

BAYFIRST

BayFirst Financial Corp. (NASDAQ:BAFN)

2023 – Second 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

$1.09 Billion total assets[2]

GROWTH

198% ASSET GROWTH OVER 5 YEARS

SBA ORIGINATION

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

INITIATIVES

ESG ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FOCUSED

DEPOSITS

20% TRANSACTION ACCOUNTS GROWTH DURING THE FIRST HALF OF THE YEAR

NET INTEREST MARGIN

45 BPS EXPANSION OF NIM SINCE SAME QUARTER OF LAST YEAR

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

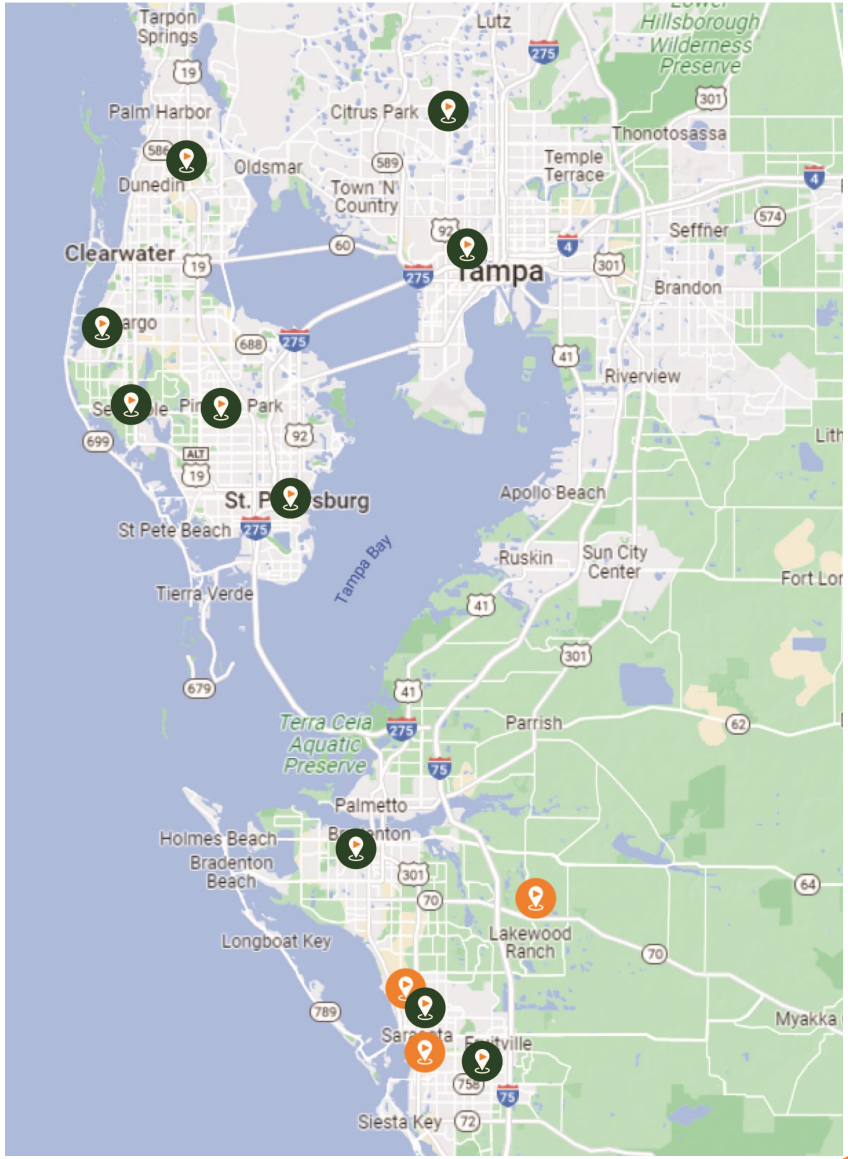
ABOUT BAYFIRST FINANCIAL CORP.

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CURRENT BANKING CENTER LOCATION

FUTURE BANKING CENTER LOCATION

EXPANDING BANKING CENTER FRANCHISE



INNOVATIVE COMMUNITY BANK

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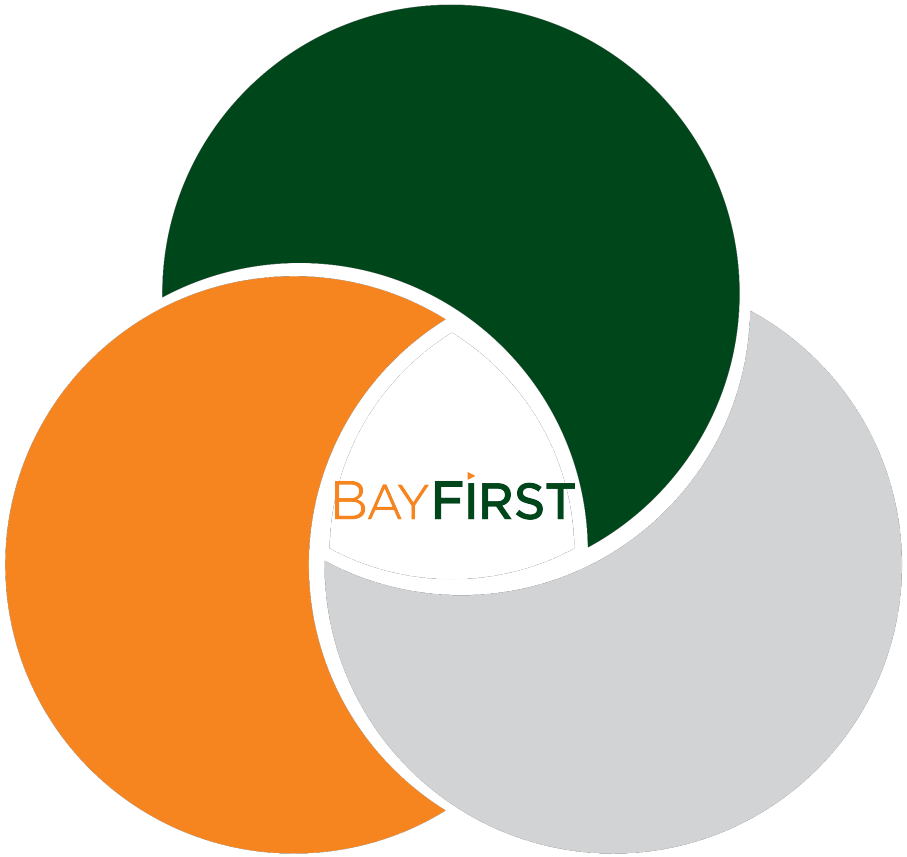
Technology driven community bank with diversified revenue streams

COMMUNITY BANKING

- **10 banking centers in Tampa Bay**, **expected to grow to 12 banking** centers over the next year
  - **7 commercial** and **5 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**



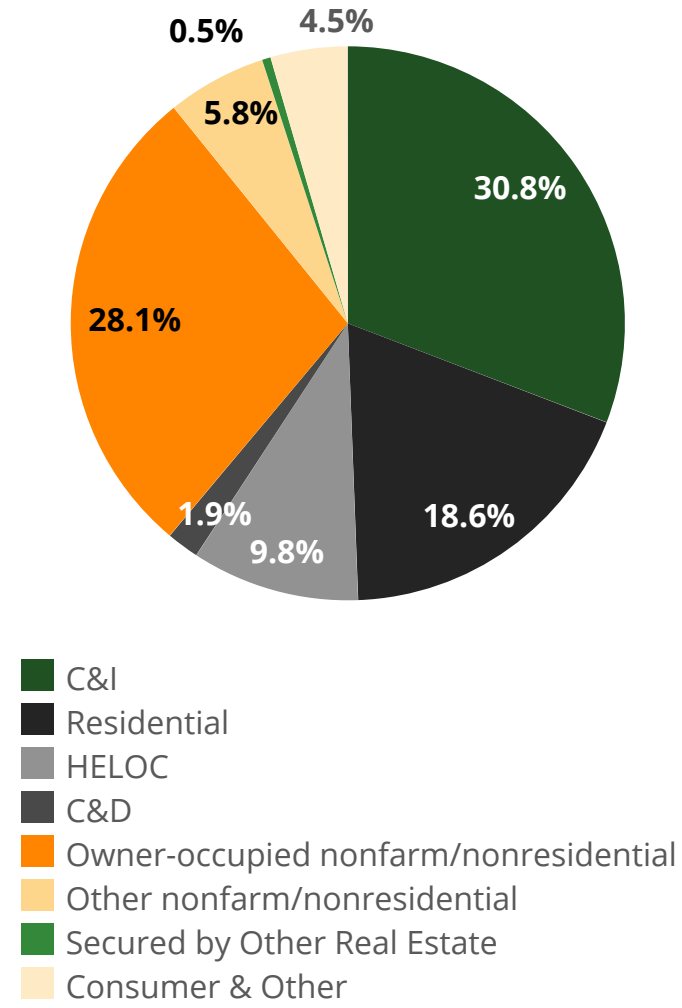
CREDITBENCH

- **BayFirst's in-house government guaranteed lending platform**
- **#6 SBA lender in dollars and #3 in units as of SBA's quarter ended 6/30/23**
- **#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 COMPOSITION

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



Loan Highlights

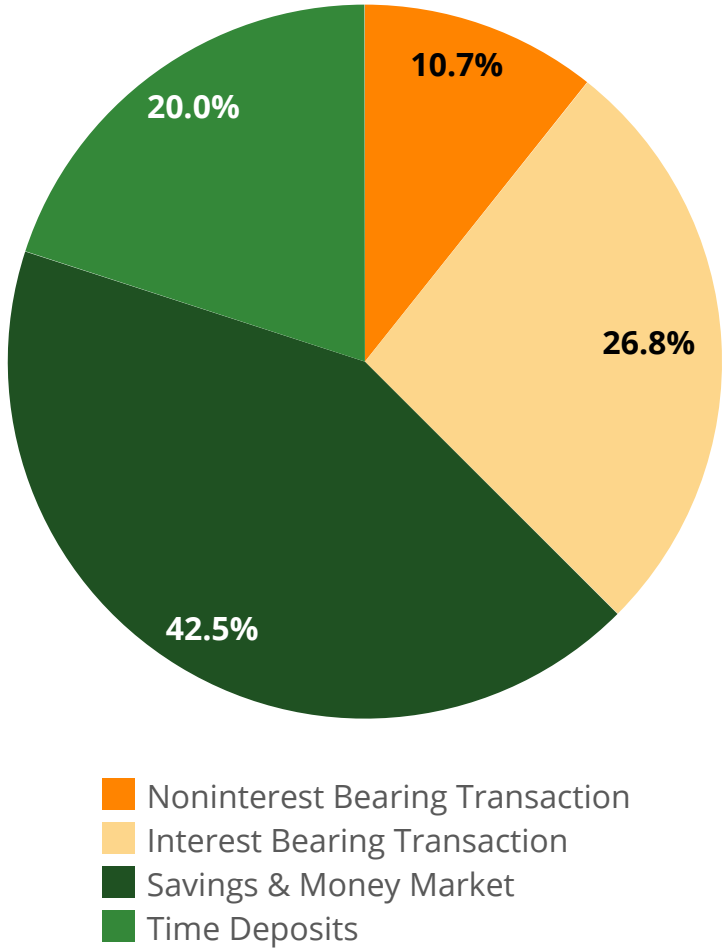
- Low concentration of non owner-occupied commercial real estate loans
- Total loan production of $196 million during the quarter
- Loans held for investment grew $47 million during the quarter [(1)]

[(1)] Excludes PPP loans

SOLID DEPOSIT COMPOSITION

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Deposit Portfolio Composition as of June 30, 2023



Deposit Highlights

- Transaction account balances increased $58 million or 20% during the first half of the year
- Approximately 82% of deposits are insured
- Minimal use of short-term brokered deposits (4% of total deposits as of June 30, 2023)

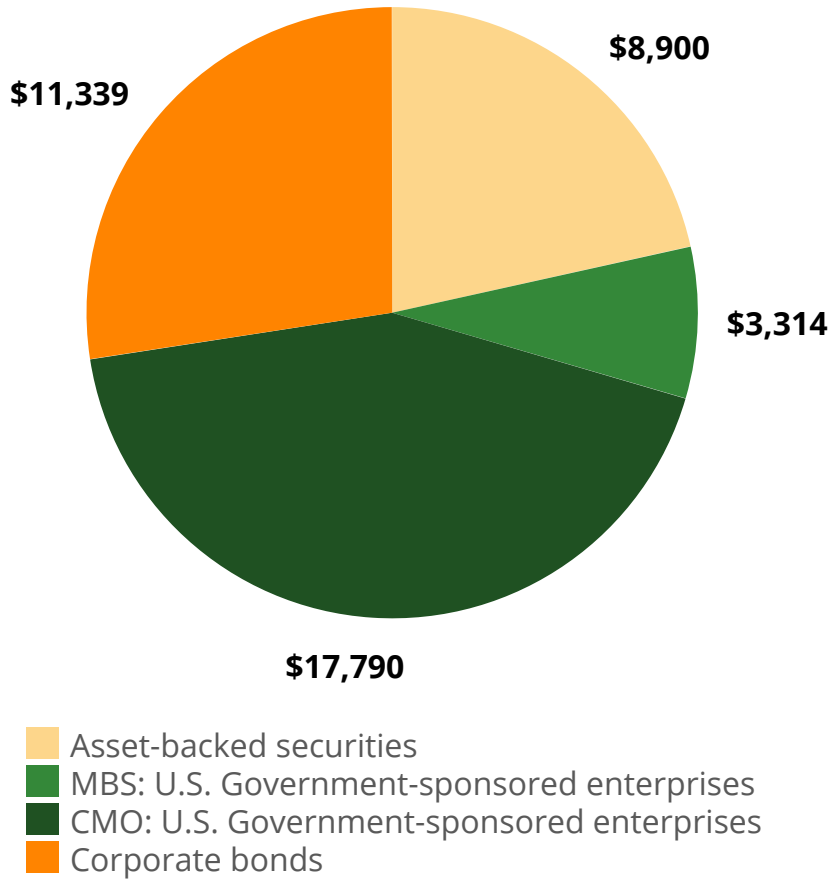
INVESTMENT SECURITIES

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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 $3.2 million reduced Tangible Book Value by $0.79 as of June 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
- The Company has $2.5 million of HTM investment securities, net of ACL of $19 thousand.

AFS Investment Securities Portfolio as of June 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

- Grow community banking franchise through new banking centers and expansion of commercial and consumer lending teams
- Strive to be a top 5 SBA lender in the nation
- 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				
	6/30/2023	3/31/2023	Increase/ (Decrease)	6/30/2022	Increase/ (Decrease)
Interest income	$ 17,792	$ 14,251	$ 3,541	$ 7,759	$ 10,033
Interest expense	7,684	5,198	2,486	1,172	6,512
Net interest income	10,108	9,053	1,055	6,587	3,521
Provision for credit losses	2,765	1,942	823	250	2,515
Noninterest income	10,937	9,448	1,489	7,678	3,259
Noninterest expense	16,402	15,412	990	13,692	2,710
Income tax expense (benefit)	461	280	181	(68)	529
Net income from continuing operations	1,417	867	550	391	1,026
Net loss from discontinued operations	(32)	(128)	96	(673)	641
Net income (loss)	1,385	739	646	(282)	1,667
Preferred dividends	208	208	—	208	—
Net income available to/(loss attributable to) common shareholders	$ 1,177	$ 531	$ 646	$ (490)	$ 1,667

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($000s)	Six Months Ended June 30, 2023	2022	Increase/ (Decrease)
Interest income	$ 32,043	$ 14,762	$ 17,281
Interest expense	12,882	2,506	10,376
Net interest income	19,161	12,256	6,905
Provision for credit losses	4,707	(2,150)	6,857
Noninterest income	20,385	13,342	7,043
Noninterest expense	31,814	27,561	4,253
Income tax expense (benefit)	741	(95)	836
Net income from continuing operations	2,284	282	2,002
Net loss from discontinued operations	(160)	(551)	391
Net income (loss)	2,124	(269)	2,393
Preferred dividends	416	416	—
Net income available to/(loss attributable to) common shareholders	$ 1,708	$ (685)	$ 2,393

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	As of and For the Three Months Ended			As of and For the Six Months Ended	
	6/30/2023	3/31/2023	6/30/2022	6/30/2023	6/30/2022
Return on average assets[1]	0.52 %	0.30 %	(0.13)%	0.42 %	(0.06)%
Return on average common equity[1]	5.86 %	2.69 %	(2.35)%	4.29 %	(1.64)%
Tangible book value per common share	$ 19.85	$ 19.70	$ 20.80	$ 19.85	$ 20.80
Diluted earnings from continuing operations per common share	$ 0.30	$ 0.16	$ 0.05	$ 0.46	$ (0.03)
Dividend payout ratio	27.89 %	61.48 %	(65.54)%	38.34 %	(93.64)%
Total Capital (to risk-weighted assets)	13.60 %	14.12 %	16.37 %	13.60 %	15.00 %
Common Equity Tier 1 Capital (to risk-weighted assets)	12.34 %	12.87 %	15.12 %	12.34 %	13.75 %
Tier 1 Capital (to total assets)	9.36 %	10.18 %	11.37 %	9.36 %	10.79 %
Nonperforming loans (excl gov't gtd balance)/ total loans held for investment	0.79 %	0.26 %	0.66 %	0.79 %	0.66 %
ACL/Total loans held for investment at amortized cost, excl PPP loans[2]	1.64 %	1.73 %	1.71 %	1.64 %	1.71 %

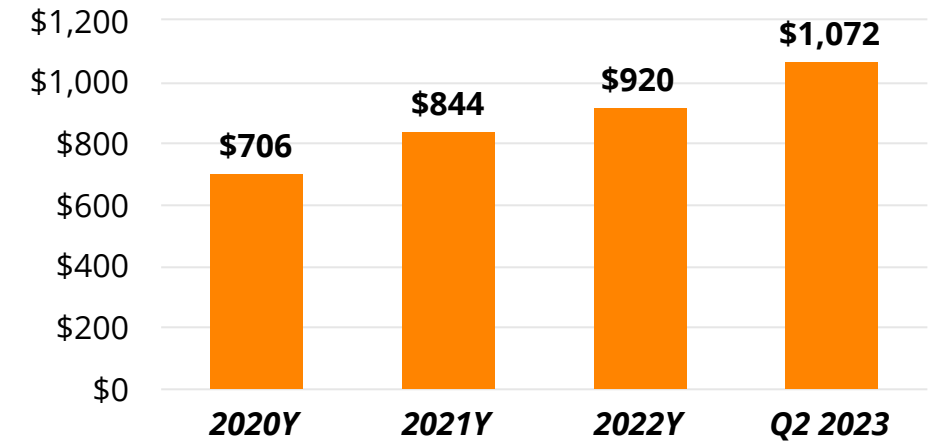
[1] Annualized
[2] Prior to January 1, 2023, the incurred loss methodology was used to estimate credit losses. Beginning with that date, credit losses are estimated using the CECL methodology.

ORGANIC GROWTH

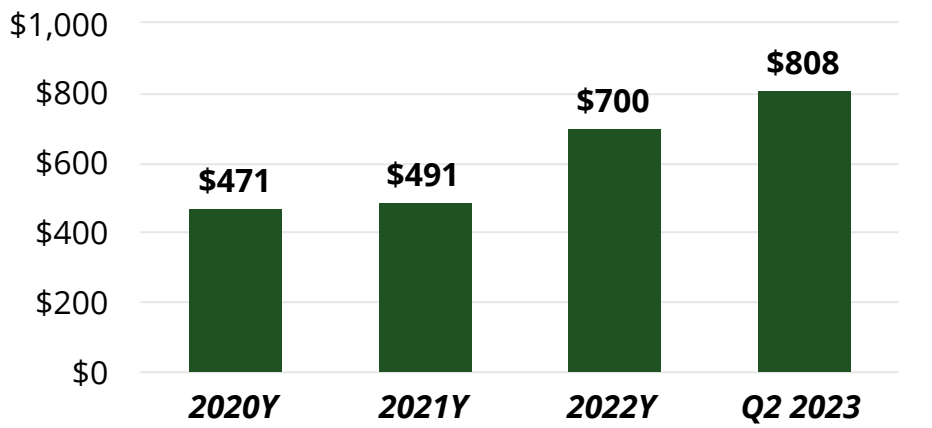
Strong balance sheet on track for continued organic growth

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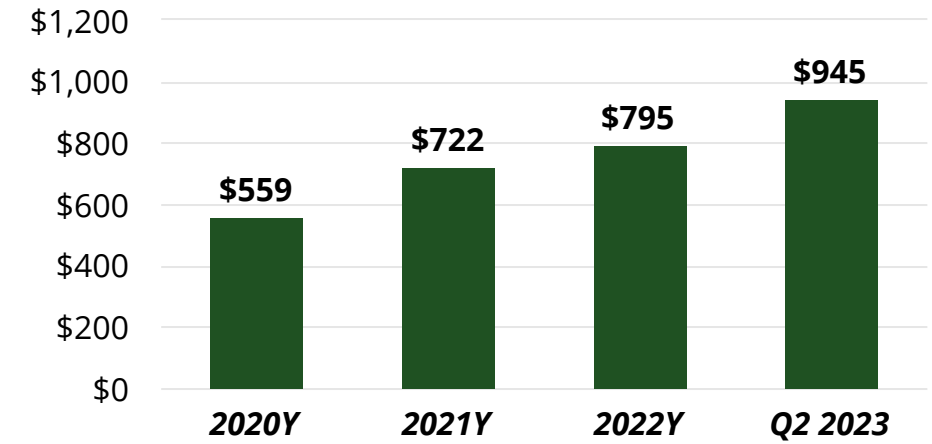
Total Assets excluding PPP Loans ($M)



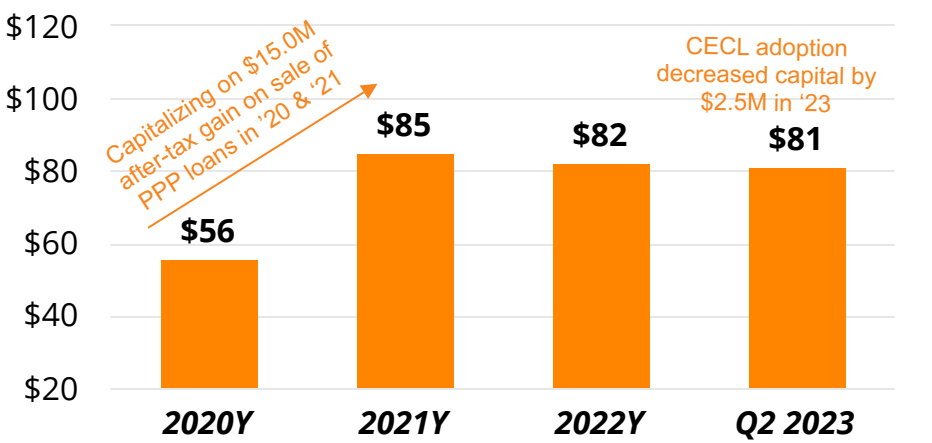
Total Net Loans HFI excluding PPP loans ($M)



Total Deposits ($M)



Tangible Common Equity ($M)



LIQUIDITY SOURCES

- **Available Liquidity**
  - $109 million in cash and due from other banks
  - $41 million in AFS investment securities
- **Off Balance Sheet Sources of Liquidity**
  - $140 million of unused, available borrowing capacity at the FHLB based on pledged loans
  - $34 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 $123 million in brokered deposits [(1)]
  - Up to $317 million in listing service deposits [(1)]

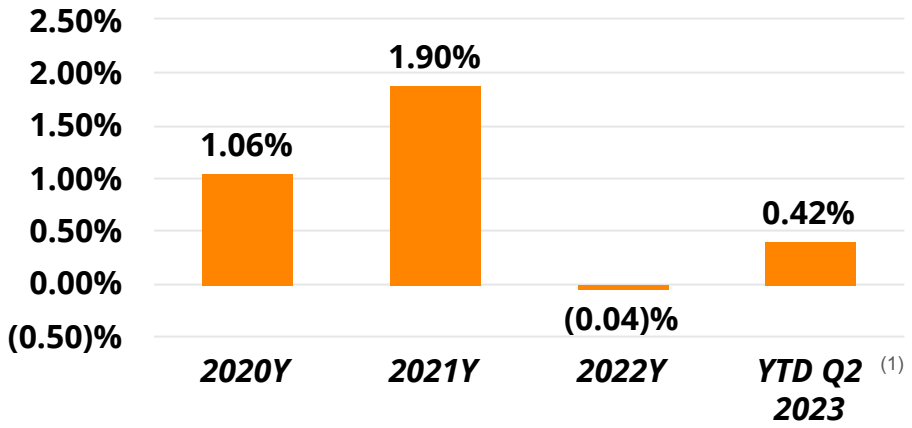
[(1)] Based on Bank's policy limits

Data as of June 30, 2023 (unaudited)

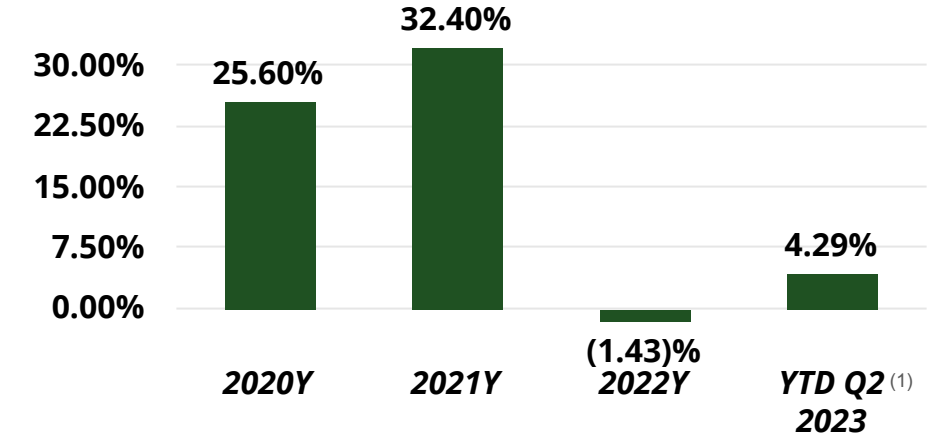
POSITIONED TO RETURN TO STRONG PROFITABILITY

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

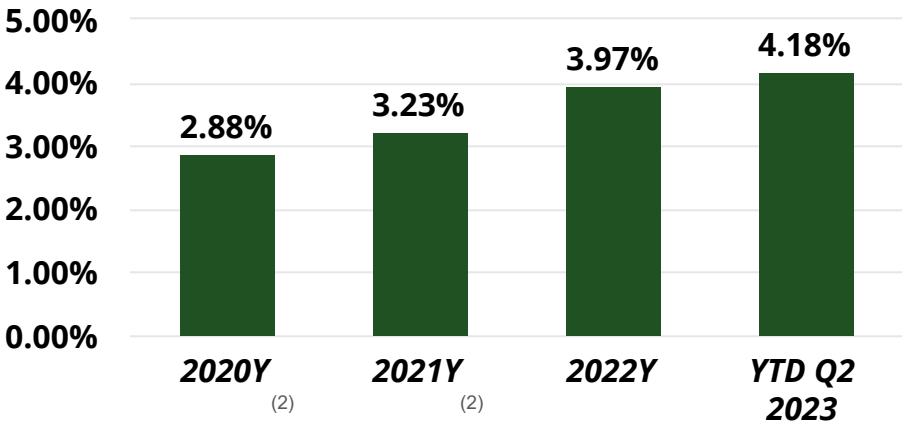
ROAA (%)



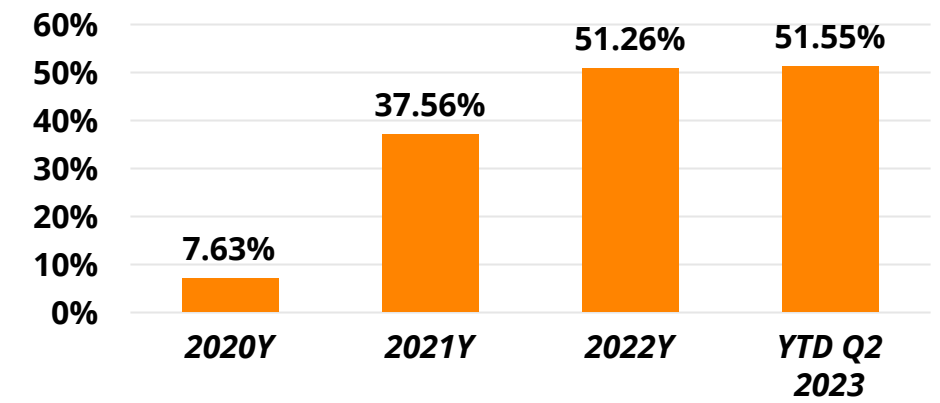
ROATCE (%)



Net Interest Margin (%)



Noninterest Income / Total Revenue from Continuing Operations



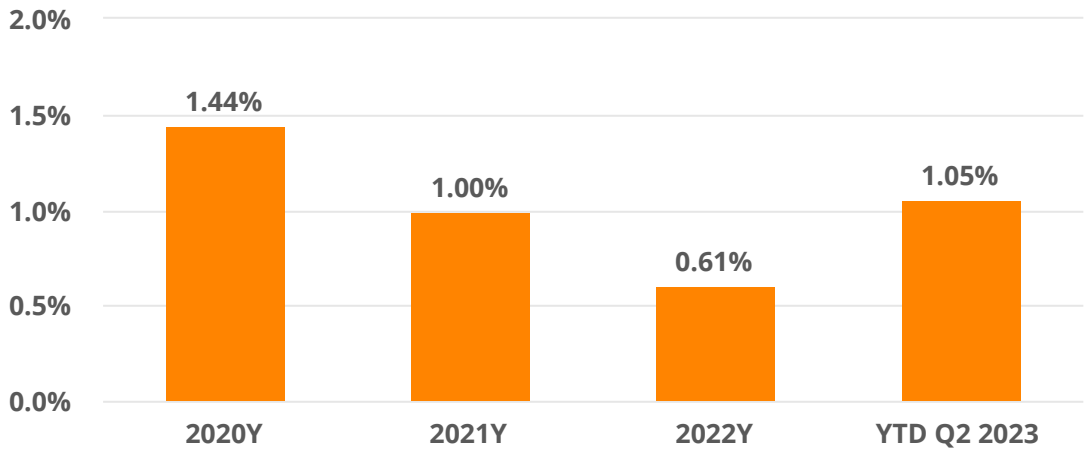
(1) Annualized
(2) The NIM was depressed due to impact of low yield PPP loan portfolio

ASSET QUALITY

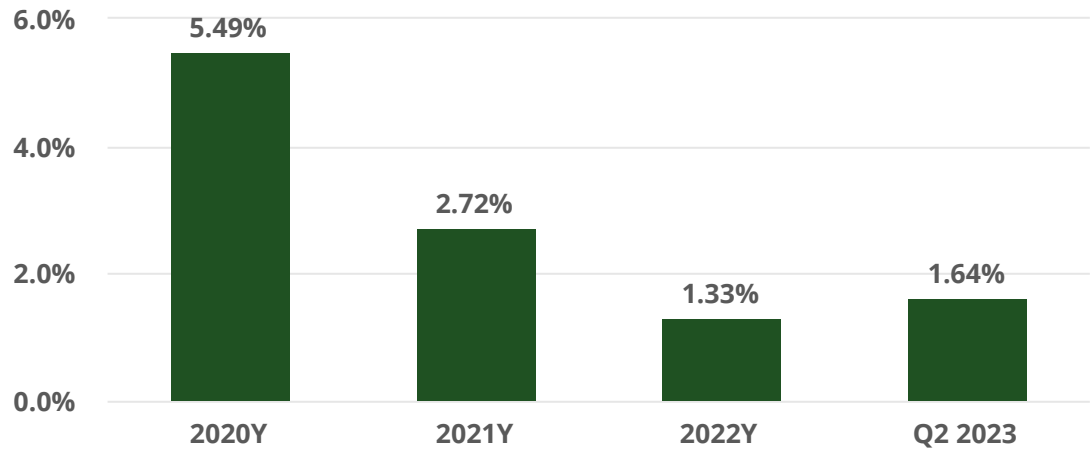
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Strong reserve well-positioned to withstand volatility in economic conditions

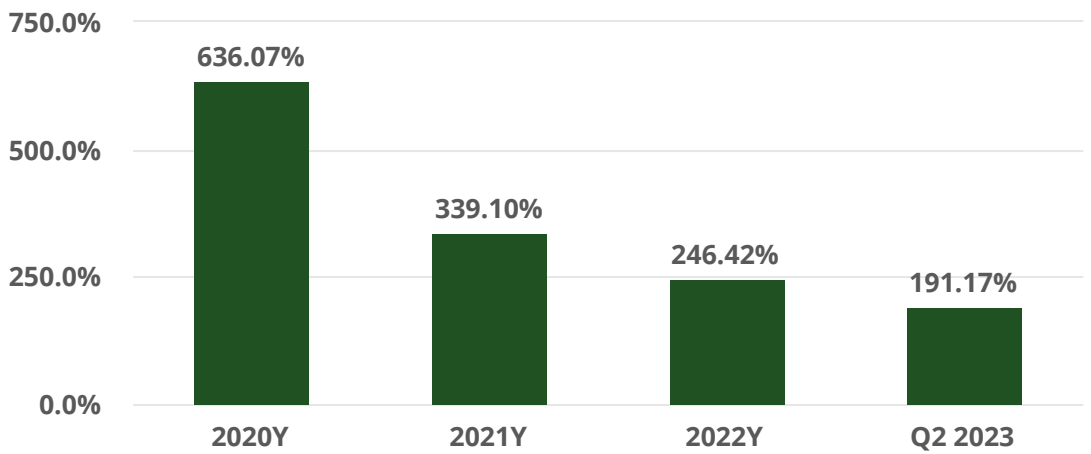
Net charge-offs/average loans held for investment excluding PPP



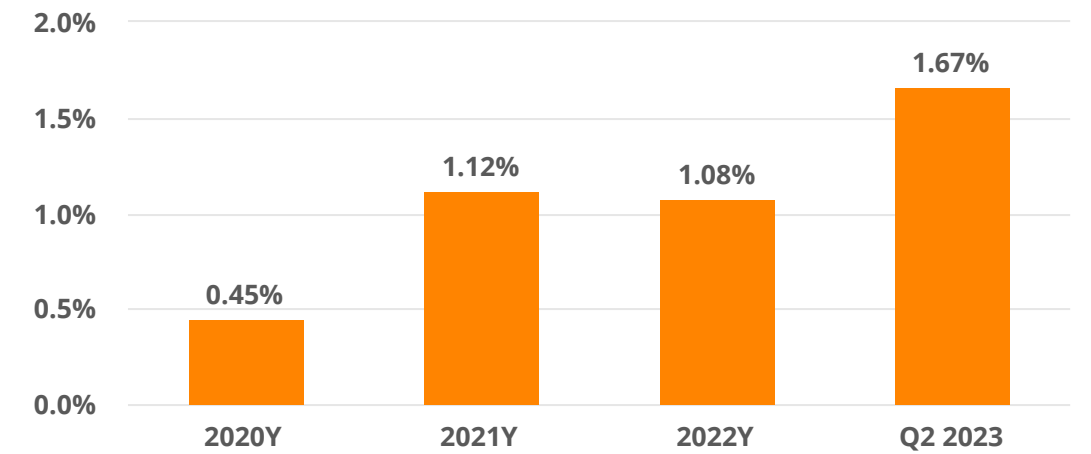
ACL/Total loans held for investment at amortized cost, excluding PPP loans[1]



ACL to nonperforming loans[1][2]



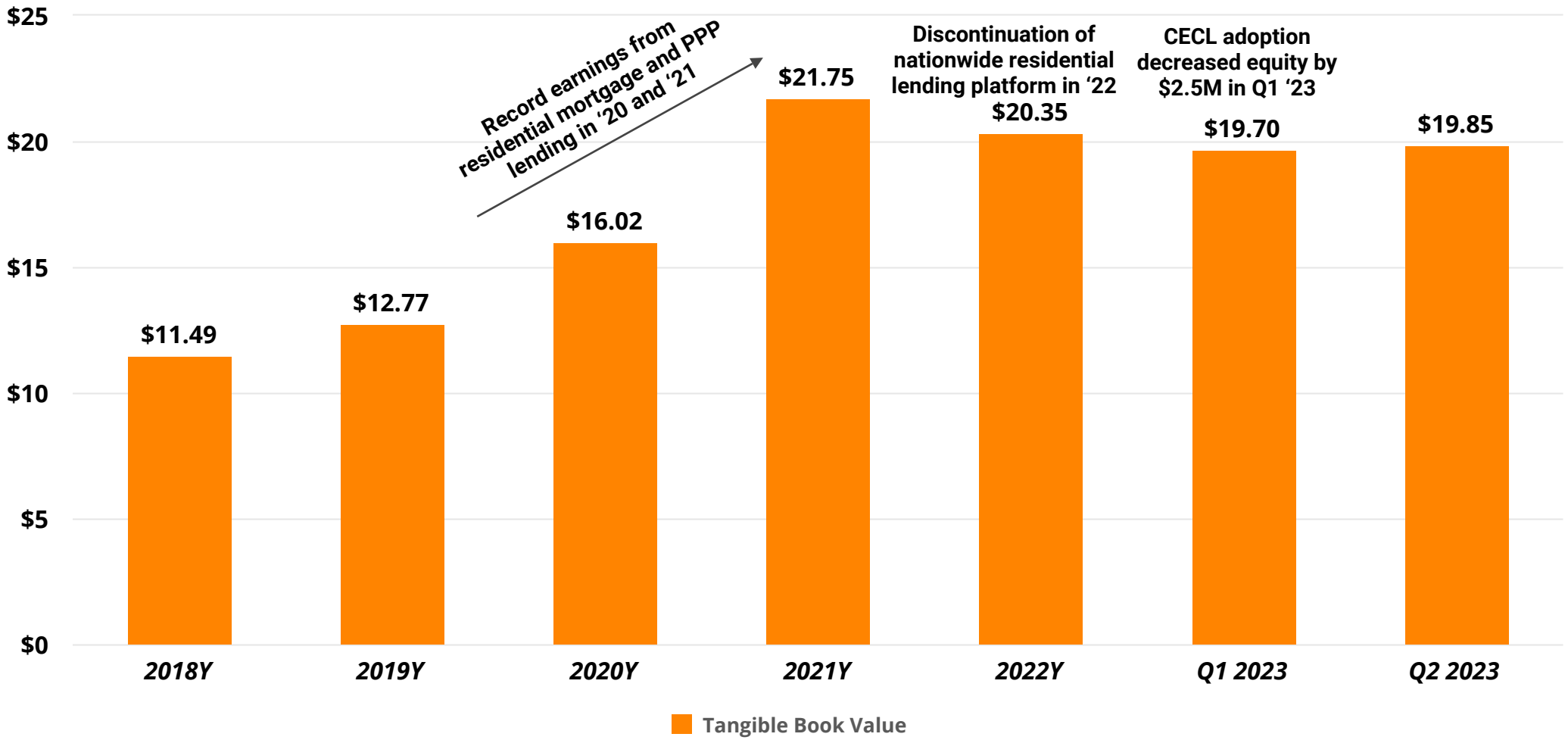
Past due and Nonaccrual loans to Total loans HFI at amortized cost[2]



[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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Q2 2023 Highlights

Q2 2023 Loan Production Summary:

- Loan production during the quarter was $71.1 million[1]
- Loans held for investment, including government guaranteed loans, increased by a net $46.5 million QoQ

Q2 2023 Deposit Summary:

- Deposit balances grew $11.9 million QoQ
- Deposit portfolio increased by 4.3% in number of accounts (to 16,419 accounts totaling $944.8 million) 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

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

Banking Center & Deposits

($ in 000s) #	Branch	Year Opened	Total Deposits 6/30/2023	6/30/2022	6/30/2021
1	St. Petersburg[2]	2017	$ 277,276	$ 247,003	$ 198,056
2	Downtown Sarasota	2018	173,695	169,463	144,103
3	Seminole	1999	136,807	150,861	143,921
4	Pinellas Park	2005	90,211	69,395	63,985
5	Countryside	2018	64,209	62,342	53,959
6	West Tampa	2020	110,112	53,352	28,298
7	Belleair Bluffs	2021	34,891	12,990	—
8	West Bradenton	2022	41,359	—	—
9	Carrollwood	2023	16,222	—	—
Total Branches (9)			$ 944,782	$ 765,406	$ 632,322

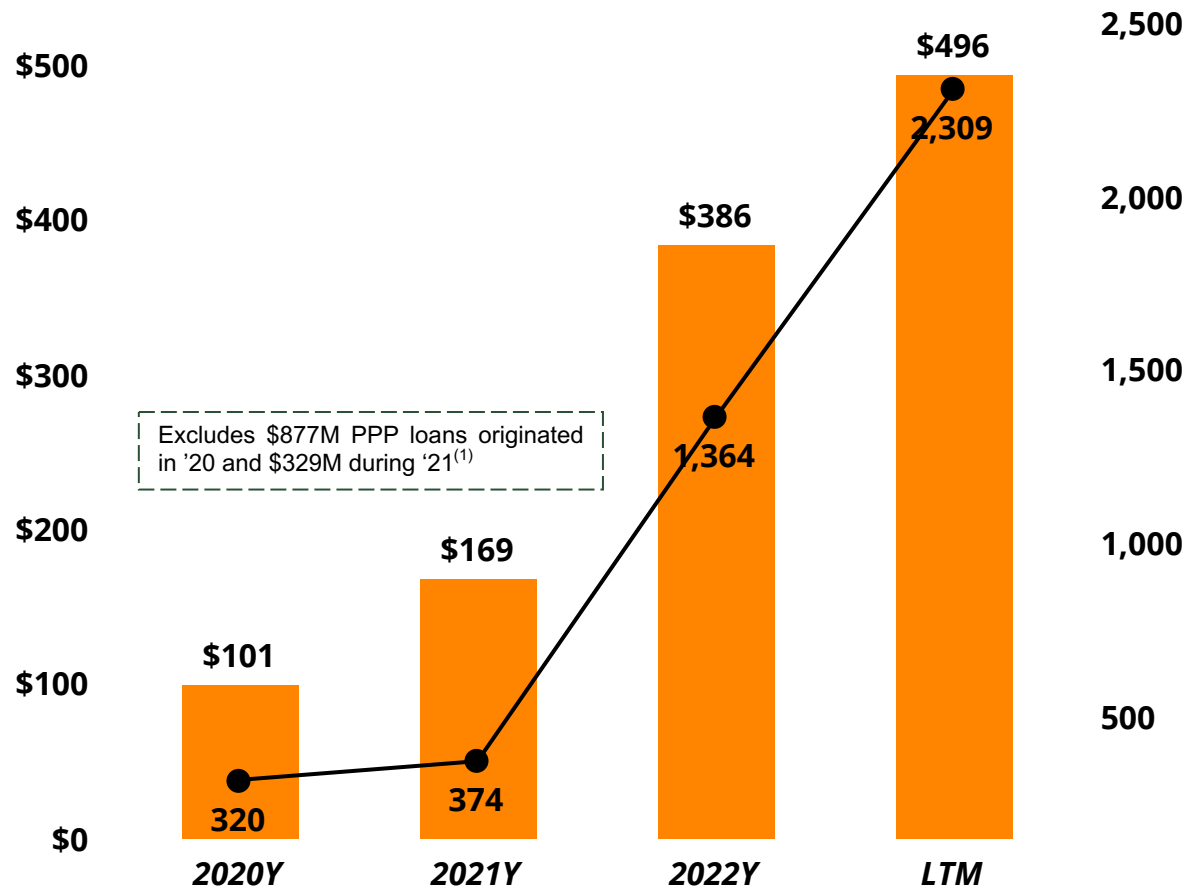
CREDITBENCH (SBA/USDA LENDING)

BAYFIRST

Q2 2023 Highlights

- Nationally ranked #6 in total SBA dollars and #3 in units for the quarter ending June 30, 2023
- Strategic initiative to expand USDA business and industry lending program. The Company recently hired an experienced USDA lender to support this effort.
- **Total Q2 2023 government guaranteed loan production increased** 38.3% from Q2 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 $254.6 million, including $74.8 million in Q2 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 LOANS

- Government guaranteed loan portfolio of $364 million of which $183 million are guaranteed by the SBA or USDA
- Sold $113 million of guaranteed loan balances and $11 million of unguaranteed loan balances for a net gain on sale of $6 million during the quarter
- The sale of unguaranteed loan balances reduces credit risk in the loan portfolio and even, when sold at a discount, often results in a positive impact to the income statement in the quarter sold with reductions in provision for credit losses and acceleration of the recognition of discount on loans sold income offsetting any loss on sale
- Purchased $64 million of government guaranteed loans during the quarter, $32 million of which was already sold or paid off during the quarter

KEY INVESTMENT POINTS

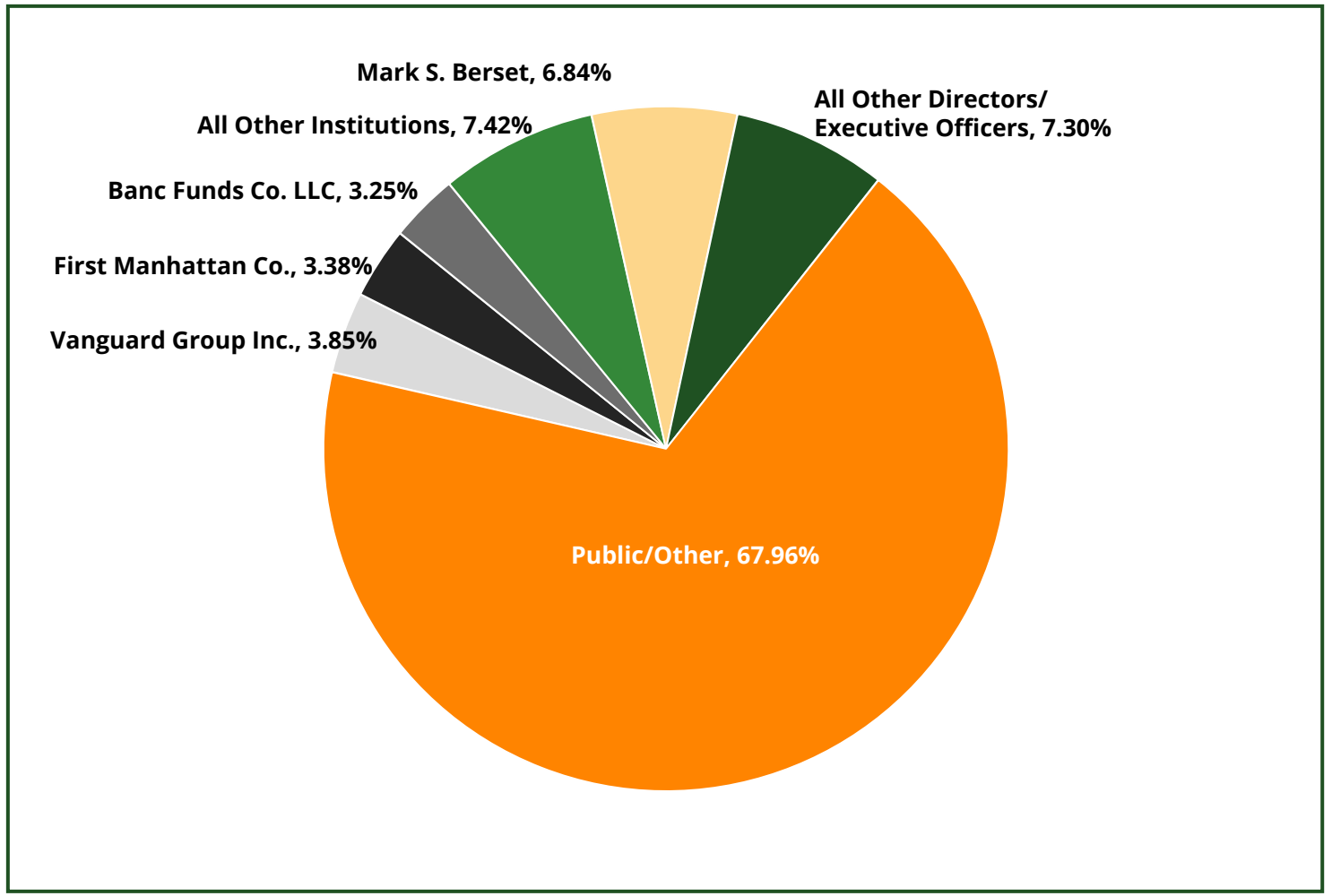


- Second largest community bank (deposits) based in attractive Tampa Bay region
- Total asset growth of 198% since YE2017
- Solid deposit growth of 19% since year end and 23% since same period last year
- Among the nation's top SBA loan generators
- Innovative technology driven bank planning for the future of banking
- Experienced management team with strong insider ownership of 14%
- Consistent dividend growing 100% over past 5 years

APPENDIX

OWNERSHIP OVERVIEW

Total Common Stock Ownership Mix

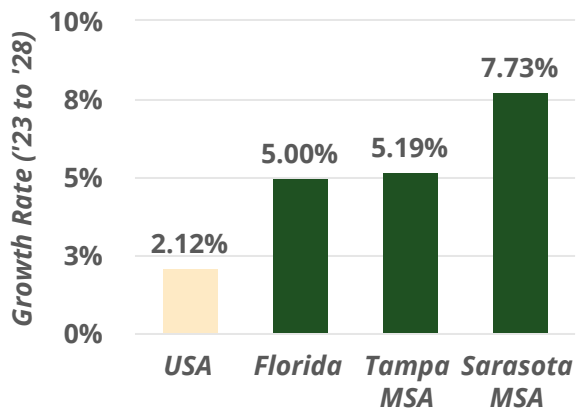


Note: Ownership information based on most recently disclosed common shares outstanding of 4,104,669 as of 7/20/2023
Source: S&P Capital IQ Pro

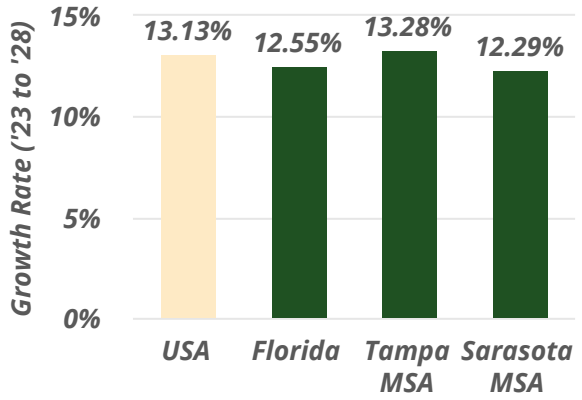
ATTRACTIVE FLORIDA MARKETS

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

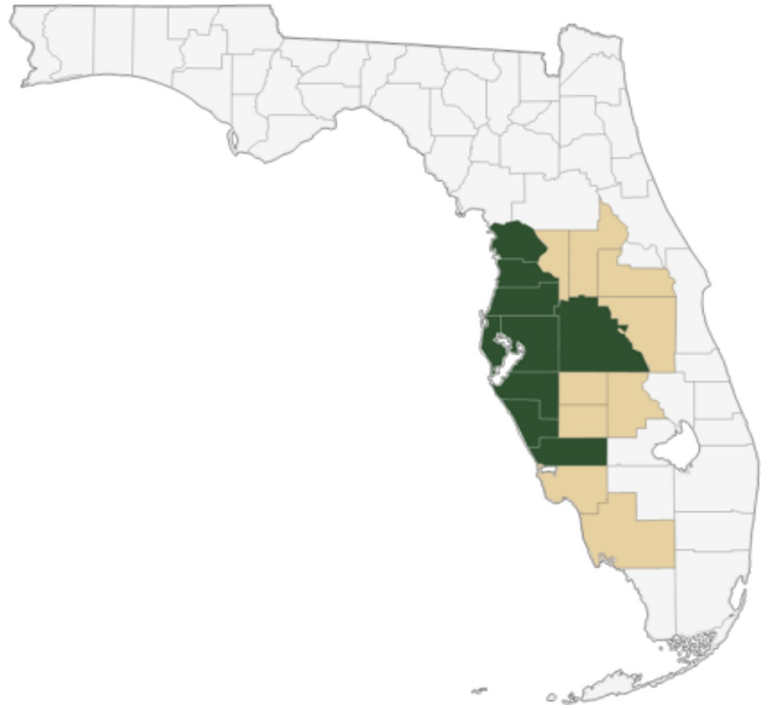
3rd most populous state

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	$2,843	13	$219
2	BayFirst National Bank	934	9	104
3	Flagship Bank	510	6	85
4	Climate First	270	3	90
5	Gulfside Bank	261	1	261
6	TCM Bank NA	235	1	235
7	Central Bank	223	4	56
8	Century Bank of Florida	99	1	99
9	Waterfall Bank	72	1	72

Note: Deposit data as of March 31, 2023
Source: Uniform Bank Performance Report

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