

BAYFIRST

BayFirst Financial Corp. (NASDAQ:BAFN)

2023 – Third 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 health crises, 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/ SARASOTA REGION[1]

ASSET SIZE

$1.13 BILLION TOTAL ASSETS[2]

GROWTH

211% ASSET GROWTH SINCE DEC 31, 2017[2]

SBA ORIGINATION

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

INITIATIVES

ESG ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FOCUSED

DEPOSITS

23% TRANSACTION ACCOUNT BALANCE GROWTH DURING THE FIRST NINE MONTHS OF THE YEAR

BANKING CENTERS

THE THIRD BANKING CENTER IN SARASOTA-BRADENTON AREA ON BEE RIDGE ROAD OPENED IN JULY BRINGING THE TOTAL BANKING CENTERS TO 10 IN THE TAMPA BAY REGION

1. *Deposit ranking of banks with assets less than $10B headquartered in the Tampa/Sarasota region as of June 30, 2023 from Uniform Bank Performance Report*
2. *Financial data as of September 30, 2023*
3. *As of SBA's fiscal year ended September 30, 2023*

KEY INVESTMENT POINTS



- Second largest community bank (deposits) based in attractive Tampa Bay region
- Total asset growth of 211% since YE2017
- Solid deposit growth of 28% since year end and 30% 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%
- 29 consecutive quarters of dividend payments, which increased 100% over past 5 years

ABOUT BAYFIRST FINANCIAL CORP.

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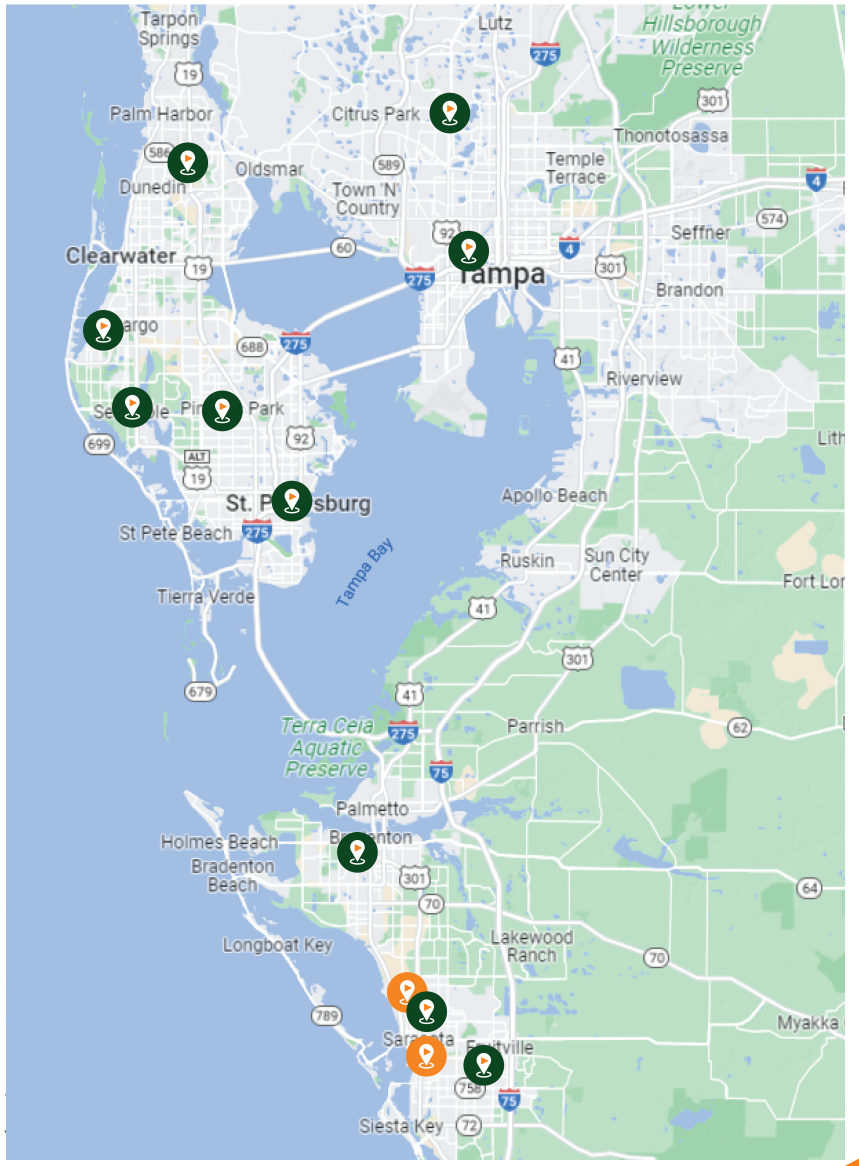
CURRENT BANKING CENTER LOCATION

FUTURE BANKING CENTER LOCATION

EXPANDING BANKING CENTER FRANCHISE



INNOVATIVE COMMUNITY BANK

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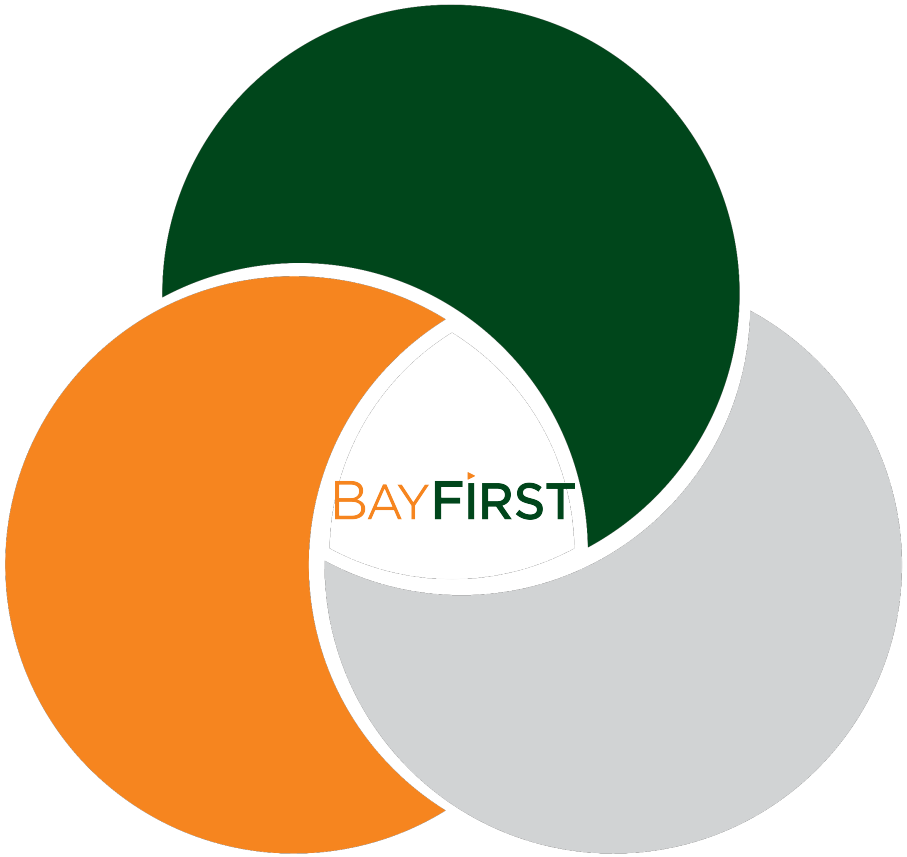
Technology driven community bank with diversified revenue streams

COMMUNITY BANKING

- **10 banking centers in Tampa Bay**, **expected to grow to 12 banking centers** over the next year
- **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**
- **#7 SBA lender in dollars and #3 in units as of SBA's fiscal year ended 9/30/23**
- **#1 SBA lender in the five county Tampa Bay area at SBA's FY ended 9/30/23**
- **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:**
  - **Focus on $350K and above**
  - Loan generation from **organic sales** and **FinTech partners**

ATTRACTIVE LOAN COMPOSITION

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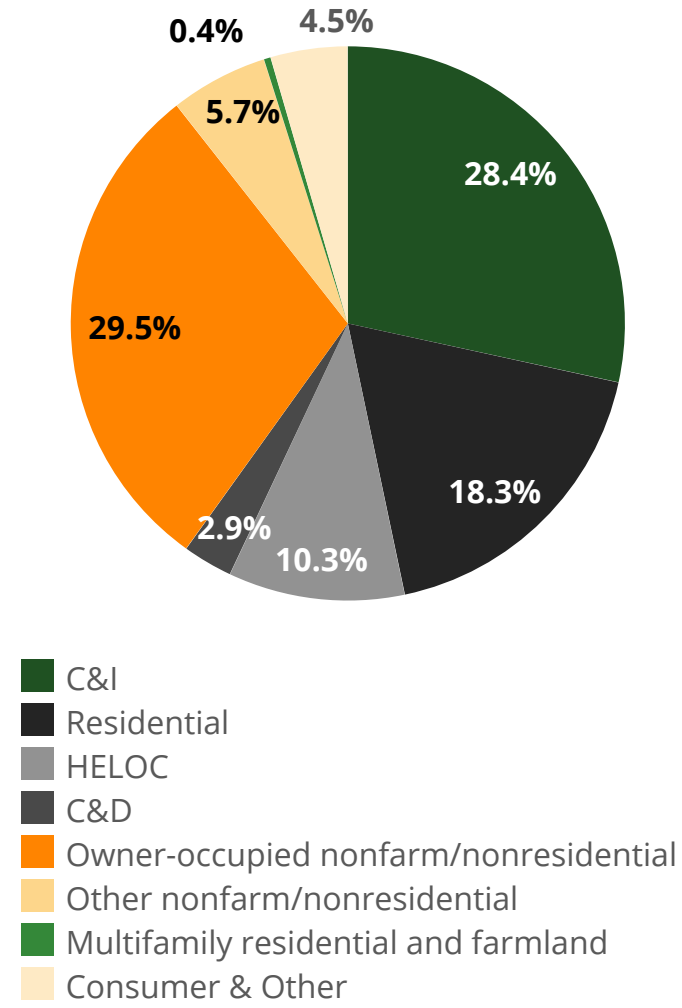
Composition of Loans Held for Investment as of September 30, 2023



Loan Highlights

- Low concentration of non owner-occupied commercial real estate loans
- Total loan production of $197 million during the quarter
- Loans held for investment grew $42 million during the quarter [1]

[1] Excludes PPP loans

SOLID DEPOSIT COMPOSITION

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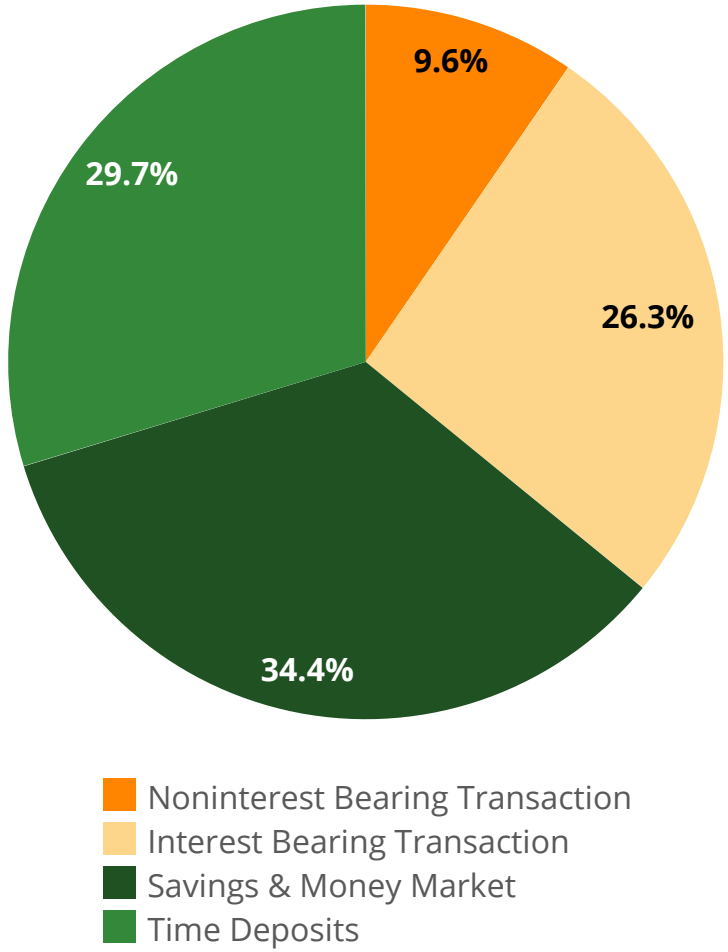
Deposit Portfolio Composition as of September 30, 2023



Deposit Highlights

- Transaction account balances increased $70 million or 23% during the first nine months of the year
- Approximately 85% of deposits are insured
- Minimal use of short-term brokered deposits ($167 thousand as of September 30, 2023)
- Grew number of checking accounts by 22% YTD

INVESTMENT SECURITIES

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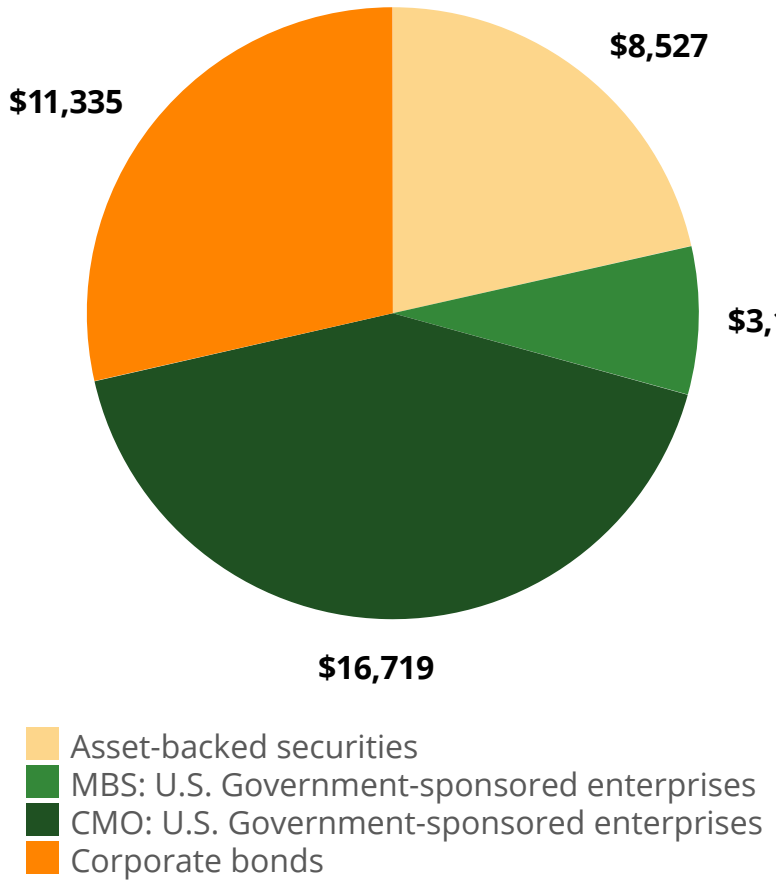
Investment Securities Portfolio Details

- Minimal exposure to market value losses due to modest investment securities portfolio (4% of total assets)
- Other Comprehensive Loss of $3.6 million reduced Tangible Book Value by $0.88 as of September 30, 2023
  - We intend and have the ability to hold the available for sale investment securities to maturity; no plan to sell
  - No impact to regulatory capital ratios
- $2.5 million of HTM investment securities, net of ACL of $19 thousand

AFS Investment Securities Portfolio as of September 30, 2023 (fair market value, in thousands) (1)



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

KEY STRATEGIC INITIATIVES FOR 2023 AND BEYOND

- Leverage revenues earned from SBA lending to grow our community banking franchise
- Grow community banking franchise through new banking centers and expansion of commercial and consumer lending teams
- 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				
	9/30/2023	6/30/2023	Increase/ (Decrease)	9/30/2022	Increase/ (Decrease)
Interest income	$ 17,620	$ 17,792	$ (172)	$ 11,284	$ 6,336
Interest expense	9,227	7,684	1,543	2,114	7,113
Net interest income	8,393	10,108	(1,715)	9,170	(777)
Provision for credit losses	3,001	2,765	236	750	2,251
Noninterest income	14,679	10,937	3,742	9,804	4,875
Noninterest expense	17,427	16,402	1,025	14,158	3,269
Income tax expense	674	461	213	983	(309)
Net income from continuing operations	1,970	1,417	553	3,083	(1,113)
Net income (loss) from discontinued operations	(47)	(32)	(15)	(4,485)	4,438
Net income (loss)	1,923	1,385	538	(1,402)	3,325
Preferred dividends	208	208	—	208	—
Net income available to (loss attributable to) common shareholders	$ 1,715	$ 1,177	$ 538	$ (1,610)	$ 3,325

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($000s)	Nine Months Ended September 30, 2023	2022	Increase/ (Decrease)
Interest income	$ 49,663	$ 26,046	$ 23,617
Interest expense	22,109	4,620	17,489
Net interest income	27,554	21,426	6,128
Provision for credit losses	7,708	(1,400)	9,108
Noninterest income	35,064	23,146	11,918
Noninterest expense	49,241	41,719	7,522
Income tax expense (benefit)	1,415	888	527
Net income from continuing operations	4,254	3,365	889
Net income (loss) from discontinued operations	(207)	(5,036)	4,829
Net income (loss)	4,047	(1,671)	5,718
Preferred dividends	624	624	—
Net income available to (loss attributable to) common shareholders	$ 3,423	$ (2,295)	$ 5,718

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	As of and For the Three Months Ended			As of and For the Nine Months Ended	
	9/30/2023	6/30/2023	9/30/2022	9/30/2023	9/30/2022
Return on average assets[1]	0.71 %	0.52 %	(0.60)%	0.52 %	(0.25)%
Return on average common equity[1]	8.46 %	5.86 %	(7.76)%	5.70 %	(3.67)%
Tangible book value per common share	$ 20.12	$ 19.85	$ 20.10	$ 20.12	$ 20.10
Diluted earnings from continuing operations per common share	$ 0.42	$ 0.46	$ 0.68	$ 0.88	$ 0.67
Dividend payout ratio	19.15 %	27.89 %	(20.02)%	28.72 %	(41.99)%
Total Capital (to risk-weighted assets)	13.46 %	13.60 %	15.02 %	13.46 %	15.00 %
Common Equity Tier 1 Capital (to risk-weighted assets)	12.21 %	12.34 %	13.77 %	12.21 %	13.75 %
Tier 1 Capital (to total assets)	9.16 %	9.36 %	10.48 %	9.16 %	10.79 %
Nonperforming loans (excl gov't gtd balance)/ total loans held for investment	1.00 %	0.79 %	0.59 %	1.00 %	0.59 %
ACL/Total loans held for investment at amortized cost, excl PPP loans[2]	1.72 %	1.64 %	1.54 %	1.72 %	1.54 %

[1] Annualized
[2] 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

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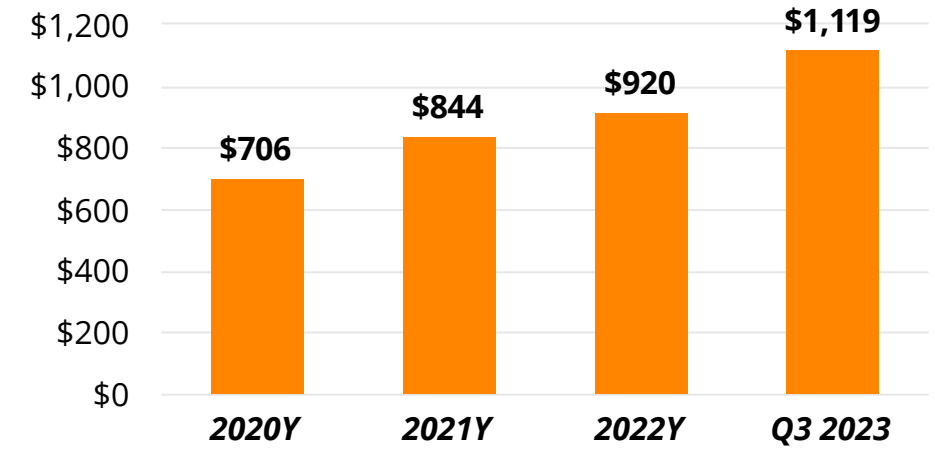
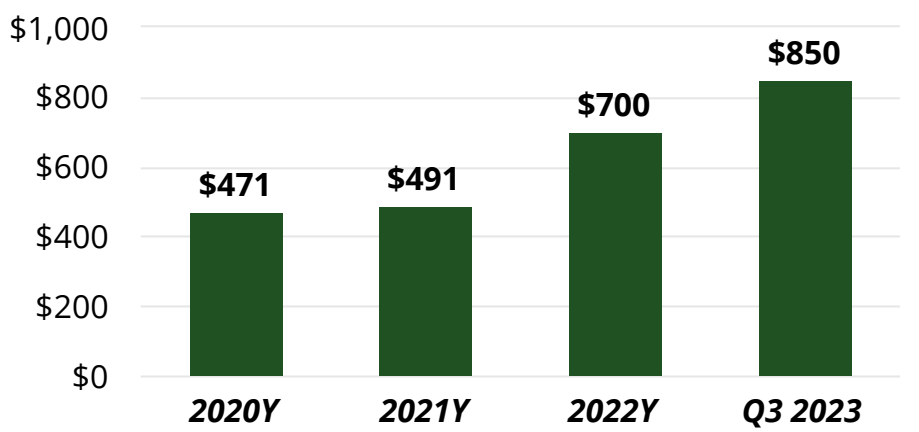
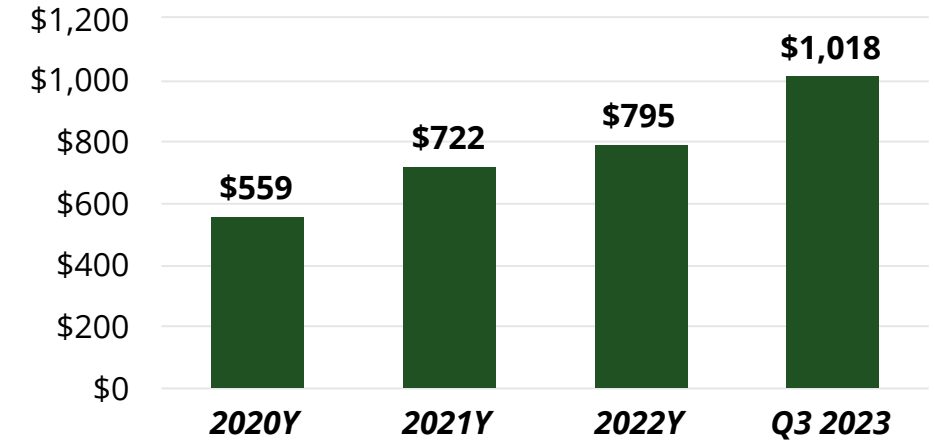
Total Assets excluding PPP Loans ($M)



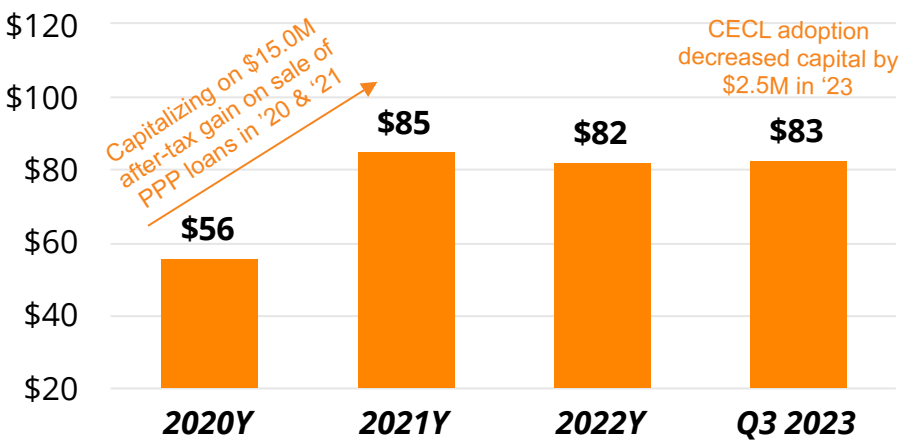
Total Net Loans HFI excluding PPP loans ($M)



Total Deposits ($M)



Tangible Common Equity ($M)



RETURN TO PROFITABILITY FOR LAST 4 QUARTERS

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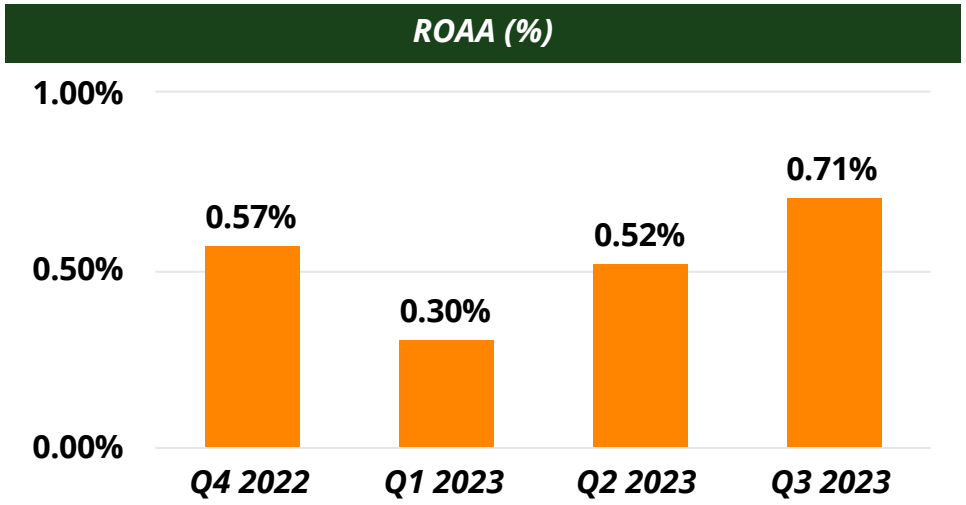
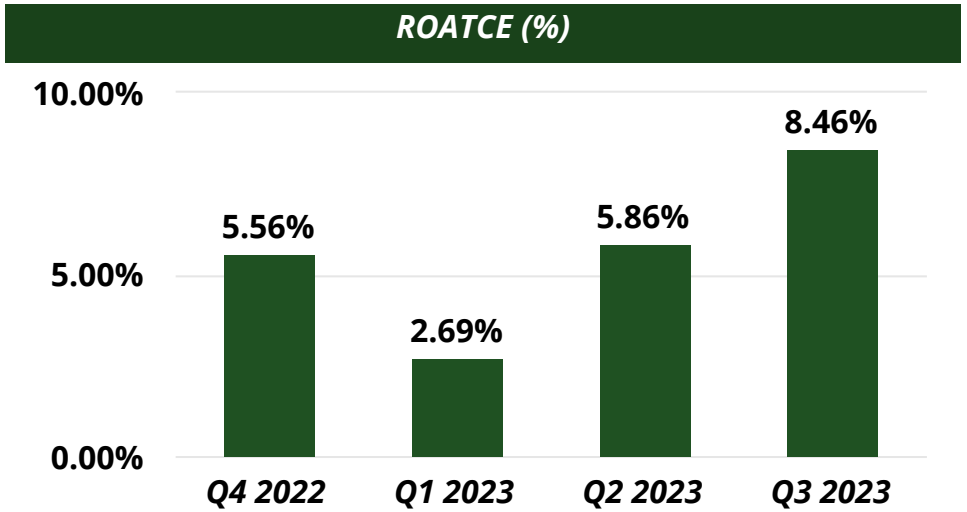
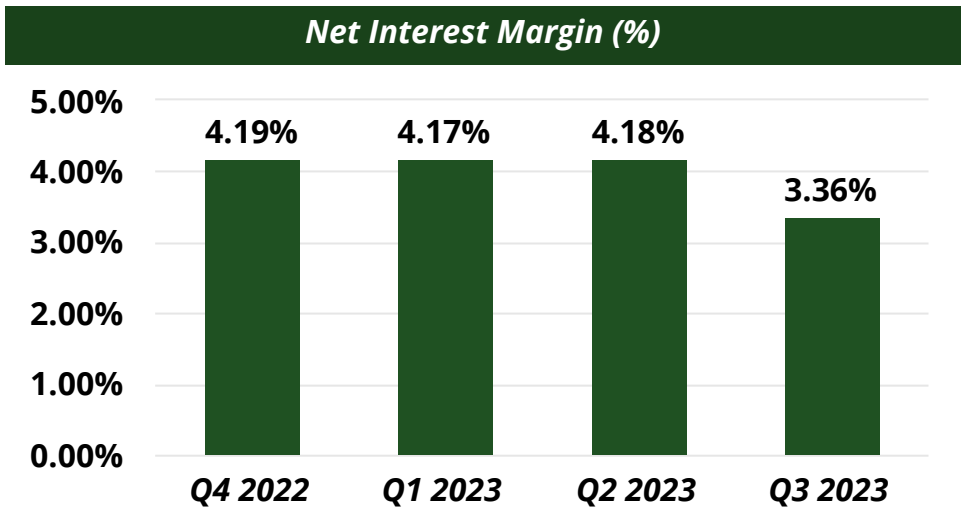
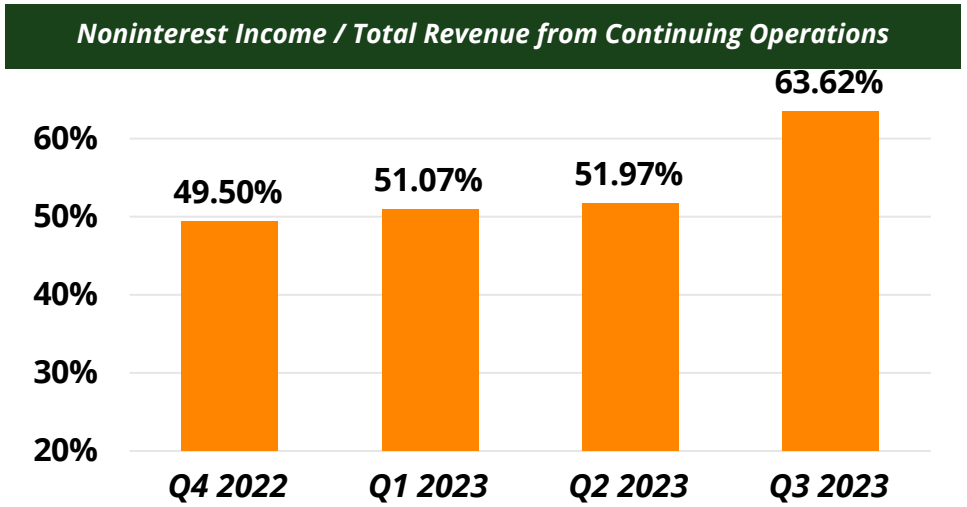
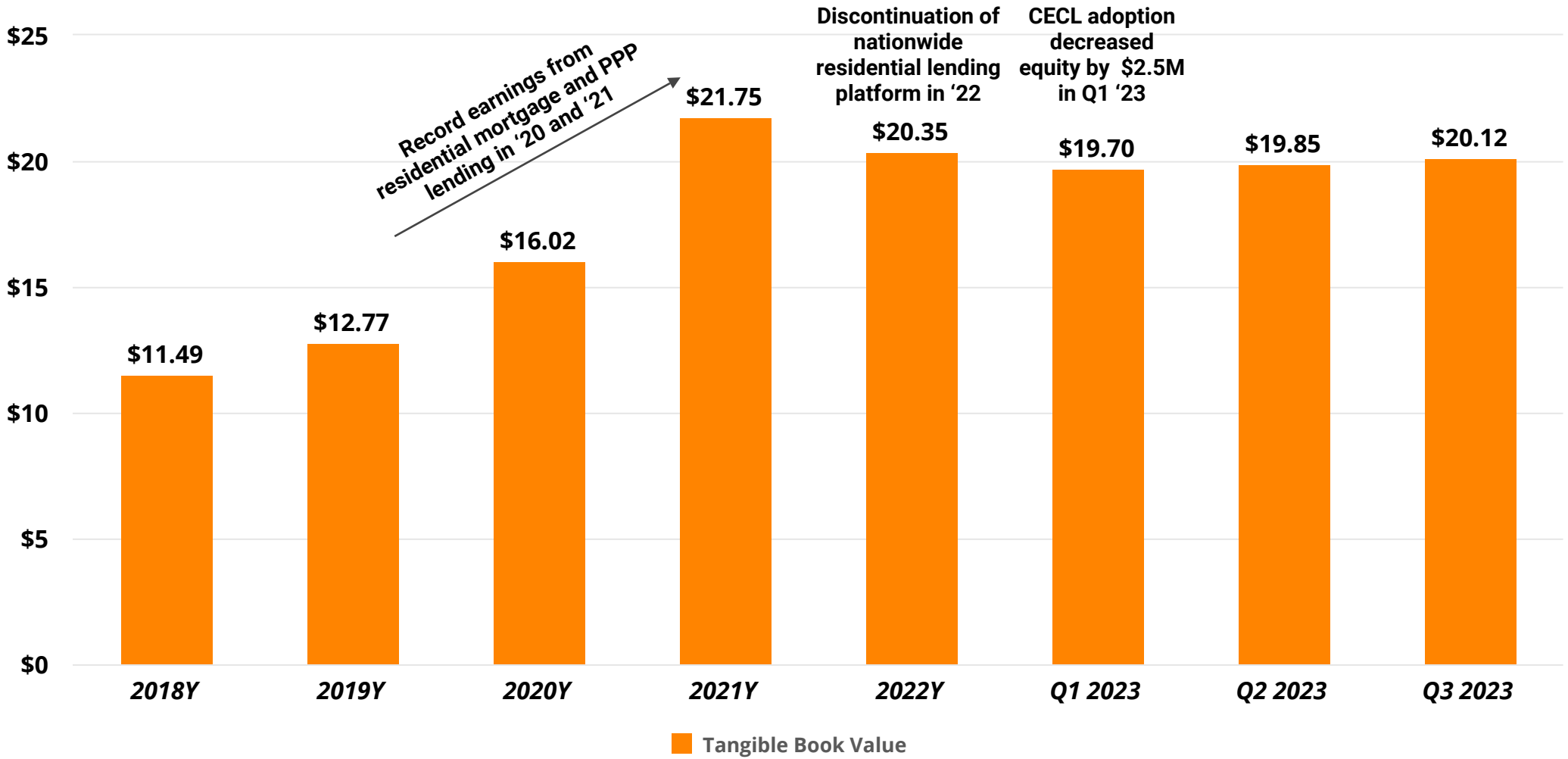








SHAREHOLDER VALUE CREATION



CREDITBENCH (SBA/USDA LENDING)

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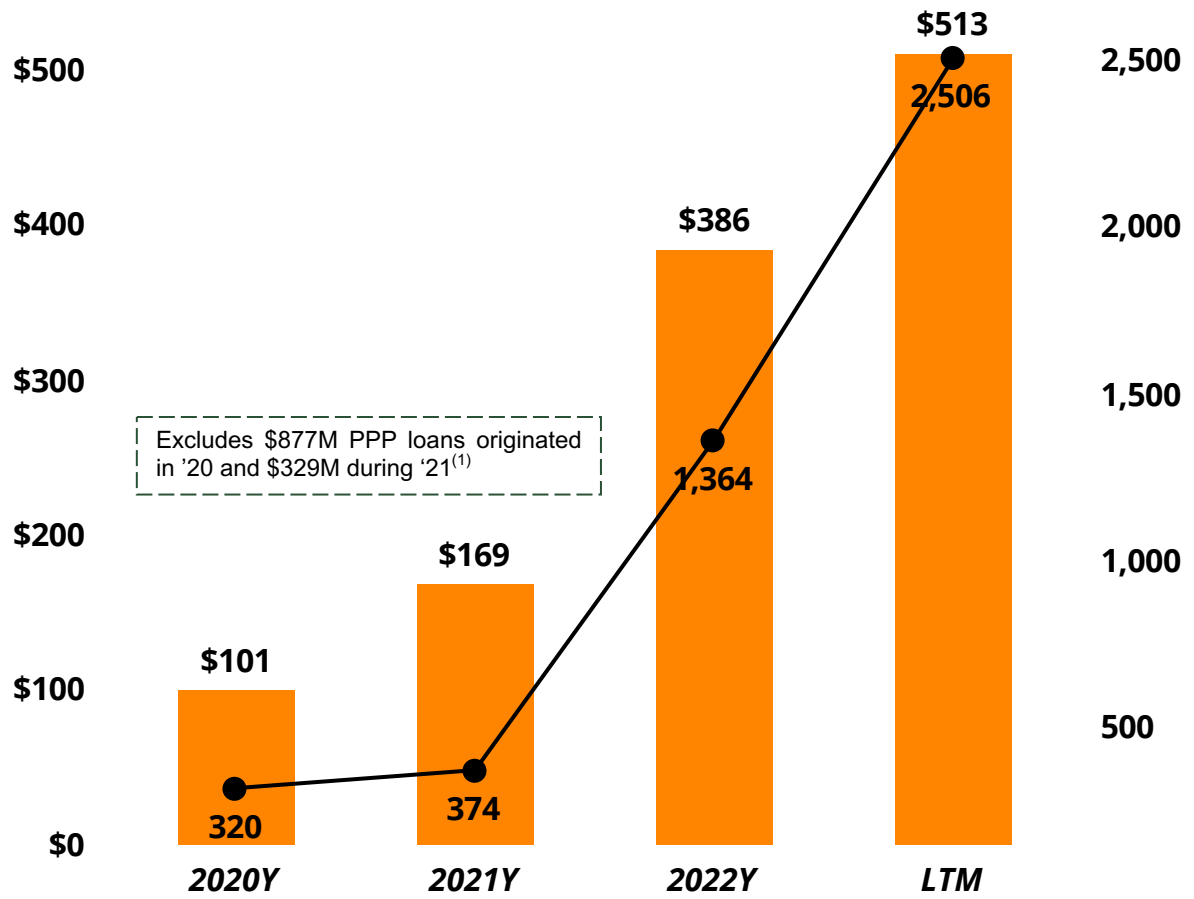
Q3 2023 Highlights

- Nationally ranked #7 in total SBA dollars and #3 in units for the SBA fiscal year ended September 30, 2023
- Strategic initiative to expand USDA business and industry lending program: an experienced USDA lender recently hired to support this effort
- **Total Q3 2023 government guaranteed loan production increased** 11.8% from Q3 2022
- **The demand remains strong for the Company's specialty BOLT program,** 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 $339.5 million, including $84.9 million in Q3 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

GOVERNMENT GUARANTEED LOAN PRODUCTION

($000s)	QTD 3/31/2023	QTD 6/30/2023	QTD 9/30/2023	YTD 9/30/2023
Core 7(a)	$ 19,998	$ 29,638	$ 28,758	$ 78,394
Core 504	16,022	—	14,571	30,593
Core USDA	13,625	5,525	19,800	38,950
BOLT	58,633	74,785	84,905	218,323
FLASHCAP	13,834	14,557	7,877	36,268
Total	$ 122,112	$ 124,505	$ 155,911	$ 402,528

BOLT SINGLE LOAN EARNINGS EXAMPLE

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Immediate One-Time Impact

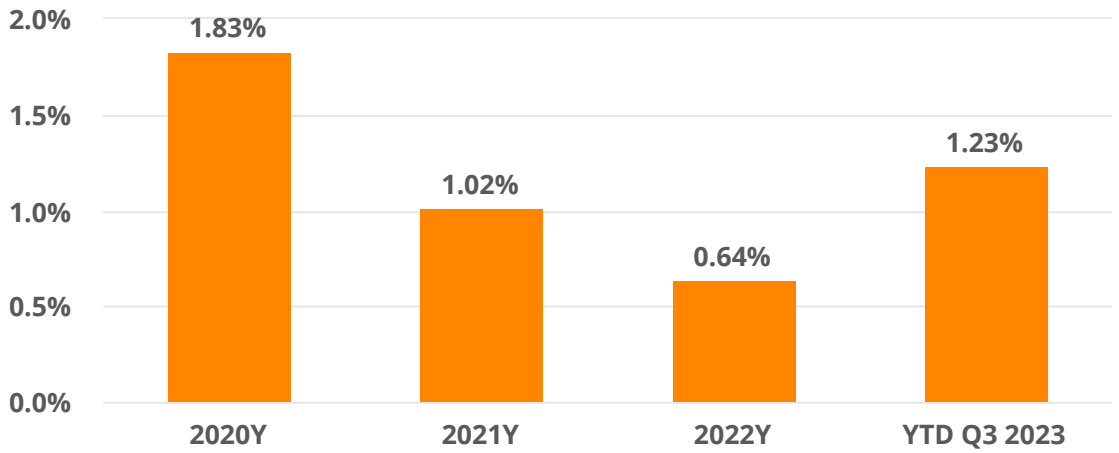
Loan amount (Average amount of a BOLT loan)	**$ 130,000**
Guaranteed amount (85% of total loan)	**110,500**
Unguaranteed amount (15% of total loan, retained by BayFirst)	**19,500**
Premium earned on sale of guaranteed amount (The gross premium paid when the loan is sold, less 50% of the amount over 10% to be shared with SBA and approximately 20% which is deferred and recognized over the remaining life of the unguaranteed loan amount)	**10,166**
Cost to originate (Includes third party referral fees and internal labor and origination costs)	**(3,868)**
Packaging Fee (Paid by borrower to compile and transmit SBA compliant loan package)	**1,560**
Servicing right gain (Reflects future value of servicing on sold loans)	**2,652**
Provision for credit losses on Unguaranteed amount (Booked according to ASC 326)	**(1,560)**
Net one-time impact	**8,950**
First year income statement impact from unguaranteed amount (Includes net interest margin, accretion of deferred gain, offset by amortization of deferred costs and servicing asset)	**1,216**
Combined immediate one-time and first year earnings impact	**$ 10,166**

This example is for illustrative purposes and is not a guarantee of future loan size or volume and may not be indicative of the financial impact of future loans. The size, volume, and financial impact of such loans involve known and unknown risks and uncertainties, which may cause actual performance and results to materially different.

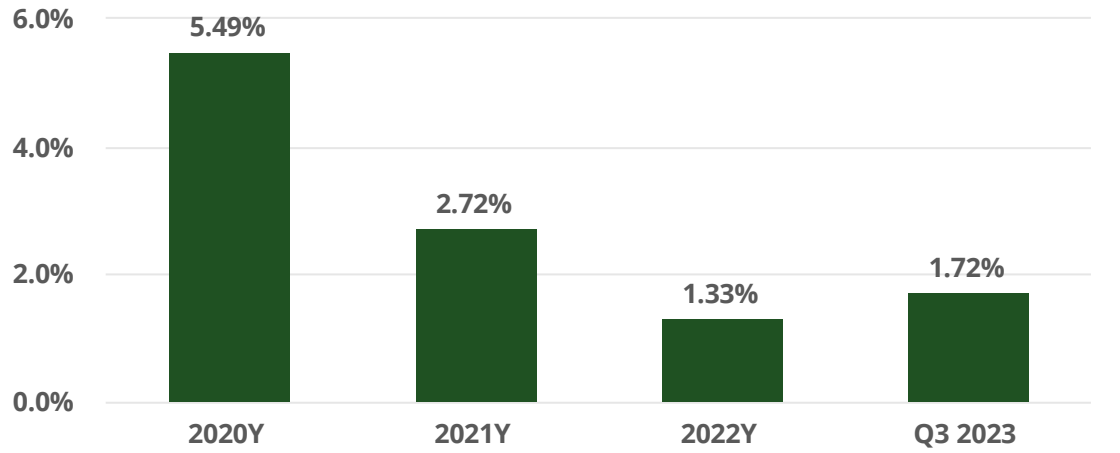
ASSET QUALITY

Strong reserve well-positioned to withstand volatility in economic conditions

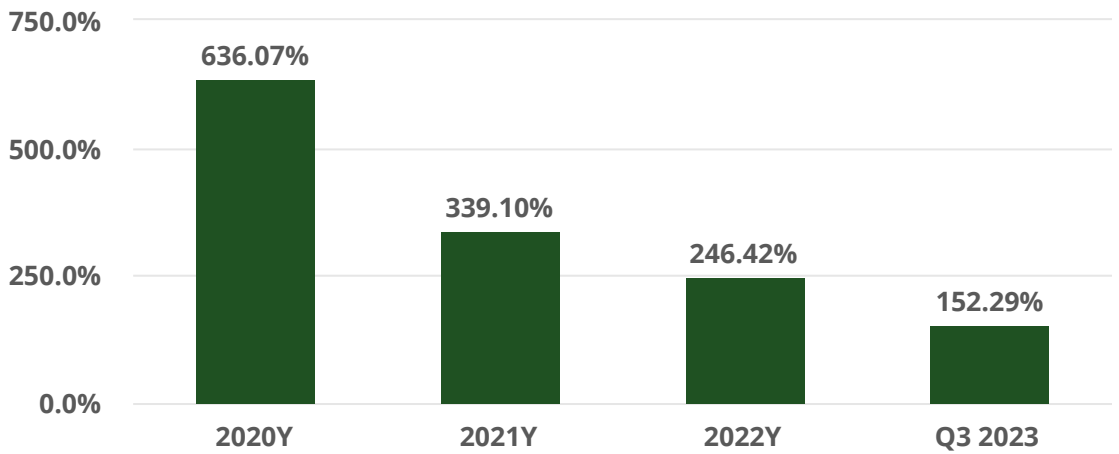
Net charge-offs/Total average loans HFI at amortized cost, excluding PPP loans



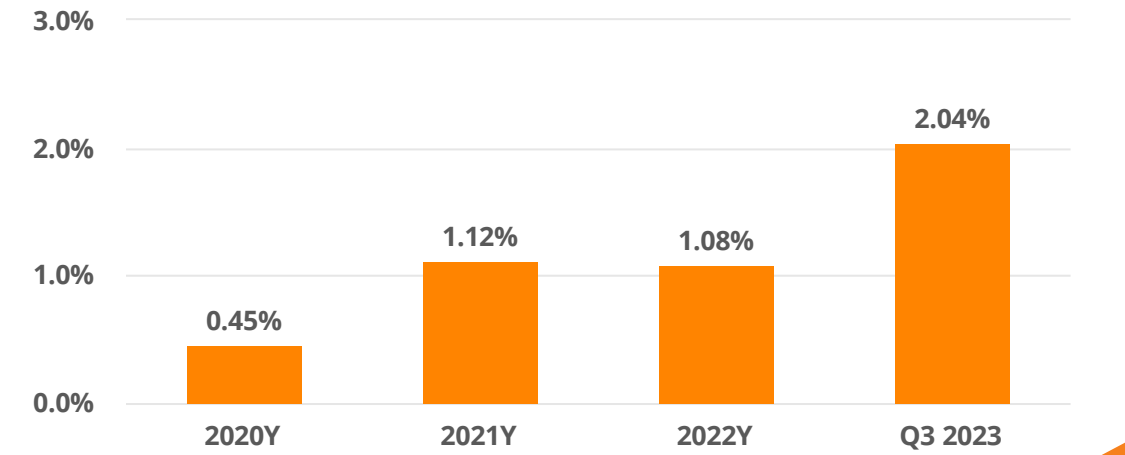
ACL/Total loans held for investment at amortized cost, excluding PPP loans[1]



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*

UPGRADE CONSUMER LOANS

Purchased unsecured consumer loans

	QTD				YTD
($000s)	12/31/2022	3/31/2023	6/30/2023	9/30/2023	9/30/2023
Ending balance	$ 29,471	$ 26,175	$ 22,862	$ 19,614	$ 19,614
31-90 days past due	475	604	700	852	852
90+ days past due	225	142	220	351	351
Net charge-offs	464	567	601	755	1,923
Net charge-offs to average loans (annualized)	6.26 %	7.65 %	8.11 %	10.19 %	9.02 %

COMMUNITY BANKING PERFORMANCE

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Q3 2023 Highlights

Q3 2023 Loan Production Summary:

- Loan production during the quarter was $41.2 million[1]
- Loans held for investment, including government guaranteed loans, increased by a net $42.2 million QoQ

Q3 2023 Deposit Summary:

- Deposit balances grew $73.0 million QoQ
- Deposit portfolio increased by 15.9% in number of accounts (to 19,031 accounts totaling $1.02 billion) QoQ

New Banking Center:

- Opened third banking center in Sarasota-Bradenton area in July 2023 bringing the total to 10 banking centers in the Tampa Bay region

Banking Center & Deposits

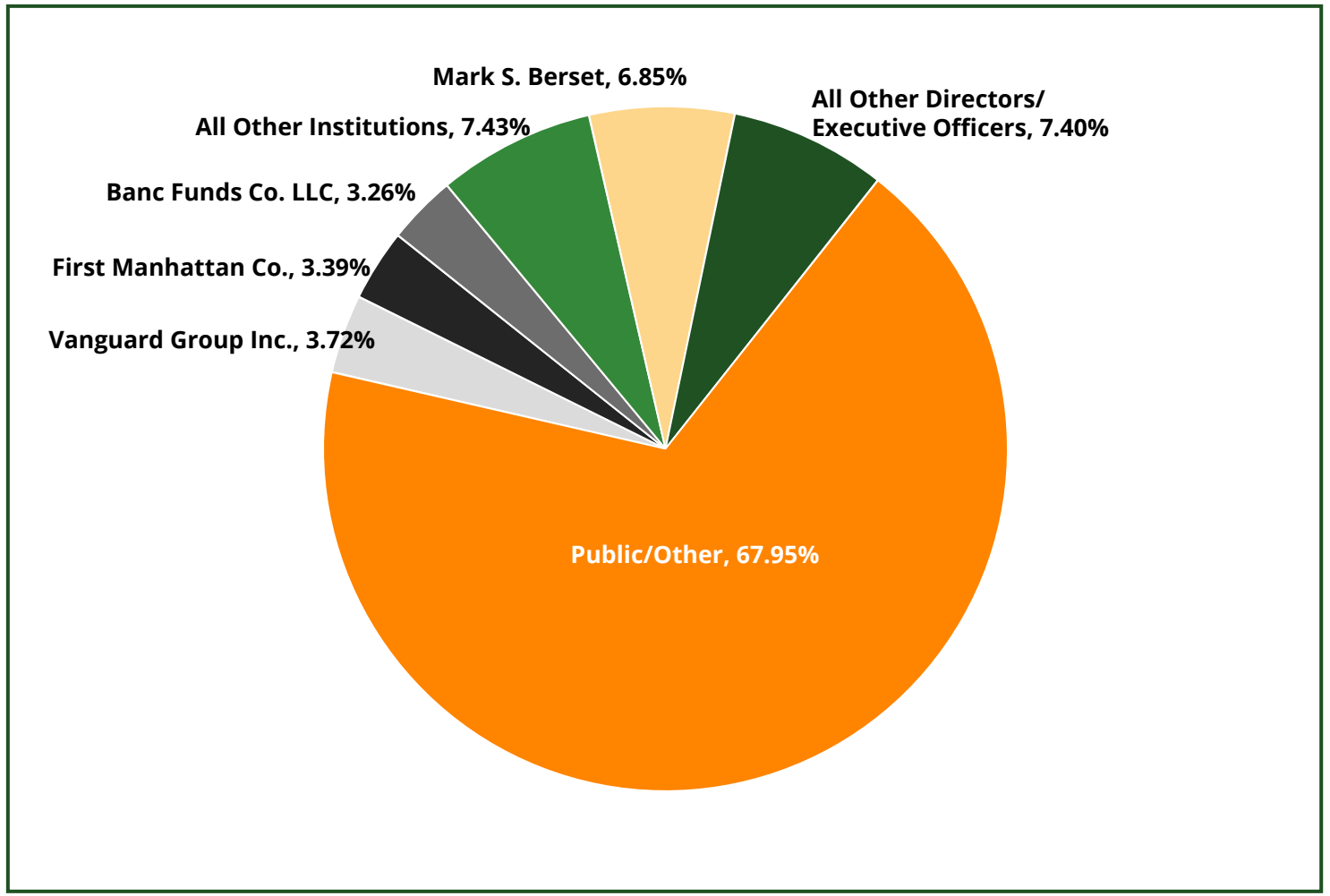
($ in 000s)			Total Deposits		
#	Branch	Year Opened	9/30/2023	9/30/2022	9/30/2021
1	St. Petersburg[2]	2017	$ 246,093	$ 251,956	$ 212,631
2	Seminole	1999	147,513	138,761	157,561
3	Pinellas Park	2005	93,364	66,538	63,561
4	Downtown Sarasota	2018	186,905	170,616	148,021
5	Countryside	2018	72,752	67,068	60,214
6	West Tampa	2020	116,896	65,271	33,046
7	Belleair Bluffs	2021	43,457	23,017	—
8	West Bradenton	2022	57,036	2,509	—
9	Carrollwood	2023	36,684	—	—
10	Bee Ridge	2023	17,096	—	—
Total Branches (10)			$ 1,017,796	$ 785,736	$ 675,034

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

APPENDIX

OWNERSHIP OVERVIEW

Total Common Stock Ownership Mix



Note: Ownership information based on most recently disclosed common shares outstanding of 4,103,834 as of 10/20/203
Source: S&P Capital IQ Pro

ATTRACTIVE FLORIDA MARKETS

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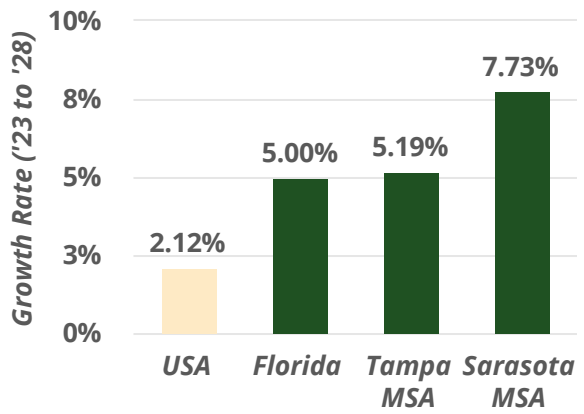
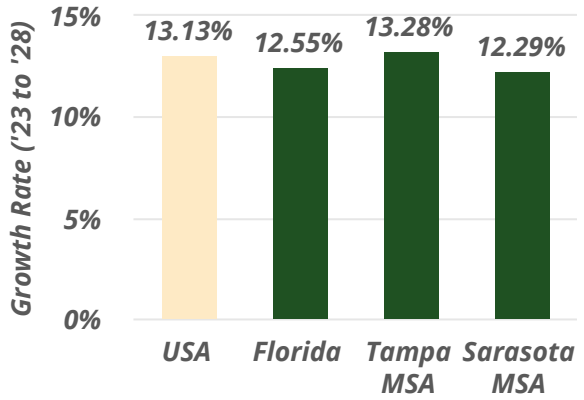
MEANINGFUL ECONOMIC TAILWINDS

...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*

~$1.5T economy, with 3.5% GDP growth in Q1'23

3.0 million small businesses, more than any other Southeastern state

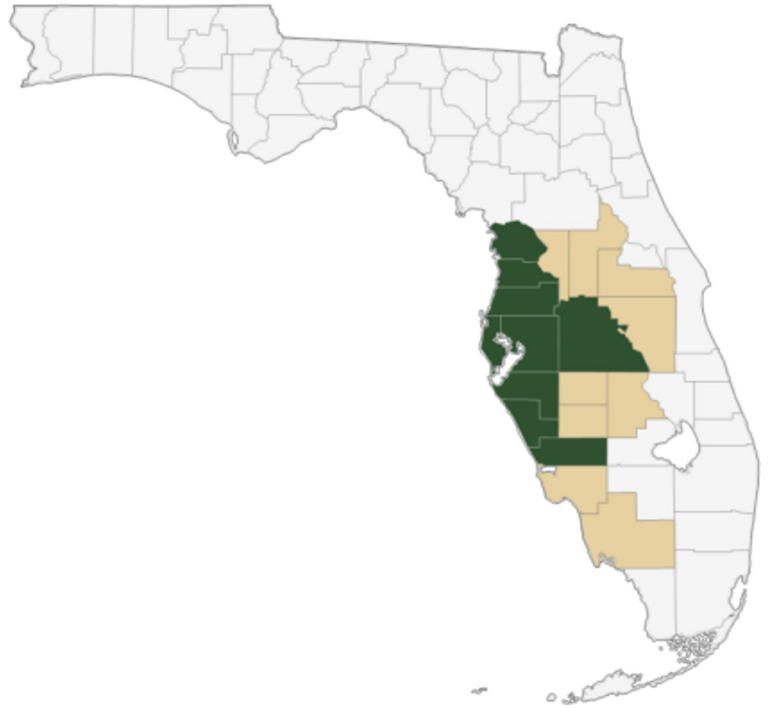
3rd most populous state

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

DEPOSITS IN TAMPA BAY/SARASOTA REGION

Total Deposits (Total Assets <$10BN and HQ in Tampa/St. Petersburg/Sarasota Region)				
Rank	*Institution*	*Deposits ($ millions)*	*Branches (No.)*	*Average Deposits per Branch ($ millions)*
1	Bank of Tampa	$2,828	13	$218
2	BayFirst National Bank	945	9	105
3	Flagship Bank	511	6	85
4	Climate First	341	3	114
5	Gulfside Bank	265	1	265
6	TCM Bank NA	251	1	251
7	Central Bank	244	4	61
8	Century Bank of Florida	91	1	91
9	Waterfall Bank	97	1	97

Note: Deposit data as of June 30, 2023
Source: Uniform Bank Performance Report

LIQUIDITY SOURCES

- **Available Liquidity**
  - $117 million in cash and due from other banks
  - $40 million in AFS investment securities
- **Off Balance Sheet Sources of Liquidity**
  - $156 million of unused, available borrowing capacity at the FHLB based on pledged loans
  - $40 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 $170 million in brokered deposits [(1)]
  - Up to $340 million in listing service deposits [(1)]

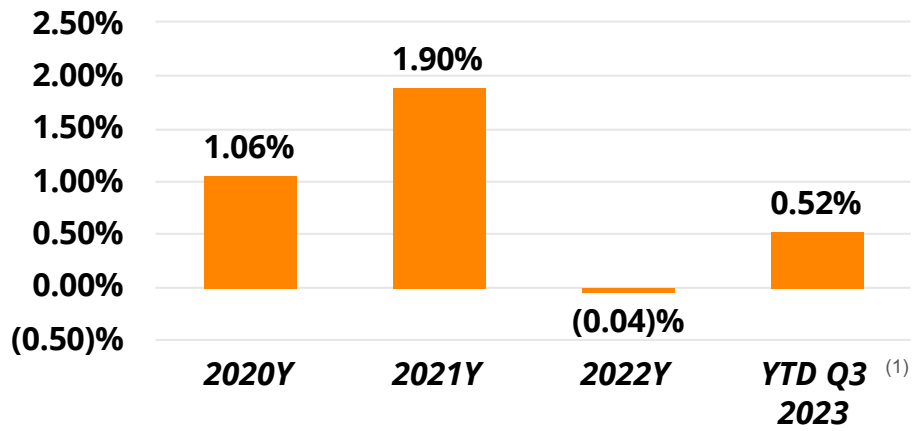
[(1)] Based on Bank's policy limits

Data as of September 30, 2023 (unaudited)

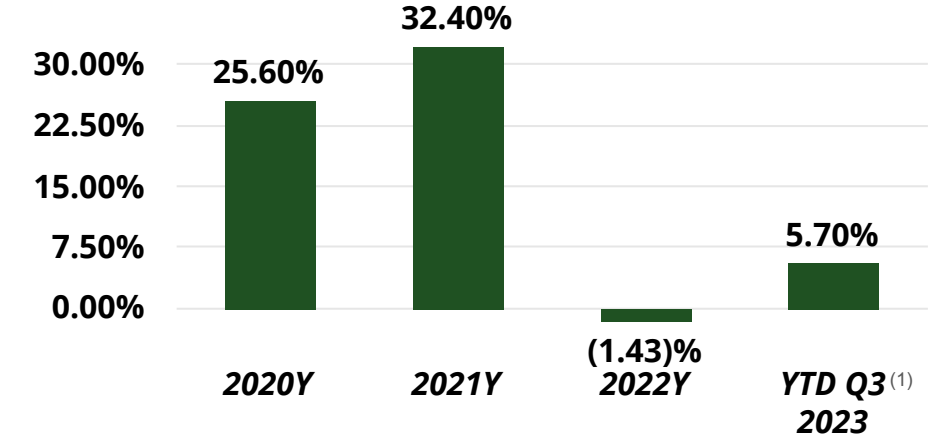
RETURNING TO STRONG PROFITABILITY

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

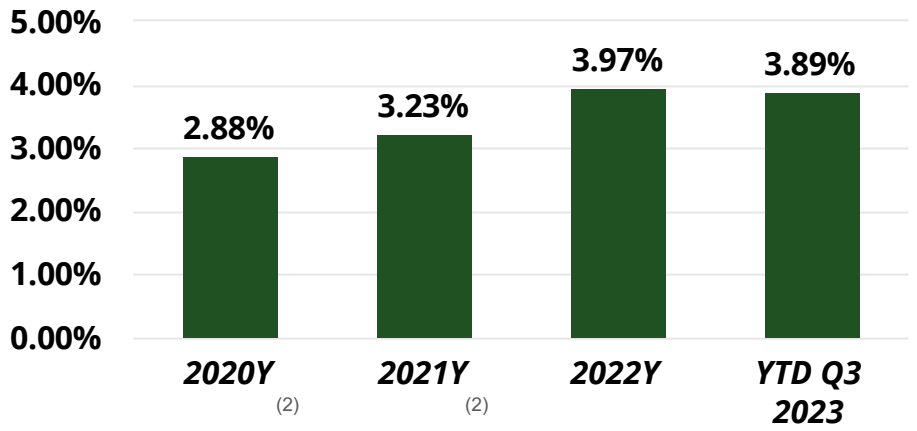
ROAA (%)



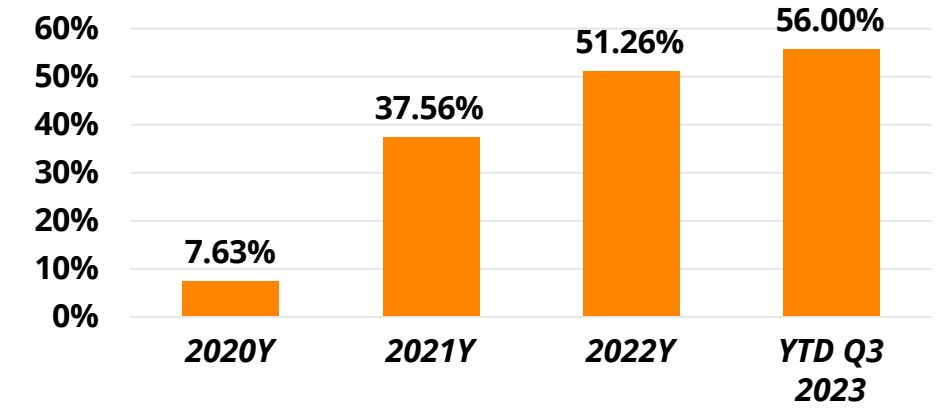
ROATCE (%)



Net Interest Margin (%)



Noninterest Income / Total Revenue from Continuing Operations



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

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 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 & Director 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



Scott J. McKim

EVP, Chief Financial Officer of BayFirst and the Bank

- Joined BayFirst in July 2023
- Previous experience includes Chief Strategy Officer of 121 Financial Credit Union, Chief Financial Officer and Chief Lending Officer of Publix Employees Federal Credit Union, and Director of Corporate Finance and Divisional CFO for Huntington Bancshares
- B.S. in Accounting from Bowling Green State University and a M.B.A from Max M. Fisher College of Business, The Ohio State University

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