November 7, 2024

Dear shareholders,

It is a pleasure to share this quarterly update with you all, reflecting on Q3 2024! Some exciting new developments occurred at the bank … Two new leaders joined our company, we invested in the development of our entire management staff, and we continued to make progress on recruiting new bankers, growing revenues, and, ultimately, stimulating continuous earnings growth. Additionally, the Federal Reserve finally began to normalize short-term interest rates, which is a turning point for our economy.

General Summary of Q3 2024

The quarter began with the addition of new bankers to our senior leadership team. Since the founding of our bank over six years ago, recruiting great bankers – and wonderful people – has been a primary driver of our success. We are delighted to welcome veteran bankers Steve Uebelhor and Rita Mitchell to Studio Bank. Steve brings over 49 years of experience in commercial banking and credit administration, having served as a commercial banker at Pinnacle since its founding, as well as senior roles at Servis First and First American. Steve will serve at Studio Bank as a senior credit officer and executive advisor, focusing on a variety of initiatives involving our commercial banking and overall corporate strategy. Rita brings over 40 years of experience in private banking, wealth management, and community engagement, most recently serving as the Nashville regional private banking executive at First Horizon. Rita will serve at Studio Bank as a key executive for community engagement, business development, and corporate strategy. These new senior leaders bring diverse experiences from larger regional banks, and they will play a key role in planning and implementing the continued growth and scale of our company.

On the subject of leadership, in Q3 we also held a new "first" for Studio Bank: an off-site leadership retreat for all department managers and executives at the bank. This one-day retreat provided the perfect boost of vision and enthusiasm about the next chapter in our history. We are emerging from the post-pandemic economic environment of rapidly rising interest rates, a prolonged inversion of the yield curve, and the consequent margin pressure that all banks faced. Simultaneously, we are setting the stage for continued expansion at Studio Bank, and our leaders at all levels of the bank will be the ones carrying us forward. We discussed the remarkable opportunity that we expect to emerge before us in the banking industry in Nashville and beyond, and what that means for our leaders. We also articulated specific principles of leadership and expectations of leaders at the bank, which will hold us to high standards in the years to come. All in all, it was a remarkable day, and we left with a renewed sense of zeal for the purpose, mission, values, vision, and goals for our organization.

The quarter ended with a momentous action by the Federal Reserve on September 18th. With a 50 basis point interest rate cut, the Fed marked the end of its rate-hiking cycle which began over 18 months ago, during which the yield curve became inverted for the longest sustained period of time on record. We were prepared to act quickly, in order to preserve our margin, and we adjusted loan and deposit rates within just a few days. Many other banks adjusted quickly, too, as this was welcome relief for our industry (and the economy as a whole). Because this rate cut occurred at the end of the quarter, most of the financial impact to Studio Bank will become apparent in Q4. This will be particularly true in the event that the Fed cuts interest rates again in November and/or December, which the bond market current has "priced in," in accordance with the Fed's "dot plot." Long-term rates, however, have not come down, indicating expectations of a robust economy to go along with the cuts to short-term rates. The timing, magnitude, and certainty of the Fed's interest rate path remains to be seen, but a positively sloped yield curve will always be better for our industry and for Studio Bank in particular. Here's hoping for the best – a soft landing for our economy and margin expansion for our bank!

Financial Summary of Q3 2024

Our results for the third quarter ending September 30, 2024, included total assets of over $1.0 billion, representing growth of $11.2 million quarter over quarter.

Deposit growth continued in Q3, with total deposits ending the quarter at $802.7 million, representing a net increase of $16.0 million. Non-interest checking account balances decreased by over $25.7 million during the quarter, as a result of normal course of business inflows and outflows in client deposit accounts. We grew non-interest deposits by a similar amount during the prior quarter, and overall we are up $12.0 million year to date. Further, we are up 427 net new accounts in the non-interest checking category so far this year, which represents 12.3% annualized growth. As such, while there will be fluctuations in the balances of this deposit type from time to time, the underlying trends indicate the potential for continued growth in non-interest checking.

Total loans declined by $16.9 million during Q3 and finished the quarter at over $748.8 million, which is approximately where we began the year. This decline was caused by several loan payoffs and paydowns during the quarter, particularly as a result of completed construction projects which subsequently sold. In fact, the percentage of our loan portfolio in construction reached a new low point of 13.1% in September, down from a peak of roughly 22% during the red-hot housing market of 2022. This brings us approximately to our long-term preferred loan mix. All other categories of lending remain flat or have *increased* year-over-year. We are seeing cause for optimism when it comes to client loan demand. It is worth noting that our pipeline for new loan fundings grew substantially during the quarter, from nearly an all-time low in May to nearly an all-time high by October. As such, we remain hopeful that new fundings from our rapidly growing pipeline will more than offset any further payoffs/paydowns during the remainder of the year.

Credit quality remained solid during the quarter, with no material charge offs to report. Our non-performing assets came down by $1.6 million during the quarter, from $9.8 million at Q2 down to $8.1 million at Q3, ending the quarter at 1.08% of total loans.

Our net income was over $1.5 million for the quarter, which was $228k lower than the prior quarter, yet was $860k higher than the same quarter last year (or, up 130%). On a pre-provision net revenue (PPNR) basis, which excludes the effect of loan provisions and taxes, we generated over $2.3 million in Q3, which was slightly greater than the prior quarter. Our earnings results were derived from quarter over quarter growth in revenues, yet reduced by a limited increase to loan provision expense (in part related to an ACL calculation adjustment), a one-time expense for a callable brokered certificate of deposit ("CD") (details below), and modest new investments in compensation expense (recruiting several new revenue producers and support staff). Adjusting for one-time expenses, our recurring net income for the quarter was roughly even with the prior quarter.

Net interest margin at the bank level, which excludes our holding company senior debt, incrementally improved during the quarter to 2.81%. This result, however, understates the improvement to our recurring interest expense during the quarter, as we took a one-time charge to interest expense in Q3 related to exercising the call option on a $30.0 million callable brokered CD. This call execution resulted in a non-recurring expense in September of $186k, but will result in reduced interest expense going forward for the life of the new CDs we issued at lower interest rates. We expect the interest savings to fully recover the call cost within six months, in our view reflecting a favorable earn-back period for this call option. Adjusting for this expense, we estimate our adjusted bank-level net interest margin for the quarter to have been 2.87%.

Importantly, our resulting consolidated net interest income (NII) of nearly $6.5 million for the quarter represents our highest level since the founding of the bank – and our fifth quarter in a row of increasing NII.

Our non-interest income slightly increased quarter over quarter, at roughly $1.13 million. Mortgage fees, treasury management and depository fees, and other fee income sources remained stable.

Non-interest expense also remained stable, with a modest increase of $63k related to new hires we brought on board in Q2 and Q3 and various other expense factors. As I mentioned in my previous quarterly update, while we continue to focus on operational efficiency, we have also begun making investments in our future prosperity such as recruiting new revenue-producing bankers and support staff. 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 September 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.

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.

Balance Sheet
September 30, 2024

		Unaudited September 2024
Assets		
Cash and due from banks	$	9,868,047
Fed funds sold & repos		25,872,754
Interest bearing deposits with banks		897,119
Investment securities - taxable		159,807,247
Investment securities - tax-exempt		23,747,962
Mortgage loans held for sale		7,072,622
Loans, net of unearned income		748,778,724
Less: Allowance for loan losses		-9,023,100
Bank Owned Life Insurance		23,477,179
Premises and equipment, net		4,993,235
Accrued interest receivable		4,676,273
Other assets		12,606,624
Total Assets	**$**	**1,012,774,686**
Liabilities		
Non-interest bearing demand deposits	$	138,896,947
Interest bearing demand deposits		48,665,109
ICS deposits		228,673,569
Savings and money market deposits		281,038,043
Time deposits - retail		33,862,814
Time deposits - wholesale		71,602,353
Total Deposits		802,738,835
Accrued expenses and other liabilities		12,399,114
FHLB advances		48,000,000
Other borrowings		55,000,000
Sr. Debt		19,792,028
Total Liabilities		**937,929,977**
Equity		
Common stock		697
Capital surplus		74,238,689
Retained earnings		905,668
Accumulated other comprehensive income (loss)		-4,887,487
Net Income		4,587,142
Total Equity		**74,844,709**
Total Liabilities & Equity	**$**	**1,012,774,686**
Shares outstanding end of period		**7,059,657**
Weighted average shares year to date		**7,030,003**
TBVPS	**$**	**10.60**
TBVPS excluding AOCI	**$**	**11.29**

STUDIO
FINANCIAL HOLDINGS INC

YTD Statement of Operations
September 30, 2024

		YTD Unaudited September 2024
Interest Income		
Interest on loans	$	36,527,417
Mortgage loans held for sale		31,736
Fees on loans		894,823
Interest on federal funds sold		1,302,560
Interest on deposits with banks		44,435
Investment securities - taxable		5,180,621
Investment securities - tax-exempt		433,263
Total Interest Income		44,414,855
Interest Expense		
Interest bearing demand deposits		728,903
ICS deposits		7,812,468
Savings and money market deposits		8,037,926
Time deposits - retail		1,076,115
Time deposits - wholesale		3,271,085
Total Interest Expense on Deposits		20,926,497
FHLB advances		1,859,703
Interest on other borrowings		1,974,816
Sr. Debt		1,029,993
Total Interest Expense		25,791,009
Net Interest Income		**18,623,846**
Provision for loan losses		241,847
Net In. Inc. After Prov. for Loan Losses		**18,381,999**
Non Interest Income		
Service charges and fees		805,275
Mortgage loan and related fees		1,436,846
Other noninterest income		1,144,862
Total Non Interest Income		3,386,983
Non Interest Expense		
Salaries and employee benefits		10,076,948
Occupancy		1,168,572
Other noninterest expense		4,377,178
Total Non Interest Expense		15,622,698
Income Before Taxes		**6,146,284**
Income taxes		1,559,141
Net Income	**$**	**4,587,143**
EPS (YTD 2024)	**$**	**0.65**
FTE Employees at September 30, 2024		**88**