

BAYFIRST

BayFirst Financial Corp. (NASDAQ:BAFN)

2023 – First 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

$1.07 Billion total assets (2)

GROWTH

193% ASSET GROWTH OVER 5 YEARS

SBA ORIGINATION

#6 SBA 7(a) ORIGINATOR IN THE NATION (3)

DEPOSITS

26% TRANSACTION ACCOUNTS GROWTH DURING THE QUARTER

INITIATIVES

ESG ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FOCUSED

1. *Deposit market share ranking of banks with assets less than $10B headquartered in the MSA as of June 30, 2022*
2. *Financial data as of March 31, 2023*
3. *As of SBA's quarter ended March 31, 2023*

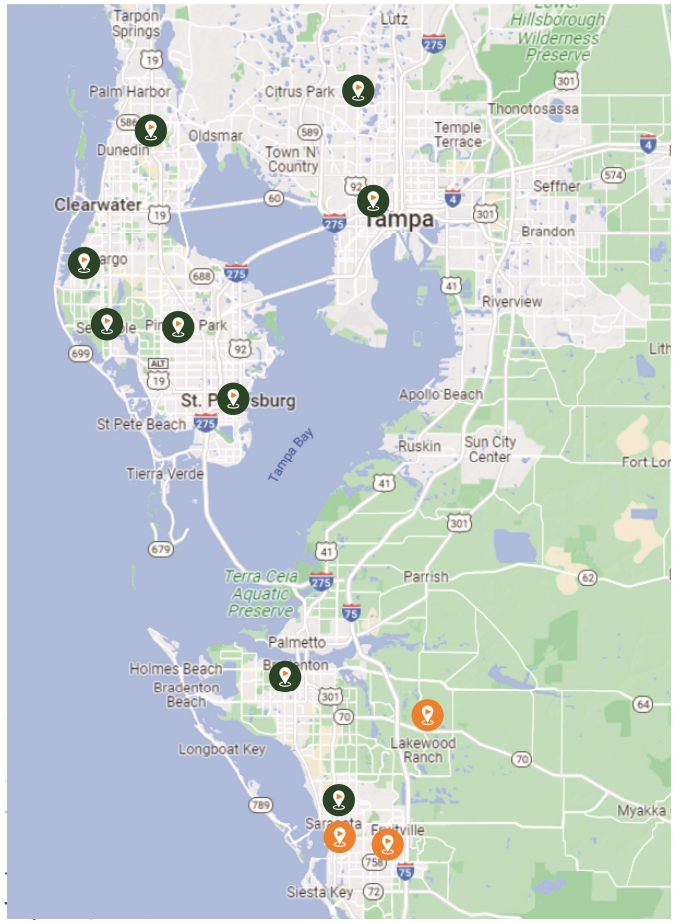
ABOUT BAYFIRST FINANCIAL CORP.

BAYFIRST

CURRENT BANKING CENTER LOCATION

FUTURE BANKING CENTER LOCATION

EXPANDING BANKING CENTER FRANCHISE



INNOVATIVE COMMUNITY BANK

BAYFIRST

Technology driven community bank with diversified revenue streams

COMMUNITY BANKING

- **9 banking centers in Tampa Bay, expected to grow to 12 banking** centers over the next two years to three years
  - **10 commercial** and **4 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 government guaranteed and commercial lending platform**
- **Working with FinTechs to offer new and innovative services through Mulesoft API platform**



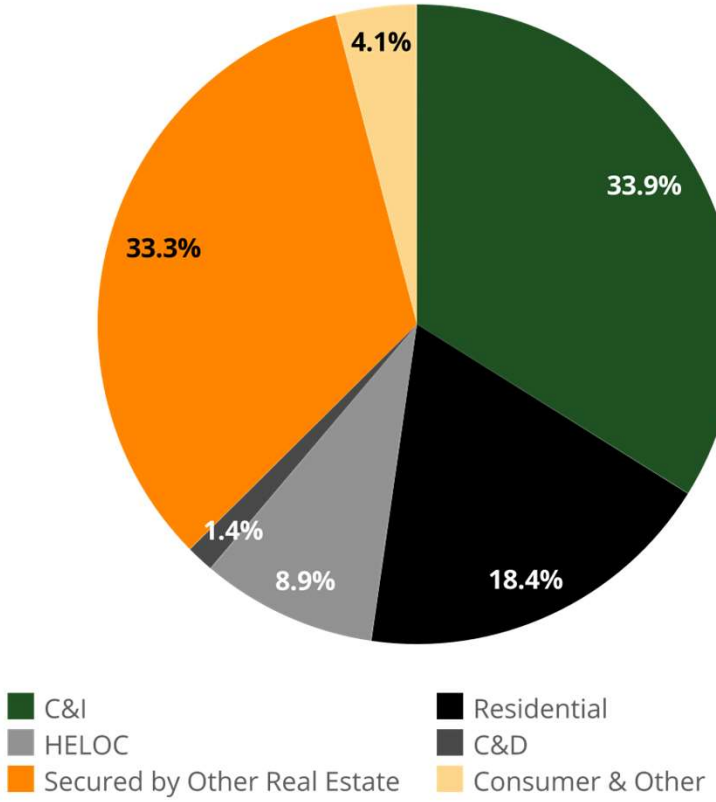
CREDITBENCH

- **BayFirst's in-house government guaranteed lending platform**
- **#6 SBA lender in dollars and #3 in units as of SBA's quarter ended 3/31/2023**
- **#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 10 experienced core lenders**
  - Loan generation from **organic sales** and **FinTech partners**

ATTRACTIVE LOAN COMPOSITION

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Composition of Loans Held for Investment as of March 31, 2023



Loan Highlights

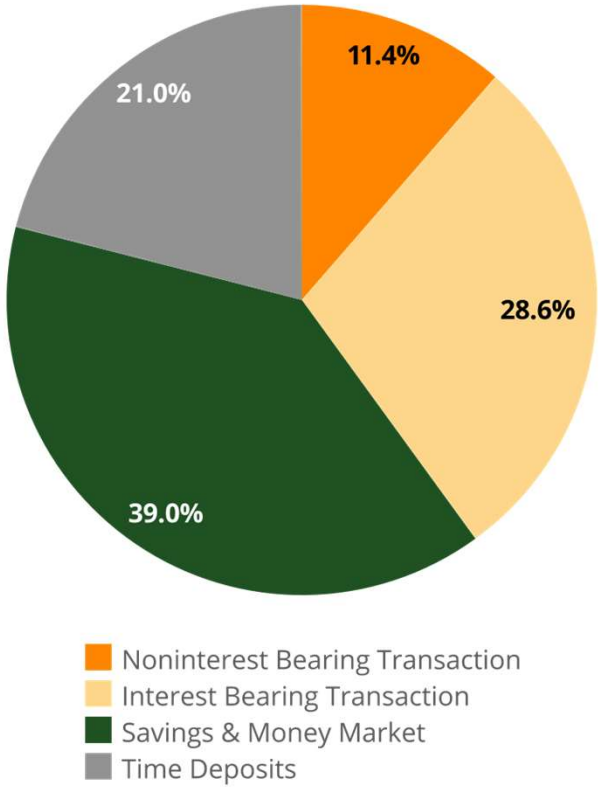
- Total loan production of $168 million during the quarter
- Loans held for investment grew $65 million during the quarter (1)
- Purchased $36 million of government guaranteed loans
- Sold $72 million of government guaranteed loans for a net gain on sale of $4 million during the quarter

(1) Excludes PPP loans

SOLID DEPOSIT COMPOSITION

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Deposit Portfolio Composition as of March 31, 2023



Deposit Highlights

- Transaction account balances increased $77 million or 26% during the quarter
- Approximately 82% of deposits are insured
- Minimal use of short-term brokered deposits ($30 million as of March 31, 2023)

KEY STRATEGIC INITIATIVES FOR 2023 AND BEYOND

BAYFIRST

- 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

Q1 2023

BAYFIRST

($000s)	For the Three Months Ended				
	3/31/2023	12/31/2022	Increase/ (Decrease)	3/31/2022	Increase/ (Decrease)
Interest income	$ 14,251	$ 12,520	$ 1,731	$ 7,003	$ 7,248
Interest expense	5,198	3,946	1,252	1,334	3,864
Net interest income	9,053	8,574	479	5,669	3,384
Provision for credit losses	1,942	700	1,242	(2,400)	4,342
Noninterest income	9,448	8,404	1,044	5,665	3,783
Noninterest expense	15,412	13,493	1,919	13,871	1,541
Income tax expense (benefit)	280	672	(392)	(27)	307
Net income (loss) from continuing operations	867	2,113	(1,246)	(110)	977
Net income (loss) from discontinued operations	(128)	(791)	663	123	(251)
Net income	739	1,322	(583)	13	726
Preferred dividends	208	208	—	208	—
Net income available to/(loss attributable to) common shareholders	$ 531	$ 1,114	$ (583)	$ (195)	$ 726

Q1 2023

BAYFIRST

	As of and For the Three Months Ended		
	3/31/2023	12/31/2022	3/31/2022
Return on average assets	0.30 %	0.57 %	0.01 %
Return on average common equity	2.69 %	5.56 %	(0.93)%
Basic earnings (loss) from continuing operations per common share	$ 0.16	$ 0.47	$ (0.08)
Diluted earnings (loss) from continuing operations per common share	$ 0.16	$ 0.47	$ (0.08)
Dividend payout ratio	61.48 %	28.99 %	(164.25)%
Total Capital (to risk-weighted assets)	14.12 %	15.00 %	19.45 %
Tier 1 Capital (to risk-weighted assets)	12.87 %	13.75 %	18.19 %
Common Equity Tier 1 Capital (to risk-weighted assets)	12.87 %	13.75 %	18.19 %
Tier 1 Capital (to total assets)	10.18 %	10.79 %	11.75 %
Nonperforming loans (excl gov't gtd balance)/total loans held for investment	0.26 %	0.50 %	0.47 %
ACL/Total loans held for investment at amortized cost, excl PPP loans [1]	1.73 %	1.33 %	2.00 %

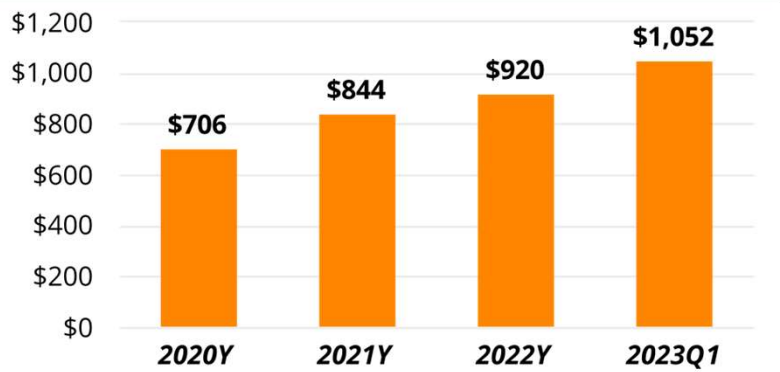
[1] Prior to January 1, 2023, the incurred loss methodology was used to estimate credit losses. Beginning with that date, credit losses are estimated using the CECL methodology.

ORGANIC GROWTH

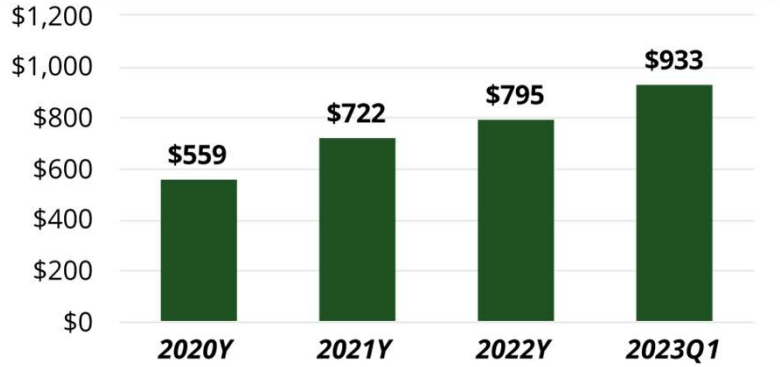
Strong balance sheet on track for continued organic growth

BAYFIRST

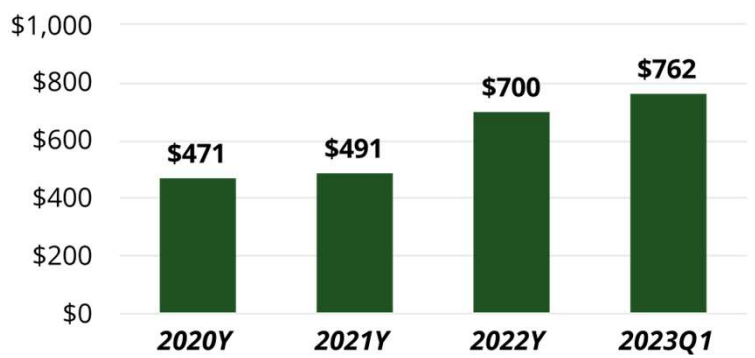
Total Assets excluding PPP Loans ($M)



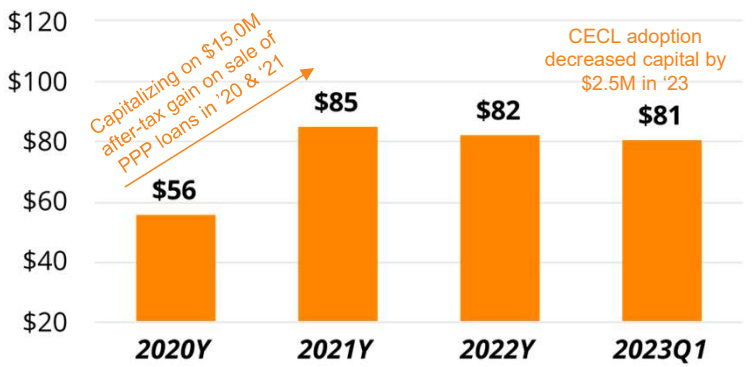
Total Deposits ($M)



Total Net Loans HFI excluding PPP loans ($M)



Tangible Common Equity ($M)



LIQUIDITY SOURCES

BAYFIRST

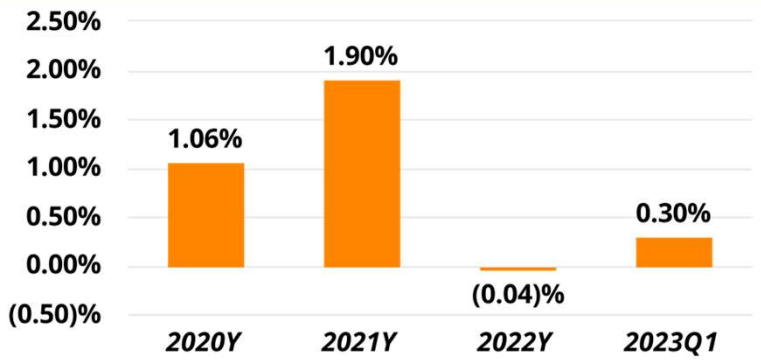
- **Available Liquidity**
  - $137 million in cash and due from other banks
  - $42 million in AFS investment securities
- **Off Balance Sheet Sources of Liquidity**
  - $131 million of unused, available borrowing capacity at the FHLB based on pledged loans
  - $41 million available at the Federal Reserve Bank based on pledged loans
  - $40 million in available Fed Funds borrowing lines from other banks
- **Contingent Sources**
  - Up to $130 million in brokered deposits [(1)]
  - Up to $309 million in listing service deposits [(1)]

[(1)] Based on Bank's policy limits
Data as of March 31, 2023 (unaudited)

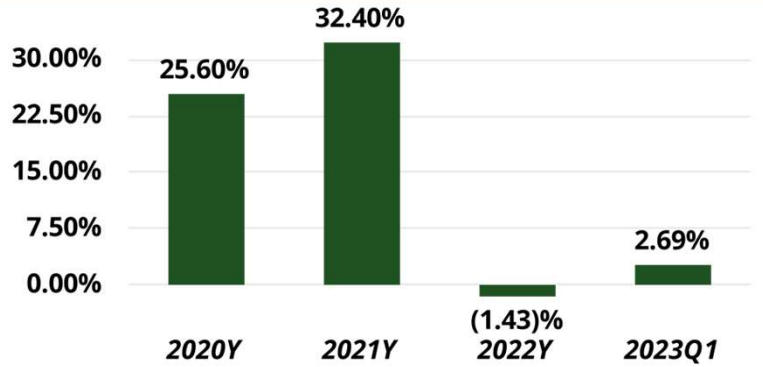
POSITIONED TO RETURN TO STRONG PROFITABILITY

Volatility in 2022 due to discontinued mortgage operations; 2023 was impacted by the cancellation of the sale of government guaranteed loans to Signature Bank

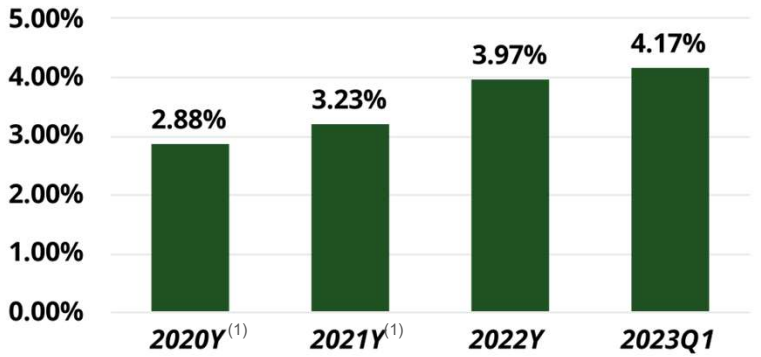
ROAA (%)



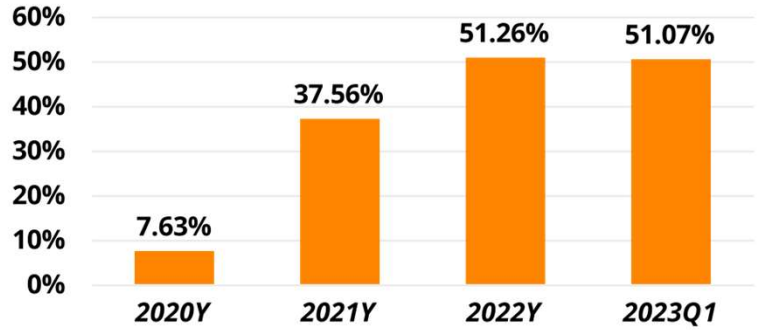
ROATCE (%)



Net Interest Margin (%)



Noninterest Income / Total Revenue from Continuing Operations



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

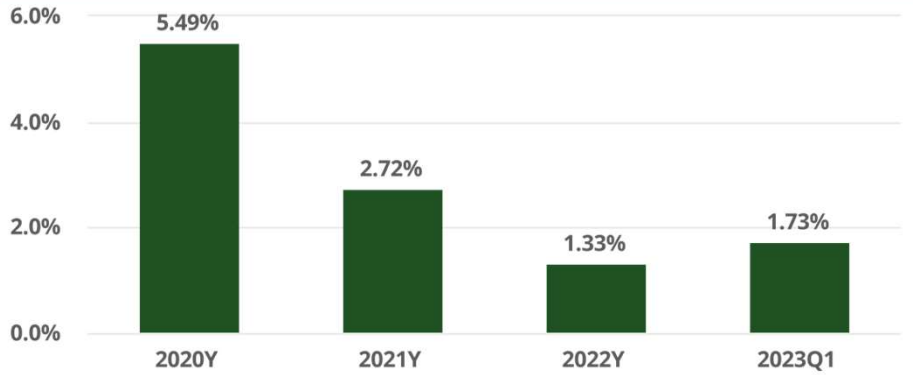
ASSET QUALITY

Strong reserve well-positioned to withstand volatility in economic conditions

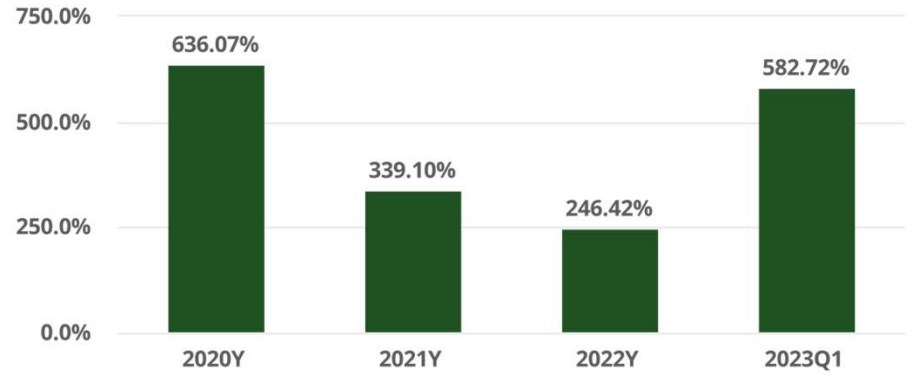
Net charge-offs/average loans held for investment excluding PPP



ACL/Total loans held for investment at amortized cost, excluding PPP loans[1]



ACL to nonperforming loans[1][2]



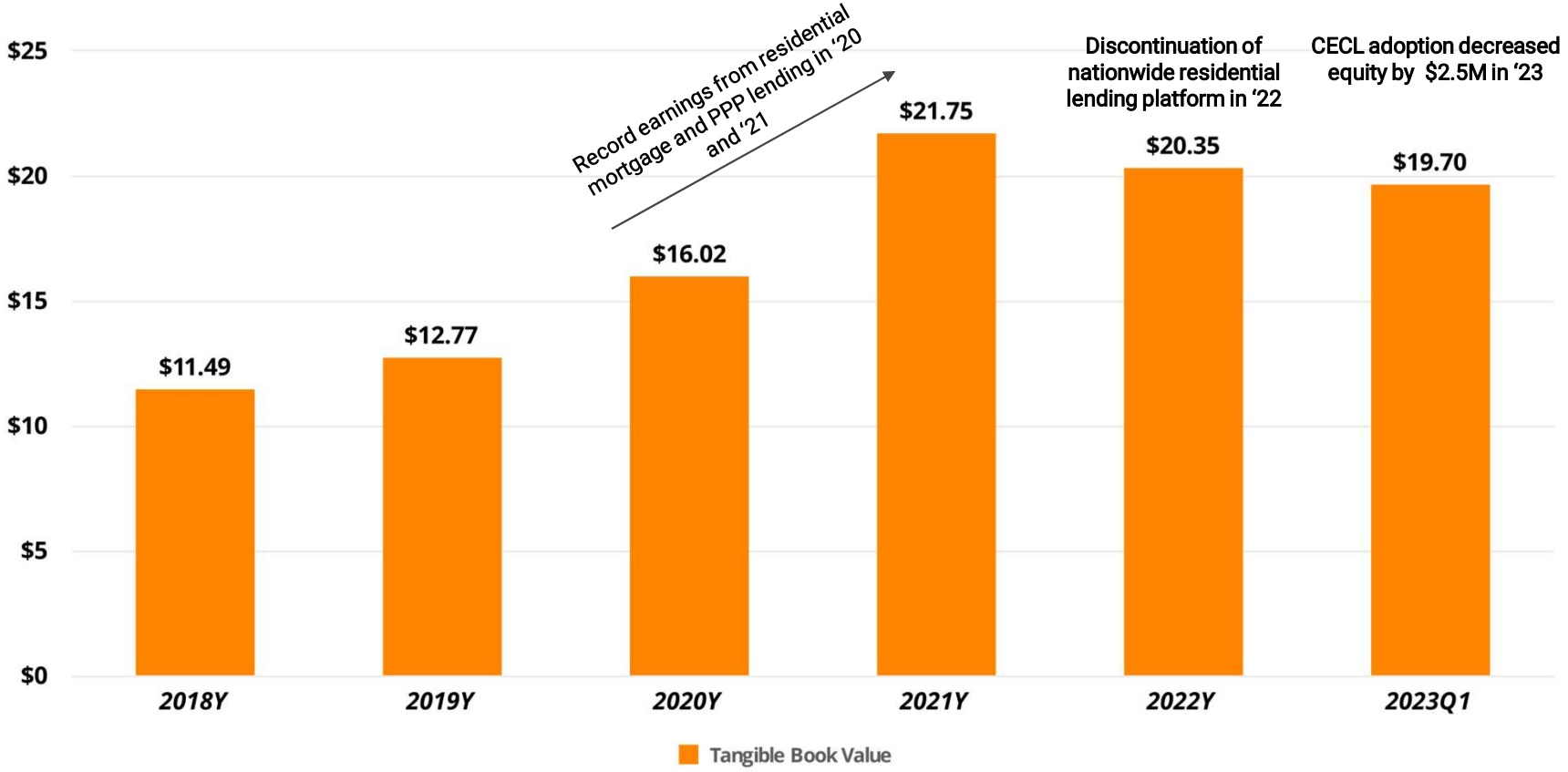
Past due and Nonaccrual loans to Total loans HFI at amortized cost[2]



[1] Prior to January 1, 2023, the incurred loss methodology was used to estimate credit losses. Beginning with that date, credit losses are estimated using the CECL methodology.

[2] Excludes government guaranteed balances

SHAREHOLDER VALUE CREATION



COMMUNITY BANKING PERFORMANCE

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Q1 2023 Highlights

Q1 2023 Loan Production Summary:

- Loan production during the quarter was $47.4 million[(1)]
- Loans held for investment, including government guaranteed loans, increased by a net $65.0 million QoQ

Q1 2023 Deposit Summary:

- Deposit balances grew $137.8 million QoQ
- Deposit portfolio increased by 7.3% in number of accounts (to 15,739 accounts totaling $932.9 million) QoQ

New Banking Center:

- New banking center opened in North Tampa (Carrollwood) in January 2023

[(1)] Excludes government guaranteed loan production
[(2)] Saint Petersburg branch deposits include other deposits generated by CreditBench, Cash Management, Corporate Treasury, and Virtual.

Banking Center & Deposits

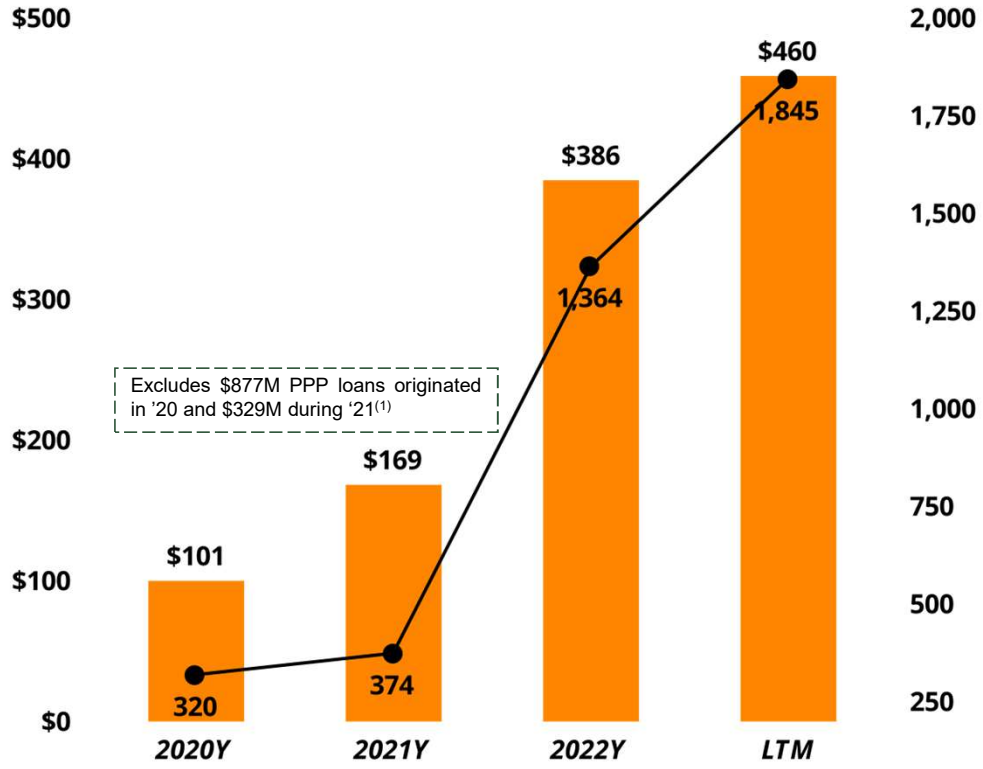
($ in 000s)		*Total Deposits*		
# Branch	*Year Opened*	*3/31/2023*	*3/31/2022*	*3/31/2021*
1 Saint Petersburg[(2)]	2017	$ 312,052	$ 247,204	$ 207,650
2 Sarasota	2018	188,418	169,613	128,340
3 Seminole	1999	137,298	159,093	138,104
4 Pinellas Park	2005	69,223	71,235	57,768
5 Countryside	2018	66,896	60,060	48,970
6 West Tampa	2020	88,286	54,985	26,432
7 Belleair Bluffs	2021	31,529	7,939	—
8 West Bradenton	2022	32,944	—	—
9 Carrollwood	2023	6,255	—	—
Total Branches (9)		**$ 932,901**	**$ 770,129**	**$ 607,264**

CREDITBENCH (SBA/USDA LENDING)

Q1 2023 Highlights

- Ranked #6 in total SBA dollars and #3 in units for the quarter ending March 31, 2023
- Strategic initiative to expand USDA business and industry lending program. The Company recently hired an experienced USDA lender to support this effort.
- **Total Q1 2023 government guaranteed loan production increased** 155.8% from Q1'2022
- **Launched BOLT,** an SBA 7(a) loan product designed to provide working capital loans of $150 thousand or less to businesses throughout the country
  - Since the launch in June 2022, the Company originated loans totaling $179.8 million, including $58.6 million in Q1 2023
  - New automation program launched through its proprietary loan origination system PowerLOS and Open API, allowing increased volume and speed while limiting additional staff

Government Guaranteed Loan Amount ($M) and Volume



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

KEY INVESTMENT POINTS

BAYFIRST



- Second largest community bank (deposits) based in attractive Tampa Bay market area
- Total asset growth of 193% since YE2017
- Solid deposit growth of 17% for the quarter and 21% since same period last year
- Among the nation's top SBA loan generators
- Innovative technology driven bank planning for the future of banking
- Experienced management team with strong insider ownership of 14%
- Consistent dividend growing 100% over past 5 years

BAYFIRST

APPENDIX

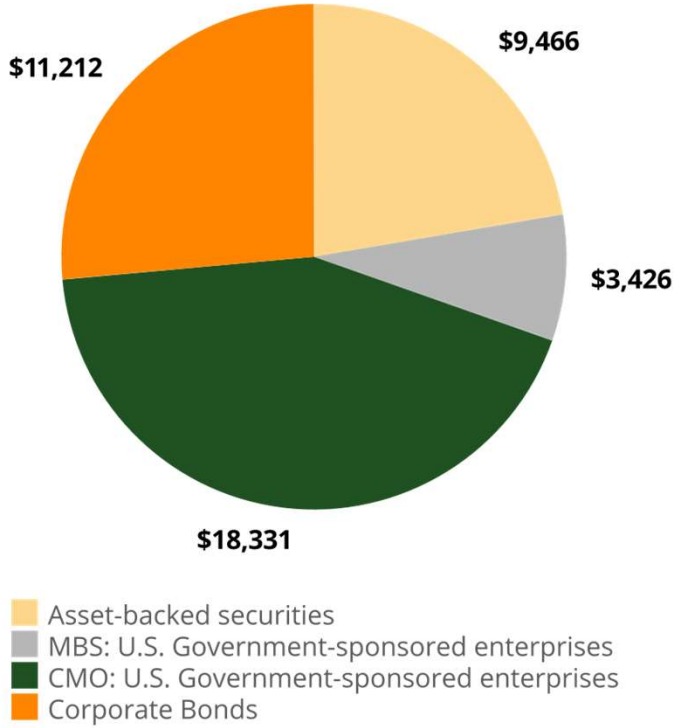
INVESTMENT SECURITIES

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Investment Securities Portfolio Details

- Other Comprehensive Loss of $3.2 million reduced Tangible Book Value by $0.78 as of March 31, 2023
  - 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
- The Company has $2.5 million of HTM investment securities, net of ACL of $18 thousand.

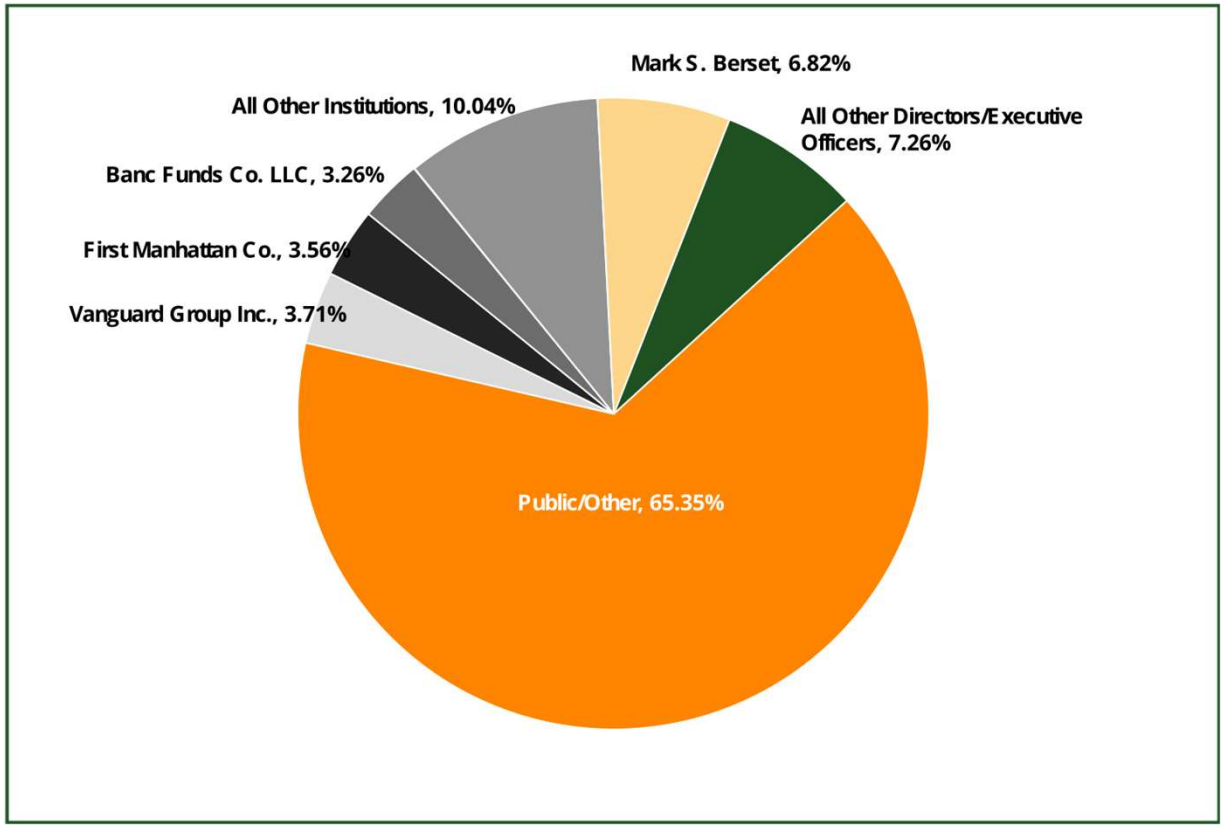
AFS Investment Securities Portfolio as of March 31, 2023 (fair market value, in thousands) (1)



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

OWNERSHIP OVERVIEW

Total Common Stock Ownership Mix



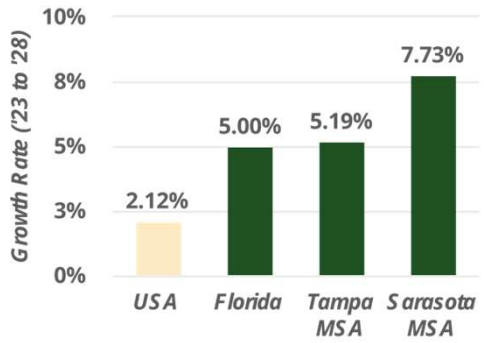
Note: Ownership information based on most recently disclosed common shares outstanding of 4,098,805
Source: S&P Capital IQ Pro

ATTRACTIVE FLORIDA MARKETS

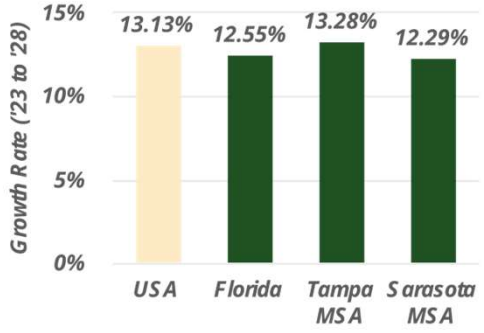
BAYFIRST

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

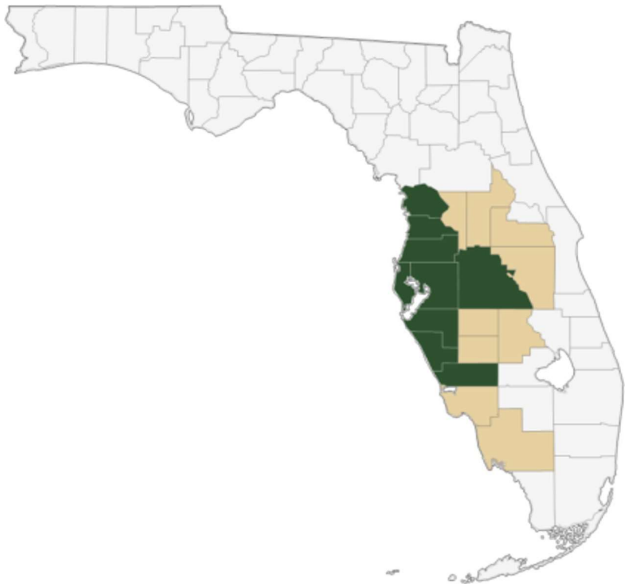
3rd most populous state

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

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 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



Thomas Quale

EVP, Chief Lending Officer and Market President

- Joined BayFirst in 2018
- Held leadership positions at multiple institutions amassing expertise in many areas of community banking and business development
- B.S. in Economics with an emphasis in Mathematics from University of Wisconsin-Madison



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