

BAYFIRST

BayFirst Financial Corp. (NASDAQ:BAFN)

2023 – Fourth Quarter Results

(Unaudited)

Cautionary Statement Concerning Forward-Looking Information

In addition to the historical information contained herein, this presentation includes "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. These statements are subject to many risks and uncertainties, including, but not limited to, the effects of 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

$1.12 BILLION TOTAL ASSETS[(2)]

GROWTH

206% ASSET GROWTH SINCE DEC 31, 2018[(2)]

SBA ORIGINATION

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

INITIATIVES

ESG ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FOCUSED

DEPOSITS

19% TRANSACTION ACCOUNT BALANCE GROWTH DURING THE YEAR[(2)]

BANKING CENTERS

THE FOURTH BANKING CENTER IN SARASOTA-BRADENTON AREA OPENED IN NORTH SARASOTA IN DECEMBER BRINGING THE TOTAL BANKING CENTERS TO 11 IN THE TAMPA BAY REGION

1. *Deposit ranking of banks with assets less than $10B headquartered in the Tampa/Sarasota region as of September 30, 2023 from Uniform Bank Performance Reports*
2. *Financial data as of December 31, 2023*
3. *As of SBA's quarter ended December 31, 2023*

KEY INVESTMENT POINTS



- Second largest community bank (deposits) based in attractive Tampa Bay region
- Total asset growth of 206% since YE2018
- Solid deposit growth of 24% since same period last year
- Among the nation's top SBA loan originators
- Innovative technology driven bank planning for the future of banking
- Experienced management team with strong insider ownership of 14%
- 30 consecutive quarters of dividend payments, which increased 100% over past 5 years

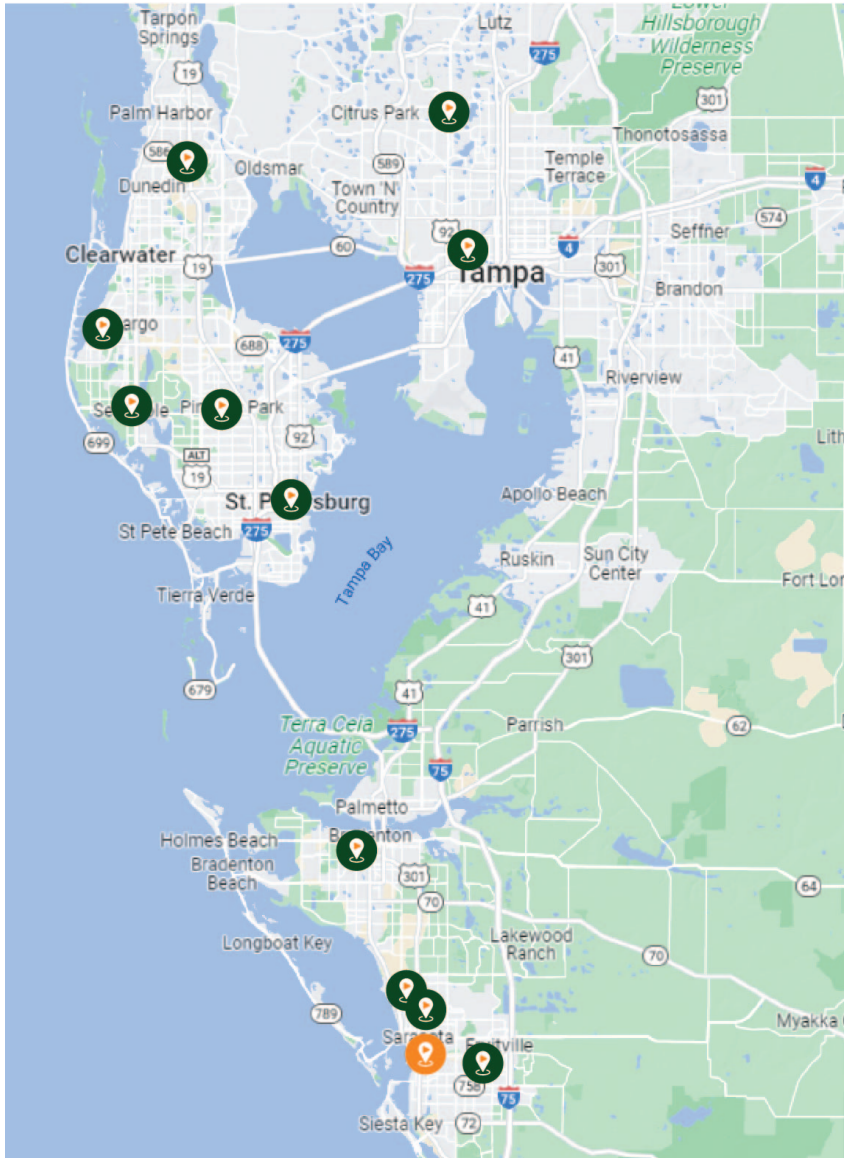
ABOUT BAYFIRST FINANCIAL CORP.

BAYFIRST

CURRENT BANKING CENTER LOCATION

FUTURE BANKING CENTER LOCATION

EXPANDING BANKING CENTER FRANCHISE



INNOVATIVE COMMUNITY BANK

BAYFIRST

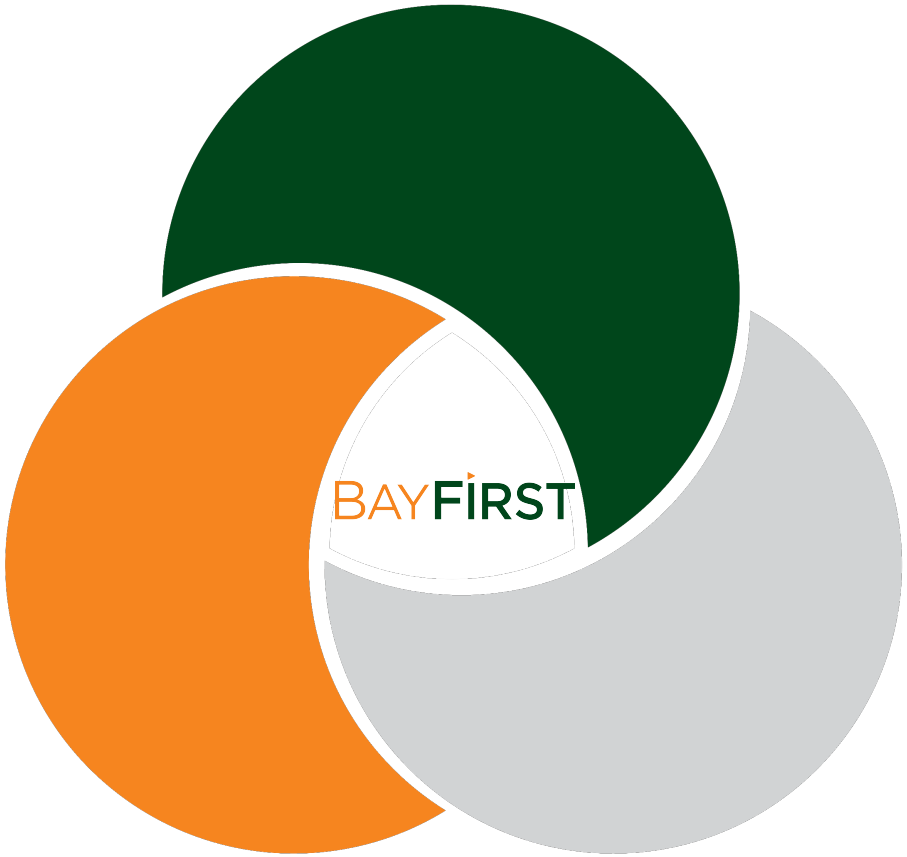
Technology focused community bank with diversified revenue streams

COMMUNITY BANKING

- **11 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 FOCUSED

- **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**



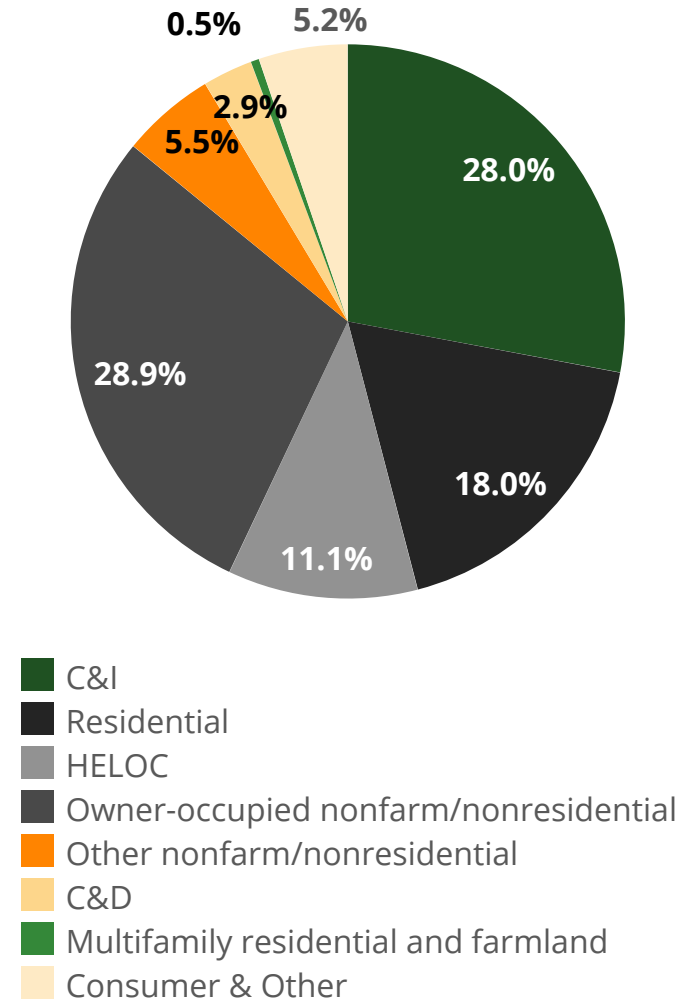
CREDITBENCH

- **BayFirst's in-house government guaranteed lending platform**
- **#5 SBA lender in dollars and #2 in units as of SBA's quarter ended 12/31/23**
- **#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
- **Small Loan Balance program:**
  - Includes **Bolt SBA 7(a) loans for $150K or less**, up to 85% government guarantee
- **Core program:**
  - **Focus on greater than $150K**
  - Loan generation from **organic sales** and **FinTech partners**

ATTRACTIVE LOAN COMPOSITION

BAYFIRST

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



Loan Highlights

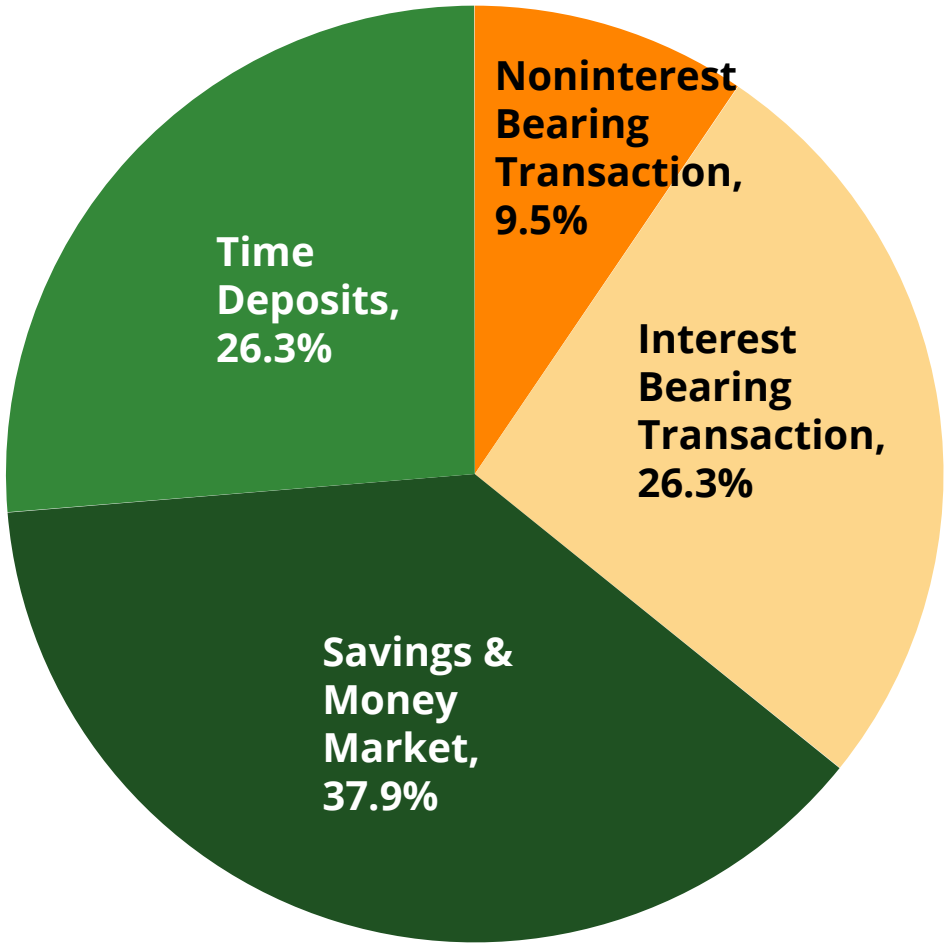
- Loan portfolio is well-diversified across major loan types with a low concentration of non owner-occupied commercial real estate loans
- Total loan production of $202 million during the quarter
- Loans held for investment grew $49 million during the quarter [(1)]

[(1)] Excludes PPP loans

SOLID DEPOSIT COMPOSITION

BAYFIRST

Deposit Portfolio Composition as of December 31, 2023



Deposit Highlights

- Transaction account balances increased $57 million or 19% during the year
- Approximately 84% of deposits are insured
- Minimal use of short-term brokered deposits ($30 million as of December 31, 2023)
- Grew number of checking accounts by 27% YTD

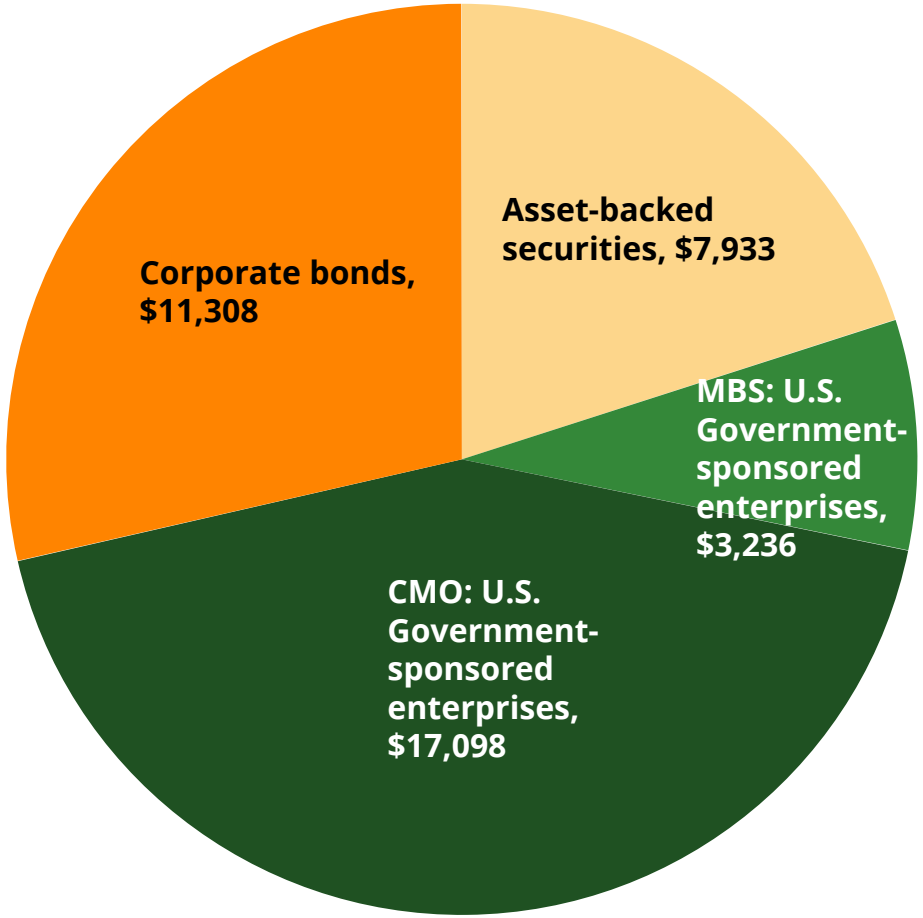
INVESTMENT SECURITIES

BAYFIRST

Investment Securities Portfolio Details

- Minimal exposure to market value losses due to modest investment securities portfolio (4% of total assets)
- Other Comprehensive Loss of $3.0 million reduced Tangible Book Value by $0.73 as of December 31, 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 $17 thousand

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



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

STRATEGIC PILLARS 2024



2024 GOALS & INITIATIVES

- Increase the volume of small-balance SBA loans
- Focus on revenue growth and optimize the Bank's efficiency ratio
- Maximize existing banking centers to increase brand awareness and core deposit customers
- Partner with Fintech firms to create fee income and loan and deposit opportunities
- Grow capital and expand the Company's shareholder base
- Enhance overall customer experience, engagement, and satisfaction
- Improve digital channels and functionalities to elevate customer engagement
- Maximize the investment in technology
- Position the Bank to achieve an "Outstanding" CRA rating

BAYFIRST

($000s)	For the Three Months Ended				
	12/31/2023	9/30/2023	Increase/ (Decrease)	12/31/2022	Increase/ (Decrease)
Interest income	$ 18,854	$ 17,620	$ 1,234	$ 12,520	$ 6,334
Interest expense	9,977	9,227	750	3,946	6,031
Net interest income	8,877	8,393	484	8,574	303
Provision for credit losses	2,737	3,001	(264)	700	2,037
Noninterest income	14,691	14,679	12	8,404	6,287
Noninterest expense	18,466	17,427	1,039	13,493	4,973
Income tax expense	704	674	30	672	32
Net income from continuing operations	1,661	1,970	(309)	2,113	(452)
Net income (loss) from discontinued operations	(6)	(47)	41	(791)	785
Net income	1,655	1,923	(268)	1,322	333
Preferred dividends	341	208	133	208	133
Net income available to common shareholders	$ 1,314	$ 1,715	$ (401)	$ 1,114	$ 200

BAYFIRST

($000s)	Year Ended December 31, 2023	2022	Increase/ (Decrease)
Interest income	$ 68,517	$ 38,566	$ 29,951
Interest expense	32,086	8,566	23,520
Net interest income	36,431	30,000	6,431
Provision for credit losses	10,445	(700)	11,145
Noninterest income	49,755	31,550	18,205
Noninterest expense	67,707	55,212	12,495
Income tax expense	2,119	1,560	559
Net income from continuing operations	5,915	5,478	437
Net income (loss) from discontinued operations	(213)	(5,827)	5,614
Net income (loss)	5,702	(349)	6,051
Preferred dividends	965	832	133
Net income available to (loss attributable to) common shareholders	$ 4,737	$ (1,181)	$ 5,918

BAYFIRST

	As of and For the Three Months Ended			As of and For the Year Ended	
	12/31/2023	9/30/2023	12/31/2022	12/31/2023	12/31/2022
Return on average assets[1]	0.60 %	0.71 %	0.57 %	0.54 %	(0.04)%
Return on average common equity[1]	6.37 %	8.46 %	5.56 %	5.87 %	(1.43)%
Tangible book value per common share	$ 20.60	$ 20.12	$ 20.35	$ 20.60	$ 20.35
Diluted earnings from continuing operations per common share	$ 0.32	$ 0.88	$ 0.47	$ 1.17	$ 1.16
Dividend payout ratio	25.03 %	19.15 %	28.99 %	27.70 %	(108.95)%
Total Capital (to risk-weighted assets)	13.02 %	13.47 %	15.00 %	13.02 %	15.00 %
Common Equity Tier 1 Capital (to risk-weighted assets)	11.77 %	12.21 %	13.75 %	11.77 %	13.75 %
Tier 1 Capital (to total assets)	9.38 %	9.16 %	10.79 %	9.38 %	10.79 %
Nonperforming loans (excl gov't gtd balance)/ total loans held for investment	0.99 %	1.00 %	0.50 %	0.99 %	0.50 %
ACL/Total loans held for investment at amortized cost, excl PPP loans[2]	1.64 %	1.72 %	1.33 %	1.64 %	1.33 %

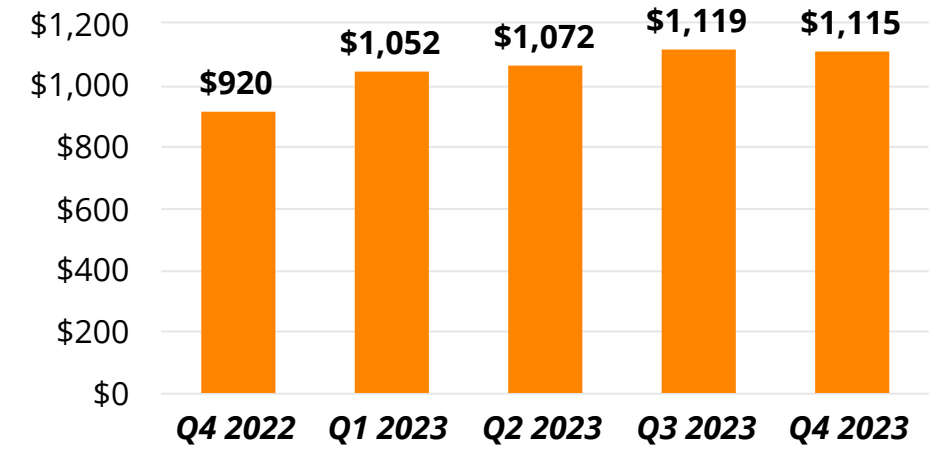
[1] *Annualized*
[2] *Prior to January 1, 2023, the incurred loss methodology was used to estimate credit losses. Beginning with that date, credit losses are estimated using the CECL methodology.*

ORGANIC GROWTH

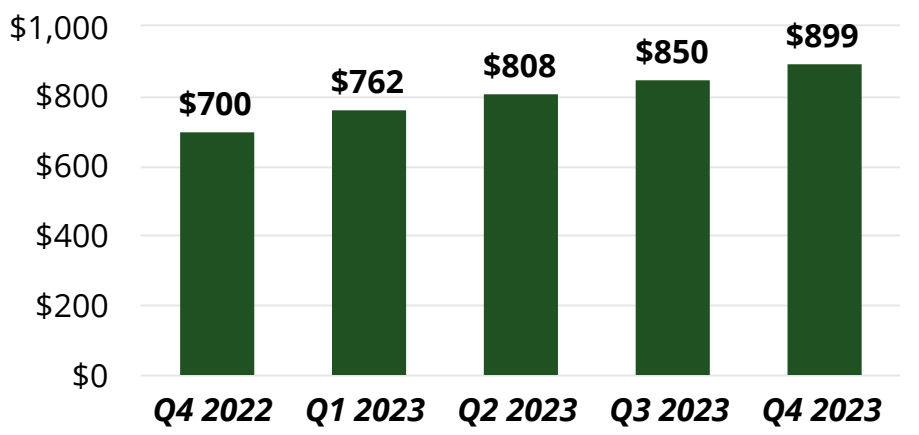
Strong balance sheet on track for continued organic growth

BAYFIRST

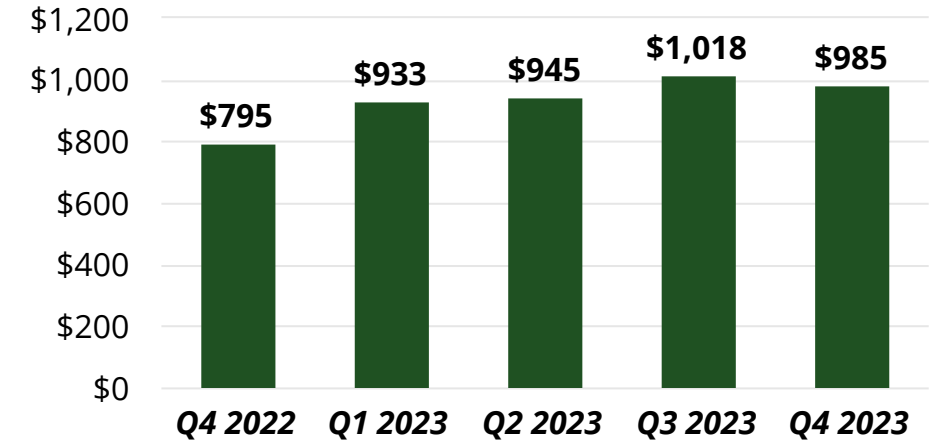
Total Assets excluding PPP Loans ($M)



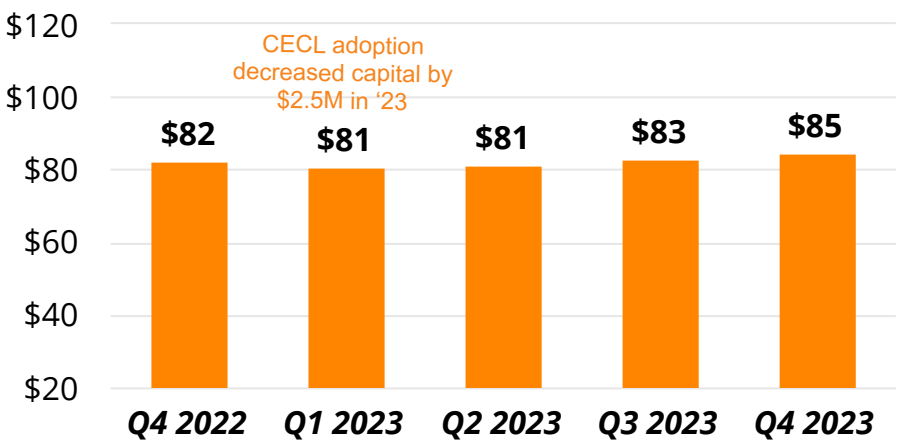
Total Net Loans HFI excluding PPP loans ($M)



Total Deposits ($M)



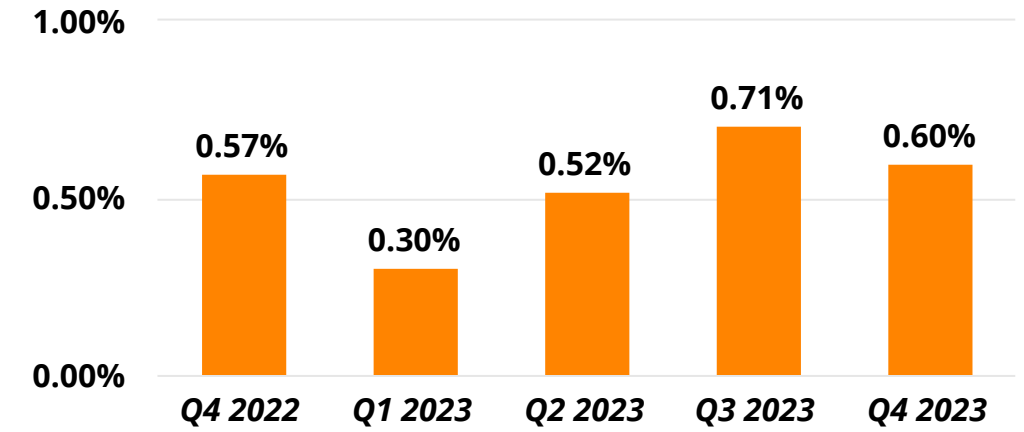
Tangible Common Equity ($M)



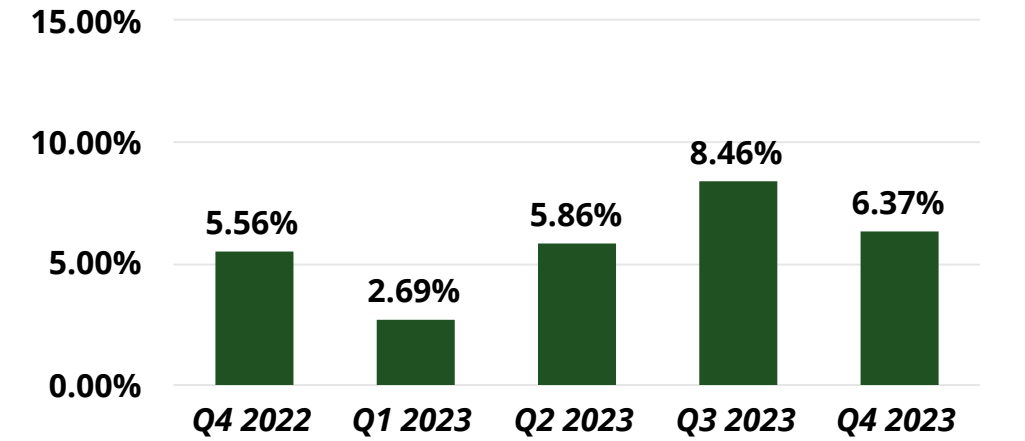
RETURN TO PROFITABILITY

BAYFIRST

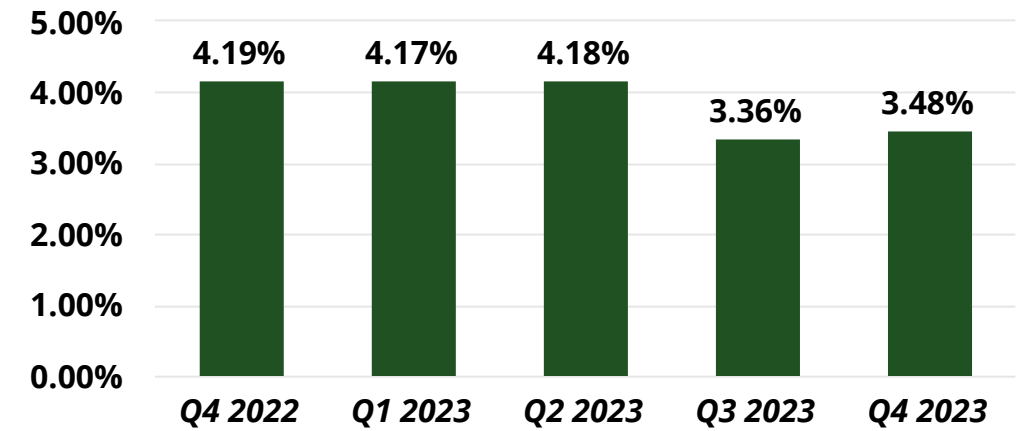
ROAA (%)[1]



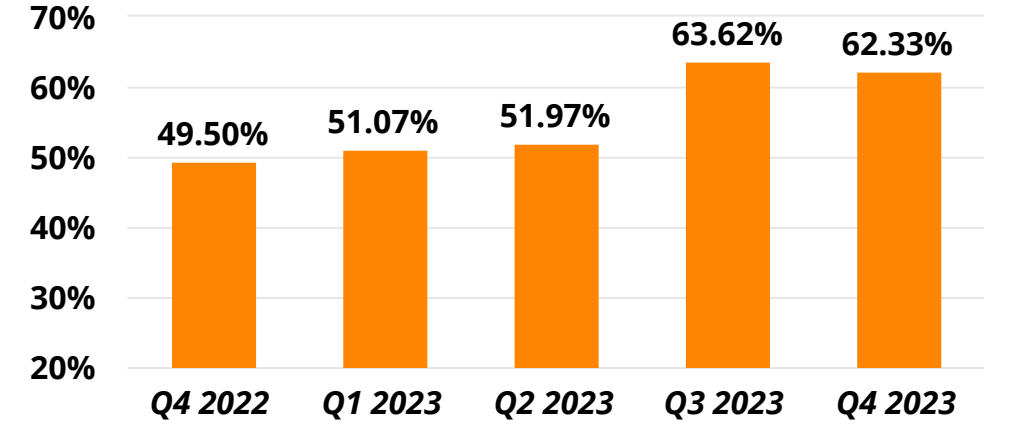
ROATCE (%)[1]



Net Interest Margin (%)[1]

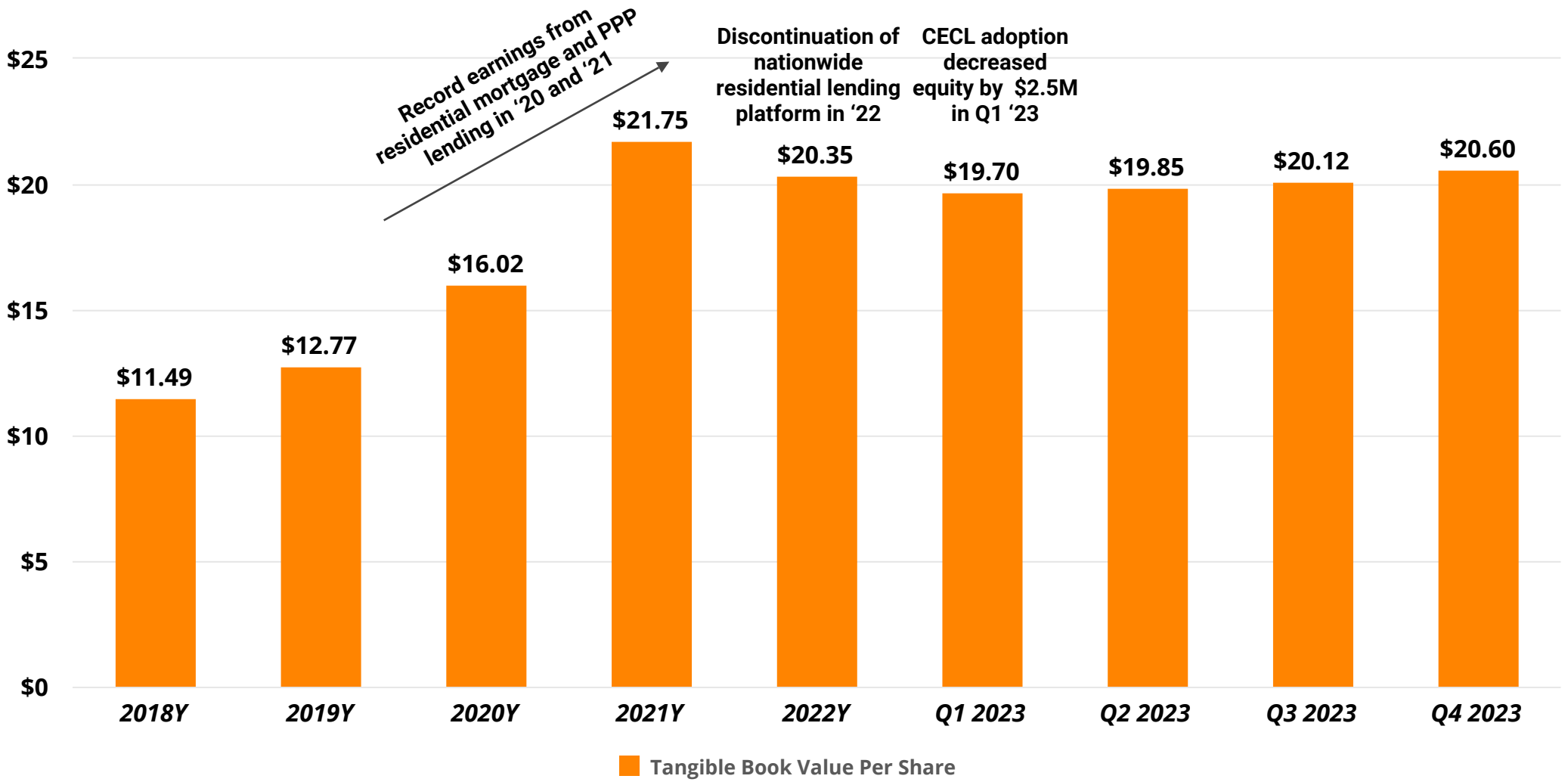


Noninterest Income / Total Revenue from Continuing Operations



[1] Annualized

SHAREHOLDER VALUE CREATION



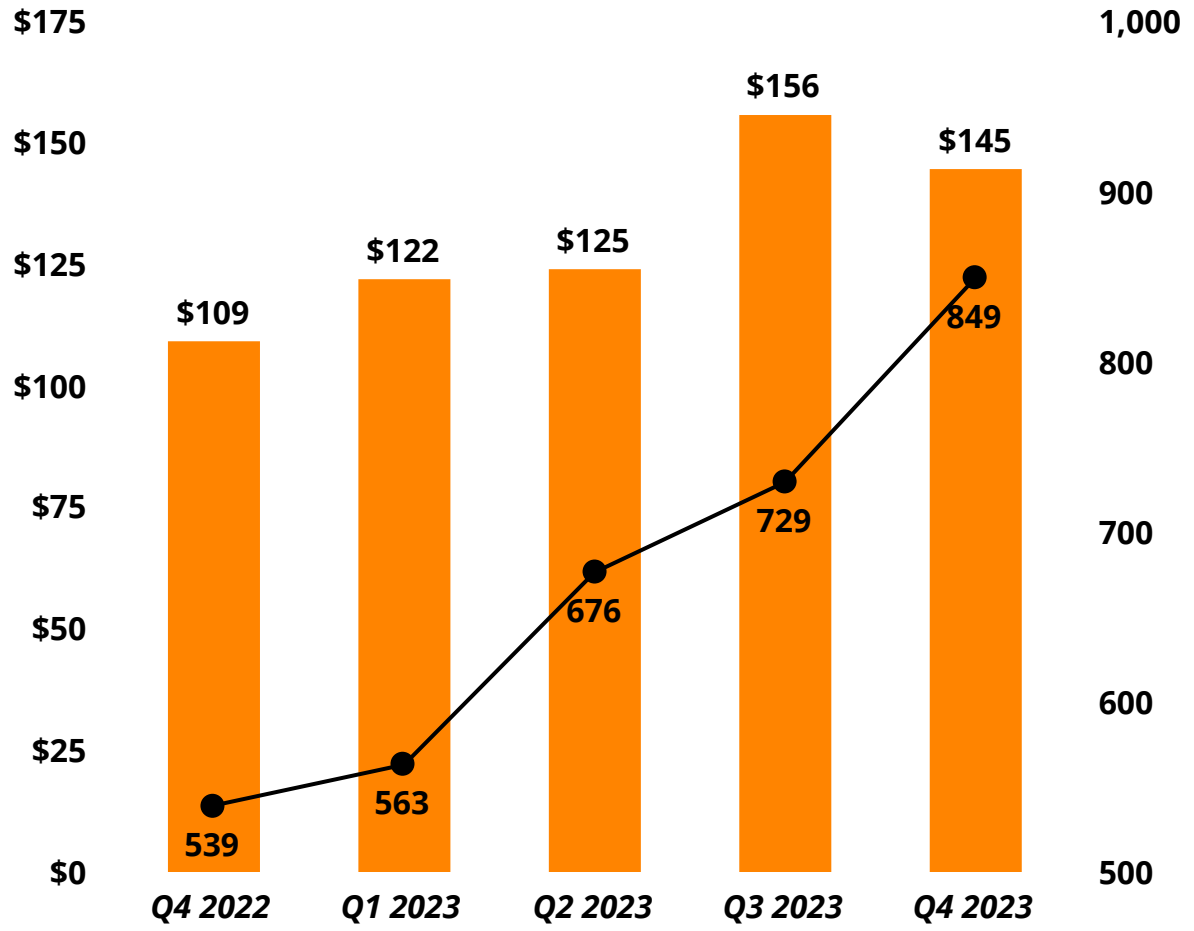
CREDITBENCH (SBA/USDA LENDING)

BAYFIRST

Q4 2023 Highlights

- Nationally ranked #5 in total SBA dollars and #2 in units for the quarter ended December 31, 2023
- Strategic initiative to expand USDA business and industry lending program: an experienced USDA lender recently hired to support this effort
- **Total Q4 2023 government guaranteed loan production increased** 32.8% from Q4 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 $441.8 million, including $102.3 million in Q4 2023
  - New automation program launched through proprietary loan origination system PowerLOS and Open API, allowing increased volume and efficiency while limiting additional staff

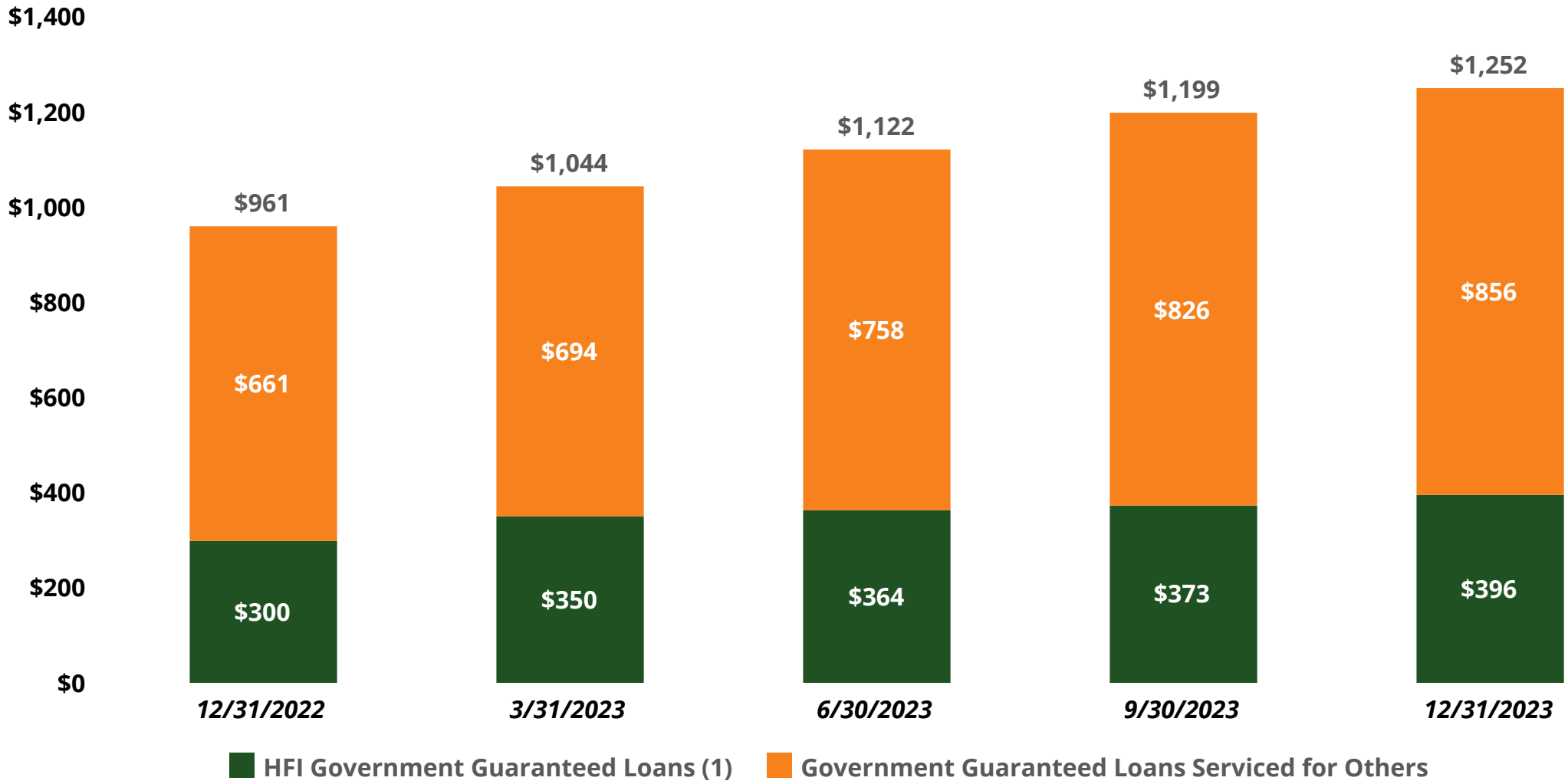
Government Guaranteed Loan Amount ($M) and Unit Volume



CREDITBENCH (SBA/USDA LOANS)

BAYFIRST

Guaranteed Loans HFI and Loans Serviced for Others ($M)



(1) Excludes PPP loans

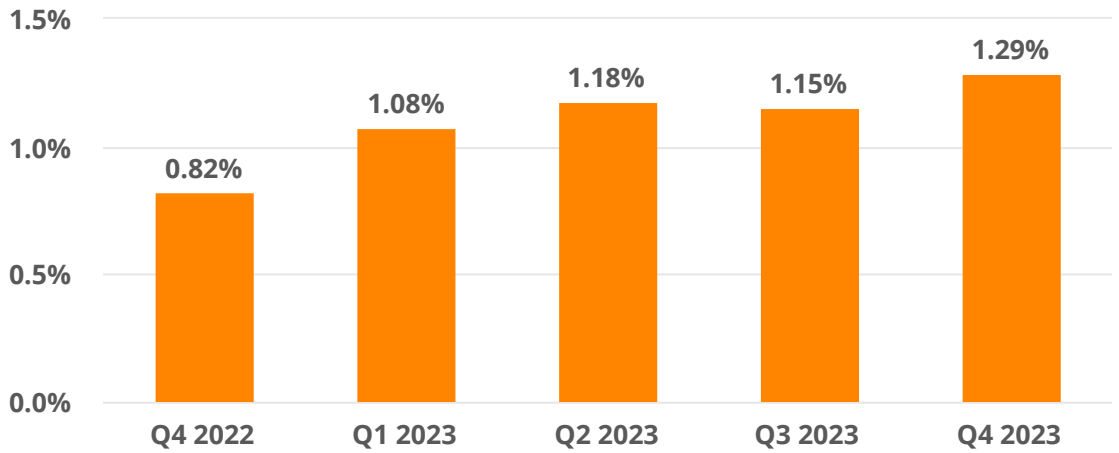
GOVERNMENT GUARANTEED LOAN PRODUCTION

($000s)	Quarter Ended 3/31/2023	6/30/2023	9/30/2023	12/31/2023	Year Ended 12/31/2023
Core 7(a)	$ 19,998	$ 29,638	$ 28,758	$ 26,132	$ 104,526
Core 504	16,022	—	14,571	482	31,075
Core USDA	13,625	5,525	19,800	9,080	48,030
Bolt	58,633	74,785	84,905	102,264	320,587
FlashCap	13,834	14,557	7,877	6,983	43,251
Total	$ 122,112	$ 124,505	$ 155,911	$ 144,941	$ 547,469

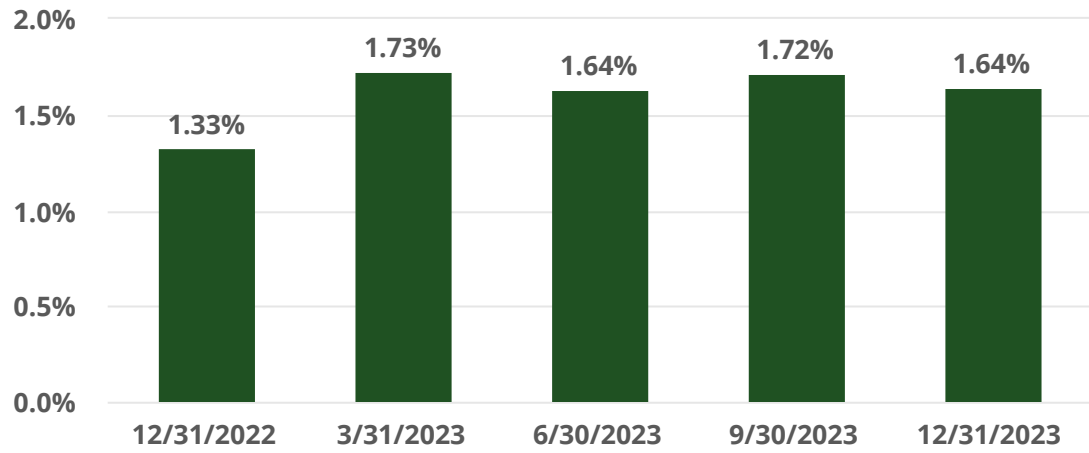
ASSET QUALITY

Strong reserve well-positioned to withstand volatility in economic conditions

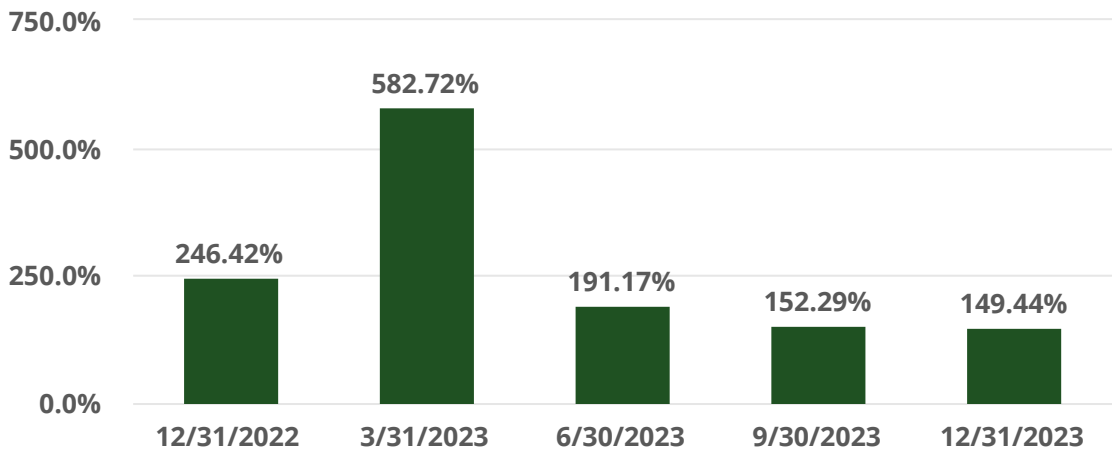
Net charge-offs/Total average loans HFI at amortized cost, excluding PPP loans



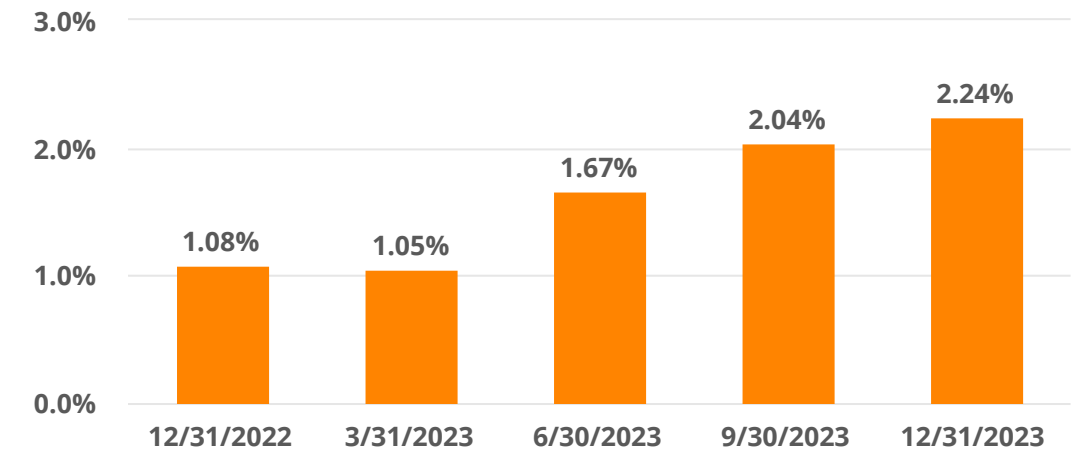
ACL/Total loans held for investment at amortized cost, excluding PPP loans[1]



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
(no purchases after 2022: additional purchases are not planned)

	Quarter ended				*Year End*
($000s)	*3/31/2023*	*6/30/2023*	*9/30/2023*	*12/31/2023*	*12/31/2023*
Ending balance	$ 26,521	$ 23,255	$ 20,006	$ 17,027	$ 17,027
31-90 days past due	604	700	852	1,021	1,021
90+ days past due	142	220	351	258	258
Net charge-offs	567	601	755	896	2,819
Net charge-offs to average loans (annualized)	7.80 %	9.63 %	13.97 %	19.32 %	11.99 %

COMMUNITY BANKING PERFORMANCE

BAYFIRST

Q4 2023 Highlights

Q4 2023 Loan Production Summary:

- Loan production during the quarter was $57.2 million[1]
- Loans held for investment, including government guaranteed loans, increased by a net $49.3 million QoQ

Q4 2023 Deposit Summary:

- Deposit balances decreased $32.7 million QoQ
- Deposit portfolio increased by 0.2% in number of accounts (to 19,064 accounts totaling $985.1 million) QoQ

New Banking Center:

- Opened fourth banking center in North Sarasota in December 2023 bringing the total to 11 banking centers in the Tampa Bay region

Banking Center & Deposits

($ in 000s) #	Branch	Year Opened	Total Deposits 12/31/2023	12/31/2022	12/31/2021
1	St. Petersburg[2]	2017	$ 265,715	$ 246,813	$ 212,631
2	Seminole	1999	143,073	131,257	157,561
3	Pinellas Park	2005	96,019	69,976	63,561
4	Downtown Sarasota	2018	164,594	159,302	148,021
5	Countryside	2018	59,172	66,827	60,214
6	West Tampa	2020	102,958	68,834	33,046
7	Belleair Bluffs	2021	38,531	31,011	—
8	West Bradenton	2022	54,307	21,050	—
9	Carrollwood	2023	39,341	—	—
10	Bee Ridge	2023	21,426	—	—
11	North Sarasota	2023	2	—	—
Total Branches (11)			$ 985,138	$ 795,070	$ 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

BAYFIRST

APPENDIX



BOLT SINGLE LOAN EARNINGS EXAMPLE

BAYFIRST

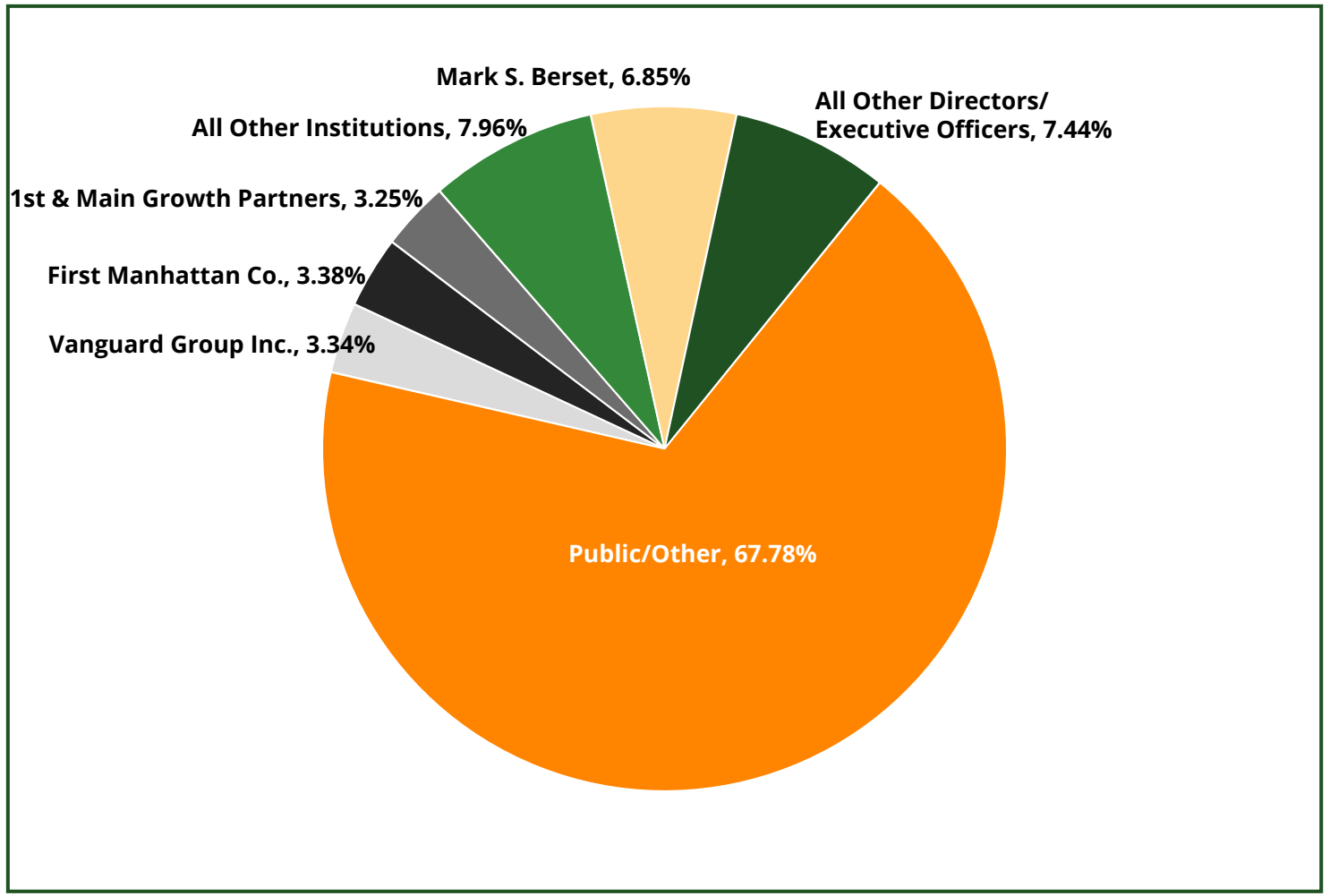
Immediate One-Time Impact

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 loss 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 and 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 be materially different.

OWNERSHIP OVERVIEW

Total Common Stock Ownership Mix



Note: Ownership information based on most recently disclosed common shares outstanding of 4,110,650 as of 1/19/24
Source: S&P Capital IQ Pro

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	$2,876	13	$221
2	BayFirst National Bank	1,018	10	102
3	Flagship Bank	518	6	86
4	Climate First	385	3	128
5	Gulfside Bank	255	1	255
6	TCM Bank NA	252	1	252
7	Central Bank	256	4	64
8	Century Bank of Florida	90	1	90
9	Waterfall Bank	122	1	122

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

LIQUIDITY SOURCES

- **Available Liquidity**
  - $63 million in cash and due from other banks
  - $40 million in AFS investment securities
- **Off Balance Sheet Sources of Liquidity**
  - $153 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
  - $50 million in available Fed Funds borrowing lines from other banks
- **Contingent Sources**
  - Up to $138 million in brokered deposits [(1)]
  - Up to $328 million in listing service deposits [(1)]

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

EXPERIENCED LEADERSHIP TEAM



Thomas G. Zernick

Chief Executive Officer & 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



Robin Oliver

President & Chief Operating Officer of BayFirst and the Bank

- Joined BayFirst as CFO 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



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 of 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