry.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key executives and employees. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract as of the balance sheet date, which is the cash surrender value adjusted for other charges or amounts due that are probable at settlement. Appreciation in the cash surrender value of the policies and cash death benefits received are recognized as a component of noninterest income in the Company's consolidated statements of income.

Premises and Equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation. These assets are depreciated using the straight-line method through occupancy and equipment expense over the estimated useful lives ranging from three to seven years. Costs of major leasehold improvements are capitalized and depreciated over the shorter of the useful life or lease term.

STUDIO FINANCIAL HOLDINGS, INC.

Notes to Consolidated Financial Statements

(Dollars in Thousands, Except Share Data)

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain branch and office facilities under non-cancelable operating lease agreements. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentive, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon the incremental borrowing rate the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record leases on the consolidated balance sheets that are classified as short term (less than one year).

At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense is allocated over the remaining lease term on a straight-line basis and also includes variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. The Company's variable lease expense include rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease. These rent expenses are included in occupancy and equipment expense on the company's consolidated statements of income.

Other Real Estate Owned

Other real estate owned representing foreclosed real estate is initially recorded at fair value less costs to sell with any excess recorded investment charged to the allowance for credit losses. For residential real estate, physical possession of collateralized property occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. If fair value declines subsequent to foreclosure, write-downs are recorded in noninterest income as a component of the gain or loss on other real estate owned. Operating or maintenance costs are expensed through other noninterest expense.

Derivatives

At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and beliefs as to the likely effectiveness of a hedge. These three types are: (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be recognized as an asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative").

For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedge risk, are recognized in current earnings as fair values changes. For a cash flow hedge, the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded in noninterest income on the Company's consolidated statements of income. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income.

The Company formally documents the derivatives and hedged items, as well as the risk management objective and strategy for undertaking hedged transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

STUDIO FINANCIAL HOLDINGS, INC.
Notes to Consolidated Financial Statements
(Dollars in Thousands, Except Share Data)

Mortgage Banking Derivatives

Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as freestanding derivatives. The fair value of the interest rate lock is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitment before the loan is funded. In order to hedge the change in interest rate resulting from its commitments to fund the loans, the Company enters into best efforts forward commitments for the future delivery of mortgage loans when interest rate locks are entered into. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. Changes in the fair values of these derivatives are included in the net gains on sales of loans.

Stock-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees and directors based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

While certain of the Company's restricted stock awards are time-based, a majority of these awards vest in two tranches: one-third based on continued service over a specified period, and two-thirds based on the achievement of a specified internal financial performance metric, as determined by the Company's Governance and Compensation Committee of the Board of Directors.

Compensation cost for the time-based awards is recognized over the required service period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for each separately vesting tranche. The Company recognizes forfeitures as they occur. For performance-based awards, expense is recognized through the date the performance metric is estimated to be achieved, with adjustments made if actual results differ from initial estimates.

Stock Warrants

The Bank issued stock warrants to founding shareholders in connection with the Bank's formation. Each warrant allows the shareholder to purchase an additional share of common stock at \$10.00 per share for each two shares of common stock purchased in the seed round. The warrants were issued with an effective date of June 14, 2018, and will be exercisable in whole or in part up to ten years following the date of issuance. The warrants are detachable from the common stock and are not accounted for separately as derivatives or compensation. As of December 31, 2025 and 2024 there were 202,050 outstanding warrants included in common stock.

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

During the year ended December 31, 2025, the Company purchased advanced manufacturing production tax credits through a third party buyer's club program. Both the benefit and transaction costs are included within income tax expense on the consolidated statements of income. Refer to Note 12 – Income Taxes for additional information.

Earnings per Common Share

Basic earnings per common share is computed by dividing earnings allocated to common shareholders by the weighted average basic number of common shares outstanding during the period. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings per common share is computed by dividing earnings allocated to common shareholders by the weighted average number of common shares outstanding, plus the dilutive effect of additional potential common shares issuable under stock options and warrants.

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Basic and diluted earnings per common share calculations are as follows for the periods presented:

	Year Ended December 31,	
	2025	2024
Basic:		
Net income	\$ 6,462	\$ 6,715
Less: distributed earnings allocated to participating securities	—	—
Less: earnings allocated to participating securities	(99)	(52)
Net earnings allocated to common shareholders	<u>\$ 6,363</u>	<u>\$ 6,663</u>
Weighted average common shares outstanding	7,121,359	7,037,905
Less: participating securities	(108,777)	(54,549)
Weighted average basic shares outstanding	<u>7,012,582</u>	<u>6,983,356</u>
Basic earnings per common share	\$ 0.91	\$ 0.95
Diluted:		
Net earnings allocated to common shareholders	\$ 6,363	\$ 6,663
Weighted average basic shares outstanding	7,012,582	6,983,356
Plus: Dilutive effect of assumed exercises of stock options	38,022	17,681
Plus: Dilutive effect of assumed exercises of stock warrants	22,130	9,914
Weighted average diluted shares outstanding	<u>7,072,734</u>	<u>7,010,951</u>
Diluted earnings per share	<u>\$ 0.90</u>	<u>\$ 0.95</u>

As of December 31, 2025 and 2024, there were 100,796 and 77,764, respectively, of stock options that were not considered in computing diluted earnings per common share because they were antidilutive.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale and derivatives designated as cash flow hedges as a separate component of equity, net of taxes.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there to be any such matters that will have a material effect on the financial statements.

Fair Value

Fair values are estimated using relevant market information and other assumptions, as more fully disclosed in Note 8 – Fair Value. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Operating Segment

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”). The Company evaluates its strategic plans, operations, reporting structure and financial performance to identify reportable segments. The Company’s CODM is the Chief Executive Officer, supported by a senior executive leadership team. While the CODM monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment. As the

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Company's operations are comprised of a single reporting segment, total segment assets are reflected on the accompanying consolidated balance sheets as "total assets" and the significant segment expenses are listed on the accompanying consolidated statements of operations.

Accounting Policy Updates

Accounting Policies Recently Adopted

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*". This ASU enhances income tax disclosure requirements primarily by requiring annual disclosure of specific categories in the rate reconciliation table and disaggregation of income taxes paid by jurisdiction. The Company applied the required disclosures retrospectively. Aside from complying with the new disclosure requirements, this update did not have a significant impact on the Company's financial statements or disclosures. Refer to Note 12 – Income Taxes, for the required disclosures.

Newly Issued Not Yet Effective Accounting Updates

In November 2024, the FASB issued ASU 2024-03, "*Disaggregation of Income Statement Expenses (DISE)*". ASU 2024-03 requires additional disclosure of the nature of expenses included in the income statement to be presented in a tabular format in the footnotes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The amendments in ASU 2024-03 should be applied on a prospective basis, although retrospective application is permitted. ASU 2024-03 is not expected to have a material impact on the Company's consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, "*Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*". ASU 2025-09 updates hedge accounting guidance to address global reference rate reform and better align hedge accounting with entities' risk management practices. Key changes include broadening eligible hedged risks for cash flow hedges via a "similar risk exposure" test, introducing an optional operable model for hedge accounting on choose-your-rate debt instruments, permitting hedge accounting for forecasted spot and forward transactions in nonfinancial assets if price components are clearly related, and removing the net written option test for certain derivatives. The amendments of ASU 2025-09 also resolve recognition mismatches in dual hedge strategies involving foreign-currency-denominated debt. The amendments of ASU 2025-09 are effective for annual reporting periods beginning after December 15, 2026 and should be applied on a prospective basis for all hedging relationships. Early adoption is permitted. Entities may also modify certain critical terms of existing hedging relationships without de-designating the hedge upon adoption. The Company is currently evaluating the impact the amendments of ASU 2025-09 will have in regard to its derivative and hedging instruments; however, this adoption is not expected to have a material impact on the Company's consolidated financial statements.

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NOTE 2 - SECURITIES

The following tables summarize the amortized cost and fair value of securities available-for-sale and held-to-maturity as of December 31, 2025 and 2024 and the corresponding amounts of gross unrealized gains and losses on available-for-sale securities, gross unrecognized gains and losses on held-to-maturity securities, and basis adjustments in accumulated other comprehensive income:

	December 31, 2025				
	Amortized Cost	Gross Unrealized/ Unrecognized Gains	Gross Unrealized/ Unrecognized Losses	Basis Adjustments ⁽¹⁾	Fair Value
Available-for-sale:					
Treasury	\$ 31,383	\$ 309	\$ —	\$ (2,132)	\$ 29,560
Residential mortgage-backed securities	11,056	—	(690)	—	10,366
Collateralized mortgage obligations	39,663	478	(2,843)	176	37,474
Municipal securities	40,986	147	(1,051)	(330)	39,752
Asset-backed securities	4,962	26	—	—	4,988
Corporate	3,500	—	(236)	—	3,264
Total available-for-sale	<u>\$ 131,550</u>	<u>\$ 960</u>	<u>\$ (4,820)</u>	<u>\$ (2,286)</u>	<u>\$ 125,404</u>
Held-to-maturity:					
Government-backed securities	\$ 1,948	\$ —	\$ (185)	\$ —	\$ 1,763
Residential mortgage-backed securities	23,101	—	(2,373)	—	20,728
Collateralized mortgage obligations	2,383	—	(352)	—	2,031
Municipal securities	11,642	—	(1,560)	—	10,082
Total held-to-maturity	<u>\$ 39,074</u>	<u>\$ —</u>	<u>\$ (4,470)</u>	<u>\$ —</u>	<u>\$ 34,604</u>
Allowance for credit losses- held-to-maturity securities	<u>(1)</u>				<u>(1)</u>
Held-to-maturity securities, net of allowance for credit losses	<u>\$ 39,073</u>				<u>\$ 34,603</u>

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	December 31, 2024				
	Amortized Cost	Gross Unrealized/ Unrecognized Gains	Gross Unrealized/ Unrecognized Losses	Basis Adjustments ⁽¹⁾	Fair Value
Available-for-sale:					
Treasury	\$ 33,428	\$ —	\$ (285)	\$ (2,041)	\$ 31,102
Residential mortgage-backed securities	12,552	—	(1,195)	—	11,357
Collateralized mortgage obligations	52,126	493	(4,008)	301	48,912
Municipal securities	12,734	1	(1,658)	—	11,077
Asset-backed securities	28,963	124	(8)	—	29,079
Corporate	3,500	—	(315)	—	3,185
Total available-for-sale	\$ 143,303	\$ 618	\$ (7,469)	\$ (1,740)	\$ 134,712
Held-to-maturity:					
Government-backed securities	\$ 1,937	\$ —	\$ (289)	\$ —	\$ 1,648
Residential mortgage-backed securities	25,107	—	(3,618)	—	21,489
Collateralized mortgage obligations	2,624	—	(506)	—	2,118
Municipal securities	11,800	—	(2,039)	—	9,761
Total held-to-maturity	\$ 41,468	\$ —	\$ (6,452)	\$ —	\$ 35,016
Allowance for credit losses- held-to-maturity securities	(2)	—	—	—	(2)
Held-to-maturity securities, net of allowance for credit losses	\$ 41,466	\$ —	\$ —	\$ —	\$ 35,014

(1) Basis adjustments represent the amount of fair value hedging adjustments included in the carrying amounts of fixed-rate investment securities designated in fair value hedging arrangements. See Note 7 – Derivatives for additional information regarding these derivative instruments.

The Company elected to exclude accrued interest receivable (“AIR”) from the amortized cost basis of debt securities. As of December 31, 2025 and 2024, AIR on available-for-sale debt securities was \$777 and \$939, respectively and held-to-maturity securities was \$94 and \$98, respectively.

Realized gains on sales and other dispositions of debt securities were as follows for the periods presented:

	Year Ended December 31,	
	2025	2024
Available-for-sale:		
Proceeds from sales	\$ 9,581	\$ —
Proceeds from maturities, prepayments and calls	31,596	15,770
Realized gains	\$ 731	\$ —
Loss on hedge termination (See Note 7)	(422)	—
Gain from securities, net	\$ 309	\$ —
Held-to-maturity:		
Proceeds from maturities, prepayments and calls	\$ 2,443	\$ 2,596

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The amortized cost and fair value of debt securities as of December 31, 2025 are shown by contractual maturity below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	December 31, 2025	
	Amortized Cost	Fair Value
Available-for-sale:		
Due within one year	\$ —	\$ —
Due after one year through five years	1,026	1,042
Due after five years through ten years	9,498	9,210
Due after ten years	70,307	67,312
Residential mortgage-backed securities	11,056	10,366
Collateralized mortgage obligations	39,663	37,474
Total available-for-sale	\$ 131,550	\$ 125,404
Held-to-maturity:		
Due within one year	\$ —	\$ —
Due after one year through five years	2,062	1,872
Due after five years through ten years	3,256	2,822
Due after ten years	8,271	7,150
Residential mortgage-backed securities	23,101	20,728
Collateralized mortgage obligations	2,383	2,031
Total held-to-maturity	\$ 39,073	\$ 34,603

Securities pledged as of December 31, 2025 and 2024 carrying amounts of \$108,500 and \$117,378, respectively, and were pledged to the Federal Reserve Bank discount window and the FHLB Tennessee State Collateral Pool.

As of December 2025 and 2024, the Company held \$8,937 and \$9,094, respectively, of non-agency mortgage-backed securities issued by United Wholesale Mortgage LLC, representing 10.5% and 12.0%, respectively, of total shareholders' equity. No other issuer, other than the U.S. Government and its agencies, exceeded 10% of shareholders' equity.

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The following table summarizes securities with unrealized losses as of December 31, 2025 and 2024, aggregated by major security type and length of time in a continuous unrealized or unrecognized loss position.

	December 31, 2025					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
Residential mortgage-backed securities	\$ —	\$ —	\$ 10,366	\$ (690)	\$ 10,366	\$ (690)
Collateralized mortgage obligations	1,457	(15)	18,135	(2,828)	19,592	(2,843)
Municipal securities	11,961	(181)	10,386	(870)	22,347	(1,051)
Asset-backed securities	—	—	—	—	—	—
Corporate	—	—	3,264	(236)	3,264	(236)
Total available-for-sale	\$ 13,418	\$ (196)	\$ 42,151	\$ (4,624)	\$ 55,569	\$ (4,820)
Held-to-maturity:						
Government-backed securities	\$ —	\$ —	\$ 1,763	\$ (185)	\$ 1,763	\$ (185)
Residential mortgage-backed securities	—	—	20,728	(2,373)	20,728	(2,373)
Collateralized mortgage obligations	—	—	2,031	(352)	2,031	(352)
Municipal securities	—	—	6,922	(1,560)	6,922	(1,560)
Total held-to-maturity	\$ —	\$ —	\$ 31,444	\$ (4,470)	\$ 31,444	\$ (4,470)

	December 31, 2024					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
Treasury	\$ 29,114	\$ (278)	\$ 1,988	\$ (7)	\$ 31,102	\$ (285)
Residential mortgage-backed securities	—	—	11,357	(1,195)	11,357	(1,195)
Collateralized mortgage obligations	9,008	(593)	19,492	(3,415)	28,500	(4,008)
Municipal securities	500	—	10,042	(1,658)	10,542	(1,658)
Asset-backed securities	6,027	(8)	—	—	6,027	(8)
Corporate	—	—	3,185	(315)	3,185	(315)
Total available-for-sale	\$ 44,649	\$ (879)	\$ 46,064	\$ (6,590)	\$ 90,713	\$ (7,469)
Held-to-maturity:						
Government-backed securities	\$ —	\$ —	\$ 1,648	\$ (289)	\$ 1,648	\$ (289)
Residential mortgage-backed securities	—	—	21,489	(3,618)	21,489	(3,618)
Collateralized mortgage obligations	—	—	2,118	(506)	2,118	(506)
Municipal securities	—	—	9,759	(2,039)	9,759	(2,039)
Total held-to-maturity	\$ —	\$ —	\$ 35,014	\$ (6,452)	\$ 35,014	\$ (6,452)

The Company does not intend to sell any of the securities in an unrealized loss position, and it is not “more likely than not” that the Company will be required to sell any such security prior to the recovery of its amortized cost basis, which may be maturity. Further, the issuers are of high credit quality and the decline in fair value is largely due to changes in interest rates and temporary illiquidity in the market. As a result, no credit-related impairment was recognized in current earnings, and all unrealized losses for available-for-sale securities were recorded in accumulated other comprehensive income.

The unrecognized losses on held-to-maturity investment securities presented in the table above do not include unrecognized losses on securities that were previously transferred from available-for-sale to held-for-maturity totaling \$1,162 and \$1,362 as of

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December 31, 2025 and 2024, respectively. These unrecognized losses are included as a separate component of shareholders' equity and are being amortized over the remaining term of the securities.

An allowance for credit losses on held-to-maturity debt securities is maintained for certain municipal bonds to account for expected lifetime credit losses. Substantially all of the U.S. government-sponsored entities, mortgage-backed securities and collateralized mortgage obligations are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies and have a long history of no credit losses. Therefore, the Company has not recorded an allowance for credit losses on those securities. As of December 31, 2025 and 2024, the Company recorded an allowance for credit losses on held-to-maturity debt securities of \$1 and \$2, respectively.

NOTE 3 - LOANS

The following presents a summary of loans held for investment as of December 31, 2025 and 2024:

	December 31,	
	2025	2024
Commercial and industrial	\$ 160,328	\$ 114,190
Construction	127,222	101,650
Residential real estate:		
1-to-4 family closed-end	133,952	135,484
Residential revolving line of credit	94,111	76,889
Multi-family	23,298	22,038
Commercial real estate:		
Owner-occupied	133,910	108,043
Non-owner occupied	276,866	198,202
Consumer and other	822	705
Loans, net of deferred loan fees	950,509	757,201
Less: allowance for credit losses	(10,740)	(9,022)
Loans held for investment, net	\$ 939,769	\$ 748,179

The Company elected to exclude AIR from the amortized cost basis of loans held for investment. AIR on loans held for investment totaled \$3,884 and \$3,405 as of December 31, 2025 and 2024, respectively.

Past Due and Nonaccrual Loans

The following tables presents the aging of the amortized cost basis in past-due and non-accrual loans as of December 31, 2025 and 2024:

December 31, 2025	30-59 Days Past Due and Still Accruing	60-89 Days Past Due and Still Accruing	90 Days or More and Still Accruing	Nonaccrual Loans	Loans Current on Payments and Accruing Interest	Total
Commercial and industrial	\$ —	\$ —	\$ —	\$ 446	\$ 159,882	\$ 160,328
Construction	—	—	—	2,031	125,191	127,222
Residential real estate:						
1-to-4 family closed-end	—	—	—	—	133,952	133,952
Residential revolving line of credit	262	90	—	—	93,759	94,111
Multi-family	—	—	—	—	23,298	23,298
Commercial real estate:						
Owner-occupied	—	—	—	—	133,910	133,910
Non-owner occupied	—	—	—	1,851	275,015	276,866
Consumer and other	—	—	—	—	822	822
Total	\$ 262	\$ 90	\$ —	\$ 4,328	\$ 945,829	\$ 950,509

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December 31, 2024	30-59 Days Past Due and Still Accruing	60-89 Days Past Due and Still Accruing	90 Days or More and Still Accruing	Nonaccrual Loans	Loans Current on Payments and Accruing Interest	Total
Commercial and industrial	\$ —	\$ —	\$ 25	\$ 972	\$ 113,193	\$ 114,190
Construction	—	1,125	—	3,487	97,038	101,650
Residential real estate:						
1-to-4 family closed-end	—	—	—	—	135,484	135,484
Residential revolving line of credit	530	23	—	—	76,336	76,889
Multi-family	—	—	—	—	22,038	22,038
Commercial real estate:						
Owner-occupied	—	—	—	—	108,043	108,043
Non-owner occupied	—	—	—	—	198,202	198,202
Consumer and other	—	—	—	—	705	705
Total	\$ 530	\$ 1,148	\$ 25	\$ 4,459	\$ 751,039	\$ 757,201

The following tables present the amortized cost basis of loans on nonaccrual status, as well as any related allowance for credit losses as of December 31, 2025 and 2024:

December 31, 2025	Nonaccrual Loans Without an Allowance for Credit Losses	Nonaccrual Loans With an Allowance for Credit Losses	Allowance for Credit Losses on Nonaccrual Loans
Commercial and industrial	\$ 20	\$ 426	\$ 426
Construction	2,031	—	—
Residential real estate:			
1-to-4 family closed-end	—	—	—
Residential revolving line of credit	—	—	—
Multi-family	—	—	—
Commercial real estate:			
Owner-occupied	—	—	—
Non-owner occupied	—	1,851	85
Consumer and other	—	—	—
Total	\$ 2,051	\$ 2,277	\$ 511

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December 31, 2024	Nonaccrual Loans Without an Allowance for Credit Losses	Nonaccrual Loans With an Allowance for Credit Losses	Allowance for Credit Losses on Nonaccrual Loans
Commercial and industrial	79	893	893
Construction	1,759	1,728	168
Residential real estate:			
1-to-4 family closed-end	—	—	—
Residential revolving line of credit	—	—	—
Multi-family	—	—	—
Commercial real estate:			
Owner-occupied	—	—	—
Non-owner occupied	—	—	—
Consumer and other	—	—	—
Total	\$ 1,838	\$ 2,621	\$ 1,061

The Company recognized \$37 and \$461 of interest income on nonaccrual loans during the year ended December 31, 2025 and 2024, respectively.

Loan Modifications

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension or interest rate reduction. In some cases, the Company provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses. The Company had no loans that were modified to borrowers experiencing financial difficulty as of December 31, 2025 or 2024. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Bank's internal underwriting policy.

Collateral Dependent Loans

The following tables present the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2025 and 2024:

December 31, 2025	Type of Collateral		
	Real Estate	Other	Total
Commercial and industrial	\$ —	\$ 314	\$ 314
Construction	2,031	—	2,031
Residential real estate:			
1-to-4 family closed-end	—	—	—
Residential revolving line of credit	—	—	—
Multi-family	—	—	—
Commercial real estate:			
Owner-occupied	—	—	—
Non-owner occupied	1,851	—	1,851
Consumer and other	—	—	—
Total	\$ 3,882	\$ 314	\$ 4,196

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December 31, 2024	Type of Collateral		
	Real Estate	Other	Total
Commercial and industrial	\$ —	\$ 568	\$ 568
Construction	5,674	—	5,674
Residential real estate:			
1-to-4 family closed-end	—	—	—
Residential revolving line of credit	—	—	—
Multi-family	—	—	—
Commercial real estate:			
Owner-occupied	—	—	—
Non-owner occupied	—	—	—
Consumer and other	—	—	—
Total	\$ 5,674	\$ 568	\$ 6,242

Credit Quality

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. Risk ratings are updated as necessary to reflect changes in market conditions and management's ongoing assessment of the borrower's situation.

The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above are considered to be pass-rated loans.

The following tables summarize the amortized cost basis of loans by credit risk category and gross charge-offs by year of origination as of and for the periods indicated. Revolving loans are presented separately.

December 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial:								
Pass	\$ 40,430	\$ 11,259	\$ 12,814	\$ 8,743	\$ 5,774	\$ 6,228	\$ 74,634	\$ 159,882
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	314	—	132	—	446
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 40,430	\$ 11,259	\$ 12,814	\$ 9,057	\$ 5,774	\$ 6,360	\$ 74,634	\$ 160,328
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 137	\$ 97	\$ —	\$ 234

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December 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Construction:								
Pass	\$ 67,014	\$ 37,261	\$ 6,781	\$ 6,370	\$ 3,026	\$ 1,831	\$ —	\$ 122,283
Special mention	—	1,783	—	1,125	—	—	—	2,908
Substandard	—	374	—	1,657	—	—	—	2,031
Doubtful	—	—	—	—	—	—	—	—
Total	67,014	39,418	6,781	9,152	3,026	1,831	—	127,222
Current period gross charge-offs	—	—	—	168	—	—	—	168
Residential real estate:								
1-4 family closed-end:								
Pass	40,755	12,971	19,453	25,052	18,696	16,536	489	133,952
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	40,755	12,971	19,453	25,052	18,696	16,536	489	133,952
Current period gross charge-offs	—	—	—	—	—	23	—	23
Residential revolving line of credit:								
Pass	—	—	—	—	—	—	94,111	94,111
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	94,111	94,111
Current period gross charge-offs	—	—	—	—	—	—	43	43
Multi-family:								
Pass	6	1,067	—	7,771	771	6,620	7,063	23,298
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	6	1,067	—	7,771	771	6,620	7,063	23,298
Current period gross charge-offs	—	—	—	—	—	—	—	—
Commercial real estate:								
Owner-occupied:								
Pass	35,596	5,776	11,032	24,768	28,202	14,151	14,385	133,910
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	35,596	5,776	11,032	24,768	28,202	14,151	14,385	133,910
Current period gross charge-offs	—	—	—	—	—	—	—	—
Non-owner occupied:								
Pass	79,036	25,048	36,256	52,538	24,397	35,888	19,756	272,919
Special mention	—	—	—	2,096	—	—	—	2,096
Substandard	—	—	—	1,851	—	—	—	1,851
Doubtful	—	—	—	—	—	—	—	—
Total	79,036	25,048	36,256	56,485	24,397	35,888	19,756	276,866
Current period gross charge-offs	—	—	—	—	—	—	—	—
Consumer and other:								
Pass	130	108	61	7	15	—	501	822
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 130	\$ 108	\$ 61	\$ 7	\$ 15	\$ —	\$ 501	\$ 822
Current period gross charge-offs	\$ —	\$ —	\$ 5	\$ 6	\$ —	\$ —	\$ —	\$ 11

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December 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Total:								
Pass	\$ 262,967	\$ 93,490	\$ 86,397	\$ 125,249	\$ 80,881	\$ 81,254	\$ 210,939	\$ 941,177
Special mention	—	1,783	—	3,221	—	—	—	5,004
Substandard	—	374	—	3,822	—	132	—	4,328
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 262,967	\$ 95,647	\$ 86,397	\$ 132,292	\$ 80,881	\$ 81,386	\$ 210,939	\$ 950,509
Current period gross charge-offs	\$ —	\$ —	\$ 5	\$ 174	\$ 137	\$ 120	\$ 43	\$ 479

December 31, 2024	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial:							
Pass	\$ 14,560	\$ 18,314	\$ 14,786	\$ 7,095	\$ 6,542	\$ 51,921	\$ 113,218
Special mention	—	—	—	—	—	—	—
Substandard	—	—	489	207	276	—	972
Doubtful	—	—	—	—	—	—	—
Total	14,560	18,314	15,275	7,302	6,818	51,921	114,190
Current period gross charge-offs	1	5	26	—	—	—	32
Construction:							
Pass	40,251	34,639	18,258	3,142	1,873	—	98,163
Special mention	—	—	—	—	—	—	—
Substandard	103	—	3,384	—	—	—	3,487
Doubtful	—	—	—	—	—	—	—
Total	40,354	34,639	21,642	3,142	1,873	—	101,650
Current period gross charge-offs	—	—	149	—	—	—	149
Residential real estate:							
1-4 family closed-end:							
Pass	30,558	30,963	30,667	21,569	21,515	212	135,484
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	30,558	30,963	30,667	21,569	21,515	212	135,484
Current period gross charge-offs	—	—	—	15	—	—	15
Residential revolving line of credit:							
Pass	—	—	—	—	—	76,889	76,889
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	—	—	—	—	—	76,889	76,889
Current period gross charge-offs	—	—	—	—	—	—	—
Multi-family:							
Pass	1,082	—	7,950	795	6,738	5,473	22,038
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	\$ 1,082	\$ —	\$ 7,950	\$ 795	\$ 6,738	\$ 5,473	\$ 22,038
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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December 31, 2024	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial real estate:							
Owner-occupied:							
Pass	\$ 6,352	\$ 11,395	\$ 29,605	\$ 35,596	\$ 18,941	\$ 6,154	\$ 108,043
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	6,352	11,395	29,605	35,596	18,941	6,154	108,043
Current period gross charge-offs	—	—	—	—	—	—	—
Non-owner occupied:							
Pass	14,824	29,816	69,488	25,446	36,759	21,869	198,202
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	14,824	29,816	69,488	25,446	36,759	21,869	198,202
Current period gross charge-offs	—	—	—	—	—	—	—
Consumer and other:							
Pass	249	77	29	35	—	315	705
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Total	249	77	29	35	—	315	705
Current period gross charge-offs	2	—	1	—	—	—	3
Total:							
Pass	107,876	125,204	170,783	93,678	92,368	162,833	752,742
Special mention	—	—	—	—	—	—	—
Substandard	103	—	3,873	207	276	—	4,459
Doubtful	—	—	—	—	—	—	—
Total	\$ 107,979	\$ 125,204	\$ 174,656	\$ 93,885	\$ 92,644	\$ 162,833	\$ 757,201
Current period gross charge-offs	\$ 3	\$ 5	\$ 176	\$ 15	\$ —	\$ —	\$ 199

Allowance for Credit Losses

The Company calculates its allowance for credit losses using a probability of default and loss given default model that incorporates expectations of future economic conditions, using reasonable and supportable forecasts. Together, the probability of default and loss given default model with the use of reasonable and supportable forecasts generate estimates for discounted cash flows expected to be collected over the estimated life of a loan. Additionally, the Company utilizes its established qualitative framework to apply to each loan pool level, which considers economic outlook and other macroeconomic variables. The following tables present the activity in the allowance for credit losses on loans held for investment by portfolio segment for the year ended December 31, 2025 and 2024:

Year Ended December 31, 2025	Commercial and industrial	Construction	1-to-4 family closed-end	Residential revolving line of credit	Multi-family	Owner-occupied	Non-owner occupied	Consumer and other	Total
Allowance for credit losses:									
Beginning balance	\$ 2,037	\$ 1,471	\$ 1,245	\$ 843	\$ 254	\$ 1,236	\$ 1,932	\$ 4	\$ 9,022
Provision for credit losses	362	381	248	182	13	64	922	6	2,178
Charge-offs	(234)	(168)	(23)	(43)	—	—	—	(11)	(479)
Recoveries	4	—	11	—	—	—	—	4	19
Ending balance	\$ 2,169	\$ 1,684	\$ 1,481	\$ 982	\$ 267	\$ 1,300	\$ 2,854	\$ 3	\$ 10,740

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Year Ended December 31, 2024	Commercial and industrial	Construction	1-to-4 family closed-end	Residential revolving line of credit	Multi-family	Owner-occupied	Non-owner occupied	Consumer and other	Total
Allowance for credit losses:									
Beginning balance	\$ 2,260	\$ 1,474	\$ 1,045	\$ 783	\$ 290	\$ 1,352	\$ 1,676	\$ 9	\$ 8,889
Provision for credit losses	(191)	146	211	60	(36)	(116)	256	(3)	327
Charge-offs	(32)	(149)	(15)	—	—	—	—	(3)	(199)
Recoveries	—	—	4	—	—	—	—	1	5
Ending balance	\$ 2,037	\$ 1,471	\$ 1,245	\$ 843	\$ 254	\$ 1,236	\$ 1,932	\$ 4	\$ 9,022

The Company maintains an allowance for credit losses on unfunded loan commitments to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses on loans held for investment, adjusted for expected funding percentage of the total outstanding commitments. The following table presents the activity in the allowance for credit losses on unfunded loan commitments for the periods indicated:

	Year Ended December 31,	
	2025	2024
Allowance for credit losses on unfunded loan commitments:		
Beginning balance	\$ 1,243	\$ 991
Provision for credit losses on unfunded loan commitments	75	252
Ending balance	\$ 1,318	\$ 1,243

NOTE 4 - PREMISES AND EQUIPMENT

Year-end premises and equipment owned and utilized in the operations of the Company were as follows:

	December 31,	
	2025	2024
Furniture, fixtures and equipment	\$ 2,277	\$ 1,952
Leasehold improvements	2,016	1,912
Total	4,293	3,864
Less accumulated depreciation	(2,744)	(2,317)
Total premises and equipment, net	\$ 1,549	\$ 1,547

Depreciation expense for the for the year ended December 31, 2025 and 2024 was \$424 and \$551, respectively.

NOTE 5 - LEASES

The Company leases certain branch and office facilities under non-cancelable operating lease agreements. These real estate leases have remaining lease terms up to approximately ten years. The Company does not have any finance leases or leases in which it acts as lessor.

At lease commencement, the Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability for all operating leases with a term greater than 12 months. The ROU asset represents the Company's right to use the underlying asset for the lease term, and the lease liability represents the present value of the Company's obligation to make lease payments. The Company uses its incremental borrowing rate at lease commencement to discount lease payments when the rate implicit in the lease is not readily determinable.

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The following table presents the balances related to operating leases as of December 31, 2025 and 2024:

	December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 5,213	\$ 3,132
Operating lease liabilities	\$ 6,017	\$ 3,958
Weighted average remaining lease term (years)	9.6	7.6
Weighted average discount rate	5.62 %	4.78 %

The components of total lease cost were as follows for the periods indicated:

	Year Ended December 31,	
	2025	2024
Operating lease cost	\$ 912	\$ 927
Variable lease cost	69	30
Short-term and equipment rental costs	58	31
Total lease cost	\$ 1,039	\$ 988

Future minimum lease payments under non-cancellable operating leases as of December 31, 2025 are as follows:

	Operating Leases
Lease payments due:	
2026	\$ 437
2027	707
2028	724
2029	743
2030	761
Thereafter	4,027
Total undiscounted future minimum lease payments	7,399
Less: imputed interest	(1,382)
Net operating lease liabilities	\$ 6,017

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NOTE 6 - OTHER REAL ESTATE OWNED

Other real estate owned activity was as follows:

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ 2,765	\$ —
Loans transferred to other real estate owned	1,559	2,765
Capital expenditures	317	—
Write-downs and partial liquidations	—	—
Proceeds from sales of other real estate owned	(2,444)	—
Gain on sale of other real estate owned	57	—
Ending balance	\$ 2,254	\$ 2,765

As of December 31, 2025 and 2024, the balance of other real estate owned includes foreclosed residential real estate properties recorded of \$1,654 and \$2,765, respectively. There were no loans secured by residential real estate properties for which foreclosure proceedings were in process as of either December 31, 2025 or 2024.

NOTE 7 - DERIVATIVES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements. Derivative instruments are recognized on the balance sheet at their fair value and not reported on a net basis.

The following table reflects the derivatives recorded on the balance sheet as of the dates indicated:

	December 31, 2025			December 31, 2024		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedging instruments:						
Cash flow hedge:						
Interest rate swap related to index-priced deposits	\$ 20,000	\$ —	\$ 87	\$ —	\$ —	\$ —
Fair value hedges:						
Interest rate swap related to fixed-rate loan pool	50,000	—	217	50,000	—	196
Interest rate swaps related to fixed-rate bonds	61,603	2,462	176	49,269	2,041	301
Derivatives not designated as hedging instruments:						
Interest rate swaps related to customer loans	108,091	1,673	1,673	49,709	629	629
Total		\$ 4,135	\$ 2,153		\$ 2,670	\$ 1,126

Derivatives Designated as Hedges

Subsequent changes in fair value for a hedging instrument that has been designated and qualifies as part of a hedging relationship are accounted for in the following manner:

Cash Flow Hedges: changes in fair value are recognized as a component in other comprehensive income (loss).

Fair Value Hedges: changes in fair value are recognized concurrently in earnings.

As long as a hedging instrument is designated, and the results of the effectiveness testing support that the instrument qualifies for hedge accounting treatment, the periodic changes in fair value of the hedging instrument are accounted for as outlined above. The change in fair value of the hedging instrument that is included in the assessment of hedge effectiveness is presented in the same income statement line item that is used to present the earnings effect of the hedged item.

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Cash Flow Hedge: During the year ended December 31, 2025, the Company entered into a cash flow hedging relationship using interest rate swaps to mitigate the exposure to the variability in future cash flows or other forecast transactions associated with certain index-priced deposits and FHLB advances. As of December 31, 2025, interest rate swaps with notional amounts totaling \$20,000 were designated as cash flow hedges. The cash flow hedges were highly effective during the periods presented and as a result qualified for hedge accounting treatment. As such, no amounts were reclassified from accumulated other comprehensive loss into earnings as a result of hedge ineffectiveness during the period. During the year ended December 31, 2025, a loss of \$64 was recognized in other comprehensive income, net of tax benefit of \$23. Additionally, the Company recognized gains on the consolidated statements of income as follows:

	Year Ended December 31,	
	2025	2024
Gains included in:		
Interest expense on savings and money market deposits	\$ 27	\$ —
Interest expense on FHLB advances	\$ 83	\$ —

Fair Value Hedges: Interest rate swaps with notional amounts totaling \$50,000 as of December 31, 2025, and 2024, were designated as fair value portfolio layer hedges of certain fixed-rate loans. As of December 31, 2025, and 2024, interest rate swaps with notional amounts totaling \$61,603 and \$49,269, respectively, were designated as fair value hedges of certain fixed rate bonds. The hedges were determined to be effective during all periods presented and the Company expects the hedges to remain effective during the remaining terms of the swaps.

The following table presents the amounts recorded on the balance sheet related to cumulative basis adjustment for fair value hedges as of the dates indicated:

Line item on the balance sheet	Carrying amount of the hedged item		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged item	
	December 31,		December 31,	
	2025	2024	2025	2024
Loans, net	\$ 154,076	\$ 189,811	\$ 264	\$ 223
Securities available-for-sale	66,802	49,859	2,286	1,740

During the year ended December 31, 2025, the Company sold the securities underlying one of the designated fair value hedges and terminated the hedge. The loss from hedge cancellation of \$422 was recognized as part of the gain on sale of those securities.

The effect of fair value hedge accounting on the consolidated statements of income for the year ended December 31, 2025 and 2024 are presented below:

	Year Ended December 31,	
	2025	2024
(Losses) gains included in:		
Interest income on loans held for investment	\$ (3)	\$ 462
Interest income on securities available-for-sale	\$ 221	\$ 317
Gain from securities, net	\$ (422)	\$ —

Derivatives Not Designated As Hedges

The Company also enters into interest rate swaps with its loan customers as economic hedges to manage exposure to interest rate fluctuations and enters into corresponding offsetting derivatives with third parties. Economic hedges are those that are not designated as a fair value or cash flow hedge for accounting purposes but are necessary to economically manage the risk exposure associated with these assets. The notional amounts of interest rate swaps with its loan customers as of December 31, 2025 and 2024 were \$108,091 and \$49,709, respectively.

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Collateral Requirements

Most derivative contracts with customers are secured by collateral. Additionally, in accordance with the interest rate agreements with derivative counterparties, the Company may be required to post collateral with these derivative counterparties. As of December 31, 2025 and 2024, the Company had collateral posted of \$2,200 against its obligations under these agreements.

NOTE 8 - FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Recurring Fair Value Measurements

The Bank used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, which values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

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Assets and liabilities measured at fair value on a recurring basis, are summarized below:

	December 31, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring valuations:				
Financial assets:				
Investment securities available-for-sale:				
Treasury	\$ —	\$ 29,560	\$ —	\$ 29,560
Residential mortgage-backed securities	—	10,366	—	10,366
Collateralized mortgage obligations	—	37,474	—	37,474
Municipal securities	—	39,752	—	39,752
Asset-backed securities	—	4,988	—	4,988
Corporate	—	3,264	—	3,264
Total investment securities available-for-sale	\$ —	\$ 125,404	\$ —	\$ 125,404
Derivative assets	\$ —	\$ 4,135	\$ —	\$ 4,135
Financial liabilities:				
Derivative liabilities	\$ —	\$ 2,153	\$ —	\$ 2,153

	December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring valuations:				
Financial assets:				
Investment securities available-for-sale:				
Treasury	\$ —	\$ 31,102	\$ —	\$ 31,102
Residential mortgage-backed securities	—	11,357	—	11,357
Collateralized mortgage obligations	—	48,912	—	48,912
Municipal securities	—	11,077	—	11,077
Asset-backed securities	—	29,079	—	29,079
Corporate	—	3,185	—	3,185
Total investment securities available-for-sale	\$ —	\$ 134,712	\$ —	\$ 134,712
Derivative assets	\$ —	\$ 2,670	\$ —	\$ 2,670
Financial liabilities:				
Derivative liabilities	\$ —	\$ 1,126	\$ —	\$ 1,126

Nonrecurring Fair Value Measurements

Certain assets may be recorded at fair value on a nonrecurring basis. These fair value measurements generally arise when a write-down or impairment is recognized during the period, such as when the carrying amount of an asset is reduced to its fair value. The following tables present, as of the dates indicated, the fair value of assets that were subject to nonrecurring fair value

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measurements that remained on the consolidated balance sheets as of the end of each period, along with the corresponding level within the fair value hierarchy for each asset:

	December 31, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Nonrecurring valuations:				
Financial assets:				
Collateral-dependent net loans held for investment:				
Non-owner occupied	\$ —	\$ —	\$ 1,766	\$ 1,766
Other real estate owned	\$ —	\$ —	\$ 600	\$ 600

	December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Nonrecurring valuations:				
Financial assets:				
Collateral-dependent net loans held for investment:				
Construction	\$ —	\$ —	\$ 1,560	\$ 1,560
Other real estate owned	\$ —	\$ —	\$ 2,765	\$ 2,765

Collateral-dependent loans: The fair value of collateral-dependent loans is estimated using the value of the underlying collateral, net of anticipated liquidation costs. For loans secured by real estate, the fair value is determined based on appraisals performed by qualified appraisers and reviewed by qualified personnel. For loans secured by non-real estate, fair value is determined using a combination of third-party asset valuations and internally developed estimates. Collateral-dependent loans are reassessed on a quarterly basis for potential additional impairment, with valuations updated as necessary to reflect changes in market conditions and management's ongoing assessment of the borrower's situation. As of December 31, 2025 and December 31, 2024, individually evaluated collateral-dependent loans that were measured or remeasured at fair value had an amortized cost of \$2,145 and \$2,621, respectively, and a recorded allowance for credit loss of \$379 and \$1,061, respectively.

Other real estate owned: Other real estate owned acquired in settlement of indebtedness is recorded at fair value of the real estate less estimated costs to sell. Any write-downs based on the asset's fair value at the date of foreclosure are charged to the allowance for credit losses. Any subsequent declines in fair value after foreclosure are recorded in noninterest income as a component of any gain or loss on other real estate owned.

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Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at December 31, 2025 and December 31, 2024 are as follows:

	December 31, 2025				
	Carrying Amount	Fair Value Measurements Using:			Total
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets:					
Cash and cash equivalents	\$ 72,225	\$ 72,225	\$ —	\$ —	\$ 72,225
Securities held-to-maturity	39,073	—	34,603	—	34,603
Mortgage loans held for sale	4,133	—	4,229	—	4,229
Loans, net	939,769	—	—	923,262	923,262
Other restricted stock	4,569	N/A	N/A	N/A	N/A
Accrued interest receivable	4,827	46	897	3,884	4,827
Financial liabilities:					
Deposits	\$ 1,065,989	\$ 969,064	\$ 98,285	\$ —	\$ 1,067,349
FHLB advances	40,000	—	40,481	—	40,481
Long-term debt, net	39,080	—	42,681	—	42,681
Accrued interest payable	1,321	127	1,194	—	1,321

	December 31, 2024				
	Carrying Amount	Fair Value Measurements Using:			Total
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets:					
Cash and cash equivalents	\$ 40,630	\$ 40,630	\$ —	\$ —	\$ 40,630
Securities held-to-maturity	41,466	—	35,014	—	35,014
Mortgage loans held for sale	3,955	—	4,042	—	4,042
Loans, net	748,179	—	—	720,943	720,943
Other restricted stock	5,477	N/A	N/A	N/A	N/A
Accrued interest receivable	4,448	17	1,094	3,337	4,448
Financial liabilities:					
Deposits	\$ 846,402	\$ 739,874	\$ 107,791	\$ —	\$ 847,665
FHLB advances	70,000	—	70,046	—	70,046
Long-term debt, net	19,810	—	18,946	—	18,946
Accrued interest payable	836	124	712	—	836

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NOTE 9 - DEPOSITS

Time deposits that meet or exceed the FDIC Insurance limit of \$250 as of December 31, 2025 and 2024, were \$23,388 and \$29,636, respectively.

As of December 31, 2025, scheduled maturities of time deposits were as follows:

	Time Deposits	
2026	\$	24,550
2027		1,124
2028		67,839
2029		198
2030		3,214
Thereafter		—
Total	\$	96,925

As of December 31, 2025 and 2024, the Company had \$122 and \$75, respectively, of deposit accounts in overdraft status that were reclassified to loans on the accompanying consolidated balance sheets.

NOTE 10 - FEDERAL HOME LOAN BANK ADVANCES AND OTHER

Federal Home Loan Bank Advances

As a member of the FHLB of Cincinnati, the Company is eligible for advances from the FHLB. As of December 31, 2025 and 2024, advances from the FHLB were as follows:

	December 31,	
	2025	2024
FHLB Advances:		
Maturity March 2025, variable rate of 4.51%	\$ —	\$ 50,000
Maturity April 2027, fixed rate of 3.93%	20,000	—
Maturity July 2028, fixed rate of 4.50%	12,000	12,000
Maturity July 2028, fixed rate of 4.48%	3,000	3,000
Maturity August 2028, fixed rate of 4.53%	5,000	5,000
Total	\$ 40,000	\$ 70,000

For the year ended December 31, 2025 and 2024, the average outstanding balance of FHLB advances were \$68,370 and \$46,145, respectively, which carried a cost of funds of 4.19% and 4.96%, respectively.

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. As of December 31, 2025 and 2024, the advances were collateralized by residential mortgage loans of \$201,439 and \$191,541, respectively, and commercial real estate loans of \$258,030 and \$181,508, respectively. Based on this collateral and the Company's holding of FHLB stock, as of December 31, 2025, the Company was eligible to borrow up to a total of \$270,929.

Other

Additionally, the Company has available from correspondent banks short-term unsecured lines of credit in the form of federal funds purchased with financial institutions. As of December 31, 2025, and 2024, availability under these lines was \$61,500 and \$42,500, respectively, and there were no borrowings against these lines.

NOTE 11 - LONG-TERM DEBT

During the year ended December 31, 2025, the Company completed a private placement subordinated debt offering with an aggregate principal amount of \$40,000 at a 7.50% fixed-to-floating rate (the "Notes"). The Notes, which mature after 10 years and are callable after five years have been structured to qualify as Tier 2 capital under regulatory guidelines. The proceeds were used to contribute additional capital to the Bank and to repay senior debt of \$20,000 in addition to general corporate purposes.

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Unamortized debt issuance costs associated with the senior debt of \$141 was recognized upon early pay-off as debt extinguishment expense included in other noninterest expense on the Company's consolidated statements of income.

The tables below present the balances of long-term debt as of December 31, 2025 and 2024:

	December 31, 2025
Subordinated debt:	
Outstanding balance	\$ 40,000
Unamortized issuance costs	(920)
Subordinated debt, net	<u>\$ 39,080</u>

	December 31, 2024
Senior debt:	
Outstanding balance	\$ 20,000
Unamortized issuance costs	(190)
Senior debt, net	<u>\$ 19,810</u>

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NOTE 12 - INCOME TAXES

Income tax expense included on the consolidated statements of income was as follows for the periods presented:

	Year Ended December 31,	
	2025	2024
Current expense:		
Federal	\$ 1,469	\$ 1,773
State	85	(18)
Total current expense	1,554	1,755
Deferred expense:		
Federal	(456)	(149)
State	(175)	(22)
Total deferred expense	(631)	(171)
Total income tax expense	\$ 923	\$ 1,584

The Company has no foreign operations or income and does not file income taxes in any foreign jurisdictions.

For the periods presented, income tax expense differs from the amount of income taxes computed on pre-tax income at the federal statutory rate (21%) as a result of the following:

	Year Ended December 31,			
	2025		2024	
Federal taxes calculated at statutory rate	\$ 1,551	21.0 %	\$ 1,743	21.0 %
Effect of:				
State taxes, net of federal benefit ⁽¹⁾	326	4.4 %	108	1.3 %
State tax credits, net of federal benefit ⁽¹⁾	(397)	(5.4)%	(153)	(1.8)%
Energy tax credits	(199)	(2.7)%	—	— %
Nontaxable and nondeductible items:				
Effect of bank-owned life insurance	(375)	(5.1)%	(199)	(2.4)%
Other	(7)	— %	47	0.6 %
Other	24	0.3 %	38	0.4 %
Total	\$ 923	12.5 %	\$ 1,584	19.1 %

(1) State of Tennessee makes up the majority (more than 50%) of the total of state taxes and state tax credits.

The following table presents income taxes paid (net of refunds received) for the periods presented:

	Year Ended December 31,	
	2025	2024
US federal	\$ 1,025	\$ 2,229
US state and local:		
Tennessee	—	244
Other	9	16
Total	\$ 1,034	\$ 2,489

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the states of Tennessee, Kentucky, Georgia, and Alabama. The Company is no longer subject to examination by taxing authorities for years before 2021. There are no material interest and/or penalty amounts recorded in the consolidated statements of income for the years ended December 31, 2025 and 2024.

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Temporary differences between the financial statement carrying amounts and the tax basis of certain assets and liabilities gave rise to the following net deferred tax assets as of December 31, 2025 and 2024:

	December 31,	
	2025	2024
Deferred tax assets:		
Allowance for credit losses	\$ 3,149	\$ 2,599
Organizational/start-up expenditures	512	580
Net unrealized losses on securities available-for-sale	1,444	2,272
Equity-based compensation	693	584
Lease liabilities	1,571	1,034
Deferred loan fees, net	336	232
Other	92	20
Gross deferred tax assets	7,797	7,321
Deferred tax liabilities:		
Right-of-use lease assets	(1,361)	(818)
Depreciation	(237)	(248)
Other	(157)	(16)
Gross deferred tax liabilities	(1,755)	(1,082)
Net deferred tax assets	\$ 6,042	\$ 6,239

NOTE 13 - EMPLOYEE BENEFIT PLAN

401(k) Plan

The Company sponsors a 401(k) benefit plan which covers substantially all employees and allows participating employees to contribute up to 100% of their compensation, subject to limitations imposed by tax legislation. The Company provides a discretionary employer matching contribution of up to 6% of the employee's compensation for the full year. Expense for the year ended December 31, 2025 and 2024 was \$675 and \$523, respectively.

NOTE 14 - STOCK-BASED COMPENSATION

The Studio Financial Holdings, Inc. Equity Incentive Plan ("the Plan"), which is shareholder-approved, permits the grant of share-based awards to its employees and directors for up to 1,100,000 shares of common stock. The maximum aggregate number of shares associated with any award granted under the Plan in any calendar year to any one non-employee director shall be 30,000 shares.

Stock Options

Option awards are generally granted with an exercise price equal to the fair value of the Company's common stock at the date of grant. Those option awards have a graded vesting period of 5 years and have 10-year contractual terms. Vesting of grants may also be subject to certain performance metrics related to the overall financial results of the Company.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatilities of the common stock of the Company's peer group. The expected term of options granted is based on the stated term of the options and represents the period of time that options granted are expected to be outstanding, taking into account that the options are not transferable and that there is minimal observable historical data. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

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The fair value of options granted was determined using the following weighted-average assumptions for the periods presented:

	December 31,	
	2025	2024
Risk-free interest rate	4.13 %	4.16 %
Expected term (in years)	7.5	7.5
Expected stock price volatility	27.3 %	26.9 %

The following summarizes activity in stock options for the year ended December 31, 2025:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at beginning of period	632,980	\$ 10.28	
Granted	90,309	\$ 10.45	
Exercised	(16,800)	\$ 10.00	
Forfeited	(7,201)	\$ 10.00	
Outstanding at end of period	699,288	\$ 10.31	5.0
Fully vested and expected to vest	699,288	\$ 10.31	5.0
Exercisable at end of year	522,995	\$ 10.29	3.8

For the year ended December 31, 2025 and 2024, compensation expense related to stock options was \$331 and \$256, respectively. As of December 31, 2025 and 2024, there was \$367 and \$323 of total unrecognized compensation cost related to unvested stock options granted under the Plan. The cost is expected to be recognized over a weighted-average period of 2.0 years.

Additional information related to stock options for the year ended December 31, 2025 and 2024 is presented below:

	Year Ended December 31,	
	2025	2024
Intrinsic value of options exercised	\$ 6	\$ 6
Cash received from options exercised	\$ 108	\$ 247
Tax benefit from option exercises	\$ 28	\$ 52
Weighted average fair value of options granted	\$ 4.25	\$ 3.94

Restricted Stock Awards

The fair value of restricted stock awards is determined using the fair value of the Company's common stock as of the grant date. Restricted stock awards generally have a graded vesting period of 5 years. Vesting of grants may also be subject to certain performance metrics related to the overall financial results of the Company. As of December 31, 2025, all performance metrics are anticipated to be achieved.

A summary of changes in the Company's unvested restricted shares is presented below for the year ended December 31, 2025:

	Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of period	70,196	\$ 11.40
Granted	74,159	\$ 10.73
Vested	(17,339)	\$ 12.33
Forfeited	(11,088)	\$ 10.05
Unvested at end of period	115,928	\$ 10.96

For the year ended December 31, 2025 and 2024, compensation expense related to restricted stock awards was \$478 and \$168,

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respectively. As of December 31, 2025 and 2024, there was \$656 and \$423 of total unrecognized compensation cost related to restricted stock awards granted under the Plan. The cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of shares vested during the year ended December 31, 2025 and 2024 was \$214 and \$93, respectively.

NOTE 15 - COMMITMENTS, CONTINGENCIES AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company issues certain financial instruments to meet customer financing needs, such as loan commitments, credit lines, letters of credit, and overdraft protection. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The maximum amounts of off-balance-sheet exposure to credit loss from these unfunded commitments is represented by the contractual amount of these instruments presented below as of the dates indicated:

	December 31,	
	2025	2024
Unused lines of credit	\$ 215,441	\$ 224,945
Letters of credit	\$ 14,796	\$ 24,301

Market risk resulting from interest rate changes on particular off-balance sheet financial instruments may be offset by other on- or off-balance sheet transactions. Interest rate sensitivity is monitored by the Company for determining the net effect of potential changes in interest rates on the market value of both on- and off balance sheet financial instruments.

From time to time and in the normal course of business, the Company may be involved in litigation. In the opinion of management, after consultation with legal counsel, any pending matters are not expected to have a significant impact on the consolidated financial statements.

NOTE 16 - RELATED PARTY TRANSACTIONS

Loans

The Company makes loans to principal officers, directors, and their affiliates in the normal course of business, as allowable under regulatory rules. A summary of the changes in related party loans is below for the periods presented:

	December 31,	
	2025	2024
Beginning balance	\$ 1,698	\$ 1,770
New loans	681	124
Repayments	(44)	(196)
Ending balance	\$ 2,335	\$ 1,698

Unfunded commitments to certain executive officers, directors and their affiliates as of December 31, 2025 and 2024 totaled \$808 and \$418, respectively.

Deposits

Deposits from principal officers, directors, and their affiliates as of December 31, 2025 and 2024 were \$16,602 and \$18,876.

NOTE 17 - REGULATORY CAPITAL MATTERS

Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting guidelines. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. As of December 31, 2025 and 2024, the Bank met

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all capital adequacy requirements to which it is subject. Additionally, under U.S. Basel III Capital Rules, the Bank opted out of including accumulated other comprehensive income in regulatory capital.

As of December 31, 2025 and 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action.

Actual and required capital amounts and ratios (excluding the 2.5% capital conservation buffer) are presented below as of December 31, 2025 and 2024:

	Actual		Required for Capital Adequacy Purposes		To Qualify as Well-Capitalized Under Prompt Corrective Action Provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2025						
Total Capital (to risk-weighted assets)	\$ 136,986	13.1 %	\$ 83,640	8.0 %	\$ 104,550	10.0 %
Tier 1 Capital (to risk-weighted assets)	124,927	11.9 %	62,730	6.0 %	83,640	8.0 %
Common Equity Tier 1 Capital (to risk-weighted assets)	124,927	11.9 %	47,047	4.5 %	67,957	6.5 %
Tier 1 capital (to average assets)	124,927	9.8 %	50,809	4.0 %	63,511	5.0 %
December 31, 2024						
Total Capital (to risk-weighted assets)	\$ 110,664	13.1 %	\$ 67,552	8.0 %	\$ 84,440	10.0 %
Tier 1 Capital (to risk-weighted assets)	100,378	11.9 %	50,664	6.0 %	67,552	8.0 %
Common Equity Tier 1 Capital (to risk-weighted assets)	100,378	11.9 %	37,998	4.5 %	54,886	6.5 %
Tier 1 capital (to average assets)	100,378	9.7 %	41,587	4.0 %	51,983	5.0 %

Dividend Restrictions

Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. Due to regulations of the Tennessee Department of Financial Institutions, the Bank may not declare dividends in any calendar year that exceeds the total of its net income of that year combined with its retained net income of the preceding two years without the prior approval of the TDFI Commissioner. Based on this regulation, as of December 31, 2025 and 2024, \$13,786 and \$5,237, respectively, was available for payment of dividends without such prior approval.



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