

BAYFIRST

BayFirst Financial Corp. (NASDAQ:BAFN)

2022 – Year-end and Fourth Quarter Results (Unaudited)

Cautionary Statement Concerning Forward-Looking Information

In addition to the historical information contained herein, this presentation includes "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. These statements are subject to many risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic, global military hostilities, or climate change, including their effects on the economic environment, our customers and our operations, as well as any changes to federal, state or local government laws, regulations or orders in connection with them; the ability of the Company to implement its strategy and expand its banking operations; changes in interest rates and other general economic, business and political conditions, including changes in the financial markets; changes in business plans as circumstances warrant; risks related to mergers and acquisitions; changes in benchmark interest rates used to price loans and deposits, changes in tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the SEC, including, but not limited to those “Risk Factors” described in our most recent Form 10-K and Form 10-Q. Readers should note that the forward-looking statements included herein are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or similar terminology. Any forward-looking statements presented herein are made only as of the date of this document, and we do not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

BAYFIRST

ABOUT BAYFIRST FINANCIAL CORP.

TAMPA BAY'S PREMIER BANKING FRANCHISE

HOW WE RANK

2 in the Tampa Bay – St. Petersburg MSA[1]

ASSET SIZE

$939 Million total assets[2]

GROWTH

157% ASSET GROWTH OVER 5 YEARS

SBA ORIGINATION

#8 SBA 7(a) ORIGINATOR IN THE NATION[3]

INITIATIVES

ESG ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FOCUSED

1. *Deposit market share ranking of banks with assets less than $10B headquartered in the MSA*
2. *Financial data as of December 31, 2022*
3. *As of SBA's fiscal year-end of September 2022*

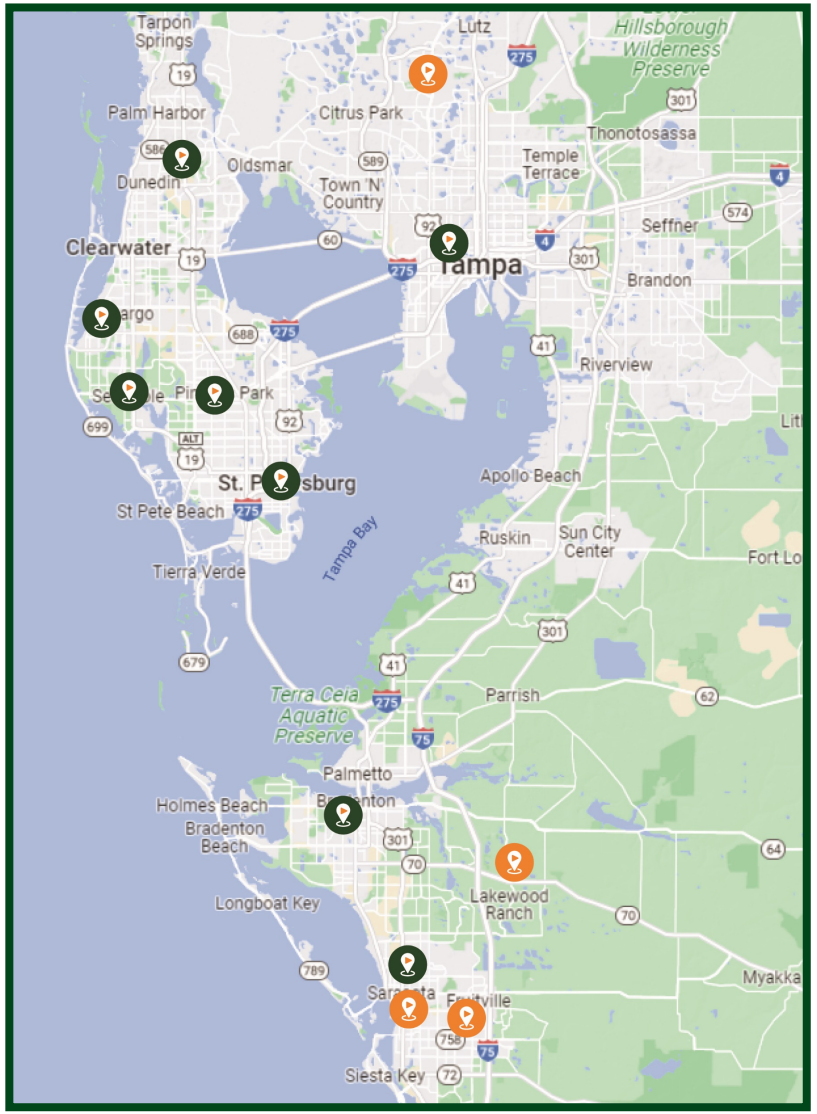
ABOUT BAYFIRST FINANCIAL CORP.

BAYFIRST

CURRENT BANKING CENTER LOCATION

FUTURE BANKING CENTER LOCATION

EXPANDING BANKING CENTER FRANCHISE



INNOVATIVE COMMUNITY BANK

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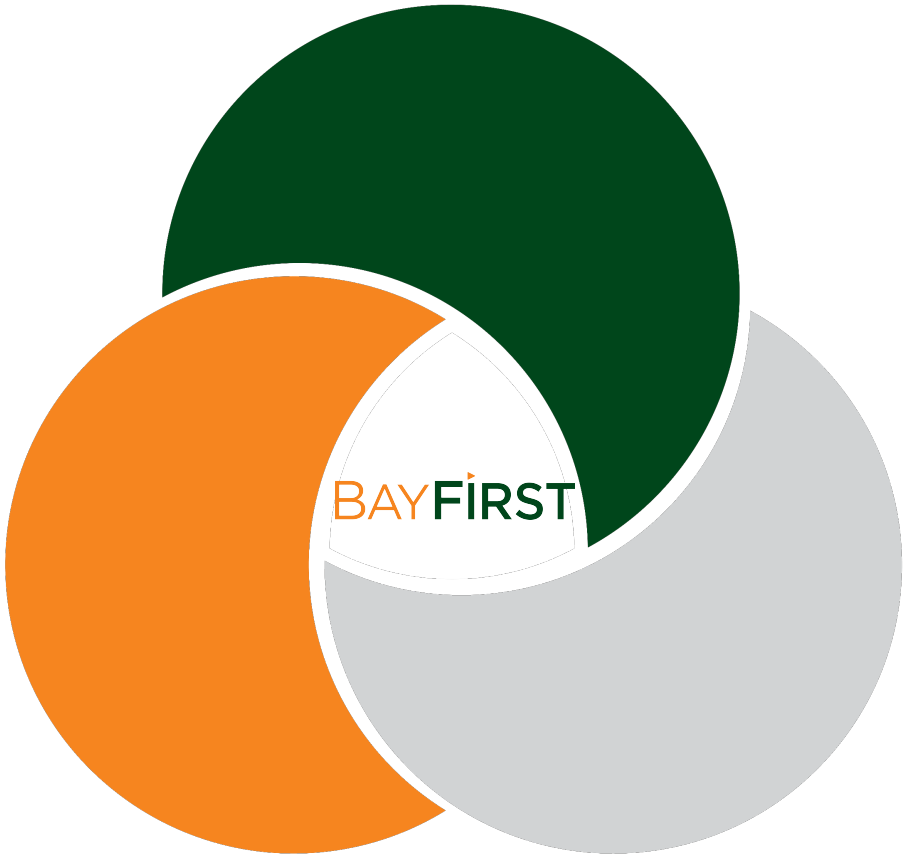
Technology driven community bank with diversified revenue streams

COMMUNITY BANKING

- **8 banking centers in Tampa Bay**, **expected to grow to 12 banking** centers over the next two years to three years
  - **9 commercial** and **2 consumer loan production officers**
- **Full suite of commercial and consumer loan and deposit products** to meet the needs of Tampa Bay individuals, families and small businesses

TECHNOLOGY DRIVEN

- **Advanced technology platform to support innovative products and services while improving efficiencies**
- **PowerLOS for SBA and commercial lending**
- **Working with fintechs to offer new and innovative services through Mulesoft API platform**



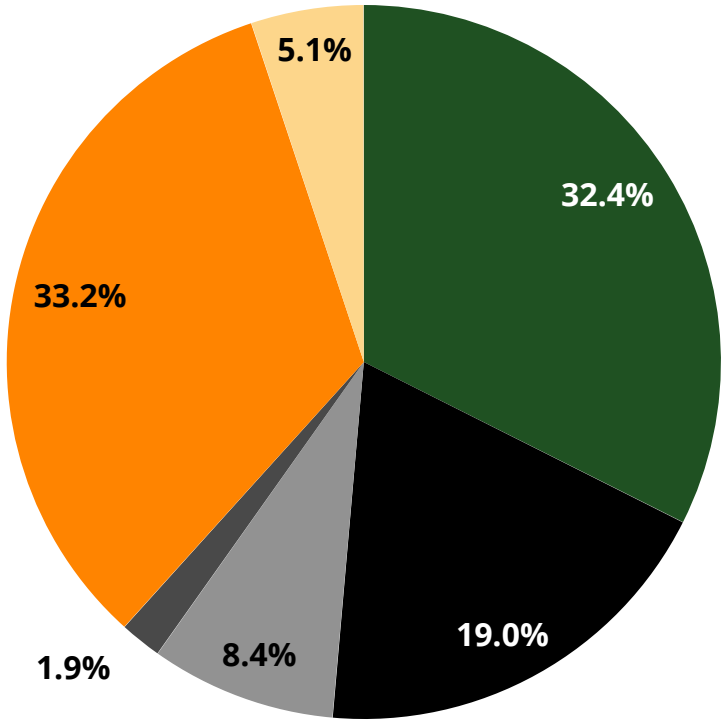
CREDITBENCH

- **BayFirst's in-house SBA lending platform**
- **#8 SBA lender as of SBA's fiscal year ended 9/30/2022**
- **#1 SBA lender in the five county Tampa Bay area at SBA's FY ended 9/30/22**
- **FlashCap program:**
  - SBA 7(a) loans of $350K or less
  - Includes **BOLT SBA 7(a) loans for $150K or less**, with 85% government guarantee
- **Core program:**
  - **Focuses on $350K and above**, and is **anchored by 8 experienced core lenders**
  - Loan generation from **organic sales** and **FinTech partners**

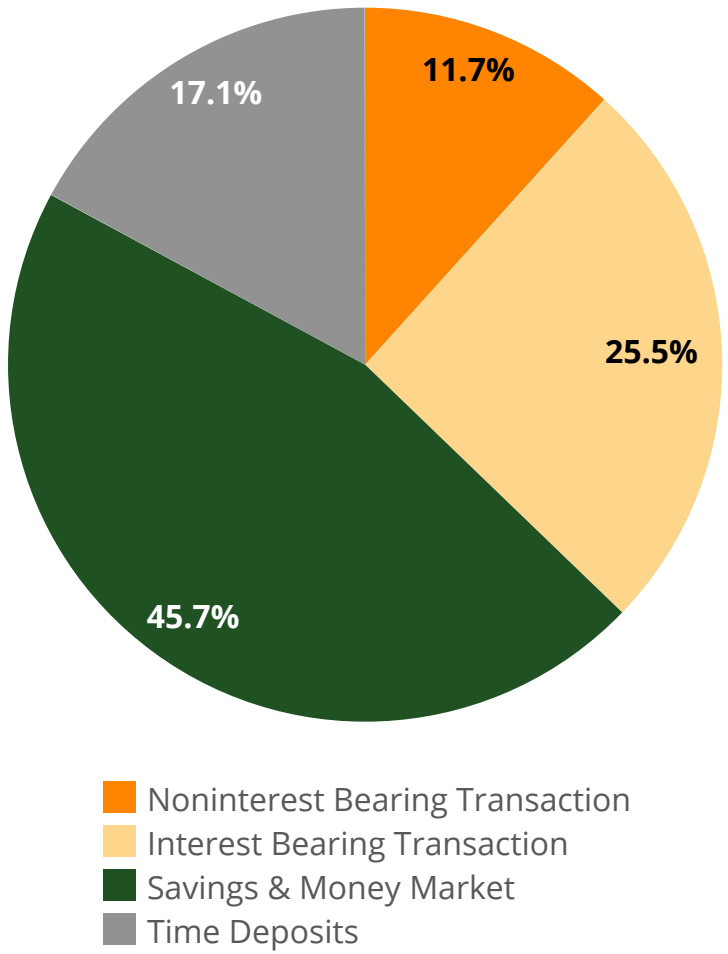
ATTRACTIVE LOAN AND DEPOSIT COMPOSITION

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Composition of Loans Held for Investment as of December 31, 2022



Deposit Portfolio Composition as of December 31, 2022



KEY STRATEGIC INITIATIVES FOR 2023 AND BEYOND

- Grow community banking franchise through new banking centers and expansion of commercial and consumer lending teams
- Strive to be a top 5 SBA lender
- Promote innovation through the Company while enhancing omnichannel and digital delivery
- Optimize efficiency through technology and workflow improvements
- Differentiate the Company through a commitment to social responsibility

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($000s)	For the Three Months Ended				
	12/31/2022	9/30/2022	Increase/ (Decrease)	12/31/2021	Increase/ (Decrease)
Interest income	$ 12,520	$ 11,284	$ 1,236	$ 7,161	$ 5,359
Interest expense	3,946	2,114	1,832	1,416	2,530
Net interest income	8,574	9,170	(596)	5,745	2,829
Provision for loan losses	700	750	(50)	(2,500)	3,200
Noninterest income	8,404	9,804	(1,400)	5,597	2,807
Noninterest expense	13,493	14,158	(665)	13,262	231
Income tax expense (benefit)	672	983	(311)	(276)	948
Net income (loss) from continuing operations	2,113	3,083	(970)	856	1,257
Net income (loss) from discontinued operations	(791)	(4,485)	3,694	1,955	(2,746)
Net income (loss)	1,322	(1,402)	2,724	2,811	(1,489)
Preferred dividends	208	208	—	208	—
Net income available to common shareholders	$ 1,114	$ (1,610)	$ 2,724	$ 2,603	$ (1,489)

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($000s)	Year Ended December 31, 2022	2021	Increase/ (Decrease)
Interest income	$ 38,566	$ 43,826	$ (5,260)
Interest expense	8,566	7,300	1,266
Net interest income	30,000	36,526	(6,526)
Provision for loan losses	(700)	(3,500)	2,800
Noninterest income	31,550	21,973	9,577
Noninterest expense	55,212	50,279	4,933
Income tax expense (benefit)	1,560	2,691	(1,131)
Net income (loss) from continuing operations	5,478	9,029	(3,551)
Net income (loss) from discontinued operations	(5,827)	15,589	(21,416)
Net income (loss)	(349)	24,618	(24,967)
Preferred dividends	832	1,005	(173)
Net income available to common shareholders	$ (1,181)	$ 23,613	$ (24,794)

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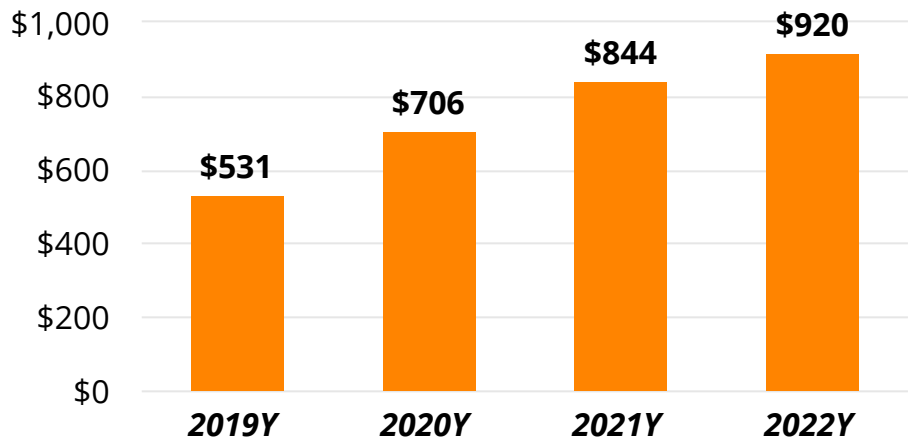
	As of and For the Three Months Ended			As of and For the Year Ended	
	12/31/2022	9/30/2022	12/31/2021	12/31/2022	12/31/2021
Return on average assets	0.57 %	(0.60)%	1.22 %	(0.04)%	1.90 %
Return on average common equity	5.56 %	(7.76)%	12.54 %	(1.43)%	32.37 %
Basic earnings (loss) from continuing operations per common share	$ 0.47	$ 0.71	$ 0.17	$ 1.16	$ 2.11
Diluted earnings (loss) from continuing operations per common share	$ 0.45	$ 0.68	$ 0.16	$ 1.13	$ 2.02
Dividend payout ratio	28.99 %	(20.02)%	10.65 %	(108.95)%	4.46 %
Total Capital (to risk-weighted assets)	15.00 %	15.02 %	21.25 %	15.00 %	21.25 %
Tier 1 Capital (to risk-weighted assets)	13.75 %	13.77 %	19.98 %	13.75 %	19.98 %
Common Equity Tier 1 Capital (to risk-weighted assets)	13.75 %	13.77 %	19.98 %	13.75 %	19.98 %
Tier 1 Capital (to total assets)	10.79 %	10.48 %	12.22 %	10.79 %	12.22 %
Nonperforming loans (excl gov't gtd balance)/total loans held for investment	0.50 %	0.59 %	0.68 %	0.50 %	0.68 %
ALLL/Total loans held for investment at amortized cost, excl PPP loans	1.33 %	1.54 %	2.72 %	1.33 %	2.72 %

RECORD ORGANIC GROWTH

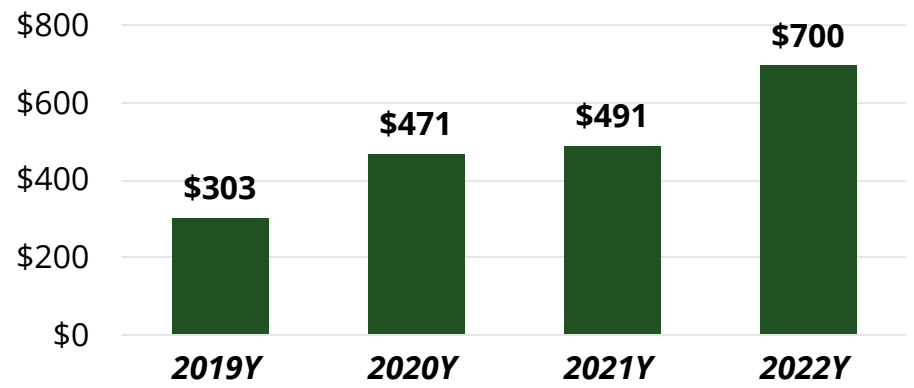
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Strong balance sheet on track for continued organic growth

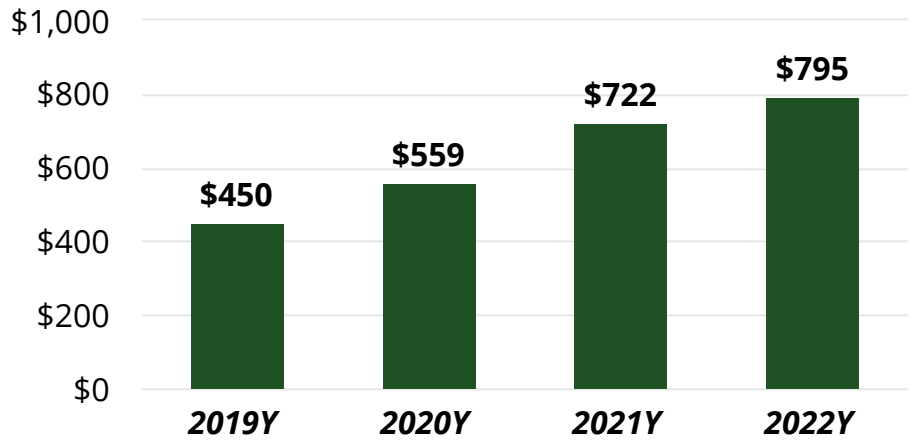
Total Assets excluding PPP Loans ($M)



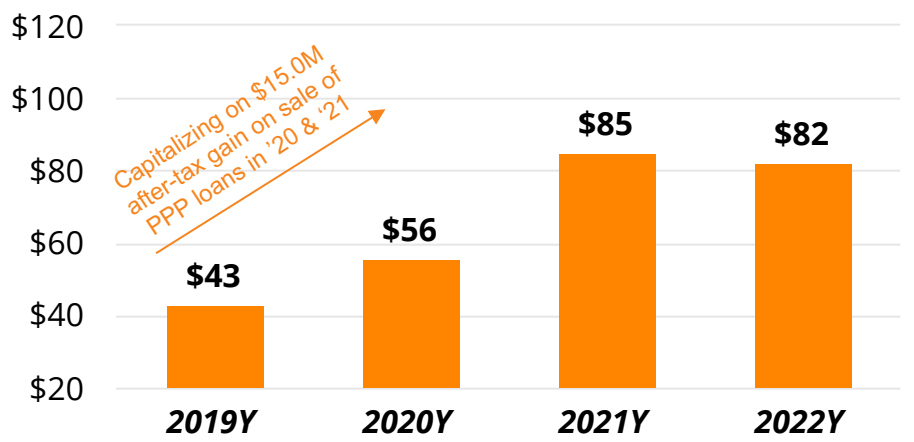
Total Net Loans HFI excluding PPP loans ($M)



Total Deposits ($M)



Tangible Common Equity ($M)

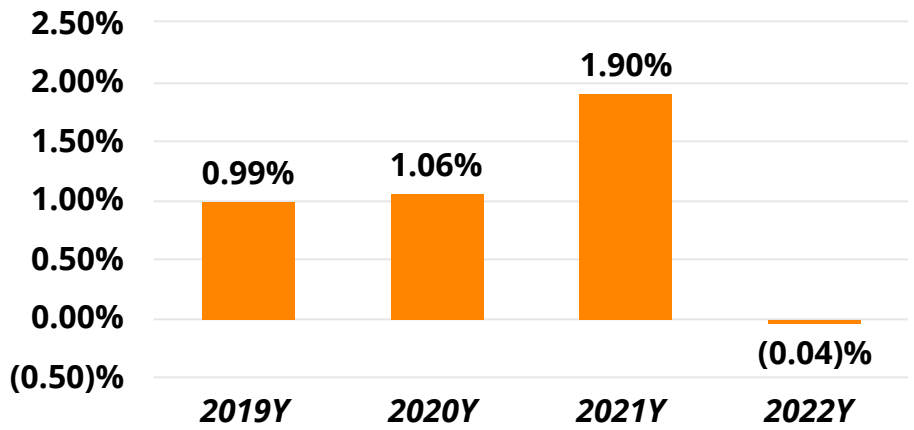


POSITIONED TO RETURN TO STRONG PROFITABILITY

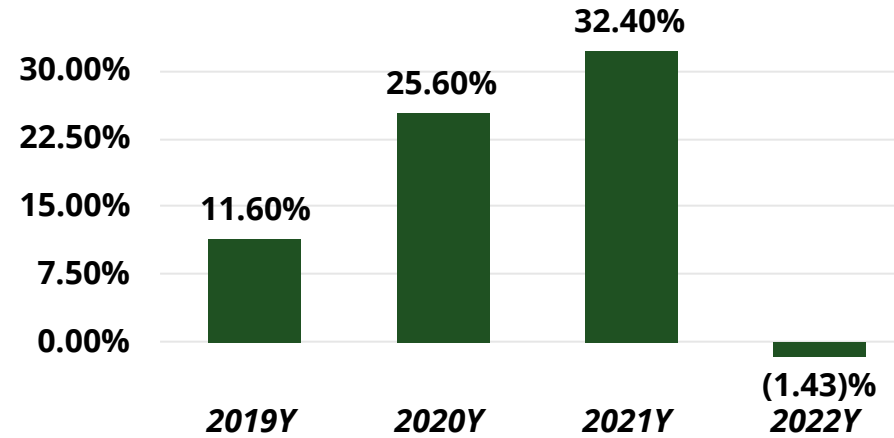
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Volatility in 2022 due to discontinued operations mortgage; company repositioned for future

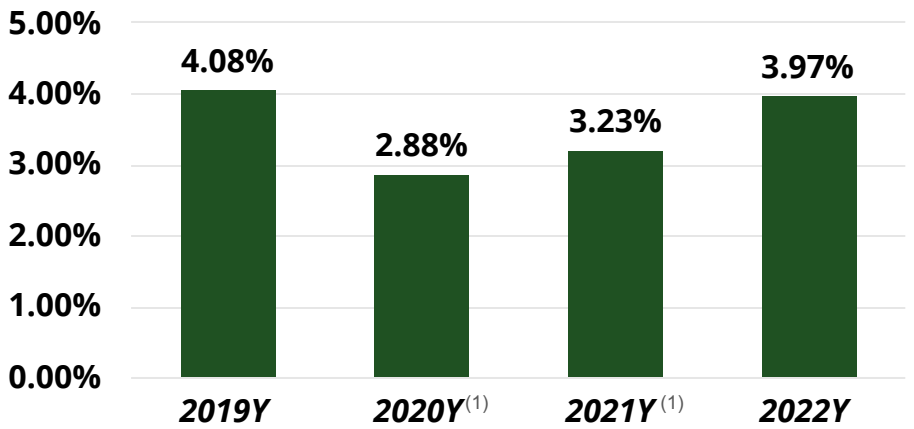
ROAA (%)



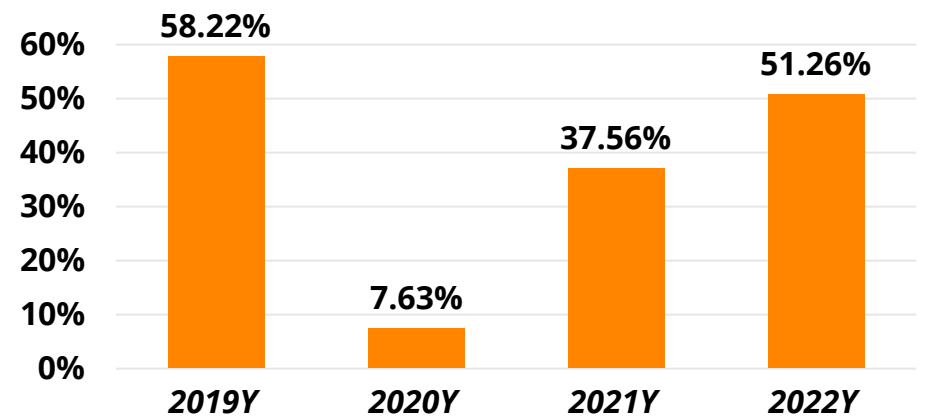
ROATCE (%)



Net Interest Margin (%)



Non-Interest Income / Total Revenue from Continuing Operations

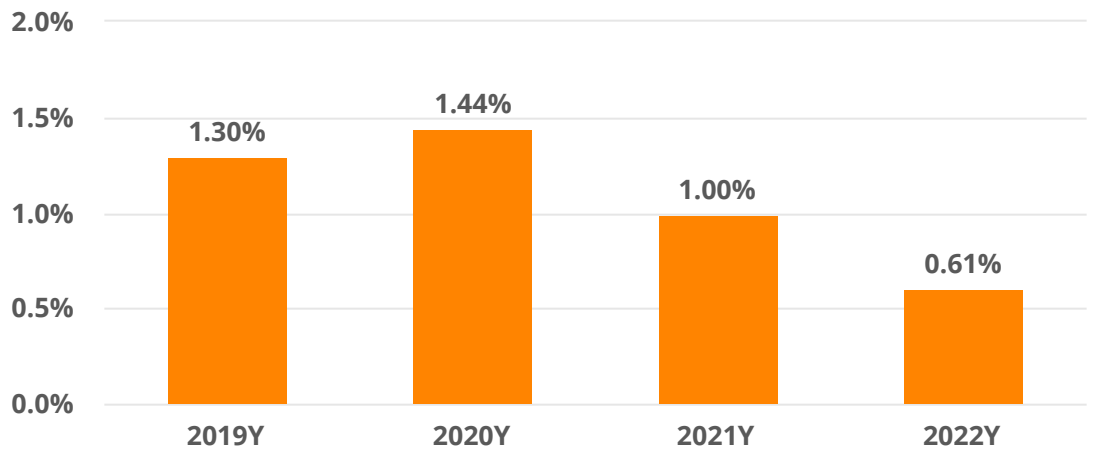


(1) The NIM was depressed due to impact of low yield PPP loan portfolio

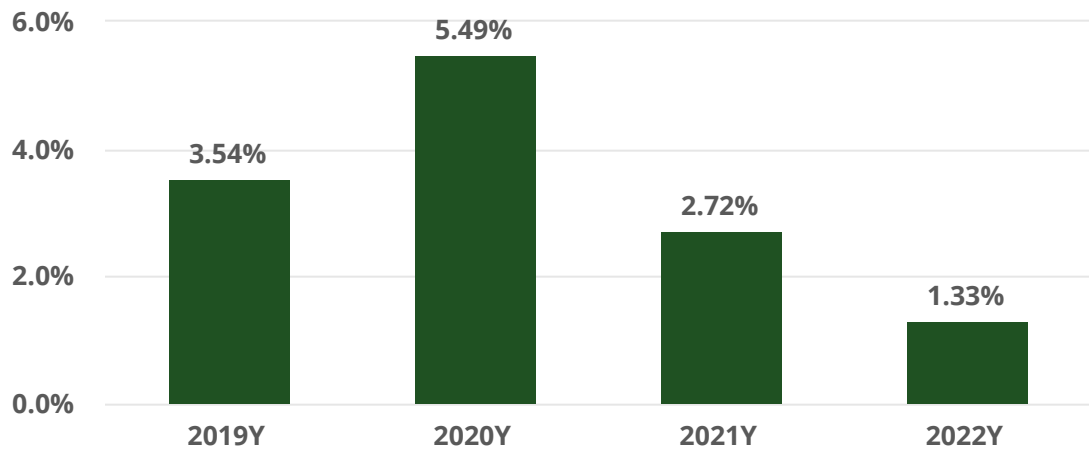
ASSET QUALITY

Strong reserve well-positioned to withstand volatility in economic conditions

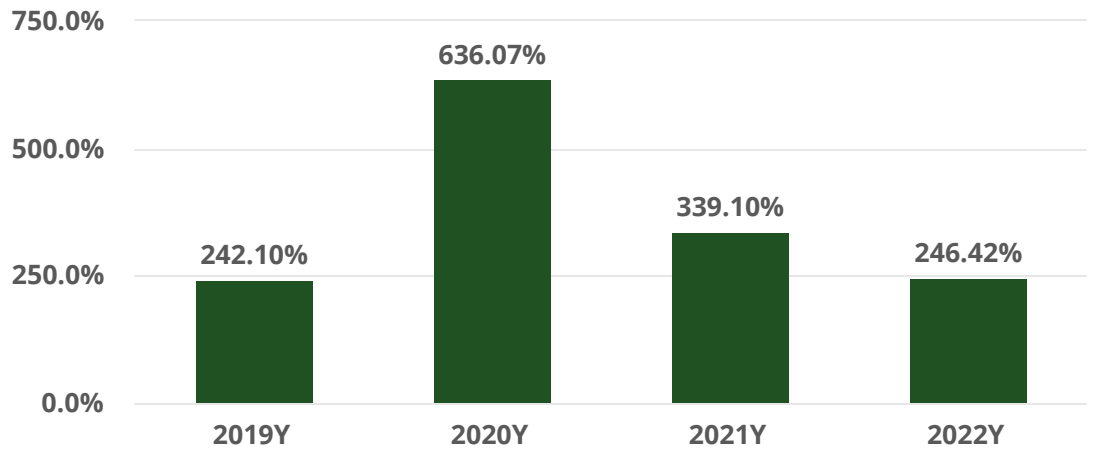
Net charge-offs/average loans held for investment excluding PPP



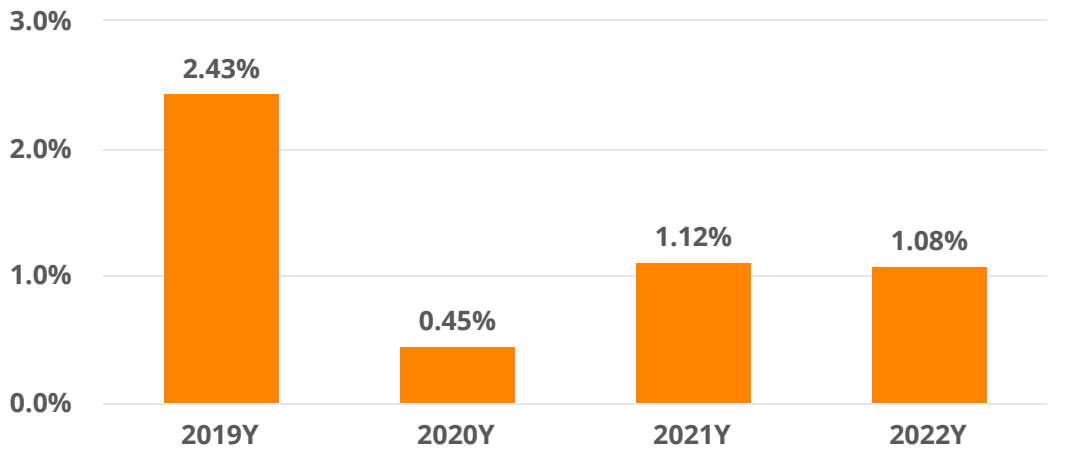
ALLL/Total loans held for investment at amortized cost, excluding PPP loans



ALLL to nonperforming loans[(1)]



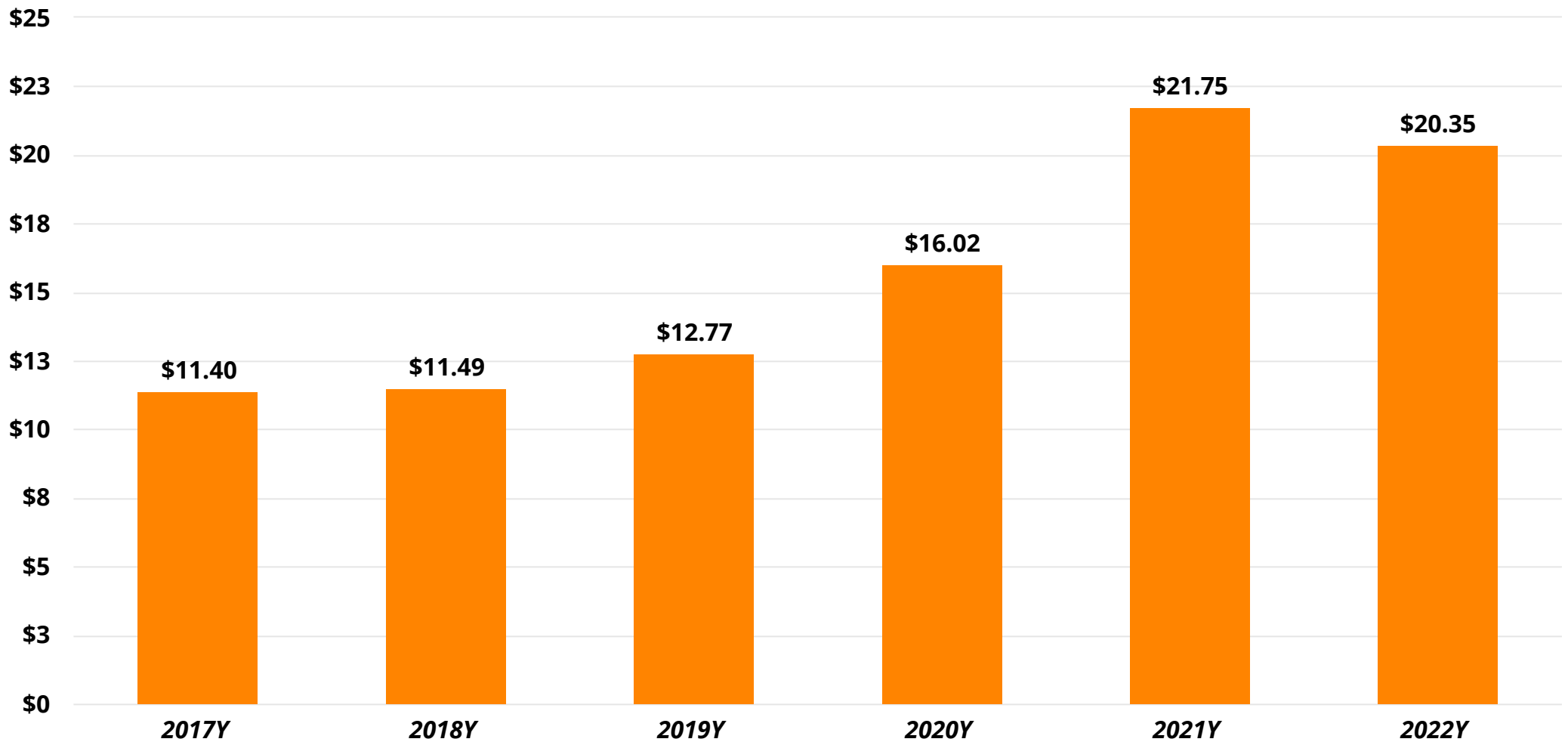
Past due and Nonaccrual loans to Total loans HFI at amortized cost[(1)]



[(1)] *Excludes government guaranteed balances*

SHAREHOLDER VALUE CREATION

Impressive Tangible Book Value Per Share growth in recent years



COMMUNITY BANKING PERFORMANCE

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Q4' 2022 Highlights

Q4'2022 Loan Production Summary:

- Loan production during the quarter was $48.1 million[(1)]
- Loans held for investment increased by a net $50.8 million QoQ

Q4'2022 Deposit Summary:

- Q4'2022 deposit balance grew $73.4 million YoY
- Deposit portfolio increased by 3.8% in number of accounts (to 14,673 totaling $795.1 million) QoQ

Branch & Deposits Market Share

($ in 000s)			*Total Deposits*		
#	*Branch*	*Year Opened*	*12/31/2022*	*12/31/2021*	*12/31/2020*
1	Saint Petersburg[(2)]	2017	$ 246,813	$ 228,718	$ 207,304
2	Sarasota	2018	159,302	175,427	114,681
3	Seminole	1999	131,257	146,072	125,410
4	Pinellas Park	2005	69,976	68,429	52,535
5	Countryside	2018	66,827	62,201	48,897
6	West Tampa	2020	68,834	40,838	9,957
7	Belleair Bluffs	2021	31,011	—	—
8	West Bradenton	2022	21,050	—	—
Total Branches (8)			**$ 795,070**	**$ 721,685**	**$ 558,784**

[(1)] Excludes SBA loan production and residential mortgage production from discontinued operations

[(2)] Saint Petersburg branch deposits include other deposits generated by CreditBench, Cash Management, Corporate Treasury, and Virtual.

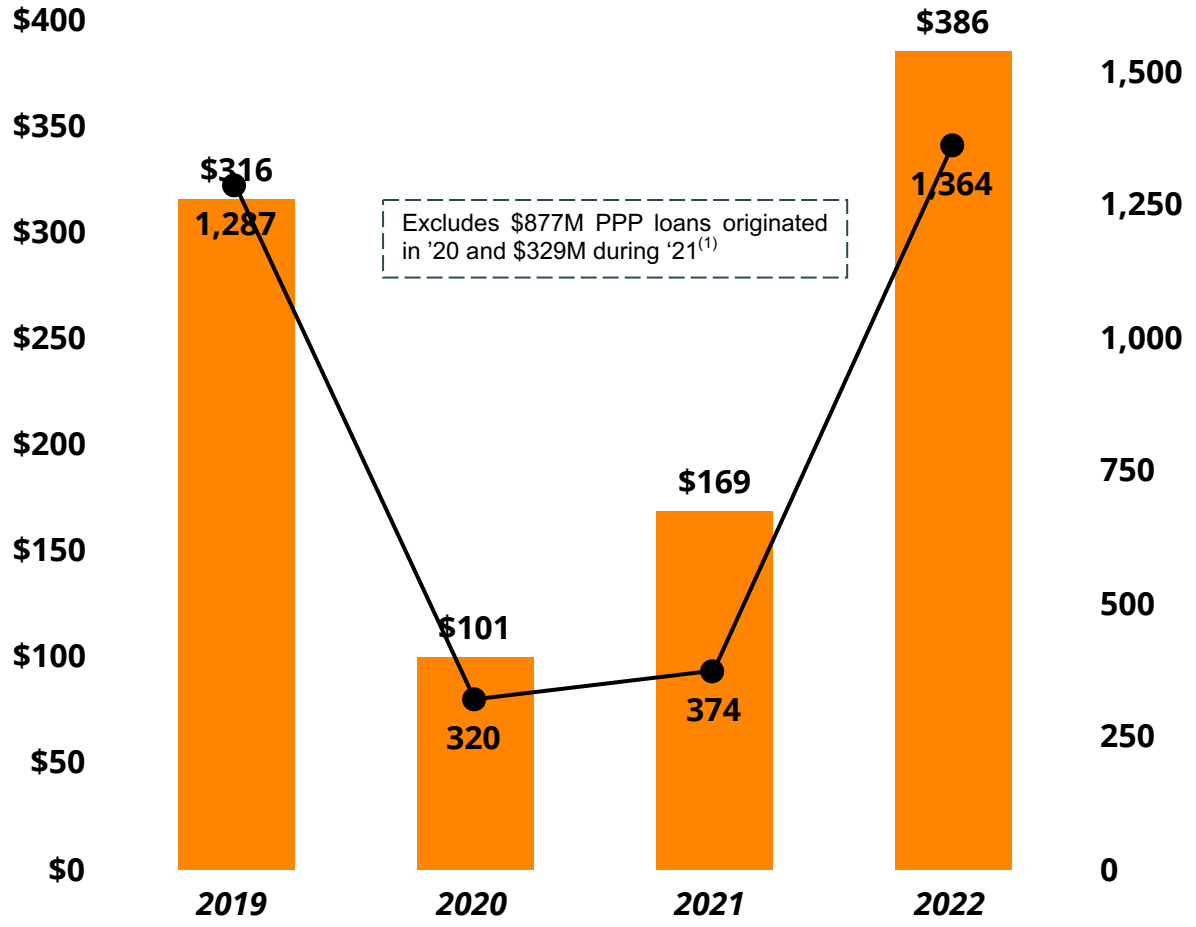
CREDITBENCH (SBA LENDING)

BAYFIRST

Q4' 2022 Highlights

- Pre- Pandemic: ~80% of loan production sourced through third-party partners
- Post- Pandemic: **over ~80% of production in-house** through CreditBench
- Ranked #8 in total SBA production in the SBA fiscal year ending September 30, 2022
- **Total Q4'2022 SBA loan production increased** 84.6% from Q4'2021
- **Launched BOLT,** an SBA 7(a) loan product designed to provide working capital loans of $150 thousand or less to businesses throughout the country
  - June 1 launch and have already done $121.2 million YTD, including $57.6 million in Q4'2022
  - New automation program launched through its proprietary loan origination system PowerLOS and Open API, allowing increased volume and speed while limiting additional staff

SBA Loan Amount ($M) and Volume



(1) CreditBench concentrated on PPP loan production for years 2020 to 2021

KEY INVESTMENT POINTS



- Second largest community bank (deposits) based in attractive Tampa Bay market area
- Total asset growth of 157% since YE2017
- Among the nation's top SBA loan generators
- Innovative technology driven bank planning for the future of banking
- Consistent dividend growing 100% over past 5 years
- Experienced management team
- Strong insider ownership of 15%

APPENDIX

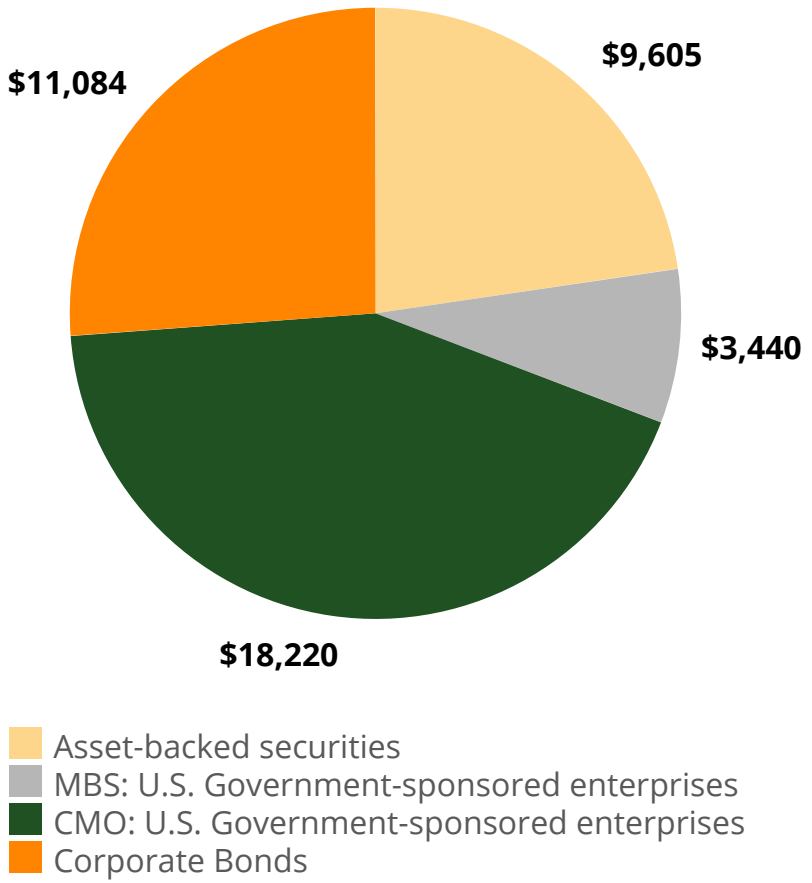
INVESTMENT SECURITIES

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Investment Securities Portfolio Details

- Other Comprehensive Loss of $3.7 million reduced Tangible Book Value by $0.92 QoQ as of December 31, 2022
  - We intend and have the ability to hold the available for sale investment securities to maturity; no plan to sell
  - Cash flows could be used to fund future loan growth as needed
  - Retained earnings and investments moving down the curve would earn back capital loss
  - No impact to regulatory capital ratios
- In the second quarter, we moved a recently purchased $1.5 million AFS investment to held to maturity investments. The Company also purchased an additional $3.5 million of corporate bonds which were classified as held to maturity at purchase.

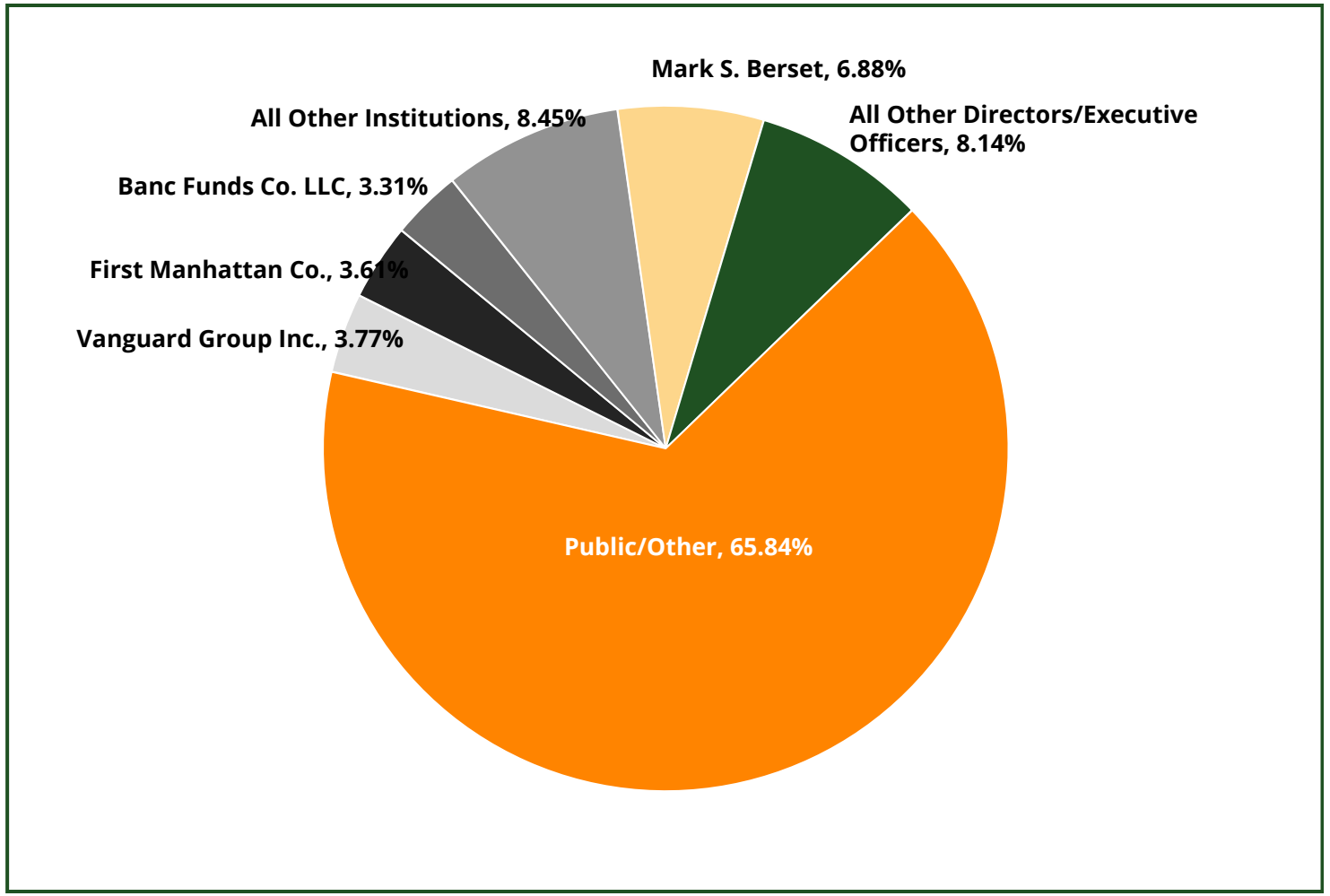
AFS Investment Securities Portfolio as of December 31, 2022 (fair market value, in thousands) (1)



(1) HTM Investment Securities makes up 10% of total investment securities portfolio

OWNERSHIP OVERVIEW

Total Common Stock Ownership Mix



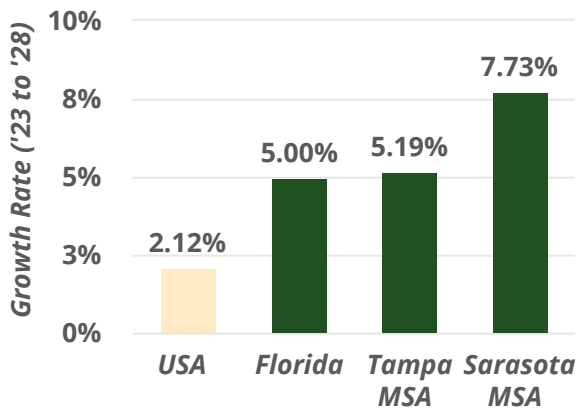
Note: Ownership information based on most recently disclosed common shares outstanding of 4,037,895
Source: S&P Capital IQ Pro

ATTRACTIVE FLORIDA MARKETS

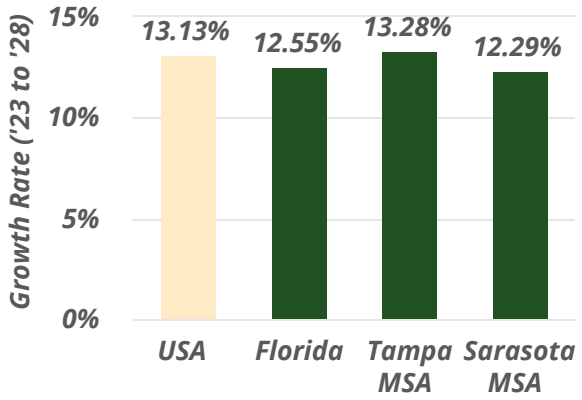
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MEANINGFUL ECONOMIC TAILWINDS

...Favorable Population Projections...



...and Favorable Expected Household Incomes



#2 state in the U.S.A. for net domestic migration and top 3 growth state*

Attractive tax policy

Total Deposits in Pinellas, Hillsborough, Manatee and Sarasota Counties of $113bn*

~$1.4T economy, with 3.8% GDP growth in Q3'22

3.0 million small businesses, more than any other Southeastern state

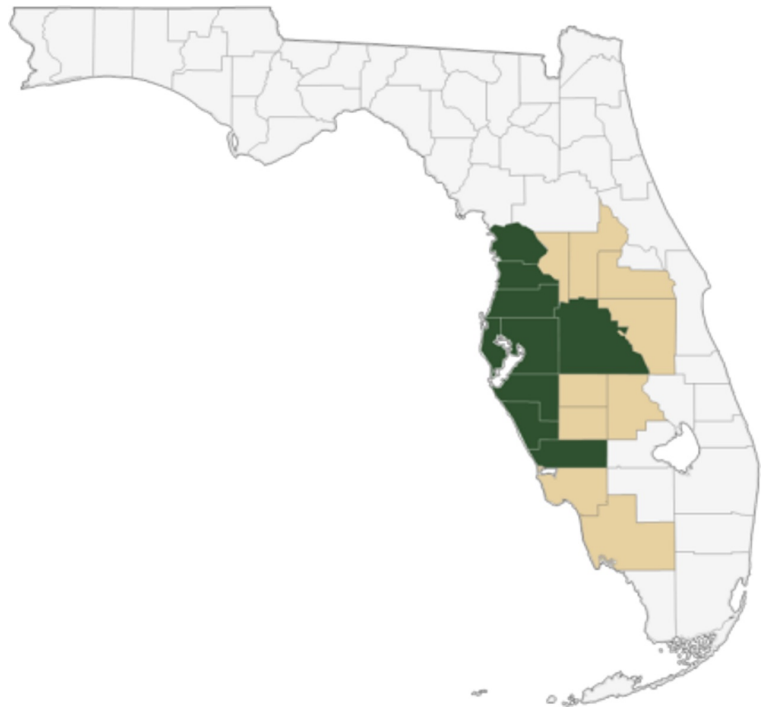
3rd most populous state

Tier 1 Markets:

- Citrus
- Hernando
- Pasco
- Pinellas
- Charlotte
- Hillsborough
- Polk
- Manatee
- Sarasota

Tier 2 Markets:

- Sumter
- Lake
- Orange
- Osceola
- Collier
- Hardee
- DeSoto
- Highlands
- Lee



*Source: S&P Global Market Intelligence as of January 2023, U-haul

DEPOSIT MARKET SHARE

BAYFIRST

Tampa-St. Petersburg MSA (Total Assets <$10BN and HQ in MSA)					
Rank	*Institution*	*Deposits ($ millions)*	*Branches (No.)*	*Average Deposits per Branch ($ millions)*	*Market Share (%)*
1	Tampa Bay Banking Co.	$2,938	11	$267	65.09 %
2	BayFirst Financial Corp.	618	6	103	13.70 %
3	West Florida Bank Corp.	444	6	73	9.83 %
4	TCM Bank NA	226	1	226	5.00 %
5	Central Financial Holdings Inc.	128	1	128	2.83 %
6	Century Bancshares of Florida Inc.	97	1	97	2.14 %
7	Waterfall Bank	64	1	64	1.41 %

Note: Deposit data as of June 30, 2022
Source: S&P Capital IQ Pro

EXPERIENCED LEADERSHIP TEAM



Anthony N. Leo

Chief Executive Officer & Director of BayFirst and the Bank

- Joined BayFirst in Q4 2013; Prior to joining BayFirst, provided management consulting and regulatory advisory services to community banks throughout the state of Florida and served as the interim CEO of three troubled banks between 2009 and 2013
- Managing Director and Executive Vice President of Community Banks, Inc. (Nasdaq: CMTY) in Harrisburg, PA from 1993 until its sale to Susquehanna Bancshares, Inc. (NasdaqGS: SUSQ) in 2007
- B.A. in Political Science from George Washington University and a J.D. from George Washington University Law School



Robin Oliver

EVP, Chief Financial Officer and Chief Operating Officer of BayFirst and the Bank

- Joined BayFirst in Q2 2018; Prior to joining BayFirst, Controller of Central Bank & Trust Co., a $2.5 billion privately held financial institution in Lexington, Kentucky, from May 2014 to June 2018
- Approximately 16 years with Crowe Horwath LLP as an auditor in the financial institution practice; served over 80 financial institution clients with assets ranging from $50 million to $4.5 billion throughout career, including several SEC registrants and FDICIA reporting institutions
- B.S. in Accounting from the University of Kentucky



Thomas G. Zernick

President of BayFirst and the Bank

- Joined BayFirst in Q1 2016
- Previous experience includes Florida Market President of Stearns Bank, SBA Product Manager of HomeBanc, and Community Bank President and SBA President of Republic Bank (MI)
- B.A. in Business Administration from University of Notre Dame

EXPERIENCED LEADERSHIP TEAM



Brandi Jaber

EVP, Chief Production Officer

- Joined BayFirst in Q4 2017; Prior to joining BayFirst, over fifteen years of Mortgage Banking administration experience as well as Human Resources experience supporting mid-size financial institutions
- B.B.S from The University of Florida and M.B.A from The University of Tampa



John Macaluso

EVP, Chief Technology Officer

- Joined BayFirst in Q4 2020
- 37 years information technology experience
- Served as CTO for Fiserv, Inc.
- B.A. from University of South Florida



Lewis Benner

EVP, Chief Credit Officer

- Joined BayFirst in 2018; Prior to joining BayFirst, Mr. Benner served in leadership roles from multiple financial institutions
- B.A. in Business Administration from Elizabethtown College