BayFirst Financial Corp. (NASDAQ:BAFN)

2021 – Fourth Quarter Results

(Unaudited)

Cautionary Statement Concerning Forward-Looking Information

BAYFIRST

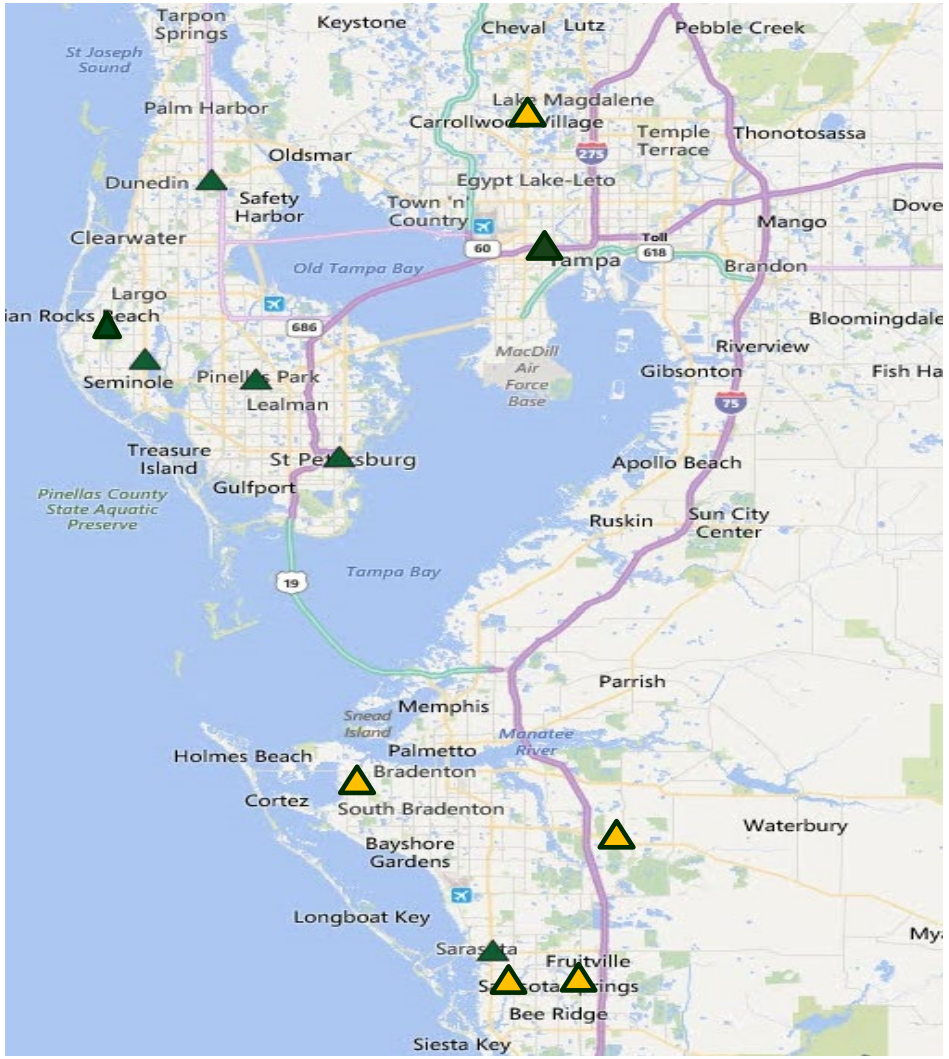
In addition to the historical information contained herein, this presentation includes "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. These statements are subject to many risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic, including its 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 the pandemic; the ability of the Company to implement its strategy and expand its lending 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, including the expected elimination of LIBOR and the development of a substitute; changes in tax laws, regulations and guidance; and other risks detailed from time to time in filings made by the Company with the SEC. 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.

About BayFirst Financial Corp.

BayFirst Financial Corp. ("BayFirst" or the "Company") is the holding company for First Home Bank ("First Home" or the "Bank"). Founded in 1999 (the Bank) and 2000 (the Company).

- BayFirst is a high-performing, growth-oriented bank holding company operating in one of the most attractive banking markets in the U.S. through its wholly-owned subsidiary, First Home Bank, which began doing business as BayFirst Bank in Q1'22. BayFirst offers services through its Community Banking Division and its Residential Mortgage Division.
- BayFirst has seven full-service locations: five in Pinellas County, one in Sarasota County, and one in Hillsborough County (Tampa).
- BayFirst originates residential mortgages through a network of nationwide loan production offices.
- CreditBench is BayFirst's government guaranteed loan origination platform and is one of the nation's top SBA 7(a) originators; in the top 15 by approved dollar volume and by number of units*.
- BayFirst adheres to the principles of its Environmental, Social and Governance (ESG) Policy Statement.



Current Banking Center Pending Banking Center

* Through SBA fiscal Q1 ended 12/31/21

Investor Snapshot

BAYFIRST

Ticker Symbol:	**BAFN**
Recent Price*:	**$21.70**
Shares Outstanding*:	**3,981,117**
Market Cap*:	**$86.6 million**
P/LTM EPS (x):	**3.78**
Price/Tangible Book (x):	**0.99**
Total Assets:	**$917.1 million**
Dividend:	**$0.08/share, quarterly**

**Source: S&P Global as of 3/2/2022*

SELECTED FINANCIAL DATA
Dollars in Thousands, Except Per Share Data

BAYFIRST

	At or for the three months ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Balance sheet data:					
Average loans held for investment, excluding PPP loans	$ 518,697	$ 467,283	$ 481,424	$ 422,130	$ 399,098
Average total assets	923,485	1,086,377	1,541,287	1,636,171	1,513,403
Average common shareholders' equity	83,056	81,989	68,525	57,944	53,035
Total loans held for investment	583,948	656,294	895,194	1,388,533	1,228,322
Total loans held for investment, excluding PPP loans	504,525	500,647	465,470	421,258	402,520
Total loans held for investment, excl gov't gtd loan balances	323,363	306,723	304,364	288,889	283,060
Allowance for loan losses	13,452	16,616	20,797	22,017	21,162
Total assets	917,095	943,743	1,198,229	1,716,831	1,544,691
Common shareholders' equity	86,685	83,593	81,838	66,046	55,914
Share data: [1]					
Basic earnings per common share	$ 0.66	$ 0.27	$ 3.34	$ 2.05	$ 1.53
Diluted earnings per common share	0.61	0.26	2.98	1.85	1.35
Dividends per common share	0.070	0.070	0.070	0.067	0.067
Book value per common share	21.77	21.32	21.16	17.95	16.04
Tangible book value per common share [2]	21.75	21.30	21.14	17.93	16.02
Performance and capital ratios:					
Return on average assets	1.22 %	0.47 %	3.38 %	1.84 %	1.48 %
Return on average common equity	12.54 %	5.12 %	74.61 %	49.56 %	39.97 %
Net interest margin	3.07 %	3.04 %	3.46 %	3.21 %	3.13 %
Dividend payout ratio	10.65 %	26.09 %	2.10 %	3.27 %	4.38 %
Asset quality ratios:					
Net charge-offs	$ 664	$ 1,181	$ 1,221	$ 1,145	$ 2,751
Net charge-offs/avg loans held for investment excl PPP	0.51 %	1.01 %	1.01 %	1.09 %	2.76 %
Nonperforming loans	$ 11,909	$ 10,495	$ 9,885	$ 9,741	$ 9,586
Nonperforming loans (excluding gov't gtd balance)	$ 3,967	$ 3,756	$ 3,577	$ 3,242	$ 3,327
Nonperforming loans/total loans held for investment	2.04 %	1.60 %	1.10 %	0.70 %	0.78 %
Nonperforming loans (excl gov't gtd balance)/total loans held for investment	0.68 %	0.57 %	0.40 %	0.23 %	0.27 %
ALLL/Total loans held for investment	2.30 %	2.53 %	2.32 %	1.59 %	1.72 %
ALLL/Total loans held for investment, excl PPP loans	2.67 %	3.32 %	4.47 %	5.23 %	5.26 %
Other Data:					
Full-time equivalent employees	637	651	671	649	596
Banking center offices	7	6	6	6	6
Loan production offices	23	22	26	22	29

[1] Adjusted for the three-for-two stock split, effective May 10, 2021.

[2] Non-GAAP financial measure calculated as total shareholders' equity minus preferred stock liquidation preference minus goodwill, divided by common shares outstanding.

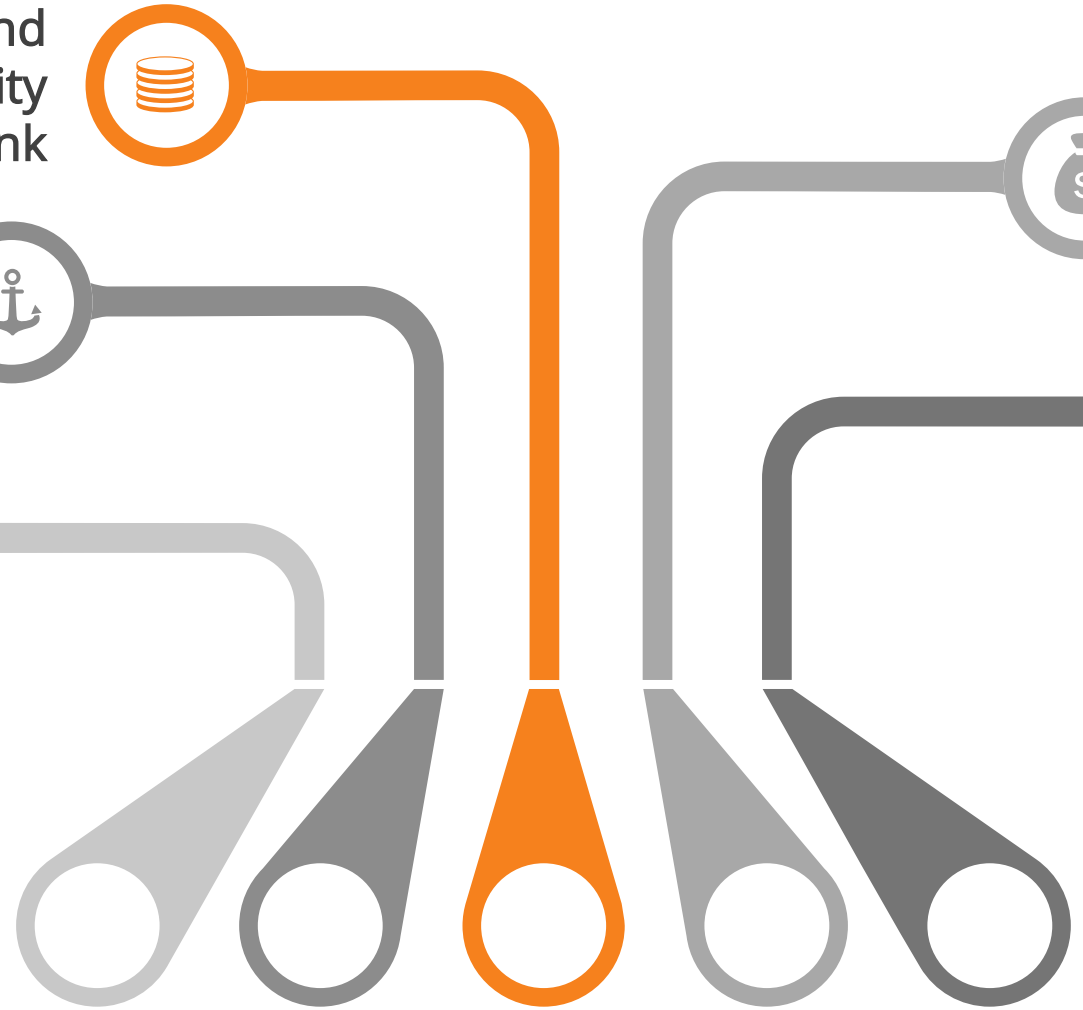
An Innovative Community Bank

BAYFIRST

Innovative, Dynamic and Highly Profitable Community Bank

Strategically Driven, Progressive Organization

Management Depth, Diverse Board



Attractive Market with Scarcity of Community Banks

Scalable Advanced Technology Platform, Diversified Revenue Model

A Differentiated Business Model

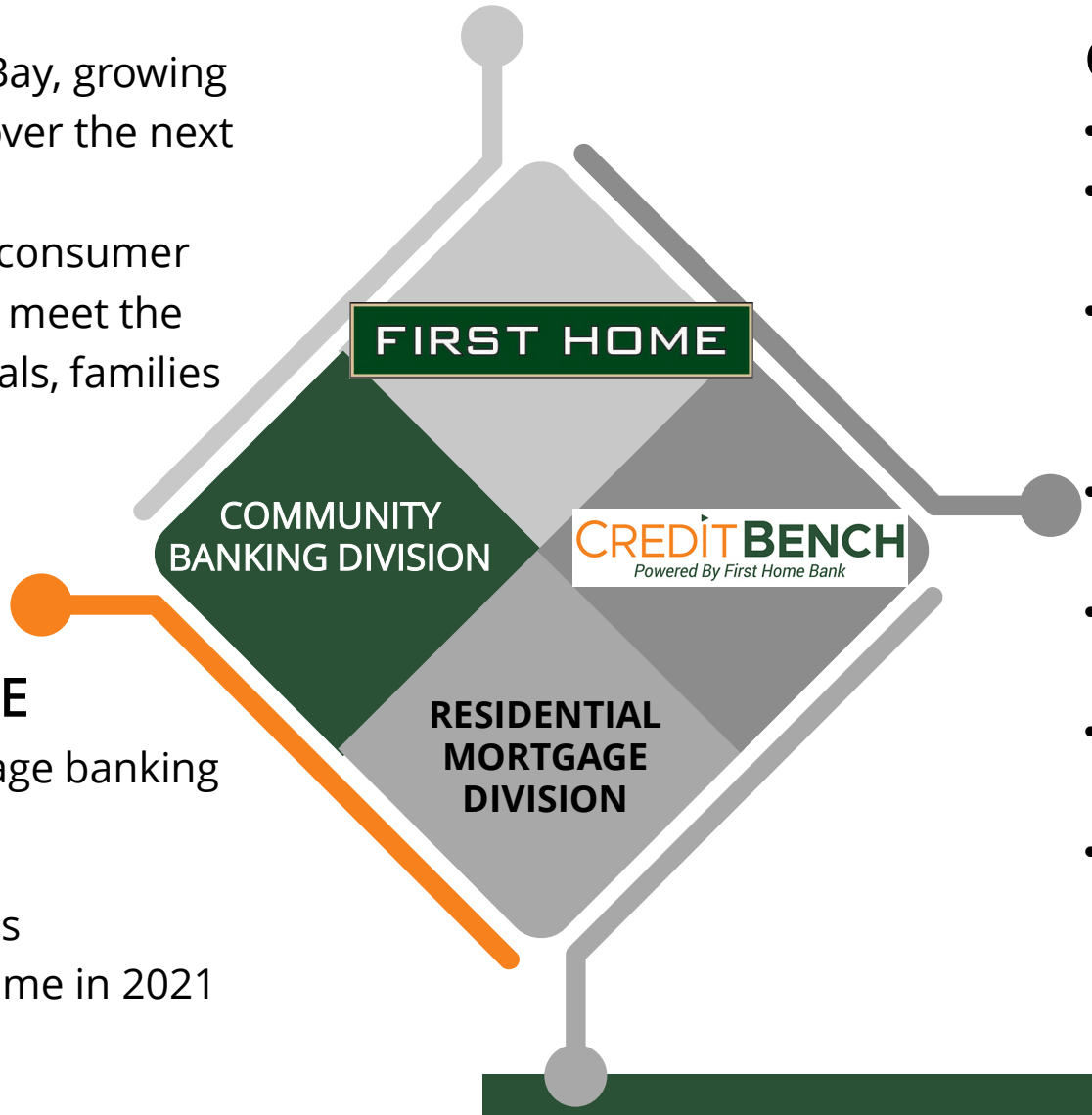
Increasingly diversified balance sheet funded by growing local core deposit base

COMMUNITY BANKING

- 7 banking centers in Tampa Bay, growing to 10 to 12 banking centers over the next two years
- Full suite of commercial and consumer loan and deposit products to meet the needs of Tampa Bay individuals, families and small businesses

RESIDENTIAL MORTGAGE

- Nationwide full-scale mortgage banking platform
- 23 loan production offices throughout the United States
- $2.22 billion origination volume in 2021



CREDITBENCH

- First Home's SBA lending platform
- Top 15* nationwide Preferred Lender
- #1 SBA lender in the five county Tampa Bay area at SBA's FY ended 9/30/21
- FlashCap 7(a) small loan program and traditional Core program
- FlashCap loan generation from organic sales and FinTech partners
- 13 experienced Core lenders with local and national referral sources
- Building national sales team, currently six lenders

* Through SBA fiscal Q1 ended 12/31/21

Experienced Leadership Team

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Executive & Title	Experience
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) 2007 ▪ B.A. in Political Science from George Washington University and a J.D. from George Washington University Law School. He is a member of the Bar in the District of Columbia and state of Maryland
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 *EVP, President of 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
Matthew Luckey *EVP, Chief Banking Officer*	▪ Joined BayFirst in Q3 2015 ▪ Previous experience includes commercial banking positions with The Bank of Tampa, Synovus Bank and SunTrust ▪ B.B.A. from The University of Georgia

Experienced Leadership Team

BAYFIRST

Executive & Title	Experience
Lewis Benner *EVP, Chief Credit Officer*	▪ Joined BayFirst in Q3 2018; Prior to joining BayFirst, President and CEO of 1st Manatee Bank, EVP and Chief Lending Officer of Sabal Palm Bank, Community Bank President of Gold Bank and President of Lancaster Region for Lebanon Valley National Bank/Fulton ▪ B.A. in Business Administration from Elizabethtown College
Jeffrey M. Hunt *EVP, Chief Strategy Officer*	▪ Joined BayFirst in March 2016, initially as SVP in SBA Lending; Prior to joining BayFirst, approximately 17 years in investment banking serving as president or managing director for boutique firms primarily focused on financial services ▪ B.S. in Chemistry from Georgia Institute of Technology
Brandi Jaber *EVP, President of Residential Mortgage Division*	▪ Joined BayFirst in Q4 2017; Prior to joining BayFirst, over fifteen years of Mortgage Banking administration experience as well as Human Resources 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 Fall 2020; Prior to joining BayFirst, over 37 years of information technology experience as SVP, Product and Market Strategy and Chief Technology Officer for Fiserv Inc., Director of Information Systems for New York Yankees, and Vice President, Emerging Technologies for Kforce.com ▪ B.A. in Business Administration from University of South Florida

Attractive Florida Markets

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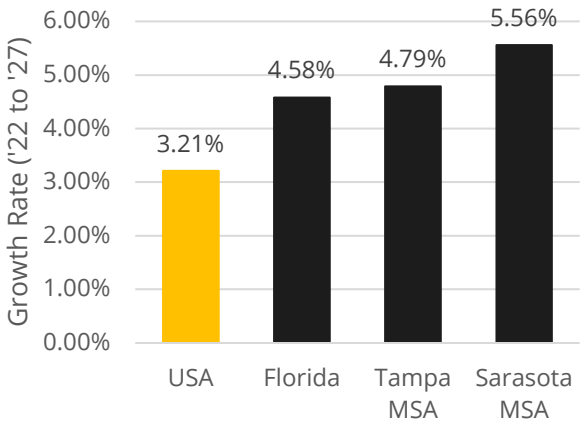
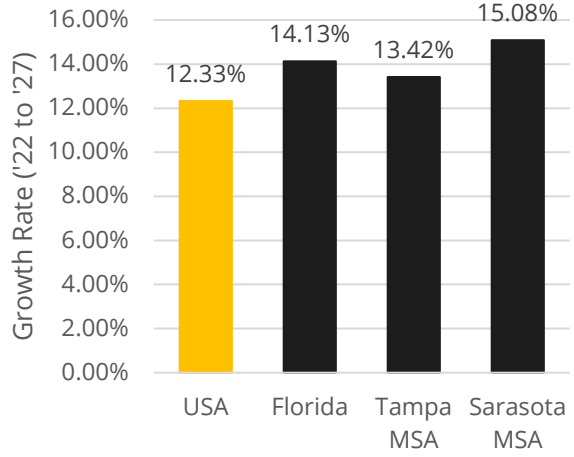
MEANINGFUL ECONOMIC TAILWINDS

...Favorable Population Projections...



...and Higher Expected Household Incomes



#2 state in the U.S.A. for net domestic migration*

Attractive tax policy

Total Deposits in Pinellas, Hillsborough, Manatee and Sarasota Counties of $104bn *

~$1.2T economy, with 3.8% GDP growth in Q3'21

2.5million small businesses, more than any other Southeastern state

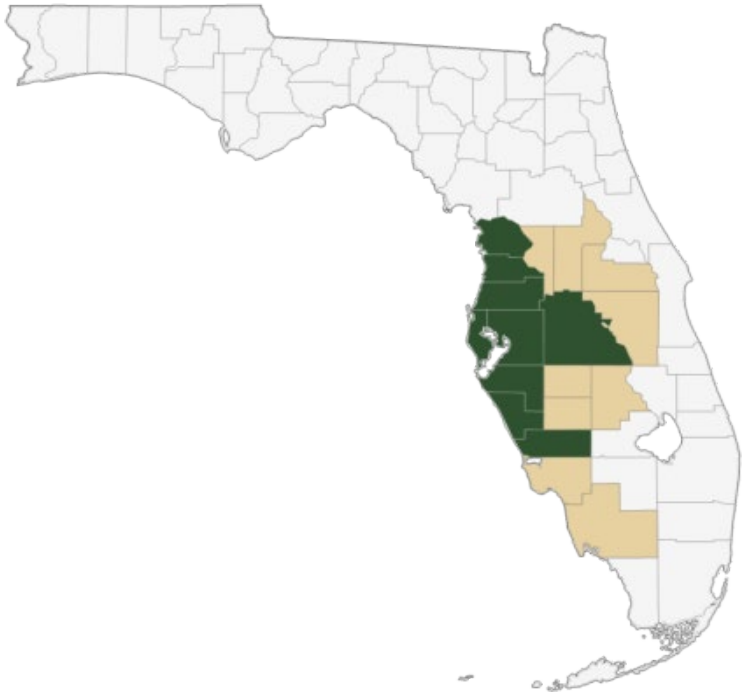
3rd most populous state

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 June 30, 2021, U-Haul

Balance Sheet

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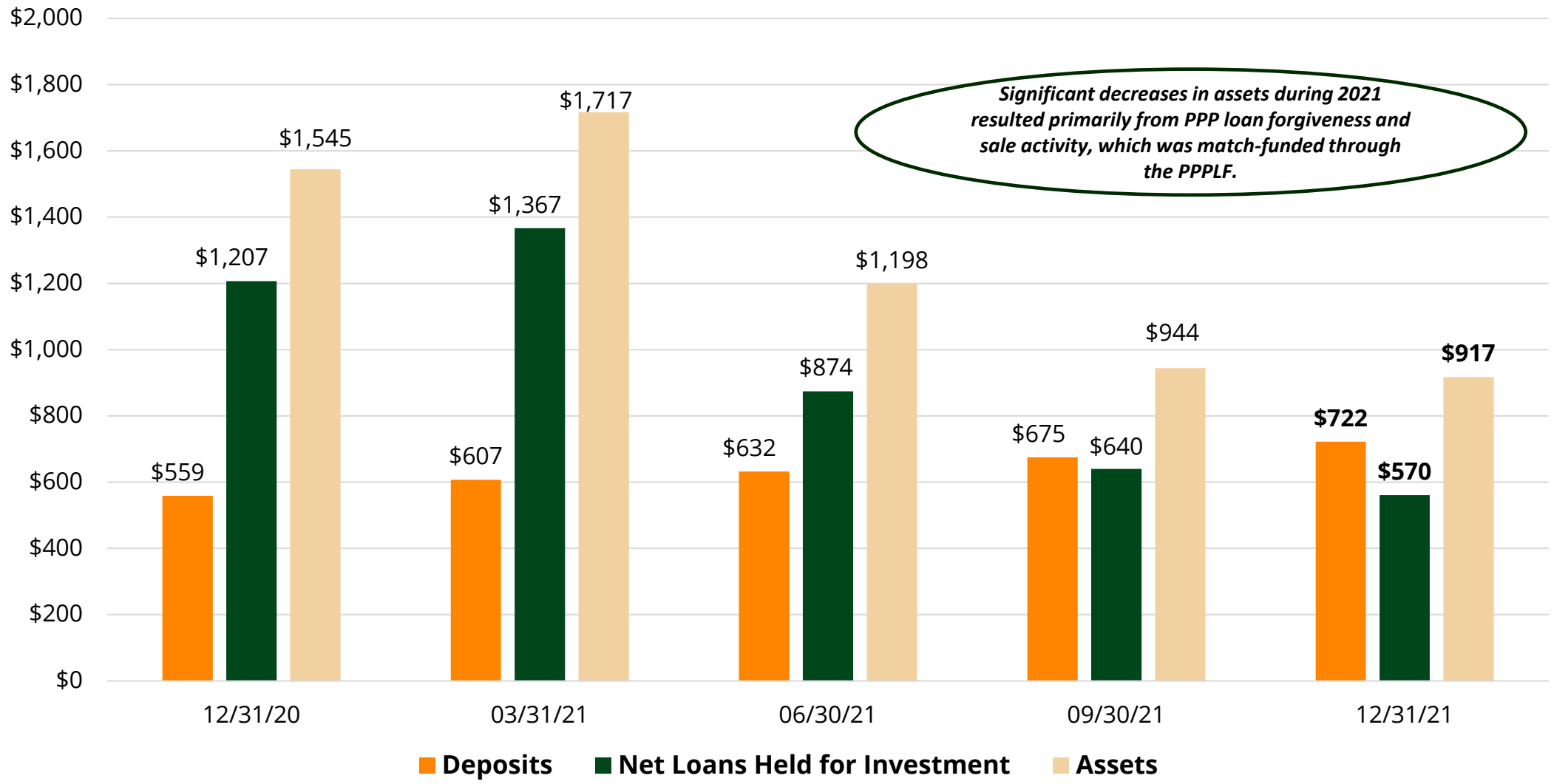
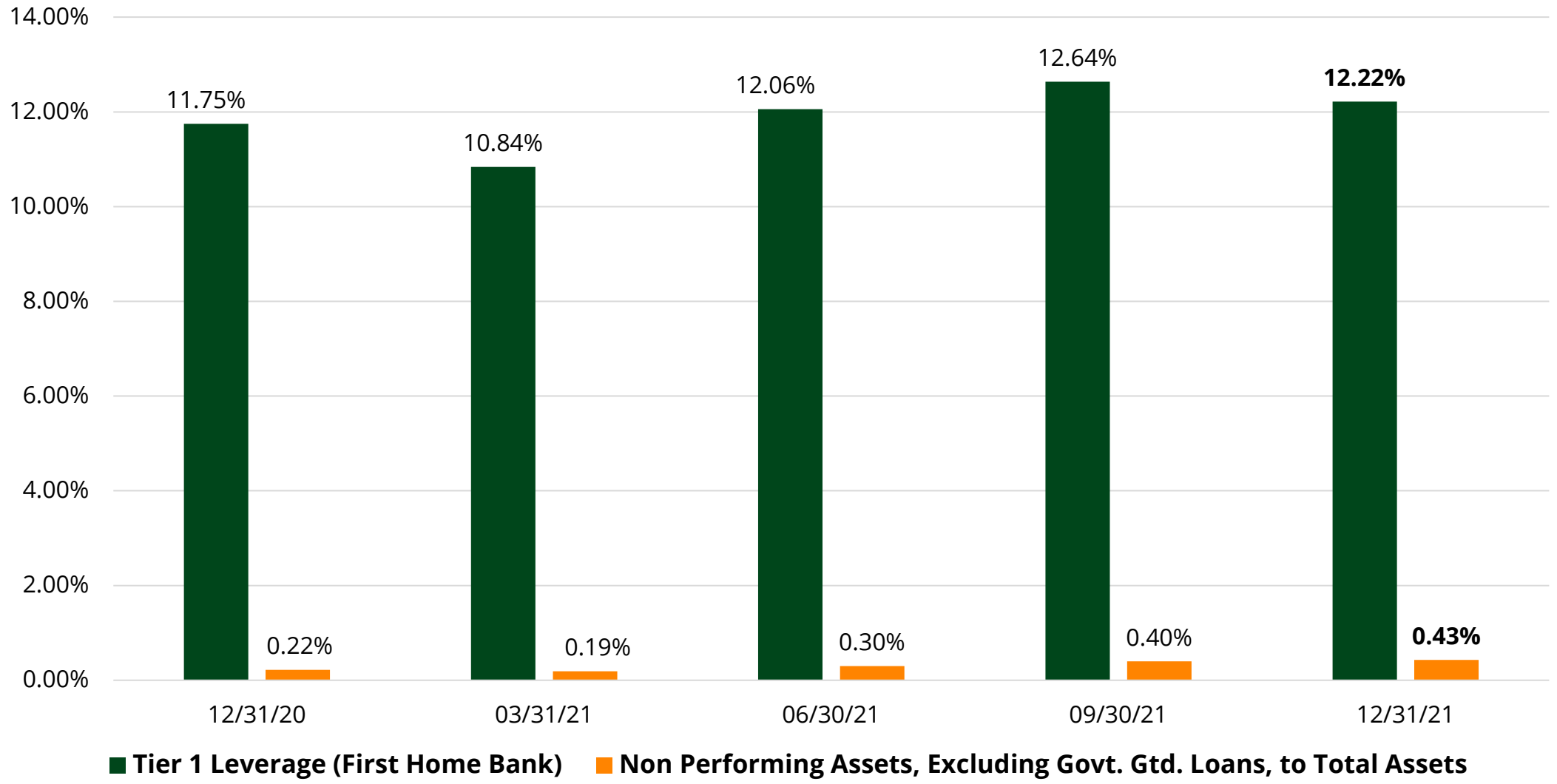
($ in millions)

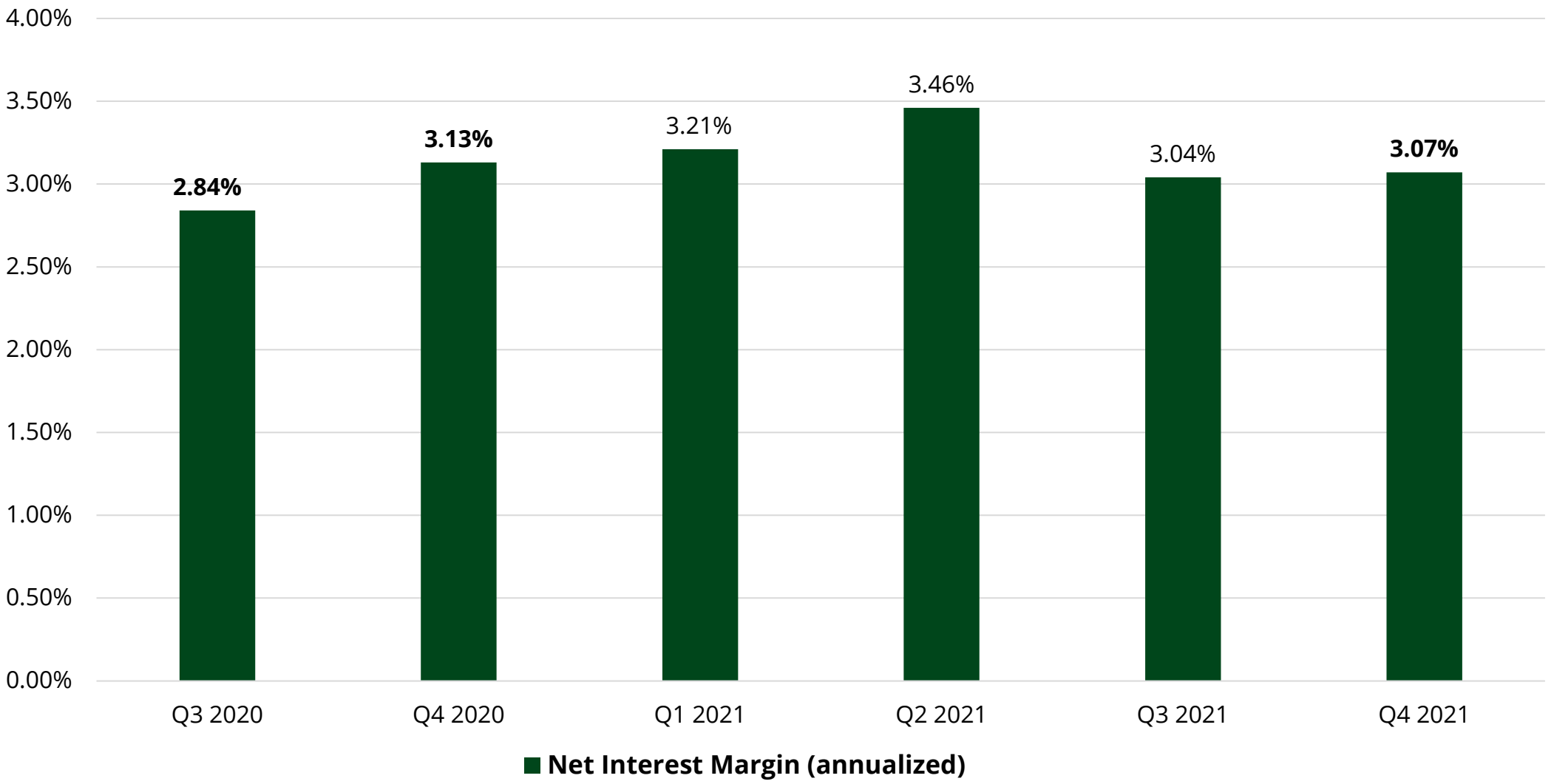


Significant decreases in assets during 2021 resulted primarily from PPP loan forgiveness and sale activity, which was match-funded through the PPPLF.

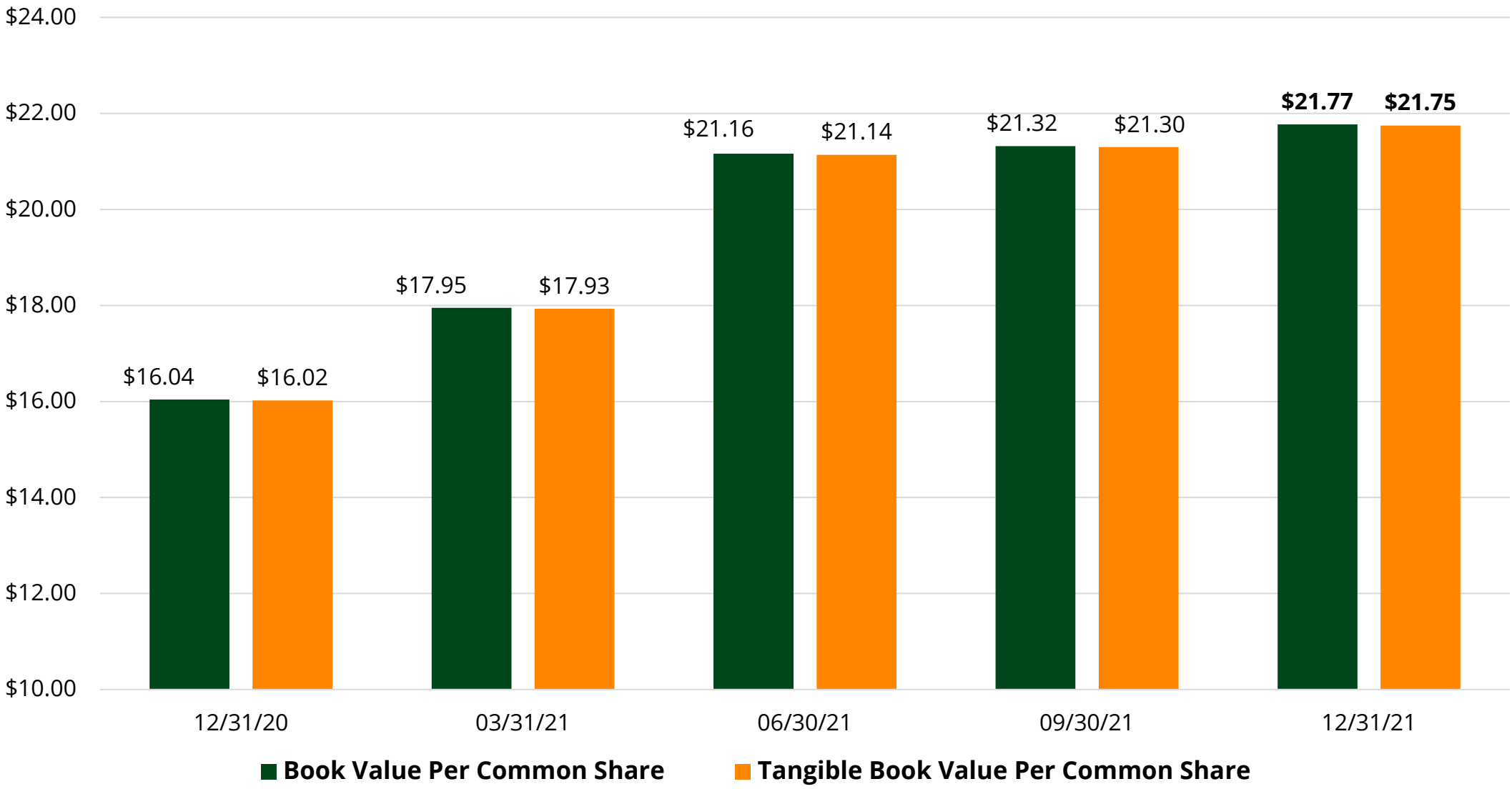
Balance Sheet Strength



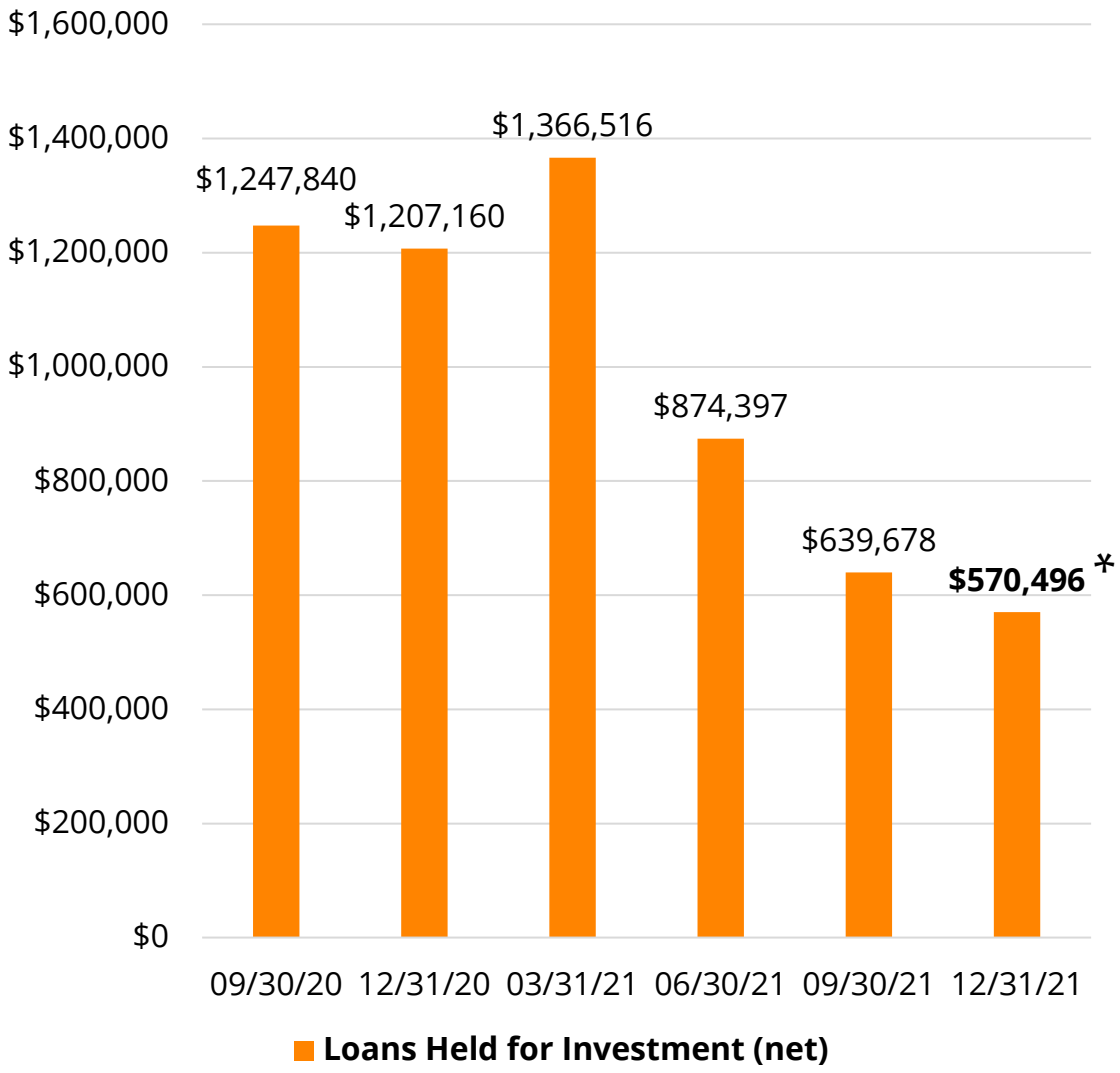
Net Interest Margin



Book Value Per Common Share

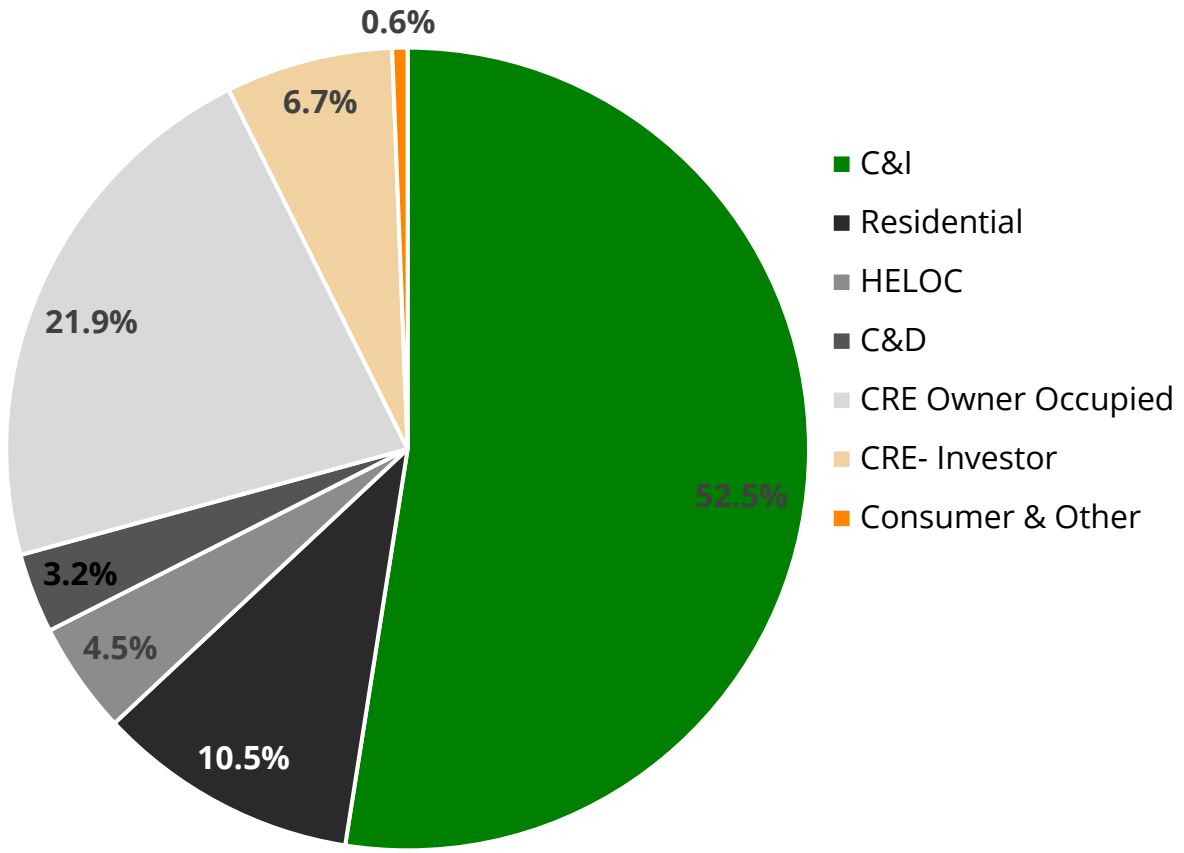


Loans Held for Investment



* Includes $80.16mm in PPP loans, net of origination fees

Composition of Loans Held for Investment (gross) as of December 31, 2021



Deposits

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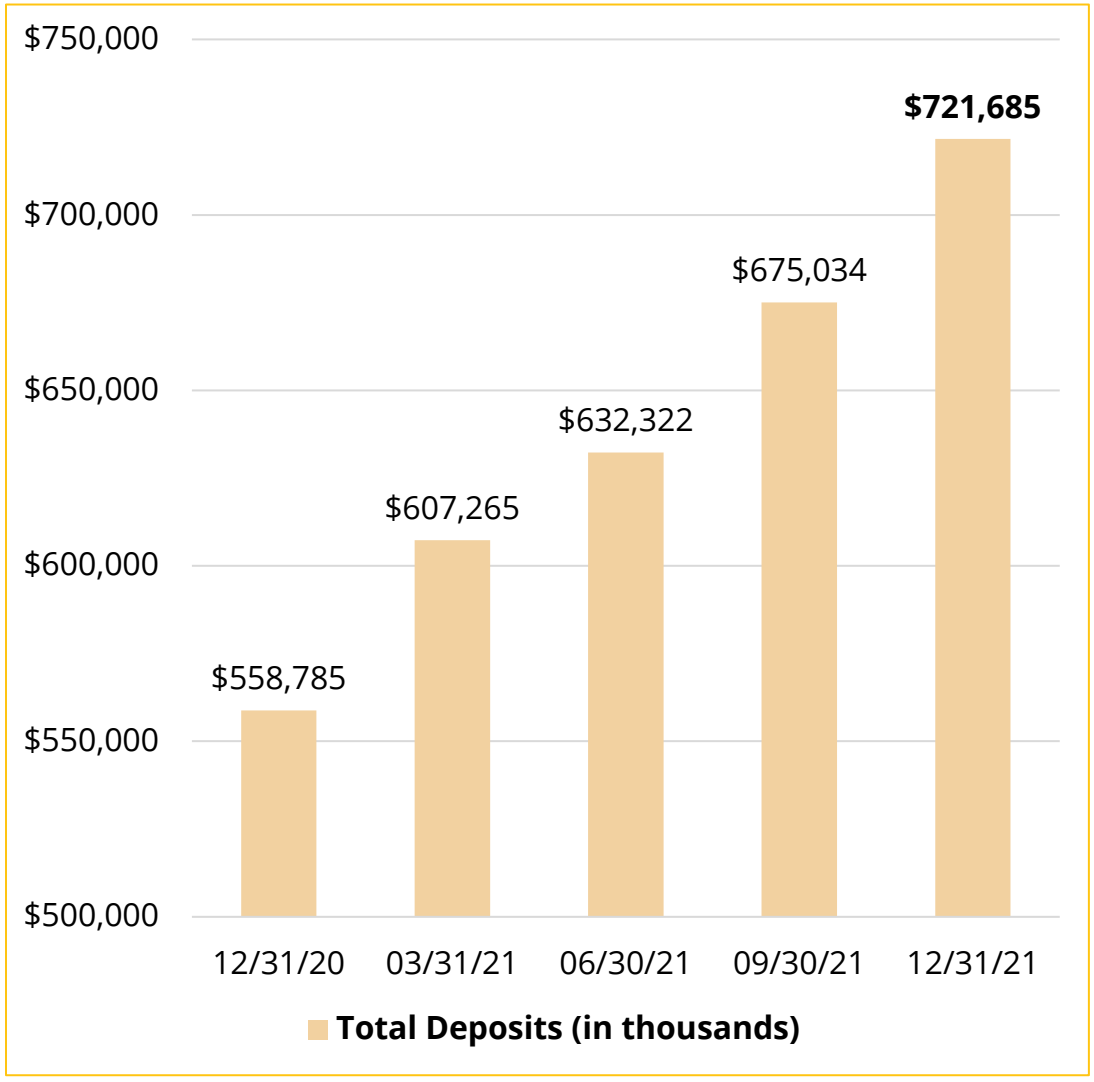
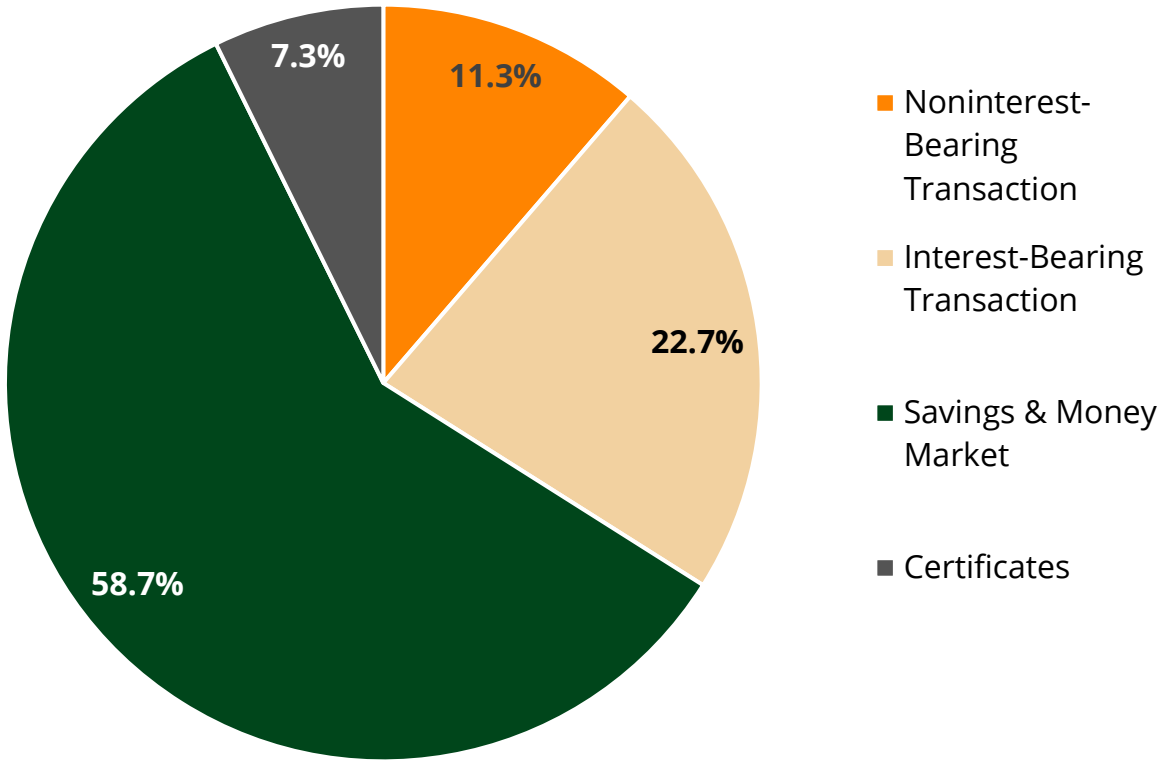
Total Deposits (in thousands)



Deposit Portfolio Composition as of December 31, 2021



Asset Quality

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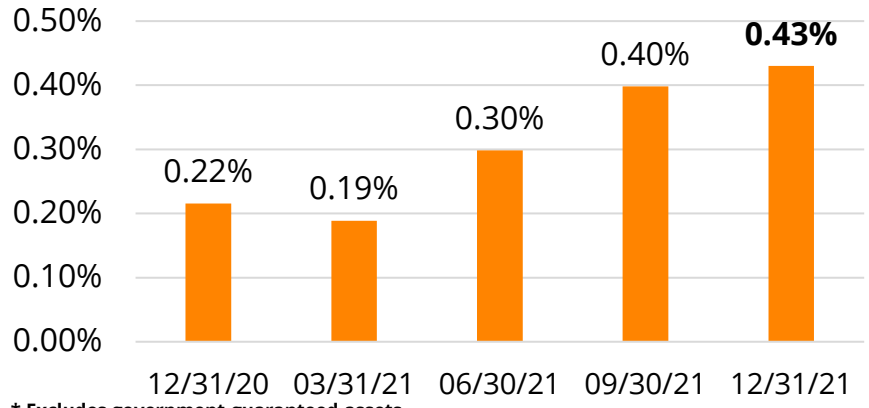
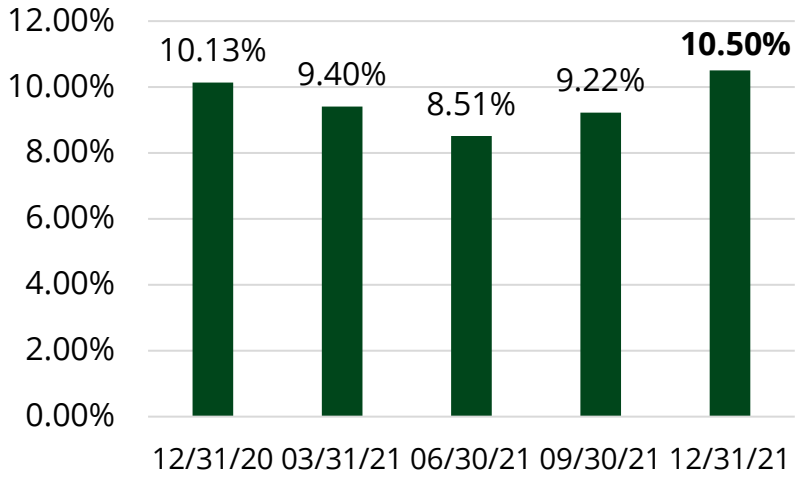
Nonperforming Assets*/Total Assets

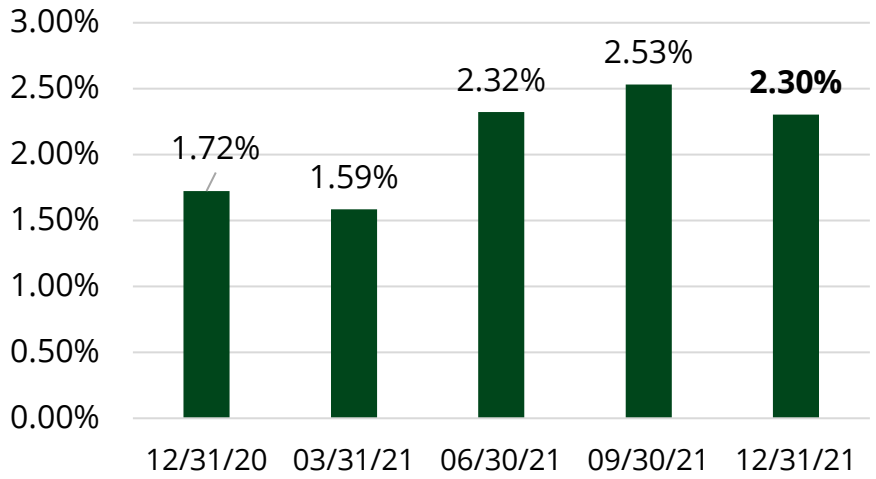


* Excludes government guaranteed assets

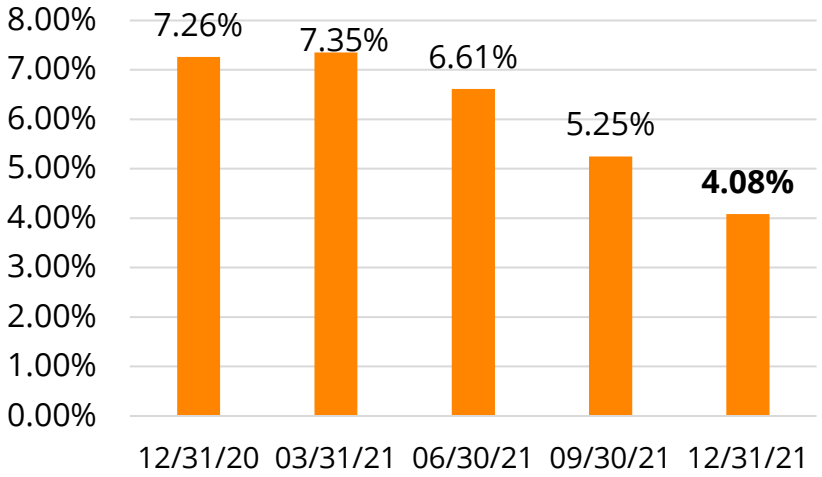
Nonperforming Assets/Tier 1 Capital + ALLL (Bank)



ALLL/Gross Loans Held for Investment (HFI)



ALLL/Gross Loans HFI Excl Govt Gtd



Earnings

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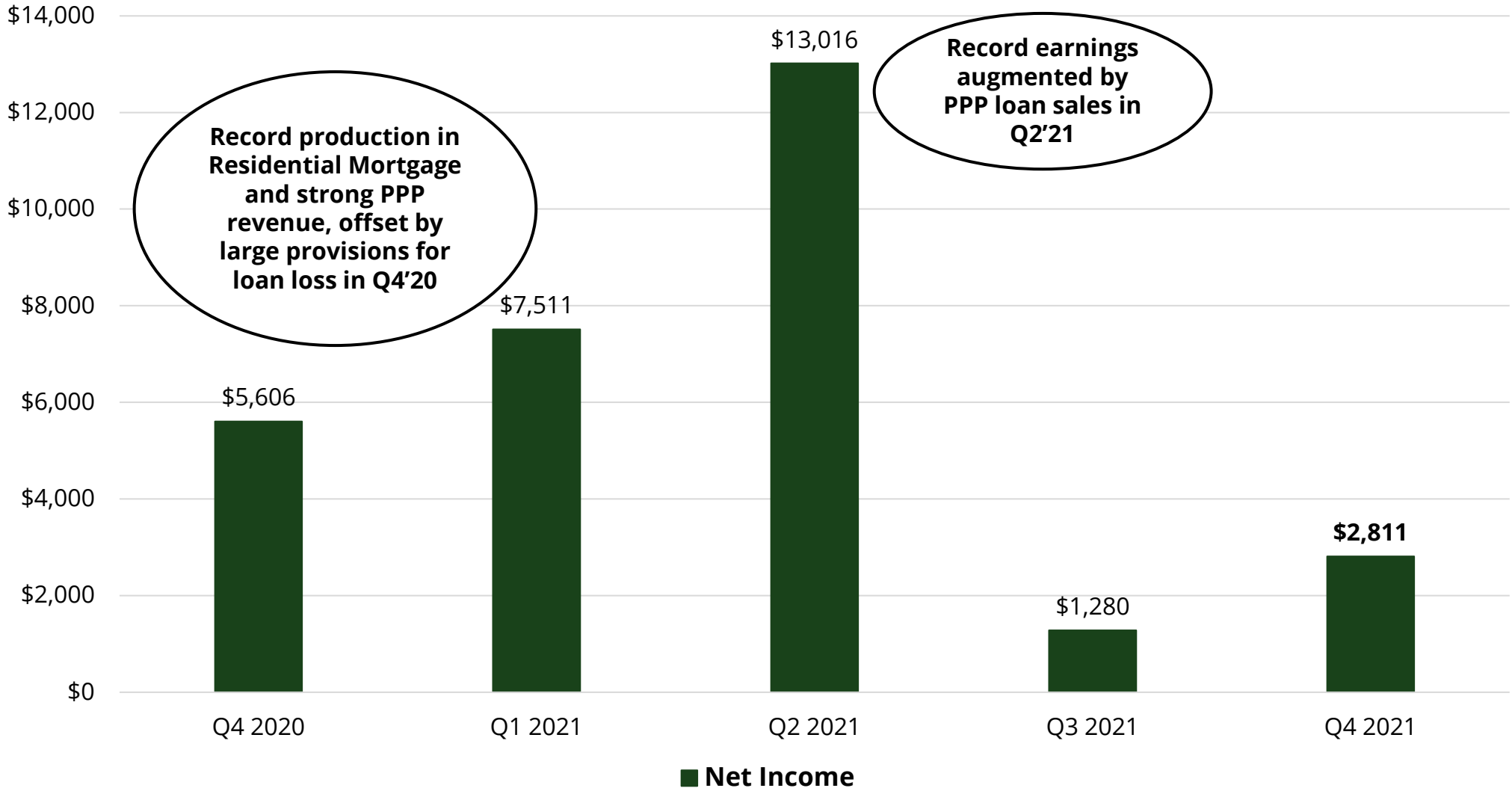
($ in Thousands)



Earnings Performance Ratios

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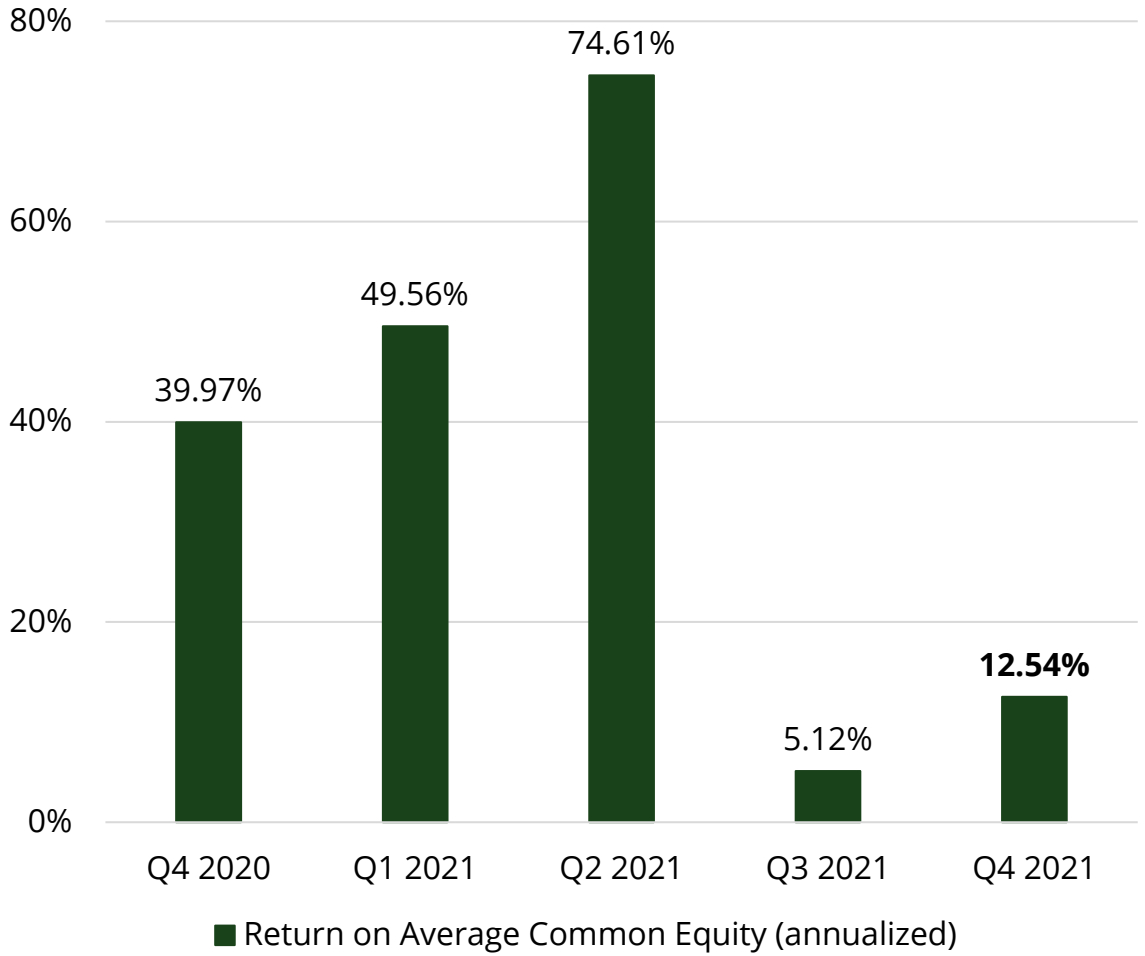
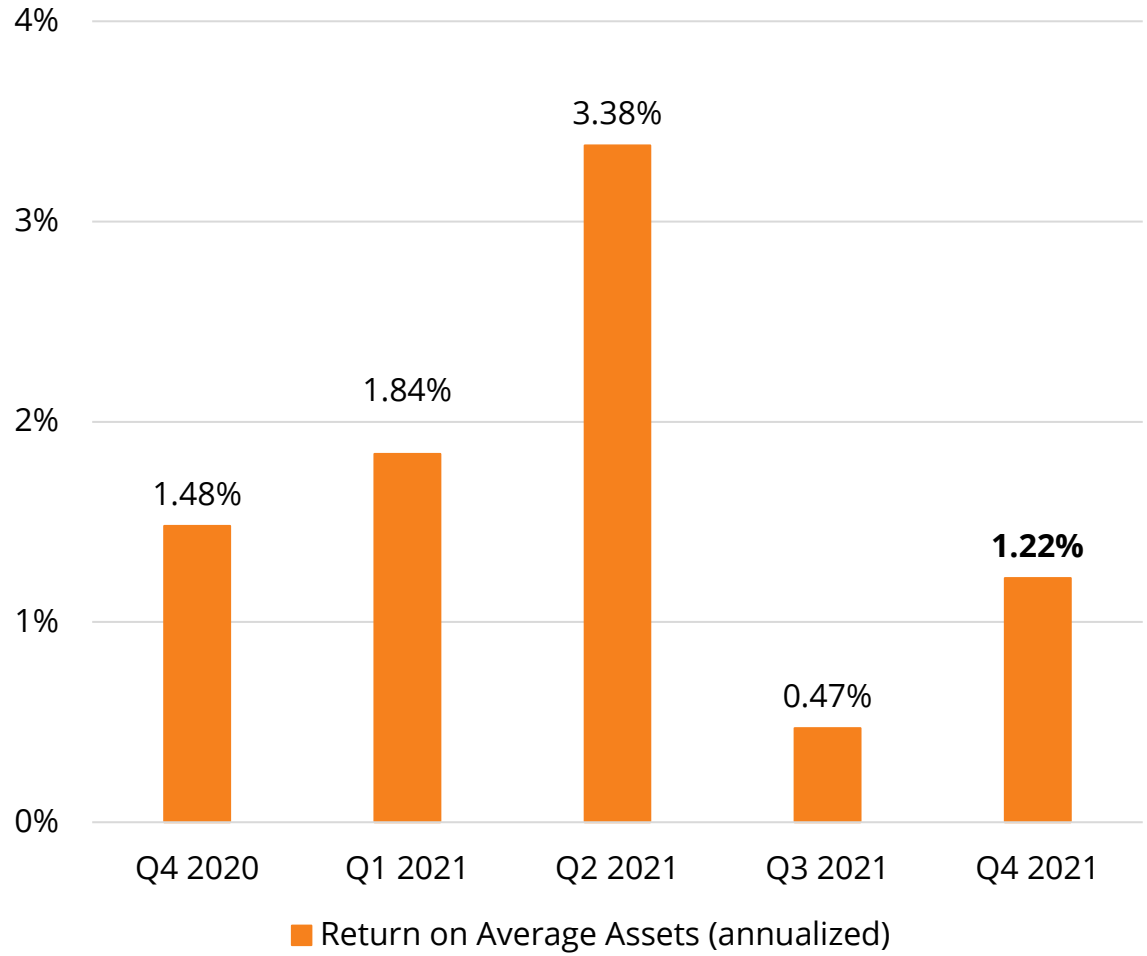
Return on Average Common Equity



Return on Average Assets



CreditBench

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- SBA 7(a) loan production was $169.5 million in 2021 with $60.8 million originated in Q4'21
  - Strong pipeline in both Core and FlashCap
- 2021 operational focus on the PPP loan forgiveness process for PPP loans originated in 2020
  - Similar AI technology implemented to process PPP loan applications is being utilized to process forgiveness applications
  - During Q2'21, $326.3 million of PPP loans originated in 2021 were sold, resulting in a $13.8 million gain on sale
  - PPP loan forgiveness activities are generally winding down
- After a six-quarter pause of selling guaranteed loan balances, we returned to selling guaranteed SBA loan balances in Q4'21
  - Strong earnings generated from residential fee income, PPP loan income, and gain on sale of PPP loans enabled us to hold SBA loan balances beginning in Q2'20 and ending in Q3'21
  - Total government guaranteed balance of $171.55 million as of the end of Q4'21, a decrease of 6.8% during the quarter

RESIDENTIAL MORTGAGE DIVISION

- Residential mortgage production of $477.5 million in Q4'21, down 5.8% from $506.7 million originated in the prior quarter
  - Mortgage rate increases are leading to a pull-back in originations
  - 1,520 units of production in Q4'21 as compared to 1,620 units in the previous quarter

- The Division achieved profitability in Q4'21 with pre-tax income of $1.47 million
  - Margin compression continues as the market has normalized and become more competitive

- Focused on production and contribution to earnings
  - Will opportunistically onboard new LPOs with top-notch teams
    - Primary focus on $3mm to $5mm/month LPOs in the southeastern United States
    - Continued build out of teams in the Tampa Bay market area

RESIDENTIAL MORTGAGE DIVISION

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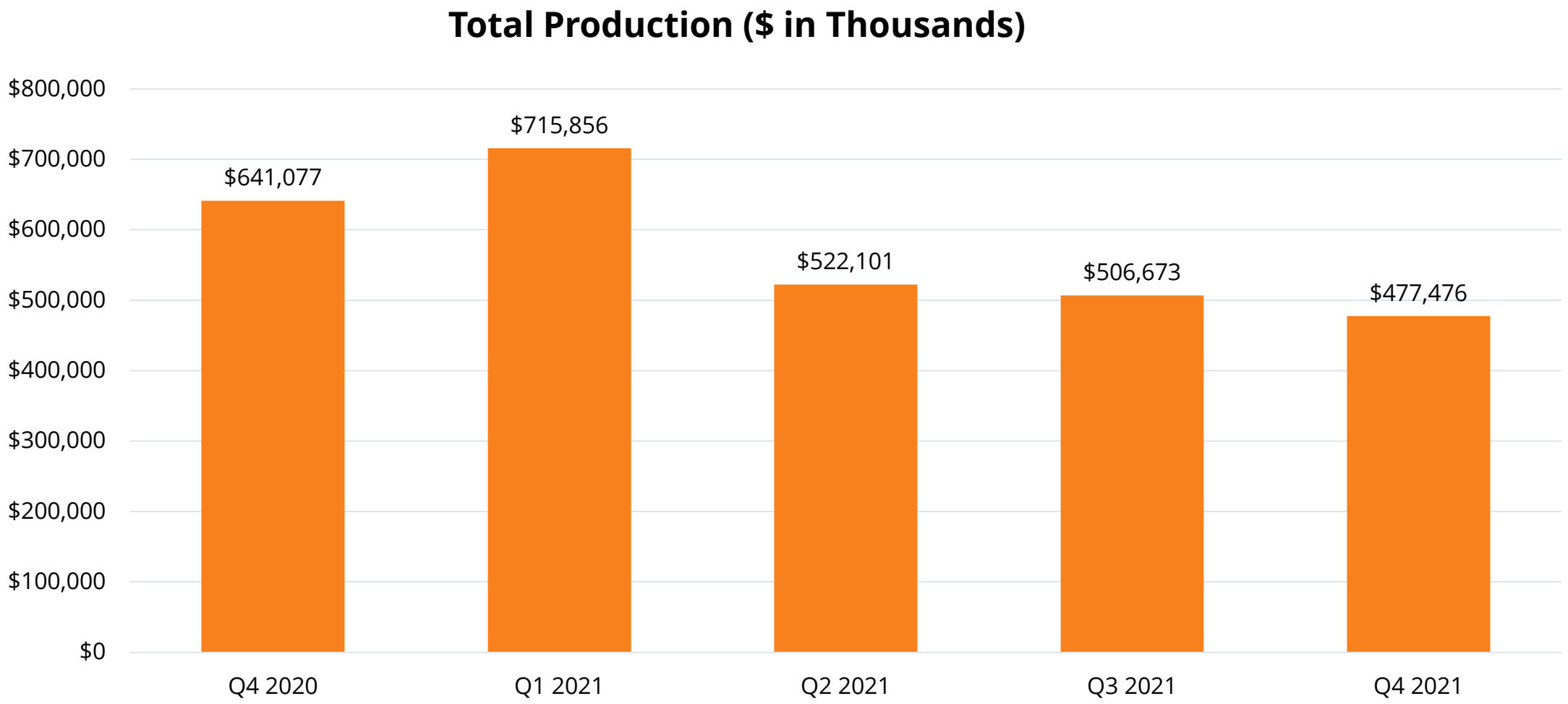

Community Banking

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- **Q4'21 and FY2021 Loan Production Summary:**
  - Total Community Bank Division loan production for Q4'21 was 164 units for $24.25 million, an increase of 26.2% and 4.8% over Q3'21 production of 130 units and $23.13 million, respectively
  - Total Community Bank Division loan production for 2021 was 448 units for $94.90 million, representing an increase of 132% in units and 19% in dollars originated over the prior year
  - Overall Community Banking Division loan portfolio consisted of 859 units totaling $196.43 million as of 12/31/21, representing an increase of 53.4% in units and 39.8% in dollars as compared to 12/31/20

- **Q4'21 and FY2021 Deposit Summary:**
  - Q4'21 deposit balance growth of $44.2 million, or 6.98% during the quarter
    - Aggregate deposit balance growth was driven by increases in savings and money market deposits, noninterest-bearing demand deposits, and interest-bearing transaction accounts, partially offset by a decrease in time deposits during the quarter
  - FY2021 deposit balance growth of $163.0 million, or 29.1% during the year
    - Aggregate deposit balance growth was driven by increases in savings and money market deposits, noninterest-bearing demand deposits, and interest-bearing transaction accounts, partially offset by a decrease in time deposits during the quarter
  - Overall deposit portfolio consisted of 11,994 accounts totaling $721.7 million as of 12/31/21, up 26.7% and 29.2% respectively from 12/31/20

Key Company Highlights

BAYFIRST



- Progressive institution in its products & services, technology, design and social responsibility located in an attractive market with historically strong economic and demographic trends
- Experienced management team and dedicated local board with clear and actionable growth strategy
- Scalable platform focused on serving the banking needs of consumers and businesses in the Tampa Bay region, supported by national business lines in residential and SBA lending and an advanced technology platform
- Few in-market peer institutions provides opportunity for organic growth as well as drives scarcity value
- Formalized ESG principles through its ESG Policy, ESG Policy Statement, and dedicated management and board committees differentiates the Company from its peers
- Strong insider ownership. The majority of employees are shareholders through participation in ESOP and/or the Stock Purchase Program
- 23 consecutive quarterly cash dividends paid since initiating cash dividends in 2016. Recent quarterly dividend increased to $0.08 per share, representing a 240% increase over the 23-quarter period.

2022 Strategic Initiatives

BAYFIRST

Fundamental Goals:

- ❑ Expand the Community Banking Division and core deposit base, while utilizing SBA and residential mortgage as lead products
- ❑ Maintain capital levels commensurate with risk profile and projected growth
- ❑ Promote BayFirst as a premier workplace
- ❑ Leverage investments in ESG program, minority lending program, and community engagement to differentiate BayFirst from its peers
- ❑ Ensure the Bank's risk management and compliance management systems evolve with the Bank's growth and expansion
- ❑ Increase the float of the Company's share and expand its retail shareholder base

Transformational Initiatives:

- ❑ Establish BayFirst as a technology-driven organization by leveraging the advanced technology platform developed over the past year to create operational efficiencies and additional revenue opportunities while enabling a comprehensive and high-value digital experience
- ❑ Enhance customer experience through technological evolution and development of the Contact Center
- ❑ Expand recurring revenue while leveraging recent investments in infrastructure and technology and rationalizing costs
- ❑ Selective migration to national portfolio lending
- ❑ Convert to national bank charter and rebrand the Bank from "First Home" to "BayFirst"
- ❑ Position the Bank to achieve an "Outstanding" CRA rating



Financial Statements

BayFirst Financial Corp. and Subsidiary Consolidated Statements of Income Unaudited (Dollars in Thousands, Except Per Share Data)

	For the Quarter Ended			Year-to-Date	
	12/31/2021	9/30/2021	12/31/2020	12/31/2021	12/31/2020
Interest income:					
Loans, other than PPP	$ 7,320	$ 7,009	$ 6,354	$ 27,681	$ 23,985
PPP loan interest income	258	692	2,244	5,009	5,685
PPP origination fee income	381	1,656	5,244	14,283	13,419
Interest-bearing deposits in banks and other	150	188	70	570	641
Total interest income	8,109	9,545	13,912	47,543	43,730
Interest expense:					
Deposits	1,219	1,152	1,379	4,885	7,490
PPPLF borrowings	381	278	783	1,791	1,968
Other	(184)	99	178	624	820
Total interest expense	1,416	1,529	2,340	7,300	10,278
Net interest income	6,693	8,016	11,572	40,243	33,452
Provision for loan losses	(2,500)	(3,000)	5,000	(3,500)	16,900
Net interest income after provision for loan losses	9,193	11,016	6,572	43,743	16,552
Noninterest income:					
Residential loan fee income	18,601	21,323	30,790	95,305	92,678
Loan servicing income, net	429	417	271	1,875	2,024
Gain (loss) on sale of SBA loans, net	4,564	(338)	(80)	18,024	1,652
Service charges and fees	298	261	269	1,028	933
SBA loan fair value gain	33	72	(48)	184	1
Other noninterest income	289	257	175	1,161	407
Total noninterest income	24,214	21,992	31,377	117,577	97,695
Noninterest Expense:					
Salaries and benefits	12,603	12,851	11,906	51,569	36,403
Bonus, commissions, and incentives	8,319	8,536	10,185	37,946	34,072
Mortgage banking	1,024	1,440	1,647	5,731	5,292
Occupancy and equipment	1,329	1,278	1,139	5,236	4,453
Data processing	1,323	1,347	1,332	6,532	4,418
Marketing and business development	2,176	1,924	1,303	7,620	3,553
Professional services	1,493	1,428	1,190	4,688	3,533
Loan origination and collection	168	683	269	2,452	2,040
Employee recruiting and development	914	809	634	3,345	1,769
Regulatory assessments	102	138	26	442	444
Other noninterest expense	773	795	843	3,281	2,492
Total noninterest expense	30,224	31,229	30,474	128,842	98,469
Income before taxes	3,183	1,779	7,475	32,478	15,778
Income tax expense	372	499	1,869	7,860	3,075
Net income	2,811	1,280	5,606	24,618	12,703
Preferred dividends	208	230	306	1,005	863
Net income available to common shareholders	$ 2,603	$ 1,050	$ 5,300	$ 23,613	$ 11,840
Basic earnings per common share	$ 0.66	$ 0.27	$ 1.53	$ 6.21	$ 3.45
Diluted earnings per common share	$ 0.61	$ 0.26	$ 1.35	$ 5.74	$ 3.01

BAYFIRST

BayFirst Financial Corp. and Subsidiary Consolidated Statements of Financial Position Unaudited (Dollars in Thousands)

Assets	12/31/2021	9/30/2021	12/31/2020
Cash and due from banks	$ 2,869	$ 2,715	$ 2,790
Interest-bearing deposits in banks	106,858	104,382	52,589
Cash and cash equivalents	109,727	107,097	55,379
Time deposits in banks	2,381	2,381	2,381
Investment securities available for sale	30,893	32,535	—
Investment securities held to maturity	2	3	41
Restricted equity securities, at cost	2,827	2,827	2,362
Residential loans held for sale	114,131	91,243	208,704
SBA loans held for sale	1,460	—	—
SBA loans held for investment, at fair value	9,614	9,805	9,264
Loans held for investment, at amortized cost net of allowance for loan losses of $13,452, $16,616, and $21,162	560,882	629,873	1,197,896
Accrued interest receivable	3,564	4,292	7,300
Premises and equipment, net	29,671	24,622	18,115
Loan servicing rights	6,619	6,155	8,160
Deferred income taxes	454	1,263	3,808
Right-of-use operating lease assets	4,543	4,345	3,737
Bank owned life insurance	24,547	12,434	12,183
Other assets	15,780	14,868	15,361
Total assets	$ 917,095	$ 943,743	$ 1,544,691
Liabilities:			
Noninterest-bearing deposits	$ 83,638	$ 87,625	$ 62,650
Interest-bearing transaction accounts	163,495	157,304	140,265
Savings and money market deposits	423,864	377,452	286,744
Time deposits	50,688	52,653	69,125
Total deposits	721,685	675,034	558,784
Subordinated debentures	5,985	5,983	5,948
Notes payable	3,299	3,413	3,754
PPP Liquidity Facility	69,654	144,601	881,262
Accrued interest payable	326	562	1,999
Operating lease liabilities	4,747	4,545	3,925
Accrued expenses and other liabilities	15,109	15,307	17,950
Total liabilities	820,805	849,445	1,473,622
Shareholders' equity:			
Preferred stock, Series A; no par value, 10,000 shares authorized, 6,395 shares issued and outstanding at December 31, 2021, September 30, 2021, and December 31, 2020; aggregate liquidation preference of $6,395	6,161	6,161	6,161
Preferred stock, Series B; no par value, 20,000 shares authorized, 3,210, 4,310, and 8,760 shares issued and outstanding at December 31, 2021, September 30, 2021, and December 31, 2020; aggregate liquidation preference of $3,210, $4,310, and $8,760, respectively	3,123	4,193	8,516
Common stock and additional paid-in capital; no par value, 15,000,000 shares authorized, 3,981,117, 3,919,977, and 3,867,414 shares issued and outstanding at December 31, 2021, September 30, 2021, and December 31, 2020, respectively	51,496	50,546	43,043
Accumulated other comprehensive income (loss), net	(420)	(201)	—
Unearned compensation	(17)	(23)	(41)
Retained earnings	35,947	33,622	13,390
Total shareholders' equity	96,290	94,298	71,069
Total liabilities and shareholders' equity	$ 917,095	$ 943,743	$ 1,544,691