STUDIO
FINANCIAL HOLDINGS INC

August 6, 2024

Dear shareholders,

The progress and momentum at Studio Bank has certainly picked up over the last quarter! I am delighted to share this update with you all. We had plenty to celebrate in Q2, including new milestones, new bankers, and record earnings.

General Summary of Q2 2024

In June, we celebrated six years of Studio Bank. At the same time, we exceeded a great new growth milestone: $1,000,000,000 in Assets! Yes, that's $1 billion with a "B". In honor of our sixth birthday and our new milestone, our whole company gathered for a few hours for a "Billion-Dollar Birthday Bash." We reflected on the unprecedented macroeconomic environment we have faced since we started the bank, and we lauded the fact that we have continued to thrive and surpass expectations throughout this time. In spite of it all, we have met or exceeded so many of the goals we initially set for the first six years of the bank… a feat that is certainly worthy of a bank-wide celebration. We capped off the celebration with a fiercely competitive, yet wildly entertaining, game of Studio Bank trivia, with eight teams of employees competing for the prize of a feast at Hall's Chophouse. It was undoubtedly the most fun bank-wide event we've ever done. The competitive spirit is alive and well at Studio Bank.

Also in June, our annual meeting of shareholders occurred as scheduled, and our slate of directors were all re-elected by the shareholders as nominated. I would like to thank Harry Allen, Josh Deutsch, Janet Miller, and Tara Scarlett for joining me in continued service to the shareholders of Studio Financial Holdings, Inc. and Studio Bank. My thanks also go to the many shareholders who promptly took action and participated in the voting via proxy, which allowed us to establish a quorum for the meeting and to re-elect our directors. During the meeting, I provided a brief presentation about the progress of the bank and the remarkable macroeconomic environment in which we continue to operate. To repeat my concluding remarks: I remain as optimistic as ever about the prospects for the success of our company.

Once again, congratulations to Harry Allen on his new role at Belmont University as EVP for Financial Excellence and Chief Financial Officer, which began in July. With his re-election to the Studio board of directors at our annual meeting of shareholders, Harry will move forward as our Vice Chairman. Everyone at Studio Bank is thrilled for Harry, and for Belmont University, as he follows this calling to serve his beloved alma mater. Harry will remain a key leader of the bank, and he will continue to live out his passion for both organizations.

Some exciting developments occurred at the bank in Q2 and in July… the addition of new bankers to our team. Recruiting great bankers – and wonderful people – has been a primary key to our success. As we continue to scale the bank, we will open new channels of deposit generation which will fuel our future loan growth. In keeping with this strategy, we successfully recruited a new team of five experienced bankers to focus primarily on depository business development and client relationships. Three of these bankers – Melinda Pulliam, Laura Dye, and Robin Kotora – joined us from a local competitor community bank. Two additional bankers – David Costello and Bryan Weschler – joined us from larger national banks. This team has truly "hit the ground running," and their efforts to drive material deposit growth for the bank are already yielding positive results.

Financial Summary of Q2 2024

Our results for the second quarter at June 30, 2024, included Total Assets of over $1.0 billion, a significant new benchmark for the bank! After a slow start to the year, our long-standing trend of consistent loan growth resumed during the quarter, as net loans grew by $18.2 million during Q2 and finished the quarter at over $765.6 million. Deposit growth continued, as well, ending the quarter at $786.7 million, representing a net increase of $26.6 million. Non-interest checking account balances increased by over $26.9 million during the quarter, an excellent continuation of the positive trend we saw in the previous quarter.

Our net income was over $1.7 million for the quarter, which was $430k (or, 32.6%) higher than the prior quarter and $1.1 million higher than (or, 3x) the same quarter last year. Pre-tax net income was nearly $2.4 million, the best we have ever recorded. On a pre-provision net revenue (PPNR) basis, which excludes the effect of loan provisions and taxes, we generated nearly $2.2 million in Q2, which was 18% greater than the prior quarter. All in all, this was our best quarter for earnings since our inception, including on a per share basis.

Our growth in earnings resulted from an improved net interest margin (and consequently net interest income), from the release of allowance for credit loss (due to successful loan collections), and from relatively flat expenses and other income.

Net interest margin at the bank level also improved during the quarter at 2.80%, increasing by fourteen basis points. This improvement resulted from growth and from pricing. With our loans, deposits, and other balance sheet items exhibiting growth throughout the quarter, it follows naturally that our income would grow, as well. Yet, we also experienced a lift to loan yields and a decline in cost of funds. We have been intentionally growing deposits faster than loans, in order to reduce higher-priced borrowings on the balance sheet. The resulting consolidated net interest income (NII) of nearly $6.3 million for the quarter represents our second highest since inception and our fourth quarter in a row of increasing NII.

Our non-interest income remained flat for the quarter, at roughly $1.1 million. Mortgage fees, treasury management and depository fees, and other fee income sources remained stable.

Non-interest expense also remained quite flat for the quarter, with only an $11k increase over the prior quarter and, compared to the same quarter last year, up only 3.6%. While we continue to focus on operational efficiency, we have also begun making investments in our future prosperity such as recruiting new bankers (as discussed above). The expense associated with our recruiting will be reflected primarily in the next quarter and beyond. As always, we will continue to be disciplined with our expense decisions going forward, without compromising on our commitment to long-term profitability growth, safety, soundness, and excellence.

As always, more financial details can be found in the attached unaudited consolidated quarterly financial statements, and on the Bank's most recent "Call Report" as of June 30, 2024, at https://cdr.ffiec.gov/public. You may also access our quarterly Call Reports and annual Audited Financials, along with our quarterly shareholder letters, at OTC Markets, www.otcmarkets.com, under the "STBK" ticker symbol.

Once again, thank you for the confidence and trust you have placed in our team at Studio Financial Holdings, Inc. and Studio Bank. Please let us know if we can serve you, your business, or your family and friends in any other way. In the meantime, here's wishing you all an excellent summer!

Sincerely,

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

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 quarterly update letters 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, wars or other hostilities may disrupt or increase volatility in securities markets or other economic conditions; (4) changes in the interest rate environment reduce interest margins; (5) prepayment speeds, loan origination and sale volumes, charge-offs and credit loss provisions; (6) our ability to maintain required capital levels and adequate sources of funding and liquidity; (7) changes and trends in the banking industry generally; (8) competitive pressures among depository institutions; (9) effects of critical accounting policies and judgments; (10) changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies; (11) legislative or regulatory changes or actions, or significant litigation, adversely affecting our financial institution or the lines of business in which we are engaged; (12) our ability to attract and retain key personnel; (13) the ability of the holding company to receive dividends from its bank subsidiary; (14) the potentially dilutive effect of future acquisitions (if any) on current shareholders' ownership of our holding company; (15) our ability to secure confidential information through the use of computer systems and telecommunications networks; and (16) the impact of reputational risk created by these developments within our financial institution (or within the larger banking industry) on such matters as business generation and retention, funding, and liquidity. Neither Studio Financial Holdings, Inc. nor Studio Bank undertakes any obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this quarterly update letter.

STUDIO
FINANCIAL HOLDINGS INC

Balance Sheet
June 30, 2024

		Unaudited June 2024
Assets		
Cash and due from banks	$	10,747,031
Fed funds sold & repos		31,014,633
Interest bearing deposits with banks		487,880
Investment securities - taxable		125,277,582
Investment securities - tax-exempt		23,814,006
Mortgage loans held for sale		6,385,770
Loans, net of unearned income		765,667,997
Less: Allowance for loan losses		-8,762,178
Bank Owned Life Insurance		23,232,926
Premises and equipment, net		5,227,942
Accrued interest receivable		4,104,626
Other assets		14,349,551
Total Assets	**$**	**1,001,547,766**
Liabilities		
Non-interest bearing demand deposits	$	164,576,990
Interest bearing demand deposits		42,983,243
ICS deposits		230,702,069
Savings and money market deposits		243,630,798
Time deposits - retail		33,219,630
Time deposits - wholesale		71,602,506
Total Deposits		786,715,236
Accrued expenses and other liabilities		9,754,322
FHLB advances		59,000,000
Other borrowings		55,000,000
Sr. Debt		19,773,030
Total Liabilities		**930,242,588**
Equity		
Common stock		695
Capital surplus		74,005,244
Retained earnings		905,668
Accumulated other comprehensive income (loss)		-6,673,651
Net Income		3,067,222
Total Equity		**71,305,178**
Total Liabilities & Equity	**$**	**1,001,547,766**
Shares outstanding end of period		**7,024,781**
Weighted average shares year to date		**7,022,451**
TBVPS	**$**	**10.15**
TBVPS excluding AOCI	**$**	**11.10**

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YTD Statement of Operations
June 30, 2024

		YTD Unaudited June 2024
Interest Income		
Interest on loans	$	24,071,744
Mortgage loans held for sale		19,985
Fees on loans		590,343
Interest on federal funds sold		774,934
Interest on deposits with banks		31,520
Investment securities - taxable		3,347,622
Investment securities - tax-exempt		288,649
Total Interest Income		29,124,797
Interest Expense		
Interest bearing demand deposits		497,669
ICS deposits		5,124,714
Savings and money market deposits		5,075,651
Time deposits - retail		672,447
Time deposits - wholesale		2,072,633
Total Interest Expense on Deposits		13,443,114
FHLB advances		1,522,726
Interest on other borrowings		1,311,359
Sr. Debt		685,995
Total Interest Expense		16,963,194
Net Interest Income		**12,161,603**
Provision for loan losses		(56,163)
Net In. Inc. After Prov. for Loan Losses		**12,217,766**
Non Interest Income		
Service charges and fees		528,890
Mortgage loan and related fees		1,014,334
Other noninterest income		714,665
Total Non Interest Income		2,257,889
Non Interest Expense		
Salaries and employee benefits		6,629,075
Occupancy		774,996
Other noninterest expense		2,965,623
Total Non Interest Expense		10,369,694
Income Before Taxes		**4,105,961**
Income taxes		1,038,740
Net Income	**$**	**3,067,221**
EPS (YTD 2024)	**$**	**0.44**
FTE Employees at June 30, 2024		**84**