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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No.1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal period ended December 31, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number 001-41068

BAYFIRST FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Florida	**59-3665079**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
700 Central Avenue St. Petersburg, Florida	**33701**
(Address of Principal Executive Offices)	(Zip Code)

(727) 440-6848

(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	BAFN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant, computed by reference to the $14.00 per share selling price of the common stock on June 30, 2025 was $49,311,868

The registrant had outstanding 26,962,815 shares of common stock as of August 4, 2026.

EXPLANATORY NOTE

BayFirst Financial Corp. ("we," "us," "BayFirst" or the "Company") is filing this Amendment No. 1 on Form 10-K/A (the "Form 10-K/A" or "Amendment No. 1") to amend and restate certain items in the Annual Report on Form 10-K for the fiscal year ended December 31, 2025, originally filed with the Securities and Exchange Commission (the "SEC") on March 27, 2026 (the "Original Form 10-K"). This Form 10-K/A includes audited restated consolidated financial statements as of and for the fiscal years ended December 31, 2025 and December 31, 2024.

As previously disclosed in the Current Report on Form 8-K filed with the SEC on July 15, 2026, the Company is restating its previously issued financial statements as and for the years ended December 31, 2024, and December 31, 2025, and the quarter ended March 31, 2026, "Affected Periods". In addition, the Company intends to file an amendment to its Quarterly Report on Form 10-Q for the three-month period ended March 31, 2026, originally filed with the SEC on May 12, 2026 (such report, together with this Amendment, the "Amended Reports"). All material restatement information will be included in the Amended Reports, and the Company does not intend to separately amend other filings that it has previously filed with the SEC. Accordingly, investors and other readers should rely only on the financial information and other disclosures regarding the Affected Periods in the Amended Reports and in any other future filings with the SEC (as applicable) and should not rely on any previously issued or filed reports, press releases, corporate presentations or similar communications relating to the Affected Periods.

Restatement Background:

In July 2026, the Company completed and quantified the impact of the asset resolution plan adopted in accordance with the transactions contemplated by the Stock Purchase Agreement dated April 28, 2026. The nature, scope, and potential impact of the asset resolution plan were discussed in the Company's Form 8-K and the exhibits incorporated therein, filed with the Securities and Exchange Commission on April 30, 2026.

During this process, management also identified $2.8 million, pretax, of deferred origination costs and $2.1 million, pretax, of accrued interest as of March 31, 2026, related to unguaranteed portions of SBA 7(a) loans which had defaulted or were placed into nonaccrual status in prior periods, which resulted in a material understatement of provision for credit losses expense and overstatement of net interest income during the effected quarterly periods in which the errors accumulated in 2024, 2025, and the first quarter of 2026. Furthermore, management identified $3.4 million, pretax, of deferred origination costs which should have been netted against gain on sale of guaranteed SBA 7a loans which resulted in a material over statement of gain on sale of government guaranteed loans, during the affected quarterly periods in which the error accumulated in 2024 and 2025.

The Company's review determined that the processes that management followed to place loans into nonaccrual status did not clearly articulate all necessary steps to ensure that accrued interest was completely reversed. When these loans were ultimately charged-off, the accrued interest remained with the loan record and overstated the Bank's interest income and the loan portfolio balances on the balance sheet. Likewise, the process that management followed did not clearly articulate all necessary steps to include deferred origination costs in charge-offs, understating provision for credit losses expense and overstated total assets on the balance sheet. Additionally, the origination costs recognized on loans after a portion of the loan has been sold was not included in the gain, which result in an overstatement of the gain on sale of government guaranteed loans.

As a result of management's review, on July 14, 2026, Company management recommended to the Audit Committee of the Board of Directors, and the Audit Committee agreed along with the Company's independent registered public accounting firm, Forvis Mazars, LLP, that the Company's consolidated financial statements for the Affected Periods should be restated, and the previously issued consolidated financial statements, and the related audit reports from its independent registered public accounting firm for such periods, should no longer be relied on. In addition, investors should no longer rely upon earnings releases, press releases, investor presentations and other communications that cover any period during these periods.

Items Amended in this Filing

This Amendment No. 1 amends and restates the following items of the Original Form 10-K:

Part II - Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations
Part II - Item 8: Financial Statements and Supplementary Data
Part II - Item 9A: Controls and Procedures
Part II - Item 11. Executive Compensation
Part IV - Item 15: Exhibits and Financial Statement Schedules

The principal executive officer and principal financial officer provided new certifications as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications are included in this Form 10-K/A as Exhibits 31.1, 31.2, and 32. This Form 10-K/A also includes new consents of the Company's independent registered public accounting firms as Exhibits 23.1.

For the convenience of the reader, this Form 10-K/A sets forth each of the Form 10-K in its entirety, as such information is modified and superseded where necessary to reflect the restatement. Except as provided above, this Amendment does not reflect events occurring subsequent to the filing of the Form 10-K and does not amend or otherwise update any information in the Form 10-K.

BayFirst Financial Corp.
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Glossary of Acronyms and Abbreviations

The acronyms and abbreviations identified below may be used throughout this Annual Report on Form 10-K/A or in our other SEC filings. You may find it helpful to refer back to this page while reading this report.

ACL: Allowance for Credit Losses	FFIEC: Federal Financial Institutions Examination Council
AFS: Available for Sale	FHLB: Federal Home Loan Bank
AIO: Architecture, Infrastructure, and Operations	FNBB: First National Bankers Bank
ALCO: Asset-Liability Committee	FOMC: Federal Open Market Committee
AOCI: Accumulated Other Comprehensive Income	FRB: Federal Reserve Bank
ASC: FASB Accounting Standards Codification	FVO: Fair Value Option
ASU: FASB Accounting Standards Update	GAAP: Generally Accepted Accounting Principles
BHCA: Bank Holding Company Act of 1956, as amended	HFI: Held for Investment
BOLI: Bank Owned Life Insurance	HFS: Held for Sale
BSA: Bank Secrecy Act of 1970	HTM: Held to Maturity
CARES Act: Coronavirus Aid, Relief, and Economic Security Act	IRA: Individual Retirement Account
CBLR: Community Bank Leverage Ratio	ISO: Information Security Officer
CDARS: Certificate of Deposit Account Registry Services	IT: Information Technology
CECL: Current Expected Credit Losses	JOBS Act: Jumpstart Our Business Startups Act of 2012
CEO: Chief Executive Officer	LGD: Loss Given Default
CET1: Common Equity Tier 1 Capital	LHFS: Loans Held for Sale
CFPB: Consumer Financial Protection Bureau	MMDA: Money Market Deposit Account
C&I: Commercial and Industrial	NOW: Negotiable Order of Withdrawal
CRO: Chief Risk Officer	NSPP: Non-Qualified Stock Purchase Plan
CTO: Chief Technology Officer	OCC: Office of the Comptroller of the Currency
Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	OREO: Other Real Estate Owned
DRIP: Dividend Reinvestment Plan	OTTI: Other-Than-Temporary Impairment
EGC: Emerging Growth Company	PCAOB: Public Company Accounting Oversight Board
EPS: Earnings per Share	PD: Probability of Default
Equity Plan: The Amended and Restated 2017 Equity Incentive Plan	PPP: Paycheck Protection Program
ESG: Environmental, Social, and Governance	ROU: Right of Use
ESOP: Employee Stock Ownership Plan	SBA: Small Business Administration
Exchange Act: Securities Exchange Act of 1934	SEC: U.S. Securities and Exchange Commission
FASB: Financial Accounting Standards Board	SOFR: Secured Overnight Financing Rate
FBCA: Florida Business Corporation Act	U.S.: United States
FDIA: Federal Deposit Insurance Act	USDA: United States Department of Agriculture
FDIC: Federal Deposit Insurance Corporation	USDA B&I: United States Department of Agriculture Business and Industry
FDICIA: Federal Deposit Insurance Corporation Improvement Act	WARM: Weighted Average Remaining Life

Part I

Item 1. Business

BayFirst Financial Corp.

BayFirst Financial Corp. is a bank holding company that operates through its wholly owned subsidiary, BayFirst National Bank (the "Bank"), together referred to as "the Company" or "BayFirst". BayFirst commenced its bank holding company operations on September 1, 2000, by acquiring all shares of the Bank. BayFirst's primary source of income is from the Bank, which serves a broad spectrum of consumers and small businesses in the Tampa Bay/Sarasota region. BayFirst strives to be a progressive institution in its products and services, technology, design, and social responsibility. As of December 31, 2025, BayFirst had consolidated total assets of $1.29 billion, total loans held for investment of $958.0 million, total deposits of $1.18 billion, and total shareholders' equity of $81.6 million. BayFirst's corporate office is located at the BayFirst Executive Center, 700 Central Avenue, St. Petersburg, Florida 33701.

BayFirst National Bank

The Bank commenced operations on February 12, 1999, as a Florida state-chartered commercial bank. In 2022, the Bank converted its charter to a national banking association. The Bank currently operates out of its main office and eleven additional banking centers located in the Tampa Bay/Sarasota area. The Bank's main office is located at the BayFirst Executive Center. The Bank does not engage in any foreign business activities.

The Bank offers its products and services through its community banking centers. In the third quarter of 2025, the Bank discontinued its SBA 7(a) lending division but continues to provide USDA loans and SBA 404 loans through the community banking centers.

Community Banking

The Bank has structured its community banking services and charges for such services in a manner designed to attract consumers, small and medium sized businesses, and professionals located primarily in Pinellas, Hillsborough, Sarasota, Manatee, and Pasco Counties. The Bank focuses on customers that are seeking the flexibility and personalized relationships that a community bank can provide. The Bank offers specialized business and personal checking accounts, internet banking and online bill payment, lock box services, remote capture and deposit, cash management, wire transfers, safety deposit boxes, courier services, retail investment services, and ACH originations, among other services.

The Bank also offers customary community bank deposit products, including interest-bearing and noninterest-bearing checking accounts, MMDAs, savings accounts, certificates of deposit and IRAs. The consumer product offering also includes unique programs, including, among others: 1) the Essential checking that assists customers in rebuilding their access to the banking system, 2) the TrendSetters Club which offers special benefits for those customers age 50+ years, and 3) the Cash Kids' Club savings account that offers those age 12 and under special rates while teaching children basic financial skills through interactive and mobile application tools. The Bank's business deposit products and related services include free checking accounts, interest-bearing checking accounts, savings accounts, MMDA, and access to business mobile and online banking, treasury management, cash management, merchant processing services, lock box services, remote deposit capture, and night depository.

A wide range of loans are also offered, including commercial, consumer, and real estate loans. The commercial lending efforts are directed principally toward businesses and professionals who otherwise do business with us, and include commercial real estate mortgages, construction and development loans, working capital loans, and business expansion loans. The Bank has a healthcare banking solution with flexible lending options and other financial solutions designed specifically for healthcare businesses to help healthcare practitioners and their employees thrive. In addition, the Bank has a minority lending program for women or minority business owners looking to take their business to the next level. BayFirst focuses its government guaranteed and commercial lending divisions on providing the customer quick turnaround, competitive rates, and an easy application process. The Bank offers personal lines of credit, auto, boat, and recreational vehicle loans, residential mortgages, and home equity lines of credit. The Bank has been particularly successful in penetrating the small business community.

As of December 31, 2025, the Community Banking Division operated from twelve banking centers in the Tampa Bay area: five in Pinellas County, two in Hillsborough County, one in Manatee County, and four in Sarasota County.

Government Guaranteed Lending

In the fourth quarter of 2025, management discontinued its nationwide SBA 7(a) lending business.The Bank continues to offer SBA 504 and USDA loans through the community banking centers. The USDA guarantees up to 80% of USDA B&I loan balances as an incentive for financial institutions to make loans to businesses located in rural areas. The loans can be priced competitively relative to conventional financing.

Residential Mortgage Division

In the third quarter of 2022, management decided to discontinue its nationwide residential lending business. Prior to those decisions, the Residential Mortgage Division operated from the banking centers in the Tampa Bay/Sarasota area and loan production offices nationwide. As a result of the discontinuance, the nationwide residential line of business was reclassified as a discontinued operation and reported in the financial statements as such. The Bank continues to offer fixed and variable rate home mortgages for the purchase and refinance of residential properties through the community banking centers.

Competition

All phases of the Bank's operations are highly competitive. Many commercial banks and other competitors have assets, capital, lending limits, and name recognition that are materially larger than the Bank's. The Bank competes with other financial service providers for loans and deposits. These competitors include:

- national, super-regional, and regional financial institutions that have well-established branches and significant market share in the communities the Bank serves;
- finance companies, investment banking and brokerage firms, and insurance companies that offer bank-like products;
- credit unions, which can offer highly competitive rates on loans and deposits because they receive tax advantages not available to commercial banks;
- other community banks that compete with the Bank for clients desiring a high level of service; and
- technology-based financial institutions, including large national, super-regional, and regional banks offering online deposit, bill payment and mortgage loan application services.

Some of the non-traditional financial institution competitors are not subject to the same degree of regulatory oversight to which the Bank is subject.

Among the advantages that the larger competitors have over the Bank are their ability to finance wide-ranging marketing campaigns and to allocate their investment assets to products with the highest yields and demands. Several of the competitors offer certain services, such as trust departments, that the Bank does not offer. By virtue of their greater total capital, these financial service providers have substantially higher loan-to-one borrower limits than the Bank (loans-to-one borrower limits apply to an individual customer's total extension of credit as a percentage of a bank's total capital). These competitors may intensify their advertising and other marketing activities to counter any efforts by the Bank to attract new business.

To compete with the financial institutions in its primary service area, the Bank capitalizes upon the flexibility that its independent status allows, including making decisions locally. This includes solicitation of business, professional, and personal accounts through the personal efforts of the Bank's directors and officers. The Bank believes that a locally-based bank is often perceived by the local business community as possessing a clearer understanding of local commerce and the needs of the community. Consequently, its customers expect that the Bank will be able to make prudent lending decisions quicker and with a better understanding of the market than larger competitors. The Bank focuses on the smaller commercial customer because this segment offers the greatest concentration of potential business and historically has tended to demonstrate a higher degree of loyalty in their banking relationships. The Bank can respond quickly to changes in the interest rates paid on time and savings deposits and charged on loans, and to charges imposed on depository accounts, so as to remain competitive in the marketplace. If there are customers whose loan demands exceed the Bank's loan limits, the Bank can arrange for such loans on a participation basis with other financial institutions.

Various legislative actions in recent years have led to increased competition among financial institutions. With the enactment of various laws and regulations affecting interstate banking expansion, it is easier for financial institutions located outside of Florida to enter the Florida market, including the Bank's target markets. In addition, recent legislative and regulatory changes and technological advances have enabled customers to conduct banking activities without regard to

geographic barriers, through internet and telephone-based banking and similar services. There can be no assurance that the United States Congress, the Florida Legislature, or the applicable bank regulatory agencies will not enact legislation or promulgate regulations that may further increase competitive pressures on the Bank.

Lending Philosophy and Credit Risk Management

Historically, the Bank believes they have made sound, high-quality loans while recognizing that lending involves a degree of risk. The Bank's centralized credit approval process and loan policies are designed to assist management in managing this risk. The policies provide a general framework for loan origination, monitoring, and funding. The Bank's loan approval process is characterized by centralized authority supported by a risk control environment that provides for prompt and thorough underwriting of loans. The loan approval process begins with obtaining detailed financial and other information from the Bank's borrowers. The Bank also relies on its loan and executive officers' in-depth knowledge of its markets and borrowers.

Regardless of the loan type or amount, no single individual has sole loan approval authority. The objective of the loan approval process is to provide a disciplined, consistent, predictable, and collaborative approach to larger credits, while maintaining responsiveness to client needs. Commercial loan decisions are documented as to the borrower's business, loan purpose, the evaluation of the repayment source and associated risks, the evaluation of collateral, loan covenants, loan monitoring requirements, and the risk rating rationale. The Bank's strategy for approving loans is to follow conservative loan policies and consistent underwriting practices which include:

- Granting credit on a sound basis with full knowledge of the purpose and source of repayment for such credit;
- Ensuring that primary and secondary sources of repayment are adequate in relation to the amount of the loan;
- Requiring documentation, including appraisals or valuations, sufficient to enable informed underwriting;
- Developing and adhering to desired levels of diversification for the loan portfolio as a whole and for loans within each category; and
- Ensuring that each loan is properly documented and that any insurance coverage requirements are satisfied.

The loan policies generally include other underwriting guidelines for loans collateralized by real estate. These underwriting standards are designed to determine the maximum loan amount that a borrower has the capacity to repay based, in part, upon the borrower's cash flow and income. The loan policies include maximum amortization schedules and loan terms for each category of loans. In addition, the loan policies provide guidelines for personal guarantees, appraisals and valuations, loan-to-value ratios, environmental review, loans to employees, executive officers and directors, problem loan identification, maintenance of an adequate credit loss reserve, and other matters relating to lending practices.

The community banking centers originate residential mortgage, consumer and commercial loans. The Bank utilizes a broker arrangement to originate residential mortgage loans to be sold in the secondary market. These residential mortgage loans are underwritten to meet secondary market standards. Some residential mortgage loans are held for the Bank's portfolio. Portfolio loans are primarily underwritten by the Bank on the borrowers' financial strength and cash flow, with conservative loan-to-value requirements. Consumer loans include loans to individuals for automobiles, boats, and other major personal, family, or household purposes. They are underwritten on the credit quality of the individual borrower and may be secured or unsecured. Commercial lending products include a wide variety of credit facilities, such as owner occupied and non-owner occupied commercial real estate, multifamily real estate, construction, land acquisition, and commercial and industrial loans. In general, the Bank's commercial lending strategy focuses on the financial strength and successful track record of commercial loan applicants more than the project or type of property that would serve as collateral for a loan. These loans are underwritten by an independent in-house Credit Underwriting Department in accordance with its credit policy.

The Bank originates loans through the USDA's B&I program. The Bank also originates loans through the SBA's 504 loan program. All government guaranteed loans regardless of size which require projection-based underwriting or have other complex characteristics, such as business acquisition financing, are underwritten subject to SBA or USDA B&I guidelines and contain a thorough underwriting analysis based on the credit quality of any guarantor as well as the historical and projected debt service coverage.

Risk Management

The Company believes that effective risk management and control processes are critical to safety and soundness of the Bank, the ability to predict and manage the challenges that they face, and, ultimately, the long-term corporate success. Risk management refers to the activities by which the Company identifies, measures, monitors, evaluates, and manages the risks they face in the course of banking activities. These risks include liquidity, interest rate, credit, operational, compliance, regulatory, strategic, financial, and reputational risk exposures. The Board of Directors, both directly and through their committees, are responsible for overseeing the risk management processes, including quarterly enterprise risk management assessments and annual assessments in the following areas: (i) cyber; (ii) BSA/anti-money laundering; and (iii) third-party risk, with each of the committees of the Board of Directors assuming a different and important role in overseeing the management of the risks.

The Audit and Risk Management Committees of the Board of Directors are responsible for overseeing risks associated with financial matters (particularly financial reporting, accounting practices and policies, disclosure controls and procedures, and internal control over financial reporting) as well as other enterprise risks. The Compensation Committee of the Board of Directors has primary responsibility for risks and exposures associated with the compensation policies, plans, and practices regarding executive compensation, Board compensation, and the compensation structure generally. The Compensation Committee, in conjunction with the Chief Executive Officer and other members of the management team, as appropriate, reviews the incentive compensation arrangements to ensure these programs are consistent with applicable laws and regulations, including safety and soundness requirements, and do not encourage imprudent or excessive risk-taking by the employees. The Nominating Committee of the Board of Directors oversees risks associated with the independence of the Board of Directors and potential conflicts of interest.

The senior management team is responsible for implementing the risk management processes by assessing and managing the risks we face, including strategic, operational, regulatory, investment, and execution risks, on a day-to-day basis, and reporting to the Board of Directors regarding the risk management processes. The senior management team is also responsible for creating and recommending to the Board of Directors for approval of appropriate risk appetite metrics reflecting the aggregate levels and types of risk they are willing to accept in connection with the operation of the business and pursuit of the business objectives.

The role of the Board of Directors in the Company's risk oversight is consistent with the leadership structure, with the Chief Executive Officer and the other members of senior management having responsibility for assessing and managing the risk exposure, and the Board of Directors and their committees providing oversight in connection with those efforts. The Company believes this division of risk management responsibilities presents a consistent, systemic, and effective approach for identifying, managing, and mitigating risks throughout the Company's operations.

Information Technology Systems

The Company has made, and continues to make, significant investments in its information technology systems and staff to support banking activities. The Company believes this investment will support continued growth and enable them to enhance the capabilities to offer new products, improve overall customer experience, improve profitability through efficiencies, maintain and improve cybersecurity, and provide scalability for future growth. The Company utilizes nationally recognized software vendors and their cloud/hosted models, which allow them to outsource the processing of data. The Company's internal network and e-mail systems are administered by a managed service provider specializing in financial institutions, and they maintain production infrastructure in a data center facility near Tampa, Florida. This site provides for power and connectivity redundancy, and they maintain a disaster recovery program, including a cloud-based recovery environment.

The majority of the other systems, including electronic funds transfer, transaction processing, and online banking services are hosted by third-party service providers. The scalability of this infrastructure will support the Bank's growth strategy. In addition, the tested capability of these vendors to automatically switch over to standby systems should allow the Bank to recover the systems and provide business continuity quickly in case of a disaster.

Privacy, Data Protection and Cybersecurity

The regulatory framework for data privacy and cybersecurity is rapidly evolving. Current federal law requires financial institutions to periodically disclose their privacy policies and practices related to sharing client information. Such laws allow consumer clients to opt out of having their information shared with unaffiliated third parties under certain circumstances. Other federal and state laws and regulations impact the ability to share certain information with affiliates

and non-affiliates for marketing and/or non-marketing purposes, or to contact clients with marketing offers. Current federal law also requires financial institutions to implement a comprehensive information security program. Such programs must include administrative, procedural, and physical safeguards to ensure the security and confidentiality of client records and personal information. These security and privacy policies and procedures are in effect across the Bank.

Federal banking agencies pay close attention to the cybersecurity practices of banks. Such agencies review an institution's information technology program and its ability to prevent cyberattacks. The FFIEC's Architecture, Infrastructure, and Operations (AIO) Booklet, calls for a layered security approach that incorporates administrative, procedural, and physical controls to include employee, vendor, and client awareness training. The Bank's cybersecurity and information security practices incorporate preventative, detective, corrective, compensatory, and deterrent controls. Failing to have adequate cybersecurity safeguards in place, in accordance with AIO and other applicable regulations and laws, can result in supervisory criticism, monetary penalties and reputational harm.

The Federal Reserve, OCC, and FDIC adopted regulations for computer-security incident notification requirements for banking organizations and their bank service providers. Among other things, this regulation requires a bank to notify its primary federal regulator within 36 hours after identifying a "computer-security incident" that the bank believes in good faith could: (i) materially disrupt or degrade its business or operations in a manner that would threaten the viability of its operations and result in clients being unable to access their deposit and other accounts; (ii) result in a material loss of revenue, earnings or franchise value; or (iii) pose a threat to the financial stability of the United States.

Data privacy and data protection are also areas of increasing regulatory and legislative focus. The Bank is subject to rules and regulations issued by the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including those related to data privacy and cybersecurity. Like other lenders, the Bank uses credit bureaus in its underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act, which also regulates identity theft prevention programs, reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Federal law further requires financial institutions to explain their information-sharing practices to their clients and to protect sensitive client information.

Human Capital

Since opening in 1999, BayFirst has grown significantly without losing sight of its commitment to make an impact in the communities served and be Here for What's Next® in the lives of the Company's customers, communities, employees, and investors. As of December 31, 2025, BayFirst had 145 employees (144 full-time and 1 part-time) and recognizes that they are its greatest asset. Providing a work environment that is inclusive, transparent, and comfortable for all is foundational to the Bank's core beliefs. The Company is an organization that values open communication and collaboration in a professional and challenging, yet informal atmosphere.

Total Rewards

The Bank's competitive compensation and benefits package helps attract and retain top talent and demonstrates its belief that engaged and satisfied employees directly correlate to engaged and satisfied customers, generating long-term value for the Company's stakeholders.

The Bank's goal is to provide the most competitive compensation and benefit plans possible. BayFirst maintains a living minimum wage of $20 per hour. The Bank has a generous 401(k) plan. Additionally, employees have the opportunity to grow their ownership in the Company through a discounted non-qualified Employee Stock Purchase Plan.

BayFirst offers a wide range of health and welfare plans designed to fit its diverse population. The Bank provides 100% employer-paid premiums for medical, dental, vision, disability, and life insurance for the employee. The Bank offers an employee wellness program designed to support the whole employee which encompasses physical, mental, social, and financial wellness.

BayFirst provides both paid maternity and paternity leave through the parental leave program. In addition, the Banks' no-cost, salary continuation policy is administered in-house and provides up to 12 weeks of medical disability leave at 100% pay. The Bank recognizes the burdensome expense of dependent care and provides a company match to employees' dependent care FSA accounts. The Bank provides paid volunteer time off to encourage all employees to give back to their community, while building engagement and pride in the organization.

Training and Development

As part of the commitment to being a top employer in the industry and the premier community bank of Tampa Bay, BayFirst offers a growing internal Learning and Development Center where employees not only learn compliance and regulation, but also have the opportunity to strengthen core competencies for career growth and personal development.

The Bank offers both a tuition reimbursement and student loan assistance program to all eligible employees. The Bank offers these programs to nurture the professional development of the Bank's colleagues and ease the financial burden associated with continuing education.

Corporate Social Responsibility

The Bank's cultural foundation of being *current and comfortable for all* drives inclusion throughout the entire organization. This inclusive culture enhances its workforce, expands the markets and fosters a culture of belonging for its employees, customers and communities in which the Bank serves.

As of December 31, 2025, the Bank's employee base was comprised of individuals from all walks of life, genders, ethnicities, races, ages and differing economic and social backgrounds. Females represented 60% of the Company's employee base while minorities represented 34% of its population. The officer base was 57% female and 16% minority.

BayFirst has an active employee council with the purpose of ensuring BayFirst reflects the values, respects the viewpoints, and acknowledges the differences of not only the community members it serves, but also the people it employs. Through its focus on these three core components, the council seeks to build an environment where everyone belongs, everyone is heard, everyone is aware of what's next, and everyone is given the opportunity to succeed. The council actively advocates for the ongoing implementation and evaluation of internal and external programs, initiatives, and procedures to ensure the bank remains forward-thinking and aligned with the ever-evolving societal landscape. Through its focus on cultural responsibility, the council works to fulfill its obligation to be the voice for all associated with BayFirst.

Employee Engagement

The Bank believes employee engagement is what sets the Bank apart from the competition. The Bank endeavors to recruit and retain some of the best and brightest talent across the United States. When highly talented, skilled and driven individuals join the organization, they bring with them some of the best ideas, strategies, procedures and thoughts.

BayFirst understands that harnessing this level of engagement is critical to its success and has developed several channels to do so. The Bank's Bright Ideas Submission Portal allows any employee to submit their ideas for improvement or change of policies, procedures, benefits or any other item they believe will improve the organization. To ensure employees understand the commitment of listening to feedback, each Bright Idea submission is reviewed by the CEO and executive team.

The CEO also hosts a quarterly CEO's council where individuals from across the organization spend the day with the CEO and executive team, providing feedback and input on improvement opportunities. The Bank also completes periodic Officer's Surveys where each officer is asked to provide feedback on specific areas of the organization and its strategy.

One of the greatest engagement and communication tools is the "What's Next" call where ALL employees are invited to a bi-weekly video conference where ideas are exchanged, updates are provided, and business and individual recognitions are communicated.

Supervision and Regulation

General

As a bank holding company, the Company is subject to an extensive body of state and federal banking laws and regulations that impose specific requirements and restrictions on virtually all aspects of the Company's operations. The Company is affected by government monetary policy and by regulatory measures affecting the banking industry in general.

The following is a summary of some of the statutes, rules, and regulations that affect the operations. This summary is qualified in its entirety by reference to the particular statutory and regulatory provision referred to below, and is not intended to be an exhaustive description of the applicable statutes or regulations. Any change in applicable laws or regulations may have a material adverse effect on the business.

BayFirst Financial Corp.

BayFirst is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended. As such, the Company is required to file annual reports and other information with the Federal Reserve regarding the Company's business operations and those of the subsidiary. The Company is also subject to the supervision of, and to periodic inspections by, the Federal Reserve.

The BHCA generally requires every bank holding company to obtain approval from the Federal Reserve before:

- acquiring all or substantially all of the assets of a bank;
- acquiring direct or indirect ownership or control of 5% or more of the voting shares of any bank or bank holding company; or
- merging or consolidating with another bank holding company.

The BHCA and the Change in Bank Control Act, together with regulations promulgated by the Federal Reserve, require that, depending on the particular circumstances, either the Federal Reserve's approval must be obtained or notice must be furnished to the Federal Reserve and not disapproved prior to any person or company, not a bank holding company, acquiring control of a bank holding company, subject to certain exemptions. Control is conclusively presumed to exist when an individual or company acquires 25% or more of any class of voting securities of a bank holding company. Control is rebuttably presumed to exist if a person acquires 10% or more, but less than 25%, of any class of voting securities.

Additionally, the BHCA provides that the Federal Reserve may not approve any of these transactions if it would result in or tend to create a monopoly or substantially lessen competition or otherwise function as a restraint of trade, unless the anti-competitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. The Federal Reserve's consideration of financial resources generally focuses on capital adequacy, which is discussed below. As a result of the USA Patriot Act, the Federal Reserve is also required to consider the record of a bank holding company and its subsidiary bank(s) in combating money laundering activities in its evaluation of bank holding company merger or acquisition transactions.

Except as authorized by the BHCA and Federal Reserve regulations or order, a bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of 5% or more of the voting shares of any company engaged in any business other than the business of banking or managing and controlling banks. The primary exception allows the ownership of shares by a bank holding company in any company the activities of which the Federal Reserve has determined to be so closely related to banking or to managing or controlling banks that ownership of shares of that company is appropriate. Activities the Federal Reserve has determined by regulation to be proper incidents to the business of banking, and thus permissible for bank holding companies, include:

- making or servicing loans and certain types of leases;
- engaging in certain insurance and discount brokerage activities;
- performing certain data processing services;
- acting in certain circumstances as a fiduciary or investment or financial advisor;
- providing management consulting services;
- owning savings associations; and
- making investments in corporations or projects designed primarily to promote community welfare.

In accordance with Federal Reserve policy, a bank holding company is expected to act as a source of financial strength to its subsidiary banks. In adhering to the Federal Reserve's policy, the Company may be required to provide financial support to the Bank at a time when, absent such Federal Reserve policy, it might not be deemed advisable to provide such assistance. Under the BHCA, the Federal Reserve may also require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that the activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a bank holding company to divest itself of any bank or nonbank subsidiary if the agency determines that

divestiture may aid the depository institution's financial condition. The Dodd-Frank Act codified the Federal Reserve's policy on serving as a source of financial strength. Such support may be required at times when, absent this Federal Reserve policy, a holding company may not be inclined to provide it. A bank holding company, in certain circumstances, could be required to guarantee the capital plan of an undercapitalized banking subsidiary.

The Federal Reserve also has authority to prohibit activities of bank holding companies and their nonbanking subsidiaries which represent unsafe and unsound banking practices, or which constitute violations of laws or regulations. The Federal Reserve may impose civil money penalties for activities conducted by a bank holding company, its nonbanking subsidiaries, and officials of either on a knowing and reckless basis, if those activities caused a substantial loss to a depository institution. The penalties can be as high as $1.0 million for each day the activity continues.

National Banks

National Banks are subject to regulation, periodic examination, enforcement authority and oversight by the OCC extending to all aspects of the bank's operations. OCC regulations govern permissible activities, capital requirements, dividend limitations, investments, loans and other matters. Deposits are insured by the FDIC for a maximum of $250,000 per account ownership. For this protection, banks must pay a quarterly statutory assessment and comply with the rules and regulations of the FDIC. The assessment levied on a bank for deposit insurance varies, depending on the capital position of each bank, and other supervisory factors.

The FDIA provides that, in the event of the "liquidation or other resolution" of a bank, the claims of depositors of the bank, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the bank. If a bank fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors.

Areas regulated and monitored by the bank regulatory authorities include but are not limited to requirements concerning security devices and procedures, adequacy of capitalization and loss reserves, loans, investments, borrowings, deposits, mergers, issuances of securities, payment of dividends, establishment of branches, corporate reorganizations, transactions with affiliates, maintenance of books and records, and adequacy of staff training to carry out safe lending and deposit gathering practices.

Restrictions on Transactions with Affiliates and Loans to Insiders

Sections 23A and 23B of the Federal Reserve Act restrict transactions by banks with their affiliates. An affiliate of a bank is any company or entity which controls, is controlled by or is under common control with the bank. Generally, Sections 23A and 23B: (1) limit the extent to which a bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of that bank's capital stock and surplus (i.e., tangible capital); and (2) require that all such transactions be on terms substantially the same, or at least as favorable to the bank or subsidiary, as those provided to a non-affiliate. The term "covered transaction" includes the making of loans, purchase of assets, issuance of a guarantee and other similar types of transactions.

Section 23A also covers investment funds managed by an institution as an affiliate, as well as other procedural and substantive matters. In addition, Sections 23A and 23B include coverage of transactions with insiders relative to credit exposure arising from derivative transactions. An insured depository institution is also prohibited from purchasing or selling an asset to an executive officer, director, or principal shareholder (or any related interest of such a person) unless the transaction is on market terms, and, if the transaction exceeds 10% of the institution's capital, it is approved in advance by a majority of the disinterested directors.

A bank's authority to extend credit to executive officers, directors and greater than 10% shareholders, as well as entities controlled by such persons, is subject to Sections 22(g) and 22(h) of the Federal Reserve Act and Regulation O promulgated thereunder by the Federal Reserve. Among other things, these loans must be made on terms substantially the same as those offered to unaffiliated individuals. The amount of loans a bank may make to these persons is based, in part, on the bank's capital position, and specified approval procedures must be followed in making loans which exceed specified amounts.

Anti-tying Restrictions

Bank holding companies and affiliates are prohibited from tying the provision of services, such as extensions of credit, to other services offered by a holding company or its affiliates.

Capital Adequacy Requirements

Banks are subject to regulatory capital requirements imposed by the Federal Reserve and the FDIC. Until a bank holding company reaches $3 billion in assets, the risk-based capital and leverage guidelines issued by the Federal Reserve are applied to bank holding companies on a nonconsolidated basis, unless the bank holding company is engaged in nonbank activities involving significant leverage, or it has a significant amount of outstanding debt held by the general public. Instead, a bank holding company with less than $3 billion in assets generally applies the risk-based capital and leverage capital guidelines on a bank only basis and must only meet a debt-to-equity ratio at the holding company level. The Federal Reserve risk-based capital guidelines apply directly to banks, regardless of whether they are subsidiaries of a bank holding company. Both agencies' requirements, which are substantially similar, establish minimum capital ratios in relation to assets, both on an aggregate basis as adjusted for credit risks and off-balance sheet exposures. The risk weights assigned to assets are based primarily on credit risks. Depending upon the riskiness of a particular asset, it is assigned to a risk category. Under the guidelines, capital is compared to the relative risk related to the balance sheet. To derive the risk included in the balance sheet, risk weights from 0% to 250% are applied to different balance sheet and off-balance sheet assets, primarily based on the relative credit risk of the counterparty. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Capital is then classified into three categories, Common Equity Tier 1, Additional Tier 1, and Tier 2. CET1 Capital is the sum of common stock instruments and related surplus net of treasury stock, retained earnings, AOCI and qualifying minority interests, less applicable regulatory adjustments and deductions that include AOCI (if an irrevocable option to neutralize AOCI is exercised). Mortgage-servicing assets, deferred tax assets, and investments in financial institutions are limited to an aggregate of 15% of CET1 and 10% of CET1 individually. Additional Tier 1 Capital includes noncumulative perpetual preferred stock, and Tier 1 minority interests, less applicable regulatory adjustments and deductions. Tier 2 Capital includes subordinated notes and preferred stock not included in Additional Tier 1 Capital, total capital minority interests not included in Tier 1, and ACL not exceeding 1.25% percent of risk-weighted assets, less applicable regulatory adjustments and deductions.

Smaller banks are subject to the following capital level threshold requirements:

	Threshold Ratios			
Capital Category	**Total Risk-Based Capital Ratio**	**Tier 1 Risk-Based Capital Ratio**	**CET1 Risk-Based Capital Ratio**	**Tier 1 Leverage Capital Ratio**
Well capitalized	10.00%	8%	6.5%	5%
Adequately capitalized	8%	6%	4.5%	4%
Undercapitalized	< 8%	< 6%	< 4.5%	< 4%
Significantly undercapitalized	< 6%	< 4%	< 3%	< 3%
Critically undercapitalized	Tangible Equity/Total Assets ≤ 2%			

Community banks are subject to the following minimum capital requirements.

Minimum CET1 ratio	4.5%
Capital conservation buffer	2.5%
Minimum tier 1 capital	6.0%
Minimum total capital	8.0%

Federal banking regulators have adopted regulations revising the risk-based capital guidelines to further ensure that the guidelines take adequate account of interest rate risk. Interest rate risk is the adverse effect that changes in market interest rates may have on its financial condition and is inherent to the business of banking. Under the regulations, when evaluating a bank's capital adequacy, the revised capital standards now explicitly include a bank's exposure to declines in the economic value of its capital due to changes in interest rates. The exposure of a bank's economic value generally represents the change in the present value of its assets, less the change in the value of its liabilities, plus the change in the value of its interest rate off-balance sheet contracts.

Federal bank regulatory agencies possess broad powers to take prompt corrective action as deemed appropriate for an insured depository institution and its holding company, based on the institution's capital levels. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized,"

"undercapitalized," "significantly undercapitalized," or "critically undercapitalized." Generally, as an institution is deemed to be less than well capitalized, the scope and severity of the agencies' powers increase, ultimately permitting the agency to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and can engage in various expansion activities with prior notice, rather than prior regulatory approval. However, rapid growth, poor loan portfolio performance or poor earnings performance, or a combination of these factors, could change the capital position of the bank in a relatively short period of time. Failure to meet these capital requirements could subject the bank to prompt corrective action provisions of the FDIA, which may include filing with the appropriate bank regulatory authorities a plan describing the means and a schedule for achieving the minimum capital requirements. In addition, the Company would not be able to receive regulatory approval of any application that required consideration of capital adequacy, such as a branch or merger application, unless the Company could demonstrate a reasonable plan to meet the capital requirement within an acceptable period of time.

In 2019, the Federal banking regulatory agencies adopted a rule to simplify the methodology for measuring capital adequacy for smaller, uncomplicated banks. The CBLR is calculated as the ratio of tangible equity capital divided by average total consolidated assets. CBLR tangible equity is defined as total equity capital, prior to including minority interests, and excluding accumulated other comprehensive income, deferred tax assets arising from net operating loss and tax credit carryforwards, goodwill, and other intangible assets (other than mortgage servicing assets). Under the rule, a qualifying organization may elect to use the CBLR framework if its CBLR is greater than 9%.

Branching

Subject to OCC approval, national and state banks can establish branches in any state if that state would permit the establishment of the branch by a state bank chartered in that state.

Deposit Insurance Assessments

The deposits of a bank are insured by the FDIC up to the limits under applicable law, which currently is set at $250,000 for accounts under the same ownership. Banks are subject to deposit insurance premium assessments. The FDIC imposes a risk-based deposit premium assessment system. Under this system, the assessment rates for an insured depository institution vary according to the level of risk incurred in its activities. To arrive at an assessment rate for a banking institution, the FDIC places it in one of four risk categories determined by reference to its capital levels and supervisory ratings. In the case of those institutions in the lowest risk category, the FDIC further determines its assessment rate based on certain specified financial ratios or, if applicable, long-term debt ratings. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits. Under the current system, premiums are assessed quarterly. The FDIC has published guidelines on the adjustment of assessment rates for certain institutions. The assessment base on which a bank's deposit insurance premiums is paid to the FDIC is now calculated based on its average consolidated total assets less its average equity. Congressional bills and other proposals could result in additional significant changes to the financial services and banking system, including, but not limited to, provisions for limitations on deposit insurance coverage or changing the timing and method financial institutions use to pay for deposit insurance. As a consequence of the extensive regulation of commercial banking activities in the United States, the Bank's business is particularly susceptible to being affected by federal legislation and regulations that may increase the costs of doing business or change the Corporation's competitive landscape. Whether any future legislation will be enacted or additional regulations will be adopted, and how they might impact the Company, cannot be determined at this time.

Deposit insurance may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency. Deposits and certain claims for administrative expenses and employee compensation against insured depository institutions are afforded a priority over other general unsecured claims against the institution, including federal funds and letters of credit, in the liquidation or other resolution of that institution by any receiver appointed by federal authorities. These priority creditors include the FDIC.

Dividends

BayFirst's ability to pay cash dividends may depend almost entirely upon the aggregate amount of dividends that the Bank is able to pay and that the Bank is permitted to pay, by statutes or regulations, to the Company. Additionally, the FBCA provides that the Company may only pay dividends if the dividend payment would not render BayFirst insolvent, or cause BayFirst to be unable to meet obligations as they come due. These provisions could have the effect of limiting the ability to pay dividends.

Banking regulations limit the amount of dividends that may be paid. Approval by regulatory authorities is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels. Approval is also required if dividends declared exceed the net profits of the Bank for that year combined with the retained net profits for the preceding two years. In July 2025, the Board of Directors suspended payments of dividends to common and preferred shareholders.

Capital Conservation Buffer (as a percentage of risk weighted assets)	Maximum Payout Ratio (as a % of the Previous Four Quarters of Net Income)
Greater than 2.5%	No payout limitation
Less than or equal to 2.5% and greater than 1.875%	60%
Less than or equal to 1.875% and greater than 1.25%	40%
Less than or equal to 1.25% and greater than 0.625%	20%
Less than or equal to 0.625%	0%

The Federal Reserve expects bank holding companies to serve as a source of strength to their subsidiary bank(s), which may require them to retain capital for investment in their subsidiary bank(s), rather than pay dividends to shareholders. As stated previously, the Bank may not pay dividends to BayFirst, if, after paying those dividends, the bank would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. Payment of dividends by the Bank may be restricted at any time at the discretion of its applicable regulatory authorities if they deem such dividends to constitute an unsafe and/or unsound banking practice.

Fiscal and Monetary Policies

The business and earnings of a bank may be significantly affected by the fiscal and monetary policies of the federal government and its agencies. Banks are particularly affected by the policies of the Federal Reserve, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the Federal Reserve are: (i) conducting open market operations in United States government securities; (ii) changing the discount rates of borrowings of depository institutions; (iii) imposing or changing reserve requirements against depository institutions' deposits; and (iv) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. For that reason alone, the policies of the Federal Reserve have a material effect on the earnings of banks.

Other Laws

State usury and credit laws limit the amount of interest and other charges collected or contracted by a bank on loans. Bank loans are subject to federal laws applicable to credit transactions, such as the:

- *Federal Truth-In-Lending Act*, which governs disclosures of credit terms to consumer borrowers;
- *Community Reinvestment Act*, which requires financial institutions to meet their obligations to provide for the total credit needs of the communities they serve, including investing their assets in loans to low and moderate-income borrowers;
- *Home Mortgage Disclosure Act* requiring financial institutions to provide information to enable public officials to determine whether a financial institution is fulfilling its obligations to meet the housing needs of the community it serves;
- *Equal Credit Opportunity Act* prohibiting discrimination on the basis of race, creed, or other prohibitive factors in extending credit;
- *Real Estate Settlement Procedures Act*, which requires lenders to disclose certain information regarding the nature and cost of real estate settlements, and prohibits certain lending practices, as well as limits escrow account amounts in real estate transactions;
- *Fair Credit Reporting Act* governing the collection of consumer debts by collection agencies; and

- The rules and regulations of various federal agencies charged with the responsibility of implementing such federal laws.

Bank operations are also subject to the:

- *Gramm-Leach-Bliley Act of 1999*, which contains privacy provisions that requires the Bank to maintain privacy policies intended to safeguard consumer financial information, to disclose these policies to the customers, and allow customers to "opt out" of having their financial service providers disclose their confidential financial information to nonaffiliated third parties, subject to certain exceptions;
- *Right to Financial Privacy Act*, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- *Electronic Funds Transfer Act and Regulation E*, which govern automatic deposits to, and withdrawals from, deposit accounts and customers' rights and liabilities arising from the use of debit cards, automated teller machines, and other electronic banking services.

Anti-Money Laundering

Banks are subject to significant regulation and supervision relative to anti-money laundering:

- such regulation is broad and includes the extraterritorial jurisdiction of the United States;
- compliance and due diligence obligations are significant and may be costly;
- banks may be compelled to produce documents located both inside and outside the United States, including those of foreign institutions that have a correspondent relationship in the United States; and
- banks enjoy a safe harbor from civil liability to customers for banks' activities under anti-money laundering laws and regulation.

The U.S. Treasury, in cooperation with the federal banking agencies, the SEC, the Commodity Futures Trading Commission, and the Department of Justice:

- requires customer identification and verification;
- imposes the money-laundering program requirement to the major financial services sectors, including insurance and unregistered investment companies, such as hedge funds; and
- facilitates and permits the sharing of information between law enforcement and financial institutions, as well as among financial institutions themselves.

Enforcement of the anti-money laundering laws and regulations is significant, on the part of both state and federal regulators.

Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Act has had a broad impact on the financial services industry, imposing significant regulatory and compliance changes, including the designation of certain financial companies as systemically significant, the imposition of increased capital, leverage, and liquidity requirements, and numerous other provisions designed to improve supervision and oversight of, and strengthen safety and soundness within, the financial services sector. Additionally, the Dodd-Frank Act established a framework of authority to conduct systemic risk oversight within the financial system to be distributed among federal regulatory agencies, including the Financial Stability Oversight council, the Federal Reserve, the OCC, and the FDIC. The following items provide a brief description of certain key provisions of the Dodd-Frank Act that affect banks:

- *Limitation on debit card transaction fees.* The amount a provider can charge for debit card transaction fees, commonly referred to as interchange fees, is now limited to $0.21 plus 0.05% of the price of the transaction (plus $0.01, if the provider has certain fraud prevention standards in place).
- *Mortgage loan origination and risk retention.* Additional regulatory requirements have been put in place that may affect the operations and result in increased compliance costs. For example, new standards have been created for mortgage loan originations on all lenders, including banks and thrifts, in an effort to require steps to verify a borrower's ability to repay. In addition, the Dodd-Frank Act generally requires lenders or securitizers to retain an economic interest in the credit risk relating to loans the lender sells or mortgage and other asset-backed securities

that the securitizer issues. These applicable rules generally require a sponsor of this type of transaction to retain an economic interest equal to at least 5% percent of the aggregate credit risk of the assets collateralizing an issuance.

- *Expanded FDIC resolution authority.* While insured depository institutions have long been subject to the FDIC's resolution process, the Dodd-Frank Act created a new mechanism for the FDIC to conduct the orderly liquidation of certain "covered financial companies," including bank and thrift holding companies and systemically significant nonbank financial companies.
- *Consumer Financial Protection Bureau.* An independent CFPB was created within the Federal Reserve. The CFPB is tasked with establishing and implementing rules and regulations under certain federal consumer protection laws with respect to the conduct of providers of certain consumer financial products and services. The CFPB has rulemaking authority over many of the statutes governing products and services offered to bank and thrift consumers.
- *Transactions with affiliates and insiders.* The Dodd-Frank Act generally enhanced the restrictions on transactions with affiliates under Section 23A and 23B of the Federal Reserve Act, including an expansion of the definition of "covered transactions."
- *Enhanced lending limits.* The Dodd-Frank Act strengthened the limits on a depository institution's credit exposure to one borrower.

FDICIA

In November 2025, the FDIC adjusted several asset-based regulatory thresholds governing annual independent audit and reporting requirements for insured depository institutions. Under the FDIC's final rule, the asset threshold for requiring an annual independent audit of the institution has been raised from $500 million in total assets to $1 billion, the threshold for requiring management reports on internal controls has increased from $1 billion to $5 billion, and the threshold for audit committee independence requirements was increased from $3 billion to $5 billion in total assets.

Future Legislation

Various other legislative and regulatory initiatives, including proposals to overhaul the banking regulatory system are from time to time introduced in Congress and state legislatures, as well as regulatory agencies. Future legislation regarding financial institutions may change banking statutes and the operating environment of the Company in substantial and unpredictable ways, and could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance depending upon whether any of this potential legislation will be enacted, and if enacted, the effect that it or any implementing regulations, would have on the financial condition or results of operations of the Company. The nature and extent of future legislative and regulatory changes affecting financial institutions is very unpredictable at this time.

Available Information

The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on the Company's website at www.bayfirstfinancial.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. These documents are also available on the SEC's website at www.sec.gov.

Item 1A. Risk Factors

Our business and results of operations are subject to numerous risks and uncertainties, many of which are beyond our control. The material risks and uncertainties that management believes affect the Company are described below. Additional risks and uncertainties that management is not aware of or that management currently deems immaterial may also impair the Company's business operations. This report is qualified in its entirety by these risk factors. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of our securities could decline significantly, and you could lose all or part of your investment. Some statements in the following risk factors constitute forward-looking statements. Please refer to "Cautionary Note Regarding Forward-Looking Statements" in Item 7 of this report.

Risk Factor Summary

Our business is subject to uncertainties and risks and our risk factors can be broadly summarized by the following:

- Our ability to grow our loan portfolio, deposits gathering business, and the infrastructure needed to support it;

- Possible loan defaults, devaluation of collateral, adverse political, environmental, or economic events, and competition;
- Interest rates and available sources of liquidity;
- Our ability to raise capital and the effects of doing so on our shareholders;
- The potential that we are subject to fraud, incorrect judgments, or other bad acts of third parties;
- Laws, regulations, rules, and standards to which we are subject and the government agencies with which we interact;
- Recruitment, retention, development, performance, and potential bad acts of our key executives and other employees, as well as transactions with them and our directors;
- Dividend and other restrictions placed on us by our outstanding preferred stock, restrictions that may be imposed by future issuances of preferred stock, and our pledging of the stock in the Bank to secure a loan;
- Rapidly developing technology;
- Estimates used in certain valuations, including our allowance for credit losses; and
- Features of our stock, such as liquidity, dilution, the lack of preemptive rights, our SEC reporting status, and the concentration of ownership among our insiders.

Risk Factors Related to Our Business

We may need additional capital in the future, but such capital may not be available when needed.

We may need to obtain additional debt or equity financing to meet our capital needs, absorb losses, fund future growth, or meet the requirements of our regulators. Our ability to maintain capital at required levels depends on many factors, including our financial performance, asset quality, loan growth, dividend policy, and the overall condition of the capital markets. We cannot guarantee that any needed financing will be available to us on acceptable terms or at all. If our financial performance is unsatisfactory, if financial market participants have an unfavorable view of the Company and its performance, or if negative economic events or disruptions in the capital markets occur, it may not be possible for us to find sources of sufficient capital for our business operations. If we are unable to obtain future financing, we may become subject to regulatory enforcement actions, not be able to resume paying dividends or repurchasing stock, not be able to grow, and experience other adverse effects to our business, financial condition, and results of operations.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. Actions by the Federal Home Loan Bank of Atlanta or the Board of Governors of the Federal Reserve System may reduce our borrowing capacity. Additionally, we may not be able to attract deposits at competitive rates. Our inability to raise funds through traditional deposits, brokered deposits, borrowings, the sale of investment securities or loans, and other sources could negatively affect our liquidity or result in increased funding costs. Liquidity may also be adversely impacted by bank supervisory and regulatory authorities mandating changes in the composition of our balance sheet to asset classes that are less liquid.

Changes in interest rates affect our profitability and assets.

Our profitability depends to a large extent on the Bank's net interest income, which is the difference between income on interest-earning assets, such as loans and investment securities, and expenses on interest-bearing liabilities, such as deposits and borrowings. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control including inflation, economic recession, unemployment, money supply, domestic and international events, and changes in the United States and other financial markets.

At December 31, 2025, our one-year interest rate sensitivity position was asset sensitive, such that a gradual increase in interest rates during the next twelve months would have a positive impact on our net interest income. Our results of operations are affected by changes in interest rates and our ability to manage this risk. The difference between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities may be affected by changes in market interest rates, changes in relationships between interest rate indices, and changes in the relationships between long-term and short-term market interest rates. Our net interest income may be reduced if: (i) more interest-earning assets than interest-bearing liabilities reprice or mature during a time when interest rates are declining; or (ii) more interest-bearing liabilities than interest-earning assets reprice or mature during a time when interest rates are rising. In addition, the mix of assets and liabilities could change as varying levels of market interest rates might present our customer base with more attractive options.

Loss of deposits or a change in deposit mix could increase our funding costs and adversely affect our performance.

Deposits are a low cost and stable source of funding. We compete with banks and other financial institutions for deposits and as a result, the Company could lose deposits in the future, clients may shift their deposits into higher cost products, or the Company may need to raise interest rates to avoid deposit attrition. Funding costs may also increase if deposits lost are replaced with wholesale funding. Higher funding costs reduce our net interest margin, net interest income, and net income. The environment for maintaining and growing deposits has become more challenging. Should we experience a decrease in deposits, we may need to rely on higher cost wholesale funding, which would adversely affect our financial performance and net income.

Changes in economic and political conditions could adversely affect our earnings through declines in deposits, loan demand, the ability of our customers to repay loans and the value of the collateral securing our loans.

Our success depends to a significant extent upon local and national economic and political conditions, as well as governmental fiscal and monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, fiscal and monetary policy, an increasing federal government budget deficit, slowing gross domestic product, tariffs, a U.S. withdrawal from or significant renegotiation of trade agreements, trade wars, and other factors beyond our control may adversely affect our deposit levels and composition, the quality of investment securities available for purchase, demand for loans, the ability of our borrowers to repay their loans, and the value of the collateral securing loans. Recent political developments in Russia, Ukraine, the Middle East, and South America may result in substantial changes in economic and political conditions for the U.S. and the remainder of the world. Disruptions in U.S. and global financial markets, and changes in oil production and supply in those and other areas, also affect the economy and stock prices in the U.S., which can affect our earnings, capital, as well as the ability of our customers to repay loans.

A shutdown of the Federal government would likely result in us being temporarily unable to make USDA government guaranteed loans.

If the Federal government experiences a shutdown, it is likely that the USDA, and other agencies which guaranty some of the loans we make, will be unable to process those loans and sell those loans. As a result, our ability to make those loans would be delayed. During such a delay, it is possible that prospective borrowers could obtain financing from other sources or elect not to borrow. Any delay in closing these types of loans, or losing the opportunity to originate or sell them, could result in decreased fee and interest income, which would adversely affect our financial performance.

Changes in the laws or regulations governing our USDA government guaranteed lending activities may adversely affect our ability to operate them profitably.

Our USDA government lending programs are subject to laws and regulations administered by government agencies such as the United States Department of Housing and Urban Development and the United States Department of Agriculture. If any of these laws or regulations change, or the policies and practices of these agencies change, such changes may impact our ability to offer such products in a profitable manner, or at all. If we are unable to profitably offer these products, our net income will likely decrease and our financial condition and performance will likely deteriorate.

We may not be able to retain or grow our core deposit base, which could adversely impact our funding costs.

We rely on client deposits as our primary source of funding for our lending activities. Our future growth will largely depend on our ability to retain and grow our core deposit base. Our retention and acquisition of customer deposits are subject to potentially dramatic fluctuations in availability or price due to certain factors outside of our control, such as increasing competitive pressures for deposits, changes in interest rates and returns on other investment classes, client perceptions of our financial health and general reputation, or a loss of confidence by clients in us or the banking sector generally. Such factors could result in significant outflows of deposits within short periods of time or significant changes in pricing necessary to maintain current client deposits or attract additional deposits. Additionally, any such loss of funds could result in lower loan originations or the need to sell investment securities at a loss, which could have a material adverse effect on our business, financial condition and results of operations.

Unrealized losses in the Bank's investment portfolio could affect liquidity.

As market interest rates increase, the unrealized losses on the Bank's investment portfolio also increase. As market interest rates decrease, the unrealized losses on the Bank's investment portfolio also decrease. The increase or decrease in unrealized losses is reflected in AOCI on the balance sheet and increases or reduces book capital, and therefore, the tangible common equity ratio. Unrealized losses do not affect regulatory capital ratios.

The Bank's access to liquidity sources could be affected by unrealized losses if investments must be sold at a loss, tangible capital ratios continue to decline from an increase in unrealized losses or realized credit losses, the FHLB or other sources reduce capacity or bank regulators impose restrictions on the Bank such as a limit on interest rates it may pay on deposits or its ability to access brokered deposits.

We are dependent on our management team and any of their departure, or subsequent employment with a competitor could adversely affect our operations.

Our growth and development are particularly dependent upon the personal efforts and abilities of our executive officers and other qualified personnel. The loss or unavailability of such officers or employees could have a material adverse effect on our operations and prospects. Such adverse effect may be magnified if any such officer or employee were to become employed with a competitor of ours.

We have pledged the outstanding shares of the Bank to secure a loan, and if we cannot repay the loan when due, the lender may foreclose on the loan and take ownership of the Bank.

We have pledged 100% of the outstanding shares of the Bank's capital stock to secure a term loan with another financial institution with a balance of $1.6 million as of December 31, 2025. If we do not have cash available at BayFirst or we are unable to fund dividends from the Bank to BayFirst, we may not be able to make principal or interest payments due on the loan. If we cannot repay or refinance the loan on or prior to maturity, the lender may foreclose on the pledged stock and take ownership of the Bank. In which case, we may not have any source of revenue and it would be unlikely that we would continue to operate. The loan currently matures on March 10, 2029.

We engage in transactions with our directors and their related interests, which creates the potential for conflicts of interest.

Directors Mark S. Berset and Derek S. Berset are owners of an insurance agency from which the Bank purchases insurance. From time to time the Bank makes loans to, and accepts deposits from, officers and directors and their affiliates. Further, from time to time, in the ordinary course of business, the Company has entered into transactions with certain members of its Board of Directors for various professional services.

Such insider transactions present reputational and corporate governance risks to BayFirst and the Bank. Insider transactions often draw the scrutiny of regulators and shareholders. If they were to identify terms of the transactions, or aspects of the process through which we entered into them, that they deemed to be inappropriately unfavorable to BayFirst or the Bank, such regulators or shareholders might take enforcement or legal action against us. Similarly, insider transactions may present an opportunity for taking advantage of BayFirst or the Bank. If any such events were to occur, BayFirst and the Bank may incur expenses or become engaged in time consuming enforcement or legal processes that could negatively affect our performance.

We may not be able to collect on the guarantees of our SBA or other government guaranteed loans if borrowers default.

In order to collect on their guarantees, we must strictly comply with the standards set by the SBA or other government agencies. If our government guaranteed loans or our servicing and administration of them do not comply with such standards, we may not be able to collect on their guarantees in the event of default. In such case, our asset quality, earnings, and growth prospects could be adversely affected.

Our Internet-based systems and online commerce activities are subject to security threats that could adversely affect our business.

Third party, or internal, systems and networks may fail to operate properly or become disabled due to deliberate attacks or unintentional events. Our operations are vulnerable to disruptions from human error, natural disasters, power loss, computer viruses, spam attacks, denial of service attacks, unauthorized access, and other unforeseen events. Undiscovered data corruption could render our customer information inaccurate. These events may obstruct our ability to provide services, underwrite loans, and process transactions. Any such incident could put confidential customer information at risk, which may result in significant liability to us, subject us to additional regulatory scrutiny, damage our reputation, result in a loss of customers, cause us to incur significant expense to remediate any damage and inhibit current and potential customers from using our online banking services, any or all of which could have a material adverse effect on our results of operations and financial condition.

A failure or breach, including cyberattacks, of our computer systems or other technologies could disrupt our business, result in the disclosure of confidential information, and create significant financial and legal exposure.

There is no assurance that our computer systems and other technologies will provide absolute security. In the case of a failure or breach of such systems, their functionality may be disabled. In addition, the confidentiality and integrity of our and our clients' information may be compromised. Further, to access our products and services, our clients may use computers and mobile devices that are beyond our security systems. Our clients' or our websites or systems may be subject to attacks intended to obtain unauthorized access to confidential information, destroy data, or disable or sabotage services, often through the introduction of computer viruses or malware, cyberattacks, and other means.

Furthermore, the methods of cyberattacks change frequently and may not be recognized until or after launch. Therefore, we may not be able to anticipate or implement effective preventive measures against all possible security breaches. Any successful cyberattack or other security breach may result in the misappropriation, loss, or other unauthorized disclosure of confidential customer information. Such an event may also compromise our ability to function and could severely damage our reputation, erode confidence in the security of our systems, products, and services, expose us to the risk of litigation and liability, and disrupt our operations. Any successful cyberattack may subject us to regulatory investigations, litigation or enforcement, or require the payment of regulatory penalties or require us to undertake costly remediation efforts. All or any of these could adversely affect our business, financial condition, or results of operations and damage our reputation.

The development and use of artificial intelligence by us or others, or our inability to effectively and timely implement its use, may adversely affect the Company.

The use of artificial intelligence in the banking industry is developing and growing. Customer demand may cause us and others to offer products or services incorporating artificial intelligence. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Our future success will depend, in part, upon our ability to invest in and use appropriate technology, which may include artificial intelligence. To effectively make such investments, we may need to expend significant financial, human, and other resources. However, we may not be able to implement artificial intelligence in an effective or timely way, thus adversely impacting our operations. This may also adversely impact our ability to compete with financial institutions which have greater resources to invest in such technological improvements. Ultimately, any artificial intelligence we develop or use may be flawed. If our use of artificial intelligence, or its use by third parties with which we do business or otherwise interact, is deficient, biased, or inaccurate, or compromises customer privacy or implicates other ethics issues, we could be subject to competitive harm, potential legal liability, and brand or reputational harm.

The valuation of our SBA and USDA related servicing rights is based on estimates and subject to fluctuation based on market conditions and other factors that are beyond our control.

The fair value of our SBA and USDA servicing rights is estimated by a third party based upon projections of expected future cash flows generated by the loans we service, historical prepayment rates, future prepayment estimates, portfolio characteristics, interest rates based on interest rate yield curves, volatility, market demand for servicing rights, and other factors. While this evaluation process uses historical and other objective information, the valuation of our servicing rights is ultimately an estimate based on our experience, judgment, and expectations regarding our servicing portfolio and the broader market. This is an inherently uncertain process and the value of our servicing rights may be adversely impacted by factors that are beyond our control, which may in turn cause us to record valuation allowances which could have a material adverse effect on our business, results of operations, and financial condition.

Changes in business and economic conditions, in particular those of the Florida markets in which we operate, could lead to lower asset quality and decreased earnings.

Unlike larger national or regional banks that are more geographically diversified, our business and earnings are closely tied to general business and economic conditions in our market area. The local economy is heavily influenced by tourism, real estate, and other service-based industries. Factors that could affect the local economy include declines in tourism, higher energy costs, reduced consumer or corporate spending, natural disasters or adverse weather and a significant decline in real

estate values. A sustained economic downturn could adversely affect the quality of our assets, credit losses, and the demand for our products and services, which could lead to lower revenue and lower earnings.

Most expansion activities require approval of our regulators, which we may not be able to obtain, or that may impose conditions that we find to be unacceptable.

Branch openings, and other expansion activities, generally require the approval of our regulators. We may not be able to obtain such approvals if our regulators do not believe we are financially or managerially strong enough to integrate or manage such activities. In addition, our regulators consider our capital, liquidity, profitability, regulatory compliance, including with the Community Reinvestment Act and the Bank Secrecy Act, and levels of goodwill and intangibles when considering acquisition and expansion proposals. Our regulators may also impose conditions in approvals that we find to be unacceptable, prohibitive, or otherwise undesirable. In any of those instances, we may be unable or unwilling to consummate a transaction or undertake an expansionary activity.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to material penalties and have negative effects on our business.

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act, and other fair lending laws and regulations impose obligations and nondiscriminatory lending requirements on financial institutions. The banking regulators and the U.S. Department of Justice are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the Community Reinvestment Act or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on branch expansion, merger and acquisition activity, and restrictions on entering new business lines. Private parties may also have the ability to challenge our performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations, and future prospects.

We may be required to make increases in our credit loss reserve and to charge off loans in the future, which could adversely affect our results of operations.

The determination of the appropriate level of the credit loss reserve involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks, which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors within and outside of our control, may require an increase in the credit loss reserve. In addition, our regulators periodically review our credit loss reserve and may request an increase in the provision for credit losses or the recognition of loan charge-offs, based on judgments different than those of management.

If real estate values in our markets decline, we could experience losses upon foreclosure of the loan or sale of the real estate.

A material portion of our loan portfolio consists of mortgages secured by real estate located in Pinellas, Pasco, Hillsborough, Manatee, and Sarasota Counties, Florida. Real estate values in our market may decline due to changes in national, regional or local economic conditions; fluctuations in interest rates and the availability of loans to potential purchasers; changes in the tax laws and other governmental statutes, regulations and policies; and acts of nature. If real estate values decline in our market, the value of the real estate collateral securing our loans will likely be reduced. Any reduction in the value of the collateral securing our loans could reduce the amount of money we could realize on the sale of any collateral and thereby adversely affect our financial performance.

Hurricanes or other adverse weather events, as well as climate change, could negatively affect our local economies or disrupt our operations, which could have an adverse effect on our business and results of operations.

Our market areas in Florida are susceptible to hurricanes, tropical storms, and related flooding and wind damage. Such weather events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where we operate. Such weather events could result in a decline in loan originations, a decline in the value, or destruction of properties securing our loans and an increase in delinquencies, foreclosures, or credit losses. Our business and results of operations may be adversely affected by these and other negative effects of future hurricanes, tropical storms,

related flooding and wind damage and other similar weather events. Climate change may be increasing the severity and frequency of adverse weather conditions, making the impact from these types of natural disasters on us or customers worse.

Further, concerns over the long-term impacts of climate change have led and may continue to lead to governmental efforts around the world to mitigate those impacts. Investors, consumers, and businesses also may change their behavior on their own as a result of these concerns. The State of Florida could be disproportionately impacted by long-term climate changes. We and our customers may face cost increases, asset value reductions, and changes in supply or demand for products and services resulting from new laws, regulations, and changing consumer and investor preferences regarding responses to climate change.

The Florida property insurance market is in crisis and the inability of our borrowers to obtain insurance on properties securing our loans may adversely affect the value of the collateral, the performance of our loan portfolio, and our ability to make loans secured by real estate.

Florida is susceptible to hurricanes, tropical storms and related flooding and wind damage and other similar weather events. Such events can disrupt operations, result in damage to properties and negatively affect the local economies in our markets. As a result of the potential for such weather events, many of our customers have incurred significantly higher insurance premiums, or been unable to secure insurance, on their properties. This may adversely affect real estate sales and values in our markets and leave our borrowers without funds to repay their loans in the event of destructive weather events. Such events could result in a decline in loan originations, a decline in the value or destruction of properties securing loans and a decrease in credit quality, negatively impacting our business and results of operations.

Public health emergencies could hurt our business.

The COVID pandemic and the governmental and public response disrupted day-to-day life and the normal functioning of the domestic and global economy. Future developments or new emergencies will be highly uncertain and cannot be predicted, including the effectiveness of remote working arrangements, third party providers' abilities to continue to support our and our customer's operations, and any further actions taken by governmental authorities and other third parties. Accordingly, public health crises could materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels. Further, it is impossible to effectively predict future events relative to the nature, duration, or severity of recent events. Therefore, we cannot provide guidance as to the effect a global pandemic or other health crisis may have on us, Florida, the remainder of the U.S., or the global economy.

Our loan portfolio includes a material amount of commercial real estate and commercial and industrial loans.

The credit risk associated with commercial real estate loans and C&I loans is a result of several factors, including the concentration of principal in a limited number of loans and to borrowers in similar lines of business, the size of loan balances, the effects of general economic conditions on the demand for C&I products and services and income-producing properties, and the increased difficulty of evaluating and monitoring these types of loans. Repayment of commercial real estate and C&I loans in some cases is dependent upon the successful operation of the related business or the development or sale of the related real estate. If the actual or potential cash flow from a business or property is reduced, the borrower's ability to repay the loan may be impaired. As a result, repayment of these loans may, to a greater extent than other types of loans, be subject to adverse conditions in the real estate market or economy. In addition, if the Bank forecloses on the collateral securing C&I loans, the potential market for selling such collateral may be limited to persons already engaged in a similar business. That may result in the Bank recovering an amount for such collateral less than the amount of the loan or taking an extended time to liquidate such collateral.

Our use of appraisals in deciding whether to make a loan secured by real property or how to value the loan in the future may not accurately describe the net value of the collateral that we can realize.

In considering whether to make a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values may fluctuate over relatively short periods of time, especially in times of heightened economic uncertainty, this estimate might not accurately describe the net value of the collateral after the loan has been closed. If the appraisal does not reflect the amount that may be obtained upon any sale or foreclosure of the property, we may not realize an amount equal to the indebtedness secured by the property. In addition, we rely on appraisals and other valuations to establish the value of foreclosed real estate and to determine certain loan impairments. If any of these valuations are inaccurate, our consolidated financial statements may not reflect the correct value of our foreclosed upon real estate, and our credit loss reserve may not

accurately reflect loan impairments. Inaccurate valuations of properties could materially adversely affect our business, results of operations and financial condition.

We operate in a highly competitive industry and market area.

We face substantial competition in all areas of our operations from a variety of different competitors, many of which are larger and may have more financial resources than we do. Such competitors primarily include Internet banks and national, regional and community banks within the various markets we serve. We also face competition from many other types of financial institutions, including, without limitation, savings and loan institutions, credit unions, mortgage companies, other finance companies, brokerage firms, insurance companies, factoring companies and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes, as well as continued consolidation. Many of our competitors have fewer regulatory constraints and may have lower cost structures. Our success depends on our ability to compete successfully in our market area, and there is no guarantee that we will be able to do so.

We may face risks with respect to future expansion.

We may consider and enter into new lines of business or offer new products or services. We may acquire all or parts of other institutions and we may engage in additional *de novo* branch expansion. Expansion involves a number of risks, including the costs associated with identifying and evaluating potential acquisitions and merger partners, inaccurate estimates and judgments regarding credit, operations, management and market risks of the target institution, our ability to finance expansion, possible dilution to our existing shareholders, the diversion of our management's attention to the negotiation of a transaction, the integration of the operations and personnel of combining businesses, and the possibility of unknown or contingent liabilities.

We are subject to government regulation and monetary policy that could constrain our growth and profitability.

We are subject to extensive federal government supervision and regulations that impose substantial limitations with respect to lending activities, purchases of investment securities, the payment of dividends, and many other aspects of our business. Many of these regulations are intended to protect depositors, the public, and the FDIC, but not our shareholders. The banking industry is heavily regulated. We are subject to examinations, supervision and comprehensive regulation by various federal and state agencies. Our compliance with these regulations is costly and restricts certain activities. The burden imposed by federal and state regulations puts banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies, and leasing companies. Federal economic and monetary policy may also affect our ability to attract deposits, make loans, and achieve our planned operating results. New laws and regulations may increase costs of regulatory compliance. Further, additional legislation and regulations that could significantly affect our power and authority, and operations may be enacted or adopted in the future which could have a material adverse effect on our financial condition and results of operations.

Legislation and regulatory proposals enacted in response to market and economic conditions may materially adversely affect our business and results of operations.

Changes in the laws, regulations, and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for our competitors. In addition, because regulation of financial institutions changes regularly and is the subject of constant legislative debate, we cannot forecast how federal or state regulation of financial institutions may change in the future and impact our operations. Recent and forthcoming changes to banking regulations may impact the profitability of our business activities, require changes to some of our business practices, or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. It may also require us to hold higher levels of regulatory capital and/or liquidity and it may cause us to adjust our business strategy and limit our future business opportunities. We cannot predict the effects of future legislation and new or revised regulations on us, our competitors, or on the financial markets and economy, although they may significantly increase costs and impede the efficiency of our internal business processes.

Inflation could negatively impact our business and our profitability.

Significant or prolonged inflation may impact our profitability by negatively impacting our fixed costs and expenses, including increasing funding costs and executive and other employee compensation expense, and negatively impacting the demand for banking products and services. Additionally, inflation may lead to a decrease in client purchasing power and negatively affect the need or demand for loans or deposit accounts. If significant inflation continues, our business could

also be negatively affected by, among other things, increased loan default and losses. If we experience such effects of inflation, our results of operations could suffer.

An economic downturn could have a material adverse effect on our capital, financial condition, results of operations, and future growth.

We monitor market conditions and economic factors throughout, and beyond, our geographic markets. If economic conditions were to worsen nationally, regionally, or locally, we could experience a decline in credit quality and loan and deposit demand. Such declines could negatively affect our business and have a material adverse effect on our capital, financial condition, results of operations, and future growth. In addition, international economic and political uncertainty could impact the U.S. financial markets by potentially suppressing stock prices, including ours, and adding to overall market volatility, which could adversely affect our business. The effects of any economic downturn on our business could continue for many years after the downturn is considered to have ended.

We may incur losses if asset values decline, including due to changes in interest rates and prepayment speeds.

We have a large portfolio of financial instruments, including loans and loan commitments, debt securities, and certain other assets and liabilities that we measure at fair value that are subject to valuation and impairment assessments. We determine these values based on applicable accounting guidance. For financial instruments measured at fair value, this requires us to base fair value on exit price and to maximize the use of observable inputs and minimize the use of unobservable inputs in fair value measurements. The fair values of financial instruments include adjustments for market liquidity, credit quality, and other transaction-specific factors, if appropriate. Gains or losses on these instruments can have a direct impact on our results of operations. Increases in interest rates or changes in spreads may adversely impact the fair value of loans or debt securities and, accordingly, for debt securities classified as available for sale, may adversely affect accumulated other comprehensive income and, thus, capital levels. These market factors also may adversely impact the value of debt securities we hold to meet regulatory liquidity requirements. Decreases in interest rates may increase prepayments of certain assets, and, therefore, may adversely affect net interest income.

Technological changes, including online and mobile banking, have the potential of disrupting our business model, and we may have fewer resources than many competitors to invest in technological improvements.

The financial services industry continues to undergo rapid technological changes with frequent introductions of new technology-driven products and services, including mobile and online banking services. Changes in customer behaviors have increased the need to offer these options to our customers. In addition to serving clients better, the effective use of technology may increase efficiency and may enable financial institutions to reduce costs. Our future success will depend, in part, upon our ability to invest in and use technology to provide products and services that provide convenience to customers and to create additional efficiencies in our operations. We may need to make significant additional capital investments in technology in the future, and we may not be able to effectively implement new technology-driven products and services in a timely manner in response to changes in customer behaviors, thus adversely impacting our operations. Many of our competitors have substantially greater resources to invest in technological improvements and banking regulators may permit emerging technology companies to engage in activities previously reserved to traditional commercial banks. Such competition could adversely affect our performance and results of operations.

Changes in accounting standards may affect our performance.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, there are changes in the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be difficult to predict and can materially impact how we record and report our financial condition and statements of operations. Future changes in financial accounting and reporting standards could require us to apply a new or revised standard retroactively, which could result in a material adverse effect on our financial condition or could even require us to restate prior period financial statements.

We face risks related to our operational, technological, and organizational infrastructure.

Our ability to grow and compete is dependent on our ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure while we expand. Similar to other financial institutions, our operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or outside persons, and exposure to external events. We are dependent on our operational infrastructure to help manage these risks. In addition, we are heavily dependent on the strength and capability of our technology systems, which we use both to interface with our customers and to manage our internal financial and

other systems. Our ability to develop and deliver new products that meet the needs of our existing customers and attract new ones depends on the functionality of our technology systems.

Risks Related to Our Securities

A vibrant public trading market for our common stock has not and may not develop, which may hinder your ability to sell the common stock and may lower the market price of the stock.

Our common stock is quoted and traded on Nasdaq under the symbol "BAFN." However, this listing has not yet resulted in a substantially liquid market for our common stock. We cannot be certain if or when such a market may develop. Accordingly, investors should consider the potential illiquid and long-term nature of an investment in our common stock. You may, therefore, be required to bear the risks of this investment for an indefinite period of time.

Shareholders may face dilution resulting from the issuance of common stock in the future.

We may issue common stock without shareholder approval, up to the number of authorized shares set forth in our Articles of Incorporation. Our Board may determine, from time to time, a need to obtain additional capital through the issuance of additional shares of common stock or other securities. There can be no assurance that such shares will be issued at prices or on terms better than or equal to historical prices or terms. The issuance of any additional shares of common stock by us in the future may result in a reduction of the book value or market price, if any, of the then-outstanding common stock. Issuance of additional shares of common stock will reduce the proportionate ownership and voting power of our existing shareholders.

The price of our common stock could be volatile.

The market price of our common stock may be volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include, among other things: variations in our quarterly results of operations; recommendations by securities analysts; performance of other companies that investors deem comparable to us; economic factors unrelated to our performance; general market conditions; and changes in government regulations. In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition, or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

An investment in our common stock is not an insured deposit.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC. Investment in our common stock is inherently risky for the reasons described herein, and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you could lose some or all of your investment.

Owning our stock will not give you the right to participate in any future offerings of our capital stock and your ownership could be diluted.

As a shareholder, you are not automatically entitled to purchase additional shares of common stock in future issuances of our common stock; therefore, you may not be able to maintain your current percentage of ownership in BayFirst. If we decide to issue additional shares of common stock or conduct an additional offering of stock, your ownership in BayFirst could be diluted and your potential share of future profits may be reduced.

Management has broad discretion concerning the use of our capital.

We use our capital to maintain liquidity and to continue to support the growth of the Bank. This growth may include the opening of branch offices, increasing the size and volume of loans, or other such activities that may require additional capital. Capital may also be used to service our outstanding debt. Our management may determine that it is in the best interest of the Company or the Bank to apply our capital in a manner that is inconsistent with a shareholder's wishes. Failure to use such funds effectively might harm your investment.

If equity research analysts do not publish research or reports about our business, or if they do publish such reports but issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.

The trading market for our common stock could be affected by whether and to what extent equity research analysts publish research or reports about us and our business. We cannot predict at this time whether any research analysts will cover us and our common stock or whether they will publish research and reports on us. The price of our stock could decline if one or more securities analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us. If any of the analysts who elect to cover us downgrade their recommendation with respect to our common stock, our stock price could decline rapidly. If any of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

Our Board of Directors owns a significant percentage of our shares and will be able to make decisions to which you may be opposed.

As of December 31, 2025, BayFirst's directors and named executive officers as a group owned approximately 14.90% of our outstanding common stock. In addition, the directors and named executive officers have stock options to acquire shares of common stock, which, if fully exercised within sixty days of December 31, 2025, would have resulted in them owning approximately 19.12% of our outstanding common stock. Our directors and executive officers are expected to exert a significant influence on the election of Board members and on the direction of the Company. This influence could negatively affect the price of our shares or be inconsistent with other shareholders' desires.

We have outstanding preferred stock and our Board may authorize the issuance of additional series of preferred stock.

We have 1,000,000 shares of authorized preferred stock, no par value. Of those, shares in three classes are issued and outstanding. The terms of those shares entitle the holders to quarterly dividends of $385 thousand (subject to increase if we do not timely redeem them) and prohibit us from paying common stock dividends if we are delinquent in payment of preferred stock dividends. Additionally, our Articles of Incorporation provide that our Board of Directors may authorize additional series of preferred stock without shareholder approval. Accordingly, the issuance of new shares of preferred stock may adversely affect the rights of the holders of shares of our common stock. Since July 1, 2025, the Board of Directors has not declared preferred dividends for payment.

BayFirst has outstanding debt and either BayFirst or the Bank may incur additional debt.

BayFirst has outstanding debt and either BayFirst may incur additional debt. At December 31, 2025, BayFirst had a $1.59 million term loan and $5.96 million in subordinated notes. BayFirst's obligation to make payments on its debt will reduce the amount of cash available to BayFirst to pay dividends on its common stock. BayFirst may issue additional debt. Payments due on such debt will further reduce the amount of money available to BayFirst to pay dividends on its common stock.

We are restricted by law and government policy in our ability to pay dividends to our shareholders.

Holders of shares of our capital stock are only entitled to receive such dividends as our Board may declare out of funds legally available for such payments. Historically, the Board of Directors has declared cash dividends, we are not required to do so and may reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock. Furthermore, the terms of our subordinated notes and the preferred stock will prohibit us from declaring or paying any dividends on any junior series of our capital stock, including our common stock, or from repurchasing, redeeming or acquiring such junior stock, unless we have declared and paid full dividends on our outstanding preferred stock for the most recently completed dividend period. The holders of our outstanding Series A Preferred Stock are entitled to receive quarterly cash dividends at 9% per annum (subject to increase to 11% if we have not redeemed the shares by the tenth anniversary of their issuance in 2019), the holders of our Series B Convertible Preferred Stock are entitled to receive quarterly cash dividends at 8% per annum (subject to increase to 9% if we have not redeemed the shares by the tenth anniversary of their issuance in 2020 and 2021), and the holders of our Series C Cumulative Convertible Preferred Stock are entitled to receive quarterly cash dividends at 11% per annum (subject to increase to 12% if we have not redeemed the shares by the tenth anniversary of their issuance in 2023). Additionally, our Articles of Incorporation provide that our Board of Directors may authorize and issue additional series of preferred stock without shareholder approval. Any preferred shares issued in the future may further restrict our ability to declare or pay dividends on any junior

stock, including the common stock. Since July of 2025, the Board of Directors has not declared dividends for common shareholders and preferred shareholders and has no plans to resume the declaration or payment of dividends.

We are also subject to state and federal statutory and regulatory limitations on our ability to pay dividends on our capital stock. For example, it is the policy of the Federal Reserve that bank holding companies should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality and financial condition. Moreover, the Federal Reserve will closely scrutinize any dividend payout ratio exceeding 30% of after-tax net income. You should not purchase common stock if you will need or expect an investment that pays dividends.

We are an emerging growth company, and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an emerging growth company, and expect to remain an emerging growth company through December 31, 2026, as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies. These include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions until we are no longer an emerging growth company, which could be as long as five full fiscal years following the initial listing of our common stock on Nasdaq. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

Further, the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have not opted out of such extended transition period. This means that when a standard is issued or revised and it has different application dates for public business entities or non-public business entities we, as an emerging growth company, can adopt the new or revised standard at the time non-public entities do so. This may make our financial statements not comparable with those of public companies which are neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period because of the potential differences in accounting standards used.

We are a smaller reporting company and are exempt from certain disclosure requirements, which could make our common stock less attractive to potential investors.

We are a smaller reporting company, as defined under the Exchange Act, and may continue to be so after we no longer qualify as an emerging growth company. As a smaller reporting company, we will: (i) not be required and may not include a Compensation Discussion and Analysis section in our proxy statements, (ii) provide only two years of financial statements; and (iii) not need to provide a table of selected financial data. We also will have other scaled disclosure requirements that are less comprehensive than issuers that are not smaller reporting companies which could make our common stock less attractive to potential investors. We cannot predict if investors will find our common stock less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

Certain provisions of Florida and federal law may discourage or prevent a takeover of BayFirst and result in a lower market price for our common stock.

Florida and federal law contain anti-takeover provisions that apply to us. These provisions could discourage potential buyers from seeking to acquire us in the future, even if the proposed transaction would allow shareholders to realize a premium for their shares and even if a majority of our shareholders wish to participate in such a transaction. As a result, these provisions could also adversely affect the market price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

Cybersecurity risks are constantly evolving and becoming increasingly pervasive across all industries. The Company uses a blend of people, process, and technology controls to manage and mitigate cybersecurity risk. The Company's Board of Directors delegates oversight of the Bank's processes for identifying, assessing, and mitigating material risks, including cybersecurity risks, to the Board Risk Compliance Committee. Senior Leadership, including the CRO and the Director of Information Technology, manage third-party service providers and advisors to maintain and continuously enhance the Bank's Information Security Program. The CRO, Director of Information Technology, and the Bank's third-party virtual ISO regularly present to the Board Risk Compliance Committee on the state of cybersecurity at the Bank, including any business-impacting incidents and emerging industry risks. The virtual ISO has over 30 years of experience in IT, Information Security, Business Continuity, and Technology Risk in the Financial Services sector and maintains several industry-recognized security, audit, privacy and governance certifications.

Key elements of the comprehensive Information Security Program include:

- A mix of administrative and technical tools and controls appropriate to the size and complexity of the Bank to protect the confidentiality, integrity, and availability of critical systems and data, including the privacy of customer data, in compliance with applicable laws, rules, and regulations. Control coverage includes Board approved policies, layers of network and cloud security, encryption of data at rest and in transit, vulnerability scans of technology assets, logging and monitoring, identity and access management, and email security.
- Risk assessments are conducted to: (a) identify reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of critical Bank systems and data, (b) determine the likelihood and potential impact of the threats, and (c) determine the sufficiency of controls and mitigating factors to reduce the risks identified.
- A detailed Cyber Incident Response Plan ("IRP") which includes engagement of a third-party that specializes in cybersecurity for financial institutions to assist in incident response and recovery and communications with the Board, regulators, law enforcement and Federal and State Government offices, as required. In addition, targeted cybersecurity playbooks are maintained to respond to common threats, including malware, ransomware, and denial of service attacks. The IRP is tested at least annually and updated as required.
- Security Awareness training to help employees understand their information protection and cybersecurity responsibilities, including targeted campaigns on phishing and other common social engineering techniques utilized by threat actors.
- A third-party risk management program to classify suppliers according to risk and identify those that require enhanced cyber due diligence.
- Annual independent third-party penetration tests, external vulnerability scans, assessments and audits of the Bank's Information Security Program elements.

While cybersecurity risks have the potential to materially affect the Company's business, financial condition, and results of operations, the Company does not believe that risks from cybersecurity threats or attacks have materially affected the Company, including its business strategy, results of operations or financial condition. The Bank experienced two low-rated cyber incidents in the past year which did not have a material impact. As of the date of this Form 10-K/A, the Company is not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition that are required to be reported in this Form 10-K/A. For further discussion, please see Item 1A. "Risk Factors" for a discussion of cybersecurity risks.

Item 2. Properties

The following table contains information concerning the current locations of the Bank's full-service banking centers.

Location	Use	Own or Lease	Year First Operated
700 Central Avenue St. Petersburg, FL 33701	Corporate and Bank Headquarters	Lease	2017
9190 Seminole Boulevard Seminole, FL 33772	Banking Center	Lease	1999
5250 Park Boulevard Pinellas Park, FL 33781	Banking Center	Own	2006
2520 Countryside Boulevard Clearwater, FL 33763	Banking Center	Lease	2018
2033 Main Street, Suite 101 Sarasota, FL 34237	Banking Center	Lease	2018
3015 West Columbus Drive Tampa, FL 33607	Banking Center	Own	2020
401 N. Indian Rocks Road Belleair Bluffs, FL 33770	Banking Center	Own	2021
2102 59th Street West Bradenton, FL 34209	Banking Center	Own	2022
16002 N. Dale Mabry Highway Tampa, FL 33618	Banking Center	Own	2023
5600 Bee Ridge Road Sarasota, FL 34233	Banking Center	Own	2023
1782 Dr. Martin Luther King Way Sarasota, FL 34240	Banking Center	Own	2023
2075 S. Tamiami Trail Sarasota, FL 34239	Banking Center	Own	2024

Item 3. Legal Proceedings

In the normal course of business, the Company is named or threatened to be named as a defendant in various lawsuits, none of which is expected to have a material effect on the Company. However, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to its business (including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security, anti-money laundering and anti-terrorism), the Company, like all banking organizations, is subject to heightened legal and regulatory compliance and litigation risk. There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company is a party or to which its property is the subject.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

As of March 16, 2026, the Company had 533 shareholders of record. The common stock began trading on the Nasdaq under the symbol “BAFN” on November 30, 2021. Prior to that, the common stock was traded on the OTC Markets Group Inc. (OTCQX) under the symbol “FHBI”. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

On January 28, 2025, the Company’s Board of Directors authorized a stock repurchase program for the repurchase of up to $2,000,000 of the Company’s issued and outstanding common stock over a period beginning on January 28, 2025, and continuing until the earlier of the completion of the repurchase, or December 31, 2025, or termination of the program by the Board of Directors. There were 18,029 shares repurchased during the year ended December 31, 2025. On October 28, 2025, the Company’s Board of Directors terminated the stock repurchase program effective immediately.

Item 6. {Reserved}

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is an analysis of the results of operations for the year ended December 31, 2025 and December 31, 2024 and financial condition as of December 31, 2025 and December 31, 2024. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes.

In addition to the historical information contained herein, this Form 10-K/A 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, weather events, or climate changes, including its effects on the economic environment, its customers and its 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, credit quality or global military hostilities; 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; enforcement actions initiated by our regulators and their impact on our operations; the impact of data breaches or other cybersecurity incidents; enforcement actions initiated by our regulators and their impact on our operations; 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 the Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

As previously disclosed in the Company’s 8K, filed with the SEC on July 15, 2026, the Company and the Audit Committee have concluded and informed our auditor, Forvis Mazars, LLP, that our audited consolidated financial statements for the Affected Periods require restatement and are not reliable.

The accounting errors impacting our financial statements include correcting historical impact of nonaccrual loan transactions and correcting gain on sale of government guaranteed loan transactions.

The discussion of financial results presented here is reflective of the restatement adjustments. Refer to Note 1 of the consolidated financial statements included elsewhere in this Annual Report for more information on the restatement.

Selected Financial Data - Unaudited

(Dollars in thousands, except for share data)	As of and for the Three Months Ended			As of and for the Year Ended	
	12/31/2025	9/30/2025	12/31/2024	12/31/2025	12/31/2024
	As restated	As restated	As restated	As restated	As restated
Income Statement Data:					
Net interest income	$ 11,152	$ 11,318	$ 10,308	$ 45,207	$ 37,078
Provision for credit losses	2,314	11,165	4,763	25,646	15,398
Noninterest income	(104)	(1,070)	21,760	17,845	58,879
Noninterest expense	11,869	25,215	15,335	70,425	66,782
Income tax expense (benefit)	(439)	(7,055)	3,004	(8,454)	3,518
Net income (loss) from continuing operations	(2,696)	(19,077)	8,966	(24,565)	10,259
Net loss from discontinued operations	—	—	—	—	(69)
Net income (loss)	(2,696)	(19,077)	8,966	(24,565)	10,190
Preferred stock dividends	385	385	385	1,541	1,541
Net income available to (loss attributable to) common shareholders	$ (3,081)	$ (19,462)	$ 8,581	$ (26,106)	$ 8,649
Balance Sheet Data:					
Average loans HFI	$ 991,830	$ 1,129,337	$1,073,236	$1,080,178	$1,006,175
Average loans HFI at amortized cost	933,401	1,054,946	999,599	1,013,831	925,636
Average total assets	1,328,923	1,339,795	1,267,965	1,317,383	1,198,742
Average common shareholders' equity	67,481	86,976	83,602	83,897	83,229
Government guaranteed loans HFS	—	94,052	—	—	—
Total loans HFI	958,014	993,109	1,062,290	958,014	1,062,290
Total loans HFI, excluding government guaranteed loan balances	887,885	917,816	912,806	887,885	912,806
Allowance for credit losses on loans	21,996	24,485	15,512	21,996	15,512
Total assets	1,294,269	1,340,222	1,282,947	1,294,269	1,282,947
Total deposits	1,183,938	1,171,457	1,143,229	1,183,938	1,143,229
Common shareholders' equity	64,758	67,921	90,508	64,758	90,508
Per Share Data:					
Basic earnings (loss) per common share	$ (0.75)	$ (4.71)	$ 2.08	$ (6.32)	$ 2.09
Diluted earnings (loss) per common share	$ (0.75)	$ (4.71)	$ 1.94	$ (6.32)	$ 2.09
Dividends per common share	$ —	$ —	$ 0.08	$ 0.16	$ 0.24
Book value per common share	$ 15.76	$ 16.50	$ 21.90	$ 15.76	$ 21.90
Tangible book value per common share[1]	$ 15.76	$ 16.50	$ 21.90	$ 15.76	$ 21.90
Performance Ratios:					
Return on average assets[2]	(0.81)%	(5.70)%	2.83 %	(1.86)%	0.85 %
Return on average common equity[2]	(18.26)%	(89.51)%	41.06 %	(31.12)%	10.39 %
Net interest margin[2]	3.60 %	3.64 %	3.49 %	3.72 %	3.37 %
Asset Quality Data:					
Net charge-offs	$ 4,865	$ 3,544	$ 3,585	$ 19,012	$ 13,711
Net charge-offs/average loans HFI at amortized cost[2]	2.08 %	1.34 %	1.43 %	1.88 %	1.48 %

(Dollars in thousands, except for share data)	As of and for the Three Months Ended			As of and for the Year Ended	
	12/31/2025	9/30/2025	12/31/2024	12/31/2025	12/31/2024
	As restated	As restated	As restated	As restated	As restated
Nonperforming loans[3]	$ 24,343	$ 24,687	$ 17,607	$ 24,343	$ 17,607
Nonperforming loans (excluding government guaranteed balance)[3]	$ 16,271	$ 15,822	$ 13,570	$ 16,271	$ 13,570
Nonperforming loans/total loans HFI[3]	2.69 %	2.65 %	1.76 %	2.69 %	1.76 %
Nonperforming loans (excluding gov't guaranteed balance)/total loans HFI[3]	1.80 %	1.70 %	1.36 %	1.80 %	1.36 %
ACL/Total loans HFI at amortized cost	2.43 %	2.63 %	1.55 %	2.43 %	1.55 %
Other Data:					
Full-time equivalent employees	144	237	299	144	299
Banking centers	12	12	12	12	12

[1] See section entitled "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" below for a reconciliation to most comparable GAAP equivalent.

[2] Annualized

[3] Excludes loans measured at fair value

Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial measures included in this report are not measures of financial condition or performance recognized by GAAP. These non-GAAP financial measures include tangible common shareholders' equity and tangible book value per common share. The management team uses these non-GAAP financial measures in its analysis of its performance, and they believe that providing this information to financial analysts and investors allows them to evaluate capital adequacy.

The following presents the calculation of the non-GAAP financial measures:

Tangible Common Shareholders' Equity and Tangible Book Value Per Common Share (Unaudited)

(Dollars in thousands, except for share data)	As of		
	December 31, 2025	September 30, 2025	December 31, 2024
	As restated	As restated	As restated
Total shareholders' equity	$ 81,580	$ 83,972	$ 106,559
Less: Preferred stock liquidation preference	(16,822)	(16,051)	(16,051)
Total equity available to common shareholders	64,758	67,921	90,508
Less: Goodwill	—	—	—
Tangible common shareholders' equity	$ 64,758	$ 67,921	$ 90,508
Common shares outstanding	4,108,069	4,116,913	4,132,986
Tangible book value per common share	$ 15.76	$ 16.50	$ 21.90

Application of Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in accordance with GAAP requires the Company to make estimates and judgments that affect reported amounts of assets, liabilities, income and expenses and related disclosure of contingent assets and liabilities. The Company bases those estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances, results of which form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily available from other sources. Estimates are evaluated on an ongoing basis. Actual results may differ from these estimates.

Accounting policies, as described in detail in the notes to the Company's consolidated financial statements, are an integral part of the Company's consolidated financial statements. A thorough understanding of these accounting policies is essential

when reviewing the Company's reported results of operations and financial position. Management believes that the critical accounting policies and estimates listed below require the Company to make difficult, subjective or complex judgments about matters that are inherently uncertain. At December 31, 2025, the most critical of these significant accounting policies in understanding the estimates and assumptions involved in preparing the consolidated financial statements were the policies related to the ACL, fair value measurement of government guaranteed loan servicing rights and government guaranteed loans HFI at fair value, which are discussed more fully below.

Allowance for Credit Losses

The ACL is calculated with the objective of maintaining a reserve sufficient to absorb estimated losses. Management's determination of the appropriateness of the allowance is based on periodic evaluations of the loan portfolio, lending-related commitments, and other relevant factors. This evaluation is inherently subjective as it requires numerous estimates, including collateral values, and the amounts and timing of expected future cash flows. The Company's ACL on loans is estimated using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. In addition, management may include qualitative adjustments intended to capture the impact of other uncertainties in the lending environment such as underwriting standards, current economic and political conditions, and other factors affecting the credit quality. Changes to one or more of the estimates used could result in a different estimated ACL.

Fair Value Measurements - Government Guaranteed Loan Servicing Rights

The fair value of servicing assets is based on market prices for comparable servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as adequate compensation for servicing, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. The fair value of servicing rights is highly sensitive to changes in underlying assumptions. Changes in prepayment speed and discount rate assumptions typically have the most significant impacts on the fair value of servicing rights. Generally, as interest rates decrease on variable rate loans, loan prepayments increase due to an increase in refinance activity, which results in a decrease in the fair value of servicing assets. The discount rate used in the estimation process is tied to a benchmark risk-free rate with a risk premium added using a build-up method. Measurement of fair value is limited to the conditions existing and the assumptions used as of a particular point in time, and those assumptions may not be appropriate if they are applied at a different time.

Fair Value Measurements - Government Guaranteed Loans HFI

Certain government guaranteed loans HFI are recorded at fair value on a recurring basis. Fair value is an estimate of the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date and is based on the assumptions market participants would use when pricing an asset or liability. The fair value for government guaranteed loans HFI is calculated based on the present value of estimated future payments. The valuation model uses interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future payments. Whenever available, the present value is validated against available market data. Fair value measurement and disclosure guidance establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. Valuations generated from model-based techniques that use at least one significant assumption not observable in the market are considered Level 3 and reflect estimates of assumptions market participants would use in pricing the asset or liability.

Changes in these estimates that are likely to occur from period to period, or the use of different estimates that the Company could have reasonably used in the current period, could have a material impact on the Company's financial position or results of operation.

Further, the Company is an emerging growth company. The JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected to take advantage of this extended transition period. This means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private

companies do so. This may make the Company's financial statements not comparable with those of public companies which are neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period because of the potential differences in accounting standards used.

Overview

The following discussion and analysis presents the financial condition and results of operations on a consolidated basis. However, because the Company conducts all of its material business operations through the Bank, the discussion and analysis relates to activities primarily conducted at the subsidiary level. The following discussion should be read in conjunction with the consolidated financial statements.

As a one-bank holding company, the Company generates most of its revenue from interest on loans and noninterest income. The primary sources of funding for its loans are loan payments, deposits, and borrowings. The Company is dependent on noninterest income, which is derived from net gain on the sales of the guaranteed portion of government guaranteed loans and service fee income. The largest expenses are interest on those deposits and borrowings, professional fees, loan servicing and origination expenses, and salaries and commissions plus related employee benefits. The Company measures its performance through its net interest income after provision for credit losses, return on average assets, and return on average common equity, while maintaining appropriate regulatory leverage and risk-based capital ratios.

In the third quarter of 2025, the Company signed a definitive agreement to sell a portion of its SBA 7(a) loan portfolio which closed in the fourth quarter 2025. In conjunction with the agreement and as a result of the comprehensive strategic review aimed at reducing expenses and derisking the Bank's balance sheet, BayFirst exited the SBA 7(a) lending business. Banesco USA assumed servicing of loans included in the sale and has been engaged as subservicer on the remaining SBA 7(a) loans retained by BayFirst. In addition, the Company reduced staff by 52% over the calendar year.

Results of Operations

BayFirst's operating results depend on its net interest income, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities, consisting primarily of deposits. Net interest income is determined by the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest rate spread") and the relative amounts of interest-earning assets and interest-bearing liabilities. The interest rate spread is affected by regulatory, economic, and competitive factors which influence interest rates, loan demand, and deposit flows. In addition, the Company's operating results can be affected by the level of nonperforming assets, as well as the level of the noninterest income and the noninterest expenses, such as compensation , loan servicing and origination expenses, and income taxes.

Historically, the Company has been dependent on noninterest income, derived primarily from net gain on the sales of the guaranteed portion of government guaranteed loans and service fee income, as well as fair value adjustments for certain loans which management has elected the fair value option. While the Company retains some of its government guaranteed loans on the balance sheet, the Company may sell both the guaranteed balance of its government guaranteed loans, as well as a percentage of the unguaranteed portions of such loans.

In the second quarter of 2022, the Bank discontinued its primary consumer direct residential mortgage business line. In the third quarter of 2022, management decided to discontinue the nationwide residential lending business. As a result of the discontinuance, the nationwide residential mortgage line of business was reclassified as a discontinued operation and reported in the financial statements as such.

In the third quarter of 2025, the Company signed a definitive agreement to sell a portion of its SBA 7(a) loan portfolio which closed in the fourth quarter 2025. In conjunction with the agreement and as a result of the comprehensive strategic review aimed at reducing expenses and derisking the Bank's balance sheet, BayFirst exited the SBA 7(a) lending business. Banesco USA assumed servicing of loans included in the sale and has been engaged as subservicer on the remaining SBA 7(a) loans retained by BayFirst.

Net Income

For the year ended December 31, 2025, the Company had a net loss of $24.6 million, or $6.32 per common share and diluted common share, a decrease from net income of $10.2 million, or $2.09 per common share and diluted common share, for the year ended December 31, 2024. The decrease was primarily due to an increase in provision for credit losses of $10.2 million, a decrease in noninterest income of $41.0 million, and an increase in noninterest expense of $3.6 million. This was partially offset by an increase in net interest income of $8.1 million and a decrease in income tax expense of

$12.0 million. The increase in noninterest expense was primarily the result of the 2025 restructure charges of $7.3 million related to the discontinuance of the SBA 7(a) lending business.

Net Interest Income

Net interest income from continuing operations was $45.2 million for the year ended December 31, 2025, an increase from $37.1 million for the year ended December 31, 2024. The increase was mainly due to an increase in loan interest income, including fees, of $2.8 million and a decrease in interest expense of $4.8 million.

Net interest margin increased to 3.72% for the year ended December 31, 2025, compared to 3.37% for the year ended December 31, 2024.

Average Balance Sheet and Analysis of Net Interest Income

The following table sets forth, for the periods indicated, information regarding: (i) the total dollar amount of interest and dividend income of BayFirst from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average cost; (iii) net interest income; (iv) interest rate spread; (v) net interest margin; and (vi) ratio of average interest-earning assets to average interest-bearing liabilities. Loans in nonaccrual status, for the purposes of the following computations, are included in the average loan balances. FRB, FHLB, and FNBB restricted equity holdings are included in other interest-earning assets. The Company did not have a significant amount of tax-exempt assets.

	For the Year Ended December 31,					
	2025 As restated			2024 As restated		
(Dollars in thousands)	Average Balance	Interest	Yield	Average Balance	Interest	Yield
Interest-earning assets:						
Investment securities	$ 34,992	$ 1,363	3.90 %	$ 41,509	$ 1,659	4.00 %
Loans[1]	1,097,375	80,666	7.35	1,006,175	77,883	7.74
Other	82,210	3,187	3.88	51,760	2,320	4.48
Total interest-earning assets	1,214,577	85,216	7.02	1,099,444	81,862	7.45
Noninterest-earning assets	102,806			99,298		
Total assets	$ 1,317,383			$ 1,198,742		
Interest-bearing liabilities:						
NOW, MMDA and savings	$ 707,938	$ 23,704	3.35	$ 669,941	$ 27,934	4.17
Time deposits	333,012	14,036	4.21	285,957	14,938	5.22
Other borrowings	48,579	2,269	4.67	35,728	1,912	5.35
Total interest-bearing liabilities	1,089,529	40,009	3.67	991,626	44,784	4.52
Demand deposits	104,628			95,507		
Noninterest-bearing liabilities	23,047			12,329		
Shareholders' equity	100,179			99,280		
Total liabilities and shareholders' equity	$ 1,317,383			$ 1,198,742		
Net interest income		$ 45,207			$ 37,078	
Interest rate spread			3.35			2.93
Net interest margin [2]			3.72			3.37
Ratio of average interest-earning assets to average interest-bearing liabilities	111.48%			110.87%		

[1] Includes nonaccrual loans.

[2] Net interest margin represents annualized net interest income divided by average total interest-earning assets.

Rate/Volume Analysis

The table below presents the effects of volume and rate changes on interest income and expense for the periods indicated. Changes in volume are changes in the average balance multiplied by the previous period's average rate. Changes in rate are changes in the average rate multiplied by the average balance from the previous period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate. Loans in nonaccrual status, for the purpose of the following computations, are included in the average loan balances. FRB, FHLB, and FNBB restricted equity holdings are included in other interest-earning assets. The Company did not have a significant amount of tax-exempt assets.

(Dollars in thousands)	Rate	Volume	Total
Year Ended December 31, 2025 vs. December 31, 2024 (as restated):			
Interest-earning assets:			
Investment securities	$ (41)	$ (255)	$ (296)
Loans	(4,048)	6,831	2,783
Other interest-earning assets	(348)	1,215	867
Total interest-earning assets	(4,437)	7,791	3,354
Interest-bearing liabilities:			
NOW, MMDA, and savings	(5,745)	1,515	(4,230)
Time deposits	(3,142)	2,240	(902)
Other borrowings	(266)	623	357
Total interest-bearing liabilities	(9,153)	4,378	(4,775)
Net change in net interest income	$ 4,716	$ 3,413	$ 8,129

Provision for Credit Losses

The provision for credit losses is charged to operations to adjust the ACL to a level deemed appropriate by management and is based upon the volume and type of lending the Bank conducts, industry standards, the amount of nonperforming loans, general economic conditions, particularly as they relate to its market area, economic forecasts, and other factors that may affect the ability to collect on the loans in its portfolio.

The Company recorded a provision for credit losses for the year ended December 31, 2025 of $25.6 million compared to a $15.4 million provision for the year ended December 31, 2024. For the year ended December 31, 2025, net loan charge offs totaled $19.0 million compared to $13.7 million for the year ended December 31, 2024. The increase of $10.2 million in the provision for credit losses expense was primarily due to higher than expected charge-offs primarily in the SBA 7(a) portfolio, increases in nonperforming loans, and continued economic uncertainty.

The ACL was $22.0 million at December 31, 2025 and $15.5 million at December 31, 2024.

Noninterest Income

The following table presents noninterest income from continuing operations for the year ended December 31, 2025 and December 31, 2024.

	For the Year Ended December 31,	
(Dollars in thousands)	**2025**	**2024**
Noninterest income:	As restated	As restated
Loan servicing income, net	2,769	3,100
Gain on sale of SBA and PPP loans, net	11,169	26,662
Service charges and fees	1,867	1,794
SBA loan fair value gain (loss)	(1,075)	9,843
Government guaranteed loan packaging fees	1,768	4,105
Gain on sale of premises and equipment	—	11,649
Other noninterest income	1,347	1,726
Total noninterest income	17,845	58,879

Noninterest income from continuing operations was $17.8 million for the year ended December 31, 2025, a decrease from $58.9 million for the year ended December 31, 2024. The decrease was primarily the result of the gain on sale of two branch office properties of $11.6 million in the fourth quarter of 2024, a decrease in gain on sale of government guaranteed loans of $15.5 million, a decrease in government guaranteed loan fair value gains of $10.9 million, and a decrease in government guaranteed loan packaging fees of $2.3 million. In the fourth quarter 2025, the Bank sold $96.6 million of government guaranteed loans at a discount of 3% as part of the Bank's discontinuance of SBA 7(a) lending.

Noninterest Expense

The following table presents noninterest expense from continuing operations for the year ended December 31, 2025 and December 31, 2024.

	For the Year Ended December 31,	
(Dollars in thousands)	**2025**	**2024**
Noninterest expense:	As restated	As restated
Salaries and benefits	$ 28,429	$ 31,063
Bonus, commissions, and incentives	855	4,445
Occupancy and equipment	6,068	4,848
Data processing	7,859	6,745
Marketing and business development	1,433	2,050
Professional services	3,456	3,882
Loan servicing and origination expense	8,001	6,391
Employee recruiting and development	1,653	2,186
Regulatory assessments	1,869	1,249
Restructure charges	7,283	—
Director compensation	526	427
Liability and fidelity bond insurance	643	431
ATM and interchange	482	432
Telecommunication	341	354
Other noninterest expense	1,527	2,279
Total noninterest expense	$ 70,425	$ 66,782

Noninterest expense was $70.4 million for the year ended December 31, 2025, an increase from $66.8 million for the year ended December 31, 2024. The increase was primarily the result of the 2025 restructure charges of $7.3 million, an increase in data processing expense of $1.1 million, and an increase in loan servicing and origination expense of $1.6 million, partially offset by a decrease in compensation expense of $6.2 million. The restructure charges were the result of the discontinues of the SBA 7(a) lending business.

Income Taxes

Income tax benefit from continuing operations was $8.5 million for the year ended December 31, 2025, a decrease from income tax expense of $3.5 million for the year ended December 31, 2024. The change was attributed to a net loss from continuing operations for the current year compared to net income from continuing operations in the prior year.

At December 31, 2025, the Company had $16.1 million federal net operating loss carryforward and $16.1 million of state net operating loss carryforward. At December 31, 2024, the Company had no of federal net operating loss carryforward and $16 thousand of state net operating loss carryforward. The Company expects to fully utilize the net operating losses.

The effective income tax rate was 25.60% for the year ended December 31, 2025 and 25.47% for the year ended December 31, 2024.

Financial Condition

Investment Securities

The following table presents the fair value of the Company's investment securities portfolio classified as available for sale as of December 31, 2025 and December 31, 2024.

(Dollars in thousands)	December 31, 2025	December 31, 2024
Investment securities available for sale:		
Asset-backed securities	$ 2,822	$ 4,990
Mortgage-backed securities:		
U.S. Government-sponsored enterprises	4,899	7,130
Collateralized mortgage obligations:		
U.S. Government-sponsored enterprises	17,768	15,286
Corporate bonds	3,874	8,885
Total investment securities available for sale	$ 29,363	$ 36,291

The net unrealized loss on the investment securities AFS at December 31, 2025 and December 31, 2024, was $2.6 million and $4.0 million, respectively.

The following table presents the amortized cost of the Company's investment securities portfolio classified as held to maturity as of December 31, 2025 and December 31, 2024.

(Dollars in thousands)	December 31, 2025	December 31, 2024
Investment securities held to maturity:		
Corporate bonds	$ 2,500	$ 2,500
Total investment securities held to maturity	$ 2,500	$ 2,500

There was a $7 thousand ACL on the corporate bonds HTM as of December 31, 2025 and $12 thousand at December 31, 2024. The net unrealized loss on the investment securities HTM at December 31, 2025, was $116 thousand compared with a net unrealized loss on investment securities HTM of $154 thousand at December 31, 2024.

No investment securities were pledged as of December 31, 2025 or December 31, 2024, and there were no sales of investment securities for the year ended December 31, 2025 or the year ended December 31, 2024.

The investment securities available for sale presented in the following tables are reported at amortized cost and by contractual maturity as of December 31, 2025 and December 31, 2024. Actual timing may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Additionally, residential mortgage-backed securities and collateralized mortgage obligations receive monthly principal payments, which are not reflected below.

	December 31, 2025							
	One year or less		One to five years		Five to ten years		After ten years	
(Dollars in thousands)	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Asset-backed securities	$ —	— %	$ —	— %	$ —	— %	$ 2,827	2.96 %
Mortgage-backed securities:								
U.S. Government-sponsored enterprises	—	—	—	—	—	—	5,264	2.99
Collateralized mortgage obligations:								
U.S. Government-sponsored enterprises	—	—	—	—	—	—	20,040	2.32
Corporate bonds	—	—	3,843	5.04	—	—	—	—
Total investment securities available for sale	$ —	— %	$ 3,843	5.04 %	$ —	— %	$ 28,131	2.51 %

	December 31, 2024							
	One year or less		One to five years		Five to ten years		After ten years	
(Dollars in thousands)	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Asset-backed securities	$ —	— %	$ —	— %	$ 1,804	5.10 %	$ 3,225	5.72 %
Mortgage-backed securities:								
U.S. Government-sponsored enterprises	—	—	—	—	4,463	4.63	3,328	1.25
Collateralized mortgage obligations:								
U.S. Government-sponsored enterprises	—	—	—	—	—	—	18,627	1.82
Corporate bonds	—	—	8,832	5.58	—	—	—	—
Total investment securities available for sale	$ —	— %	$ 8,832	5.58 %	$ 6,267	4.76 %	$ 25,180	2.25 %

The investment securities held to maturity presented in the following tables are reported at amortized cost and by contractual maturity as of December 31, 2025 and December 31, 2024. Actual timing may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Additionally, residential mortgage-backed securities receive monthly principal payments, which are not reflected below.

	December 31, 2025							
	One year or less		One to five years		Five to ten years		After ten years	
(Dollars in thousands)	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Corporate bonds	$ —	— %	$ 1,500	4.38 %	$ 1,000	4.38 %	$ —	— %
Total investment securities held to maturity	$ —	— %	$ 1,500	4.38 %	$ 1,000	4.38 %	$ —	— %

	December 31, 2024							
	One year or less		One to five years		Five to ten years		After ten years	
(Dollars in thousands)	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Corporate bonds	$ —	— %	$ 1,500	4.38 %	$ 1,000	4.38 %	$ —	— %
Total investment securities held to maturity	$ —	— %	$ 1,500	4.38 %	$ 1,000	4.38 %	$ —	— %

Loan Portfolio Composition

The Company offers a variety of products designed to meet the credit needs of our borrowers. Our lending activities primarily consist of government guaranteed, commercial real estate, commercial business, residential mortgage, and consumer loans. Senior management and loan officers have continued to develop new sources of loan referrals, particularly among centers of local influence and real estate professionals, and have also enjoyed repeat business from loyal customers in the markets the Bank serves. The Bank has no concentration of credit in any industry that represents 10% or more of its loan portfolio. Additionally, the loan portfolio is well-diversified across major loan types with a low concentration of non owner-occupied commercial real estate loans which makes up 9% of the total portfolio. The following table sets forth the composition of its HFI loan portfolio.

	December 31, 2025		December 31, 2024	
(Dollars in thousands)	Amount	% of Total	Amount	% of Total
Loans HFI:	As restated		As restated	
Government guaranteed loans HFI, at fair value	$ 54,076		$ 60,833	
Loans HFI, at amortized cost:				
Residential real estate	365,427	40.7 %	330,870	33.3 %
Commercial real estate	215,771	24.0	305,721	30.9
Construction and land	48,397	5.4	32,914	3.3
Commercial and industrial	181,566	20.2	226,522	22.9
Commercial and industrial – PPP	6	—	941	0.1
Consumer and other	86,441	9.7	93,826	9.5
Loans HFI, at amortized cost, gross	897,608	100.0 %	990,794	100.0 %
Discount on government guaranteed loans	(6,811)		(8,306)	
Premium on loans purchased, net	2,650		3,739	
Deferred loan costs, net	10,491		15,230	
Allowance for credit losses	(21,996)		(15,512)	
Loans HFI, at amortized cost, net	881,942		985,945	
Total loans HFI, net	$ 936,018		$ 1,046,778	

For the year ended December 31, 2025, the Bank originated $137.4 million in loans through conventional lending channels and $278.3 million in loans through its government guaranteed lending function. In addition, the Bank sold guaranteed loan balances of $199.0 million through its secondary loan sale process. In addition, the Bank sold $96.6 million of government guaranteed loans as part of the Bank's discontinuance of SBA 7(a) lending.

Loan Maturity/Rate Sensitivity

The following table shows the contractual maturities of our loans at December 31, 2025. Loan balances in this table include loans HFI at fair value, loans HFI at amortized cost, discount on retained balances of loans sold, premium and discount on loans purchased, and deferred loan costs, net.

(Dollars in thousands) (as restated)	Due in One Year or Less	Due After One Year to Five Years	Due After Five Years to 15 Years	Due After 15 Years	Total
Real estate:					
Residential	$ 1,691	$ 640	$ 16,191	$ 347,395	$ 365,917
Commercial	2,898	5,270	49,153	171,629	228,950
Construction and land	4,546	—	10,322	33,529	48,397
Commercial and industrial	10,812	25,402	180,773	8,115	225,102
Commercial and industrial - PPP	6	—	—	—	6
Consumer and other	2,675	20,450	19,980	46,537	89,642
Total loans HFI	$ 22,628	$ 51,762	$ 276,419	$ 607,205	$ 958,014

The following table shows the loans with contractual maturities of greater than one year that have fixed or adjustable interest rates at December 31, 2025.

(Dollars in thousands) (as restated)	Fixed Interest Rate	Adjustable Interest Rate
Real estate:		
Residential	$ 71,342	$ 292,884
Commercial	4,176	221,876
Construction and land	145	43,706
Commercial and industrial	15,743	198,547
Consumer and other	80,392	6,575
Total loans HFI	$ 171,798	$ 763,588

Credit Risk

The Bank's primary business is making commercial, consumer, and real estate loans. This activity inevitably has risks for potential credit losses, the magnitude of which depends on a variety of economic factors affecting borrowers, which are beyond its control. The Bank has developed policies and procedures for evaluating the overall quality of its credit portfolio and the timely identification of potential problem loans. Management's judgment as to the adequacy of the allowance is based upon a number of assumptions about the economic environment that it believes impacts credit quality as of the balance sheet date that it believes to be reasonable, but which may or may not prove accurate. Thus, there can be no assurance that charge-offs in future periods will not exceed the ACL, or that additional increases in the ACL will not be required.

Allowance for Credit Losses. The Bank must maintain an adequate ACL based on a comprehensive methodology that assesses the probable losses inherent in its loan portfolio. The Bank maintains an ACL based on a number of quantitative and qualitative factors, including levels and trends of past due and nonaccrual loans, asset classifications, change in volume and mix of loans, collateral value, historical loss experience, size and complexity of individual credits, and economic conditions. In addition to this, the Company uses reasonable and supportable forecasts that are developed with internal and external data. These are updated quarterly by management and utilize data from the FOMC's median forecasts of change in national GDP and of national unemployment. Provisions for credit losses are provided on both a specific and general basis. Specific allowances are provided for individual loans that do not share similar risk characteristics with instruments evaluated using a collective (pooled) basis. General valuation allowances are determined by loan pools with a further evaluation of various quantitative and qualitative factors noted above.

The Bank periodically reviews the assumptions and formulates methodologies by which changes are made to the specific and general valuation ACL in an effort to refine such allowances in light of the current status of the factors described above.

All nonaccrual loans and modifications to loans for borrowers experiencing financial difficulty are reviewed to determine if the loans share the same risk characteristics as the pooled loans. If the loan does not share the same risk characteristics, the loan is evaluated individually for credit losses. Specific allocation of reserves for individually evaluated loans considers the value of the collateral, the financial condition of the borrower, and industry and current economic trends. The Bank reviews the collateral value, cash flow, and other support on each individually evaluated credit. Any deficiency outlined by a real estate collateral evaluation analysis, or cash flow shortfall, is accounted for through a specific allocation for the loan.

In 2025, in response to continued elevated charge-offs, increases in nonperforming loans and continued economic uncertainty, Management assessed and strengthened the Bank's problem loan administration processes to ensure they were sufficiently identifying and timely risk-rating problem loans. The scope and frequency of the Bank's independent, external loan review program were also expanded. Management believes that the updated processes around problem loan administration are adequate and that loan risk ratings are accurate.

Nonperforming Assets. At December 31, 2025, the Company had $18.1 million in nonperforming assets, excluding government guaranteed loan balances. The ACL represented 2.43% of total loans HFI at amortized cost. At December 31, 2024, the Company had $15.2 million in nonperforming assets, excluding government guaranteed loan balances. The ACL represented 1.55% of total loans HFI at amortized cost. The increase in nonperforming assets was partially the result of a nonaccrual loan for $2.6 million that is fully secured and has no ACL allocated. Total loans HFI at December 31, 2025 and December 31, 2024 included government guaranteed balances and loans measured at fair value, which had no reserves allocated to them. ACL as a percentage of loans HFI at amortized cost, not including government guaranteed loan balances, was 2.60% at December 31, 2025, compared to 1.80% at December 31, 2024.

The following table sets forth certain information on nonaccrual loans, loans 90 days or more past due, and foreclosed assets, the ratio of such loans and foreclosed assets to total assets as of the dates indicated, and certain other related information.

(Dollars in thousands)	December 31, 2025	December 31, 2024
	As restated	As restated
Nonperforming loans (government guaranteed balances), at amortized cost, gross	$ 8,072	$ 4,037
Nonperforming loans (unguaranteed balances), at amortized cost, gross	16,271	13,570
Total nonperforming loans, at amortized cost, gross	24,343	17,607
Nonperforming loans (government guaranteed balances), at fair value	83	—
Nonperforming loans (unguaranteed balances), at fair value	1,453	1,490
Total nonperforming loans, at fair value	1,536	1,490
OREO	400	132
Repossessed assets	263	36
Total nonperforming assets, gross	$ 26,542	$ 19,265
Nonperforming loans as a percentage of total loans HFI[(1)]	2.69 %	1.76 %
Nonperforming loans (excluding government guaranteed balances) to total loans HFI[(1)]	1.80 %	1.36 %
Nonperforming assets as a percentage of total assets	2.05 %	1.50 %
Nonperforming assets (excluding government guaranteed balances) to total assets	1.29 %	1.07 %
ACL to nonperforming loans[(1)]	90.35 %	88.10 %
ACL to nonperforming loans (excluding government guaranteed balances)[(1)]	135.18 %	114.31 %

(1) Excludes loans measured at fair value

The following table sets forth information with respect to activity in the ACL for loans for the periods shown:

(Dollars in thousands)	At and for the Year Ended December 31,	
	2025	**2024**
	As restated	As restated
Allowance at beginning of period	$ 15,512	$ 13,497
Charge-offs:		
Residential real estate	(983)	(20)
Commercial real estate	(503)	(83)
Commercial and industrial	(16,423)	(11,599)
Commercial and industrial - PPP	(1)	—
Consumer and other	(2,367)	(2,944)
Total charge-offs	(20,277)	(14,646)
Recoveries:		
Residential real estate	27	1
Commercial real estate	5	7
Commercial and industrial	497	606
Commercial and industrial - PPP	1	—
Consumer and other	734	321
Total recoveries	1,264	935
Net charge-offs	(19,013)	(13,711)
Provision for credit losses on loans	25,496	15,726
Allowance at end of period	$ 21,995	$ 15,512
Net charge-offs to average loans HFI at amortized cost	1.88 %	1.48 %
Allowance as a percent of total loans HFI at amortized cost	2.43 %	1.55 %
Allowance as a percent of loans HFI at amortized cost, not including government guaranteed loans	2.60 %	1.80 %
Allowance as a percent of nonperforming loans at amortized cost, gross	90.35 %	88.10 %
Total loans HFI	$ 958,014	$ 1,062,290
Average loans HFI at amortized cost	$ 1,013,831	$ 925,636
Nonperforming loans (including government guaranteed balances) at amortized cost, gross	$ 24,343	$ 17,607
Nonperforming loans (excluding government guaranteed balances) at amortized cost, gross	$ 16,271	$ 13,570
Guaranteed balance of government guaranteed loans	$ 70,129	$ 149,484

The following table details net charge-offs to average loans outstanding by loan category for the year ended December 31, 2025 and December 31, 2024.

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	As restated			As restated		
(Dollars in thousands)	Net (Charge-off) Recovery	Average Loans HFI at amortized cost	Net (Charge-off) Recovery Ratio	Net (Charge-off) Recovery	Average Loans HFI at amortized cost	Net (Charge-off) Recovery Ratio
Residential real estate	$ (956)	$ 346,800	(0.28)%	$ (19)	$ 290,785	(0.01)%
Commercial real estate	(498)	338,670	(0.15)	(76)	348,210	(0.02)
Commercial and industrial	(15,926)	235,425	(6.76)	(10,993)	205,354	(5.35)
Commercial and industrial - PPP	—	269	—	—	2,326	—
Consumer and other	(1,633)	92,667	(1.76)	(2,623)	78,961	(3.32)
Total loans HFI, at amortized cost	$ (19,013)	$ 1,013,831	(1.88)%	$ (13,711)	$ 925,636	(1.48)%

SBA and Other Government Guaranteed Loans

The following table sets forth, for the periods indicated, information regarding the SBA and other government guaranteed lending activity, excluding PPP loans. In addition to the Bank's routine loan sale activity, the Bank sold $96.6 million of government guaranteed loans to Banesco USA as part of the Bank's discontinuance of SBA 7(a) lending.

(Dollars in thousands)	At and for the Year Ended December 31,	
Government Guaranteed, Excluding PPP	**2025**	**2024**
Number of loans originated	1,388	2,508
Amount of loans originated	$ 278,334	$ 431,375
Average loan size originated	$ 201	$ 172
Government guaranteed loan balances sold	$ 198,996	$ 385,342
Total government guaranteed loan balances:		
Guaranteed portion of government guaranteed loan balances HFI	$ 70,123	$ 148,543
Unguaranteed portion of government guaranteed loan balances HFI	232,863	277,420
Total government guaranteed loans HFI	302,986	425,963
Government guaranteed loans serviced for others	$ 885,505	$ 1,056,665
Government guaranteed loans sold to Banesco USA	$ 96,602	$ —

The following table sets forth, at the dates indicated, the geographic disbursement of gross principal balances of its government guaranteed loan portfolio. The "All Other" category includes states with less than 5% in any period presented.

	December 31,			
	2025		2024	
(Dollars in thousands)	Amount	% of Total	Amount	% of Total
Florida	$ 92,975	31 %	$ 142,711	34 %
California	26,730	9	48,464	11
Tennessee	21,550	7	28,926	7
Texas	24,765	8	30,238	7
All Other	136,966	45	175,624	41
Total government guaranteed loans, excluding PPP loans	$ 302,986	100 %	$ 425,963	100 %

Deposits

General. In addition to deposits, sources of funds available for lending and for other purposes include loan repayments and historically proceeds from the sales of loans. Loan repayments are a relatively stable source of funds, while deposit inflows and outflows are influenced significantly by general interest rates and market conditions. Borrowings, as well as available lines of credit, may be used on a short-term basis to compensate for reductions in other sources, such as deposits at less than projected levels.

Deposits. Deposits are sourced principally from within its primary service area of Pinellas, Hillsborough, Manatee, Pasco, and Sarasota Counties, Florida. The Bank offers a wide selection of deposit instruments including demand deposit accounts, NOW accounts, money market accounts, regular savings accounts, time deposit accounts, and retirement savings plans (such as IRA accounts).

Time deposit rates are set to encourage longer maturities as cost and market conditions will allow. Deposit account terms vary, with the primary differences being the minimum balance required, the time period the funds must remain on deposit, and the interest rate.

The Bank emphasizes commercial banking relationships in an effort to increase demand deposits as a percentage of total deposits. Deposit interest rates are set by management at least monthly or more often if conditions require, based on a review of loan demand, projected cash flows and a survey of rates among competitors.

Brokered deposits. At times, the Bank has brokered time deposit and non-maturity deposit relationships available to diversify its funding sources. Brokered deposits offer several benefits relative to other funding sources, such as: maturity structures which cannot be duplicated in the current retail market, deposit gathering outside the market of the existing deposit base, the unsecured nature of these liabilities, and the ability to quickly generate funds. The Bank’s internal policy limits the use of brokered deposits as a funding source to no more than 20% of total assets. The Company's ability to accept or renew brokered deposits is contingent upon the Bank maintaining a capital level of "well capitalized." At December 31, 2025 and December 31, 2024, the Company had $195.5 million and $112.1 million, respectively, of brokered deposits.

The amount of each of the following categories of deposits, at the dates indicated, are as follows:

(Dollars in thousands)	December 31, 2025		December 31, 2024	
Noninterest-bearing deposit accounts	$ 95,731	8.1%	$ 101,743	8.9%
Interest-bearing transaction accounts	231,227	19.5	256,793	22.5
Money market accounts	434,930	36.7	455,519	39.8
Savings accounts	19,709	1.7	18,906	1.7
Subtotal	781,597	66.0	832,961	72.9
Total time deposits	402,341	34.0	310,268	27.1
Total deposits	$ 1,183,938	100.0%	$ 1,143,229	100.0%

At December 31, 2025, the Company held approximately $177.0 million of deposits that exceeded the FDIC insurance limit which was 15% of total deposits.

The following table provides information on the maturity distribution of the time deposits exceeding the FDIC insurance limit of $250 thousand as of December 31, 2025.

(Dollars in thousands)	
Three months or less	$ 13,098
Over three months through six months	30,732
Over six months through 12 months	28,042
Over 12 months	40,025
Total time deposits over $250	$ 111,897

Deposits increased $40.7 million or 3.56% for the year ended December 31, 2025, with increases in noninterest-bearing deposit account balances, savings and money market deposit account balances, and time deposit balances, partially offset by a decrease in interest-bearing transaction account balances.

Other Borrowings

At December 31, 2025 and December 31, 2024, the Company had no borrowings outstanding from the FHLB or FRB.

The Bank is a member of the FHLB of Atlanta, which provides short- and long-term funding collateralized by mortgage-related assets to its members. FHLB short-term borrowings bear interest at variable rates set by the FHLB. Any advances that the Bank were to obtain would be secured by a blanket lien on $383.7 million of real estate-related loans as of December 31, 2025. Based on this collateral and the Bank's holdings of FHLB stock, the Bank was eligible to borrow up to $187.1 million from the FHLB at December 31, 2025.

In addition, the Bank has a line of credit with the Federal Reserve Bank of Atlanta which was secured by $56.1 million of commercial loans as of December 31, 2025. FRB short-term borrowings bear interest at variable rates based on the FOMC's target range for the federal funds rate. Based on this collateral, the Bank was eligible to borrow up to $32.1 million from the FRB at December 31, 2025.

The Company has $6.0 million of Subordinated Notes (the “Notes”) that mature June 30, 2031 and are redeemable after 5 years which is June 30, 2026. The Notes carry interest at a fixed rate of 4.50% per annum for the initial 5 years of term and carry interest at a floating rate for the final 5 years of term after June 30, 2026. Under the note agreements, the floating rates are based on a SOFR benchmark plus 3.78% per annum.

On December 29, 2025, the Company and the holders of the Company’s Notes entered into an Amendment to the Notes (the “Amendment”), effective as of December 26, 2025. Pursuant to the Amendment, instead of the Company paying interest on the Notes, the outstanding principal of the Notes shall be increased by the amount of interest due as of the date of the Amendment and that becomes due through and including June 30, 2026. In addition, if the Company does not pay all amounts due on the Notes by June 30, 2026, at the Company’s option, (i) it shall pay the holders 3.00% of the outstanding principal of the Notes, or (ii) the principal of the Notes shall be increased by 3.00%.

The balance of Subordinated Notes outstanding at the Company, net of offering costs, amounted to $6.0 million at December 31, 2025 and December 31, 2024.

The Company has a term note with quarterly principal and interest payments with interest at Prime (6.75% at December 31, 2025). The note matures on March 10, 2029 and the balance of the note was $1.6 million and $1.9 million at December 31, 2025 and December 31, 2024, respectively. The note is secured by 100% of the stock of the Company and requires the Company to comply with certain loan covenants during the term of the note. On December 30, 2025, the lender agreed that the Bank may defer the quarterly interest payment due December 10, 2025 on its term loan until March 10, 2026.

Capital Resources

Shareholders' equity is influenced primarily by earnings, dividends, the Company's sales and repurchases of its common and preferred stock, and changes in accumulated other comprehensive income caused primarily by fluctuations in unrealized gains or losses, net of taxes, on available for sale investment securities.

Shareholders' equity was $81.6 million at December 31, 2025 as compared to $110.9 million at December 31, 2024. The decrease was primarily due to net loss of $24.6 million.

The Company strives to maintain an adequate capital base to support its activities in a safe and sound manner while at the same time maximizing shareholder value. Management assesses capital adequacy against the risk inherent in the balance sheet, recognizing that unexpected loss is the common denominator of risk and that common equity has the greatest capacity to absorb unexpected loss.

The Bank is subject to regulatory capital requirements imposed by various regulatory agencies. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by banking regulators that, if undertaken, could have a direct material effect on BayFirst’s and the Bank’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

At December 31, 2025, the Bank's capital ratios were in excess of the requirement to be "well capitalized" under the regulatory guidelines.

The Bank's actual capital amounts and percentages were as shown in the table below:

	Actual		Minimum[1]		Well Capitalized[2]	
(Dollars in thousands)(as restated)	Amount	Percent	Amount	Percent	Amount	Percent
As of December 31, 2025						
Total Capital (to risk-weighted assets)	$ 91,085	9.48 %	$ 76,867	8.00 %	$ 96,084	10.00 %
Tier 1 Capital (to risk-weighted assets)	78,951	8.22	57,650	6.00	76,867	8.00
Common Equity Tier 1 Capital (to risk-weighted assets)	78,951	8.22	43,238	4.50	62,455	6.50
Tier 1 Capital (to total assets)	78,951	5.98	52,837	4.00	66,046	5.00
As of December 31, 2024						
Total Capital (to risk-weighted assets)	119,926	11.75	81,628	8.00	102,035	10.00
Tier 1 Capital (to risk-weighted assets)	107,146	10.50	61,221	6.00	81,628	8.00
Common Equity Tier 1 Capital (to risk-weighted assets)	107,146	10.50	45,916	4.50	66,323	6.50
Tier 1 Capital (to total assets)	107,146	8.49	50,493	4.00	63,116	5.00

[1] Minimum to be considered "adequately capitalized" under Basel III Capital Adequacy.

[2] Minimum to be considered "well capitalized" under Prompt Corrective Actions Provisions.

Off-Balance Sheet Arrangements

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business. These financial instruments primarily include unfunded loan commitments, unfunded lines of credit, and standby letters of credit. The Bank uses these financial instruments to meet the financing needs of its customers. These financial instruments involve, to varying degrees, elements of credit, interest rate, and liquidity risk. These do not present unusual risks and management does not anticipate any accounting losses that would have a material effect on the Bank.

A summary of the amounts of the Bank's financial instruments, with off-balance sheet risk as of the dates indicated, was as follows:

(Dollars in thousands)	December 31, 2025	December 31, 2024
Unfunded loan commitments	$ 1,257	$ 21,174
Unused lines of credit	207,665	199,411
Standby letters of credit	1,161	276
Total	$ 210,083	$ 220,861

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation of the customer.

Standby letters-of-credit are conditional lending commitments that the Bank issues to guarantee the performance of a customer to a third party and to support private borrowing arrangements. Essentially, letters of credit have expiration dates within one year of the issue date. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending credit.

In general, loan commitments and letters of credit are made on the same terms, including with respect to collateral, as outstanding loans. Each customer's creditworthiness and the collateral required are evaluated on a case-by-case basis.

The Company maintains an ACL for its off-balance sheet loan commitments which is calculated by loan type using estimated line utilization rates based on historical usage. Loss rates for outstanding loans is applied to the estimated

utilization rates to calculate the ACL for off-balance sheet loan commitments. At December 31, 2025 and December 31, 2024, ACL for off-balance sheet loan commitments totaled $671 thousand and $516 thousand, respectively.

Contractual Obligations

In the ordinary course of its operations, the Company enters into certain contractual obligations. Total contractual obligations at December 31, 2025 were $431.4 million, an increase from $341.7 million at December 31, 2024. The increase was primarily due to an increase in time deposits of $92.1 million.

The following tables present our contractual obligations as of December 31, 2025 and December 31, 2024.

	Contractual Obligations as of December 31, 2025				
(Dollars in thousands)	Less than One Year	One to Three Years	Three to Five Years	Over Five Years	Total
Operating lease obligations	$ 2,119	$ 3,064	$ 2,706	$ 13,594	$ 21,483
Long-term borrowings	456	912	225	—	1,593
Subordinated notes	—	—	—	5,962	5,962
Time deposits	318,112	81,873	2,356	—	402,341
Total	$ 320,687	$ 85,849	$ 5,287	$ 19,556	$ 431,379

	Contractual Obligations as of December 31, 2024				
(Dollars in thousands)	Less than One Year	One to Three Years	Three to Five Years	Over Five Years	Total
Operating lease obligations	$ 2,032	$ 3,870	$ 2,653	$ 14,960	$ 23,515
Long-term borrowings	456	912	566	—	1,934
Subordinated notes	—	—	—	5,956	5,956
Time deposits	279,253	28,803	2,212	—	310,268
Total	$ 281,741	$ 33,585	$ 5,431	$ 20,916	$ 341,673

Liquidity

Liquidity management is the process by which the Bank manages the flow of funds necessary to meet its financial commitments on a timely basis and at a reasonable cost to take advantage of earnings enhancement opportunities. These financial commitments include withdrawals by depositors, credit commitments to borrowers, expenses of the operations, and capital expenditures. The Bank generally maintains a minimum liquidity ratio of liquid assets to total assets of at least 7.0%. Liquid assets include cash and due from banks, federal funds sold, interest-bearing deposits with banks and unencumbered investment securities available for sale. The on-balance sheet liquidity ratio at December 31, 2025 was 18.44%, as compared to 9.22% at December 31, 2024.

For the year ended December 31, 2025, the Bank paid dividends of $3.3 million to its parent company in order to meet liquidity needs to make interest payments on its debt obligations, dividends on shares of its preferred stock and common stock, and payment of operating expenses. As of December 31, 2025, BayFirst Financial Corp. held $769 thousand in cash and cash equivalents.

The Company expects that all the liquidity needs, including the contractual commitments, can be met by currently available liquid assets and cash flows. In the event any unforeseen demand or commitments were to occur, the Company could access the borrowing capacity with the FHLB or FRB, or lines of credit with other financial institutions. The Company does not rely on investment securities as the main source of liquidity and does not foresee the need to sell investment securities for cash flow purposes. In addition, the Company has the ability to obtain non-brokered wholesale deposits as another source of liquidity. The Company expects that the currently available liquid assets and the ability to borrow from the FHLB, FRB, and other financial institutions would be sufficient to satisfy the liquidity needs without any material adverse effect on the Company's liquidity.

A description of BayFirst's debt obligations is set forth above under the heading "Other Borrowings."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk and Interest Rate Sensitivity

Market risk is the risk of loss from adverse changes in market prices and rates. Market risk arises primarily from interest-rate risk inherent in lending and deposit taking activities. To that end, the Company actively monitors and manages its interest-rate risk exposure. The measurement of market risk associated with financial instruments is meaningful only when all related and offsetting on- and off-balance sheet transactions are aggregated, and the resulting net positions are identified. Disclosures about the fair value of financial instruments, which reflect changes in market prices and rates, should also be considered.

The objective in managing interest-rate risk is to minimize the adverse impact of changes in interest rates on net interest income and capital, while adjusting the asset-liability structure to obtain the maximum yield-cost spread on that structure. The Company relies primarily on its asset-liability structure to control interest rate risk. A sudden or substantial change in interest rates may impact its earnings, to the extent that the interest rates borne by assets and liabilities do not change at the same rate, to the same extent, or on the same basis.

The Company established a comprehensive interest rate risk management policy which is administered by management. The policy establishes risk limits, which are quantitative measures of the percentage change in net interest income (net interest income at risk) and the fair value of equity capital (economic value of equity at risk) resulting from a hypothetical change in interest rates for maturities from one day to 30 years. Management measures the potential adverse impacts that changing interest rates may have on its short-term earnings, long-term value, and liquidity with computer-generated simulation analysis. The simulation model is designed to capture call features and interest rate caps and floors embedded in investment and loan contracts. As with any method of analyzing interest rate risk, there are certain shortcomings inherent in the interest rate modeling methodology used. When interest rates change, actual movements in different categories of interest-earning assets and interest-bearing liabilities, loan prepayments, and withdrawals of time and other deposits, may deviate significantly from the assumptions used in modeling. The methodology does not measure the impact that higher rates may have on borrowers' ability to service their debts, or the impact of rate changes on demand for loan and deposit products.

To minimize the potential for adverse effects of changes in interest rates on the results of the operations, the Company monitors assets and liabilities to better match the maturities and repricing terms of the interest-earning assets and interest-bearing liabilities. To do this, the Company (i) emphasizes the origination of adjustable-rate and variable-rate loans to be HFI; (ii) maintains a stable core deposit base; and (iii) maintains a significant portion of liquid assets (cash, interest-bearing deposits with other banks, and available for sale investment securities).

Management regularly reviews its exposure to changes in interest rates. Among the factors they consider are changes in the mix of interest-earning assets and interest-bearing liabilities, interest rate spreads and repricing periods. ALCO reviews, on at least a quarterly basis, its interest rate risk position.

The interest rate risk position is measured and monitored at the Bank using net interest income simulation models and economic value of equity sensitivity analysis that captures both short-term and long-term interest-rate risk exposure.

Modeling the sensitivity of net interest income and the economic value of equity to changes in market interest rates is highly dependent on numerous assumptions incorporated into the modeling process. The models used for these measurements rely on estimates of the potential impact that changes in interest rates may have on the value and prepayment speeds on all components of its loan and investment portfolios, as well as embedded options and cash flows of other assets and liabilities. Balance sheet growth assumptions are also included in the simulation modeling process. The analysis provides a framework as to what the overall sensitivity position is as of the most recent reported position and the impact that potential changes in interest rates may have on net interest income and the economic value of its equity.

Net interest income simulation involves forecasting net interest income under a variety of interest rate scenarios including instantaneous shocks.

The estimated impact on the net interest income as of December 31, 2025 and December 31, 2024, assuming immediate parallel moves in interest rates, is presented in the table below.

	December 31, 2025		December 31, 2024	
Change in rates	**Following 12 months**	**Following 24 months**	**Following 12 months**	**Following 24 months**
+400 basis points	5.2 %	(3.2)%	11.1 %	9.9 %
+300 basis points	5.2	(0.9)	10.0	9.5
+200 basis points	4.1	0.2	5.9	5.7
+100 basis points	2.5	0.6	1.8	1.9
-100 basis points	(1.1)	(0.5)	(3.7)	(3.7)
-200 basis points	(3.9)	(2.8)	(7.7)	(7.8)

Management strategies may impact future reporting periods, as the actual results may differ from simulated results due to the timing, magnitude, and frequency of interest rate changes, the difference between actual experience and the characteristics assumed, as well as changes in market conditions. Market-based prepayment speeds are factored into the analysis for loan and investment securities portfolios. Rate sensitivity for transactional deposit accounts is modeled based on both historical experience and external industry studies.

The Company uses economic value of equity sensitivity analysis to understand the impact of interest rate changes on long-term cash flows, income, and capital. Economic value of equity is based on discounting the cash flows for all balance sheet instruments under different interest rate scenarios.

The table below presents the change in the economic value of equity as of December 31, 2025 and December 31, 2024, assuming immediate parallel shifts in interest rates.

Change in rates	**December 31, 2025**	**December 31, 2024**
+400 basis points	(15.6)%	(5.3)%
+300 basis points	(10.9)	(2.9)
+200 basis points	(6.9)	(2.5)
+100 basis points	(3.1)	(2.6)
-100 basis points	4.1	(0.1)
-200 basis points	7.6	(0.4)

Item 8. Financial Statements

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors
BayFirst Financial Corp.
St. Petersburg, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BayFirst Financial Corp. (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

Restatement of Previously Issued Financial Statements

As discussed in Note 1 to the consolidated financial statements and other notes referenced therein, the 2025 and 2024 consolidated financial statements have been restated to correct a misstatement.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Forvis Mazars, LLP

We have served as the Company's auditor since 2018.

Tampa, Florida
March 27, 2026 (except as to the effects of the restatement discussed in Note 1 and other notes referenced therein, as to which the date is August 12, 2026)

BAYFIRST FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	December 31, 2025 As restated	December 31, 2024 As restated
ASSETS		
Cash and due from banks	$ 5,123	$ 4,499
Interest-bearing deposits in banks	201,859	73,289
Cash and cash equivalents	206,982	77,788
Time deposits in banks	—	2,270
Investment securities available for sale, at fair value (amortized cost: $31,974 and $40,279 at December 31, 2025 and December 31, 2024, respectively)	29,363	36,291
Investment securities held to maturity, at amortized cost, net of allowance for credit losses of $7 and $12 (fair value: $2,384 and $2,346 at December 31, 2025 and December 31, 2024, respectively)	2,493	2,488
Nonmarketable equity securities	4,656	4,526
Government guaranteed loans HFI, at fair value	54,076	60,833
Loans HFI, at amortized cost	903,938	1,001,457
Allowance for credit losses on loans	(21,996)	(15,512)
Net loans HFI, at amortized cost	881,942	985,945
Accrued interest receivable	6,317	7,630
Premises and equipment, net	31,188	33,249
Loan servicing rights	12,580	16,534
Deferred income tax asset	7,826	445
Right-of-use operating lease assets	14,504	15,814
Bank owned life insurance	27,264	26,513
Other real estate owned	400	132
Other assets	14,678	12,489
Total assets	$ 1,294,269	$ 1,282,947
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Noninterest-bearing deposit accounts	$ 95,731	$ 101,743
Interest-bearing transaction accounts	231,227	256,793
Savings and money market deposit accounts	454,639	474,425
Time deposits	402,341	310,268
Total deposits	1,183,938	1,143,229
Subordinated notes	5,962	5,956
Notes payable	1,593	1,934
Accrued interest payable	1,133	1,036
Operating lease liabilities	13,264	14,510
Accrued expenses and other liabilities	6,799	9,723

BAYFIRST FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS CONTINUED
(Dollars in thousands, except per share data)

	December 31, 2025 As restated	December 31, 2024 As restated
Total liabilities	1,212,689	1,176,388
Shareholders' equity:		
Preferred stock, Series A; no par value, 10,000 shares authorized, 6,395 shares issued and outstanding at December 31, 2025 and December 31, 2024; aggregate liquidation preference of $6,683 at December 31, 2025 and $6,395 at December 31, 2024	6,161	6,161
Preferred stock, Series B; no par value, 20,000 shares authorized, 3,210 shares issued and outstanding at December 31, 2025 and December 31, 2024; aggregate liquidation preference of $3,338 at December 31, 2025 and $3,210 at December 31, 2024	3,123	3,123
Preferred stock, Series C; no par value, 10,000 shares authorized, 6,446 shares issued and outstanding at December 31, 2025 and December 31, 2024; aggregate liquidation preference of $6,801 at December 31, 2025 and $6,446 at December 31, 2024	6,446	6,446
Common stock and additional paid-in capital; no par value, 15,000,000 shares authorized, 4,108,069 and 4,132,986 shares issued and outstanding at December 31, 2025 and December 31, 2024, respectively	54,371	54,764
Accumulated other comprehensive loss, net	(1,960)	(2,956)
Unearned compensation	(335)	(752)
Retained earnings	13,774	39,773
Total shareholders' equity	81,580	106,559
Total liabilities and shareholders' equity	$ 1,294,269	$ 1,282,947

See accompanying notes.

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Dollars in thousands, except per share data)

	Year Ended December 31,	
	2025	2024
	As restated	As restated
Interest income:		
Loans, including fees	$ 80,666	$ 77,883
Interest-bearing deposits in banks and other	4,550	3,979
Total interest income	85,216	81,862
Interest expense:		
Deposits	37,740	42,872
Borrowings	2,269	1,912
Total interest expense	40,009	44,784
Net interest income	45,207	37,078
Provision for credit losses	25,646	15,398
Net interest income after provision for credit losses	19,561	21,680
Noninterest income:		
Loan servicing income, net	2,769	3,100
Gain on sale of government guaranteed loans, net	11,169	26,662
Service charges and fees	1,867	1,794
Government guaranteed loans fair value gain (loss), net	(1,075)	9,843
Government guaranteed loan packaging fees	1,768	4,105
Gain on sale of premises and equipment	—	11,649
Other noninterest income	1,347	1,726
Total noninterest income	17,845	58,879
Noninterest expense:		
Salaries and benefits	28,429	31,063
Bonus, commissions, and incentives	855	4,445
Occupancy and equipment	6,068	4,848
Data processing	7,859	6,745
Marketing and business development	1,433	2,050
Professional services	3,456	3,882
Loan servicing and origination expense	8,001	6,391
Employee recruiting and development	1,653	2,186
Regulatory assessments	1,869	1,249
Restructure charges	7,283	—
Other noninterest expense	3,519	3,923
Total noninterest expense	70,425	66,782
Income (loss) from continuing operations before income taxes	(33,019)	13,777
Income tax expense (benefit) from continuing operations	(8,454)	3,518
Net income (loss) from continuing operations	(24,565)	10,259
Loss from discontinued operations before income taxes	—	(92)
Income tax benefit from discontinued operations	—	(23)
Net loss from discontinued operations	—	(69)
Net income (loss)	(24,565)	10,190
Preferred stock dividends	1,541	1,541
Net income available to (loss attributable to) common shareholders	$ (26,106)	$ 8,649

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) CONTINUED
(Dollars in thousands, except per share data)

	Year Ended December 31,	
	2025	2024
	As restated	As restated
Basic earnings (loss) per common share:		
Continuing operations	$ (6.32)	$ 2.11
Discontinued operations	—	(0.02)
Total basic earnings (loss) per common share	$ (6.32)	$ 2.09
Diluted earnings (loss) per common share:		
Continuing operations	$ (6.32)	$ 2.11
Discontinued operations	—	(0.02)
Total diluted earnings (loss) per common share	$ (6.32)	$ 2.09

See accompanying notes.

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Year Ended December 31,	
	2025	2024
	As restated	As restated
Net income (loss)	$ (24,565)	$ 10,190
Net unrealized gains (losses) on investment securities available for sale	1,377	34
Deferred income tax expense	(381)	(9)
Other comprehensive income, net	996	25
Comprehensive income (loss)	$ (23,569)	$ 10,215

See accompanying notes.

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in thousands, except per share data)

	Preferred Stock, Series A	Preferred Stock, Series B	Preferred Stock, Series C	Common Stock, Additional Paid-in Capital, and Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at January 1, 2024 as previously reported	$ 6,161	$ 3,123	$ 6,446	$ 53,563	$ (2,981)	$ 34,395	$ 100,707
Adjustment applicable to prior years (see Note 1)	—	—	—	—	—	(1,948)	(1,948)
Balance at January 1, 2024 as restated	6,161	3,123	6,446	53,563	(2,981)	32,447	98,759
Net income	—	—	—	—	—	10,190	10,190
Unearned ESOP shares allocation	—	—	—	53	—	—	53
Stock-based awards - common stock:							
Restricted stock expense, net of tax impact	—	—	—	358	—	—	358
Stock option expense	—	—	—	38	—	—	38
Other comprehensive income, net	—	—	—	—	25	—	25
Dividends declared on:							
Preferred stock	—	—	—	—	—	(1,541)	(1,541)
Common stock ($0.24 per share)	—	—	—	—	—	(1,323)	(1,323)
Balance at December 31, 2024 (as restated)	$ 6,161	$ 3,123	$ 6,446	$ 54,012	$ (2,956)	$ 39,773	$ 106,559
Balance at January 1, 2025 as restated	$ 6,161	$ 3,123	$ 6,446	$ 54,012	$ (2,956)	$ 39,773	$ 106,559
Net loss	—	—	—	—	—	(24,565)	(24,565)
Issuance of common stock under:							
Non-qualified stock purchase plan	—	—	—	67	—	—	67
Repurchase of common stock	—	—	—	(335)	—	—	(335)
Unearned ESOP shares cancellation	—	—	—	193	—	—	193
Stock-based awards - common stock:							
Restricted stock benefit, net of tax impact	—	—	—	(161)	—	—	(161)
Stock option expense	—	—	—	260	—	—	260
Other comprehensive income, net	—	—	—	—	996	—	996
Dividends on:							
Preferred stock	—	—	—	—	—	(771)	(771)
Common stock ($0.16 per share)	—	—	—	—	—	(663)	(663)
Balance at December 31, 2025 (as restated)	$ 6,161	$ 3,123	$ 6,446	$ 54,036	$ (1,960)	$ 13,774	$ 81,580

See accompanying notes.

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,	
	2025	2024
	As restated	As restated
Cash flows from operating activities:		
Net income (loss) from continuing operations	$ (24,565)	$ 10,259
Net loss from discontinued operations	—	(69)
Net income (loss)	(24,565)	10,190
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation of fixed assets	2,188	2,464
Net securities premium amortization	40	112
Amortization of debt issuance costs	6	7
Amortization of premium on loans purchased, net	1,087	714
Provision for credit losses	25,646	15,398
Accretion of discount on unguaranteed loans	(3,716)	(3,118)
Deferred tax benefit	(7,760)	(280)
Origination of government guaranteed loans held for sale	—	(2,821)
Proceeds from sales of government guaranteed loans held for sale	298,162	406,191
Net gains on sales of government guaranteed loans	(11,169)	(26,662)
Sale of servicing rights	1,691	—
Net amortization of deferred loan costs	3,540	2,861
Change in fair value of government guaranteed loans HFI, at fair value	1,075	(9,843)
Amortization of loan servicing rights	6,928	6,258
Gain on sale of premises and equipment	—	(11,649)
Gain on other real estate owned	(423)	14
Loss on sale and writedowns of repossessed assets	118	—
Non-qualified stock purchase plan expense	17	23
Stock based compensation expense	99	396
Income from bank owned life insurance	(751)	(713)
Impairment of equipment and software	1,422	—
Changes in:		
Accrued interest receivable	1,313	(1,077)
Other assets	(1,885)	(7,909)
Accrued interest payable	97	154
Other liabilities	(4,325)	12,957
Net cash provided by operating activities of continuing operations	288,835	393,736
Net cash used in operating activities of discontinued operations	—	(341)
Net cash provided by operating activities	288,835	393,395
Cash flows from investing activities:		
Purchase of investment securities available for sale	(5,718)	(4,458)
Principal payments on investment securities available for sale	2,874	7,664
Principal payments on investment securities held to maturity	—	1
Call of investment securities held to maturity	11,109	—
Net sale (purchase) of nonmarketable equity securities	(130)	244
Purchase of time deposits in banks	(14)	(1,020)
Maturity of time deposits in banks	2,284	3,396
Purchase of government guaranteed loans	—	(4,414)

BAYFIRST FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED
(Dollars in thousands)

	Year Ended December 31,	
	2025	2024
	As restated	As restated
Loan originations, net	(208,802)	(533,653)
Purchase related to other real estate owned	—	(1,229)
Proceeds for the sale of premises and equipment	—	14,746
Purchase of premises and equipment	(300)	(1,690)
Proceeds on sales of other real estate owned	155	1,619
Proceeds on sales of repossessed assets	59	—
Net cash used in investing activities	(198,483)	(518,794)
Cash flows from financing activities:		
Net change in deposits	40,709	158,091
Net decrease in short-term borrowings	—	(10,000)
Payments on notes payable	(341)	(455)
Proceeds from issuance of common stock for benefit plans, net	50	(23)
Common share buyback - redeemed stock	(335)	—
Unearned ESOP shares	193	53
Dividends paid on common stock	(663)	(1,323)
Dividends paid on preferred stock	(771)	(1,541)
Net cash provided by financing activities	38,842	144,802
Net change in cash and cash equivalents	129,194	19,403
Cash and cash equivalents, beginning of period	77,788	58,385
Cash and cash equivalents, end of period	$ 206,982	$ 77,788
Supplemental cash flow information		
Interest paid	$ 39,912	$ 44,630
Income taxes paid	5,296	8
Supplemental noncash disclosures		
Net change in unrealized holding gains (losses) on investment securities available for sale, net of tax effect	996	25
Accumulated unpaid preferred dividends	(385)	—
Transfer of government guaranteed loans HFI to loans HFS	296,174	384,541
Transfer of government guaranteed loans HFS to loans HFI	4,516	—
Transfer of loans HFI to OREO	—	94
Transfer of loans HFI to repossessed assets	422	—
Recognition of right of use asset in exchange for new operating lease liabilities	—	14,276

See accompanying notes.

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The accompanying consolidated financial statements include BayFirst Financial Corp. and its wholly owned subsidiary, BayFirst National Bank.

BayFirst Financial Corp. is a registered bank holding company, incorporated under the laws of the State of Florida. The Company owns all outstanding stock of BayFirst National Bank, a national banking association bank. A significant portion of the Company's assets and revenues are derived from the operations of the Bank.

The Company provides a variety of traditional community banking services through its full-service banking centers located in the Tampa-Sarasota, Florida region. The Bank's primary deposit products are demand deposits, NOW accounts, money market accounts, savings deposits, and time deposits and its primary lending products are residential mortgage, commercial, and consumer loans. In addition, the Company provided lending services nationwide to small business customers, and as such, a significant portion of the loans originated by the Bank are guaranteed by the SBA/USDA ("government guaranteed loans"). The guaranteed portion of the SBA/USDA loan can be sold in the secondary market, and the Bank engages in the sale of participating interests of the non-guaranteed portion. In December 2025, the Company discontinued the origination of SBA 7(a) loans and sold a portion of the SBA 7(a) loan portfolio to another bank. The Company previously engaged in mortgage banking activities with offices located in a number of states and as such, originated and sold one-to-four family residential mortgage loans in the secondary market. The nationwide residential mortgage lending operations were discontinued in 2022.

The Company currently operates one business segment. In 2022, the Company discontinued the Bank's nationwide residential mortgage lending segment. The operations of this segment are reported as discontinued operations.

Restatement of Previously Issued Financial Statements

Subsequent to the issuance of the Company's 2025 Consolidated Financial Statements on March 27, 2026, reporting errors were identified in the historical Consolidated Financial Statements related to cumulative misstatements of $2.8 million, pretax, of deferred origination costs and $2.1 million, pretax, of accrued interest as of March 31, 2026, related to unguaranteed portions of SBA 7(a) loans which had defaulted or were placed into nonaccrual status in prior periods, which resulted in a material understatement of provision for credit losses expense and overstatement of net interest income during the effected quarterly periods in which the errors accumulated prior to 2024, and in 2024, 2025, and the first quarter of 2026. Furthermore, management identified $3.4 million, pretax, of deferred origination costs which should have been netted against gain on sale of guaranteed SBA 7a loans which resulted in a material over statement of gain on sale of government guaranteed loans, during the affected quarterly periods in which the error accumulated prior to 2024, and in 2024 and 2025. The net $1.9 million cumulative effect on income for the periods prior to 2024 was recorded in the opening retained earnings balance of the earliest period presented in the restated financial statements. Accordingly, the Company has restated the Consolidated Balance Sheets, Consolidated Statements of Income (Loss), Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows for the affected periods, to reflect the error correction.

The Company has also updated all accompanying footnotes and disclosures affected by the correction within Note 4. Loans, Note 5. Allowance for Credit Losses, Note 6. Fair Value, Note 7. Government Guaranteed Loan Servicing Activities, Note 14. Income Taxes, Note 15. Regulatory Capital, Note 18. Earnings per Common Share, and Note 21. Parent Company Only Financial Information.

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

The effect of the above error noted on the previously reported financial statements is presented below:

Consolidated Balance Sheet as of December 31, 2024	As Reported	Correction	As Restated
Loans HFI, at amortized cost	$ 1,005,726	$ (4,269)	$ 1,001,457
Net loans HFI, at amortized cost	990,214	(4,269)	985,945
Accrued interest receivable	9,155	(1,525)	7,630
Deferred income tax asset	—	445	445
Other assets	12,490	(1)	12,489
Total assets	1,288,297	(5,350)	1,282,947
Deferred income tax liabilities	301	(301)	—
Accrued expenses and other liabilities	10,411	(688)	9,723
Total liabilities	1,177,377	(989)	1,176,388
Retained earnings	44,134	(4,361)	39,773
Total shareholders' equity	110,920	(4,361)	106,559
Total liabilities and shareholders' equity	1,288,297	(5,350)	1,282,947

Consolidated Balance Sheet as of December 31, 2025	As Reported	Correction	As Restated
Loans HFI, at amortized cost	$ 909,818	$ (5,880)	$ 903,938
Net loans HFI, at amortized cost	887,822	(5,880)	881,942
Accrued interest receivable	8,421	(2,104)	6,317
Deferred income tax asset	6,538	1,288	7,826
Other assets	13,971	707	14,678
Total assets	1,300,258	(5,989)	1,294,269
Retained earnings	19,763	(5,989)	13,774
Total shareholders' equity	87,569	(5,989)	81,580
Total liabilities and shareholders' equity	1,300,258	(5,989)	1,294,269

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Income (Loss) for the year ended December 31, 2024	As Reported	Correction	As Restated
Interest income loans, including fees	$ 78,831	$ (948)	$ 77,883
Total interest income	82,810	(948)	81,862
Net interest income	38,026	(948)	37,078
Provision for credit losses	14,726	672	15,398
Net interest income after provision for credit losses	23,300	(1,620)	21,680
Gain on sale of government guaranteed loans, net	28,252	(1,590)	26,662
Total noninterest income	60,469	(1,590)	58,879
Income from continuing operations before income taxes	16,987	(3,210)	13,777
Income tax expense from continuing operations	4,315	(797)	3,518
Net income from continuing operations	12,672	(2,413)	10,259
Net income	12,603	(2,413)	10,190
Net income available to common shareholders	11,062	(2,413)	8,649
Basic earnings per common share: Continuing operations	2.69	(0.58)	2.11
Total basic earnings per common share	2.68	(0.59)	2.09
Diluted earnings per common share: Continuing operations	2.64	(0.53)	2.11
Total diluted earnings per common share	2.62	(0.53)	2.09

Consolidated Statement of Income for the year ended December 31, 2025	As Reported	Correction	As Restated
Interest income loans, including fees	$ 81,244	$ (578)	$ 80,666
Total interest income	85,794	(578)	85,216
Net interest income	45,785	(578)	45,207
Provision for credit losses	24,586	1,060	25,646
Net interest income after provision for credit losses	21,199	(1,638)	19,561
Gain on sale of government guaranteed loans, net	11,720	(551)	11,169
Total noninterest income	18,396	(551)	17,845
Loss from continuing operations before income taxes	(30,830)	(2,189)	(33,019)
Income tax benefit from continuing operations	(7,893)	(561)	(8,454)
Net loss from continuing operations	(22,937)	(1,628)	(24,565)
Net loss	(22,937)	(1,628)	(24,565)
Net loss attributable to common shareholders	(24,478)	(1,628)	(26,106)
Basic loss per common share: Continuing operations	(5.93)	(0.39)	(6.32)
Total basic loss per common share	(5.93)	(0.39)	(6.32)
Diluted loss per common share: Continuing operations	(5.93)	(0.39)	(6.32)
Total diluted loss per common share	(5.93)	(0.39)	(6.32)

Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2024	As Reported	Correction	As Restated
Net income	$ 12,603	$ (2,413)	$ 10,190
Comprehensive income	12,628	(2,413)	10,215

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2025	As Reported	Correction	As Restated
Net loss	$ (22,937)	$ (1,628)	$ (24,565)
Comprehensive loss	(21,941)	(1,628)	(23,569)

Consolidated Statement of Changes in Shareholders' Equity for the year ended December 31, 2024	As Reported	Correction	As Restated
Retained Earnings as of January 1, 2024	$ 34,395	$ (1,948)	$ 32,447
Total Shareholders' Equity as of January 1, 2024	100,707	(1,948)	98,759
Net income	12,603	(2,413)	10,190
Retained Earnings as of December 31, 2024	44,134	(4,361)	39,773
Total Shareholders' Equity as of December 31, 2024	110,920	(4,361)	106,559

Consolidated Statement of Changes in Shareholders' Equity for the year ended December 31, 2025	As Reported	Correction	As Restated
Retained Earnings as of January 1, 2025	$ 44,134	$ (4,361)	$ 39,773
Total Shareholders' Equity as of January 1, 2025	110,920	(4,361)	106,559
Net loss	(22,937)	(1,628)	(24,565)
Retained Earnings as of December 31, 2025	19,763	(5,989)	13,774
Total Shareholders' Equity as of December 31, 2025	87,569	(5,989)	81,580

Consolidated Statement of Cash Flows for the year ended December 31, 2024	As Reported	Correction	As Restated
Net income from continuing operations	$ 12,672	$ (2,413)	$ 10,259
Net income	12,603	(2,413)	10,190
Provision for credit losses	14,726	672	15,398
Deferred tax benefit	(189)	(91)	(280)
Net gains on sales of government guaranteed loans	(28,252)	1,590	(26,662)
Net amortization of deferred loan costs	—	2,861	2,861
Change in Accrued interest receivable	(2,025)	948	(1,077)
Change in Other assets	(7,891)	(18)	(7,909)
Change in Other liabilities	13,645	(688)	12,957
Net cash provided by operating activities of continuing operations	390,875	2,861	393,736
Net cash provided by operating activities	390,534	2,861	393,395
Loan originations, net	(530,792)	(2,861)	(533,653)
Net cash used in investing activities	(515,933)	(2,861)	(518,794)
Transfer of loans and leases held for investment to loans held for sale	382,951	1,590	384,541

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Cash Flows for the year ended December 31, 2025	As Reported	Correction	As Restated
Net loss from continuing operations	$ (22,937)	$ (1,628)	$ (24,565)
Net loss	(22,937)	(1,628)	(24,565)
Provision for credit losses	24,586	1,060	25,646
Deferred tax benefit	(7,221)	(539)	(7,760)
Net gains on sales of government guaranteed loans	(11,720)	551	(11,169)
Net amortization of deferred loan costs	—	3,540	3,540
Change in Accrued interest receivable	734	579	1,313
Change in Other assets	(1,174)	(711)	(1,885)
Change in Other liabilities	(5,013)	688	(4,325)
Net cash provided by operating activities of continuing operations	285,295	3,540	288,835
Net cash provided by operating activities	285,295	3,540	288,835
Loan originations, net	(205,262)	(3,540)	(208,802)
Net cash used in investing activities	(194,943)	(3,540)	(198,483)
Transfer of loans and leases held for investment to loans held for sale	295,623	551	296,174

The following is a summary of the impacts on financial statement line items for the quarters ended March 31, June 30, and September 30, 2025:

Consolidated Balance Sheet as of March 31, 2025 (unaudited)	As Reported	Correction	As Restated
Loans HFI, at amortized cost	$ 1,026,916	$ (4,692)	$ 1,022,224
Net loans HFI, at amortized cost	1,010,403	(4,692)	1,005,711
Accrued interest receivable	9,153	(1,914)	7,239
Deferred income tax asset	—	278	278
Other assets	13,494	—	13,494
Total assets	1,291,957	(6,328)	1,285,629
Deferred income tax liabilities	648	(648)	—
Accrued expenses and other liabilities	10,025	(716)	9,309
Total liabilities	1,181,872	(1,364)	1,180,508
Retained earnings	43,082	(4,964)	38,118
Total shareholders' equity	110,085	(4,964)	105,121
Total liabilities and shareholders' equity	1,291,957	(6,328)	1,285,629

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Income (Loss) for the quarter ended March 31, 2025 (unaudited)	As Reported	Correction	As Restated
Interest income loans, including fees	$ 19,751	$ (389)	$ 19,362
Total interest income	20,685	(389)	20,296
Net interest income	10,999	(389)	10,610
Provision for credit losses	4,400	160	4,560
Net interest income after provision for credit losses	6,599	(549)	6,050
Gain on sale of government guaranteed loans, net	7,327	(263)	7,064
Total noninterest income	8,751	(263)	8,488
Loss from continuing operations before income taxes	(463)	(812)	(1,275)
Income tax benefit from continuing operations	(128)	(209)	(337)
Net loss from continuing operations	(335)	(603)	(938)
Net loss	(335)	(603)	(938)
Net loss attributable to common shareholders	(720)	(603)	(1,323)
Basic loss per common share: Continuing operations	(0.17)	(0.15)	(0.32)
Total basic loss per common share	(0.17)	(0.15)	(0.32)
Diluted loss per common share: Continuing operations	(0.17)	(0.15)	(0.32)
Total diluted loss per common share	(0.17)	(0.15)	(0.32)

Consolidated Statement of Comprehensive Income (Loss) for the quarter ended March 31, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss	$ (335)	$ (603)	$ (938)
Comprehensive loss	243	(603)	(360)

Consolidated Statement of Changes in Shareholders' Equity for the quarter ended March 31, 2025 (unaudited)	As Reported	Correction	As Restated
Retained Earnings as of January 1, 2025	$ 44,134	$ (4,361)	$ 39,773
Total Shareholders' Equity as of January 1, 2025	110,920	(4,361)	106,559
Net loss	(335)	(603)	(938)
Retained Earnings as of March 31, 2025	43,082	(4,964)	38,118
Total Shareholders' Equity as of March 31, 2025	110,085	(4,964)	105,121

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Cash Flows for the three months ended March 31, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss from continuing operations	$ (335)	$ (603)	$ (938)
Net loss	(335)	(603)	(938)
Provision for credit losses	4,400	160	4,560
Deferred tax benefit	(189)	179	(10)
Net gains on sales of government guaranteed loans	(7,327)	263	(7,064)
Net amortization of deferred loan costs	—	934	934
Change in Accrued interest receivable	2	389	391
Change in Other assets	(359)	(360)	(719)
Change in Other liabilities	(892)	(28)	(920)
Net cash provided by operating activities of continuing operations	74,164	934	75,098
Net cash provided by operating activities	74,164	934	75,098
Loan originations, net	(92,636)	(934)	(93,570)
Net cash used in investing activities	(92,665)	(934)	(93,599)
Transfer of loans and leases held for investment to loans held for sale	70,882	263	71,145

Consolidated Balance Sheet as of June 30, 2025 (unaudited)	As Reported	Correction	As Restated
Loans HFI, at amortized cost	$ 1,035,112	$ (5,300)	$ 1,029,812
Net loans HFI, at amortized cost	1,018,071	(5,300)	1,012,771
Accrued interest receivable	9,495	(2,135)	7,360
Deferred income tax asset	—	247	247
Other assets	16,815	712	17,527
Total assets	1,343,867	(6,476)	1,337,391
Deferred income tax liabilities	895	(895)	—
Total liabilities	1,235,644	(895)	1,234,749
Retained earnings	41,128	(5,581)	35,547
Total shareholders' equity	108,223	(5,581)	102,642
Total liabilities and shareholders' equity	1,343,867	(6,476)	1,337,391

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Income (Loss) for the quarter ended June 30, 2025 (unaudited)	As Reported	Correction	As Restated
Interest income loans, including fees	$ 21,459	$ (221)	$ 21,238
Total interest income	22,505	(221)	22,284
Net interest income	12,348	(221)	12,127
Provision for credit losses	7,264	343	7,607
Net interest income after provision for credit losses	5,084	(564)	4,520
Gain on sale of government guaranteed loans, net	6,136	(264)	5,872
Total noninterest income	10,795	(264)	10,531
Loss from continuing operations before income taxes	(1,649)	(828)	(2,477)
Income tax benefit from continuing operations	(412)	(211)	(623)
Net loss from continuing operations	(1,237)	(617)	(1,854)
Net loss	(1,237)	(617)	(1,854)
Net loss attributable to common shareholders	(1,623)	(617)	(2,240)
Basic loss per common share: Continuing operations	(0.39)	(0.15)	(0.54)
Total basic loss per common share	(0.39)	(0.15)	(0.54)
Diluted loss per common share: Continuing operations	(0.39)	(0.15)	(0.54)
Total diluted loss per common share	(0.39)	(0.15)	(0.54)

Consolidated Statement of Comprehensive Income (Loss) for the quarter ended June 30, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss	$ (1,237)	$ (617)	$ (1,854)
Comprehensive loss	(1,227)	(617)	(1,844)

Consolidated Statement of Changes in Shareholders' Equity for the quarter ended June 30, 2025 (unaudited)	As Reported	Correction	As Restated
Retained Earnings as of April 1, 2025	$ 43,082	$ (4,964)	$ 38,118
Total Shareholders' Equity as of April 1, 2025	110,085	(4,964)	105,121
Net loss	(1,237)	(617)	(1,854)
Retained Earnings as of June 30, 2025	41,128	(5,581)	35,547
Total Shareholders' Equity as of June 30, 2025	108,223	(5,581)	102,642

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Cash Flows for the six months ended June 30, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss from continuing operations	$ (1,572)	$ (1,220)	$ (2,792)
Net loss	(1,572)	(1,220)	(2,792)
Provision for credit losses	11,664	503	12,167
Deferred tax benefit	(189)	277	88
Net gains on sales of government guaranteed loans	(13,463)	527	(12,936)
Net amortization of deferred loan costs	—	1,810	1,810
Change in Accrued interest receivable	(340)	610	270
Change in Other assets	(3,170)	(1,386)	(4,556)
Change in Other liabilities	(2,820)	688	(2,132)
Net cash provided by operating activities of continuing operations	137,457	1,809	139,266
Net cash provided by operating activities	137,457	1,809	139,266
Loan originations, net	(202,226)	(1,809)	(204,035)
Net cash used in investing activities	(196,508)	(1,809)	(198,317)
Transfer of loans and leases held for investment to loans held for sale	136,073	527	136,600

Consolidated Balance Sheet as of September 30, 2025 (unaudited)	As Reported	Correction	As Restated
Loans HFI, at amortized cost	$ 936,903	$ (5,574)	$ 931,329
Net loans HFI, at amortized cost	912,418	(5,574)	906,844
Accrued interest receivable	8,898	(2,098)	6,800
Deferred income tax asset	5,839	1,201	7,040
Other assets	14,119	715	14,834
Total assets	1,345,978	(5,756)	1,340,222
Retained earnings	21,841	(5,756)	16,085
Total shareholders' equity	89,728	(5,756)	83,972
Total liabilities and shareholders' equity	1,345,978	(5,756)	1,340,222

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Income (Loss) for the quarter ended September 30, 2025 (unaudited)	As Reported	Correction	As Restated
Interest income loans, including fees	$ 20,708	$ 38	$ 20,746
Total interest income	21,654	38	21,692
Net interest income	11,280	38	11,318
Provision for credit losses	10,915	250	11,165
Net interest income after provision for credit losses	365	(212)	153
Gain on sale of government guaranteed loans, net	3,063	(24)	3,039
Total noninterest income	(1,046)	(24)	(1,070)
Loss from continuing operations before income taxes	(25,896)	(236)	(26,132)
Income tax benefit from continuing operations	(6,994)	(61)	(7,055)
Net loss from continuing operations	(18,902)	(175)	(19,077)
Net loss	(18,902)	(175)	(19,077)
Net loss attributable to common shareholders	(19,287)	(175)	(19,462)
Basic loss per common share: Continuing operations	(4.66)	(0.05)	(4.71)
Total basic loss per common share	(4.66)	(0.05)	(4.71)
Diluted loss per common share: Continuing operations	(4.66)	(0.05)	(4.71)
Total diluted loss per common share	(4.66)	(0.05)	(4.71)

Consolidated Statement of Comprehensive Income (Loss) for the quarter ended September 30, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss	$ (18,902)	$ (175)	$ (19,077)
Comprehensive loss	(18,603)	(175)	(18,778)

Consolidated Statement of Changes in Shareholders' Equity for the quarter ended September30, 2025 (unaudited)	As Reported	Correction	As Restated
Retained Earnings as of July 1, 2025	$ 41,128	$ (5,581)	$ 35,547
Total Shareholders' Equity as of July 1, 2025	108,223	(5,581)	102,642
Net loss	(18,902)	(175)	(19,077)
Retained Earnings as of September 30, 2025	21,841	(5,756)	16,085
Total Shareholders' Equity as of September 30, 2025	89,728	(5,756)	83,972

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

Consolidated Statement of Cash Flows for the nine months ended September 30, 2025 (unaudited)	As Reported	Correction	As Restated
Net loss from continuing operations	$ (20,474)	$ (1,395)	$ (21,869)
Net loss	(20,474)	(1,395)	(21,869)
Provision for credit losses	22,579	753	23,332
Deferred tax benefit	(189)	(6,656)	(6,845)
Net gains on sales of government guaranteed loans	(16,526)	551	(15,975)
Net amortization of deferred loan costs	—	2,727	2,727
Change in Accrued interest receivable	257	573	830
Change in Other assets	(8,207)	5,485	(2,722)
Change in Other liabilities	636	688	1,324
Net cash provided by operating activities of continuing operations	184,764	2,726	187,490
Net cash provided by operating activities	184,764	2,726	187,490
Loan originations, net	(226,566)	(2,726)	(229,292)
Net cash used in investing activities	(220,513)	(2,726)	(223,239)
Transfer of loans and leases held for investment to loans held for sale	283,856	551	284,407

Use of Estimates: To prepare financial statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The most significant estimates relate to the ACL, government guaranteed loan servicing rights, and fair value of government guaranteed loans.

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions with original maturities less than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased.

Emerging Growth Company Status: The Company is expected to remain an "emerging growth company," as defined in the JOBS Act, through December 31, 2026. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period when complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company has elected to take advantage of this extended transition period, which means these financial statements, as well as financial statements they file in the future for as long as the Company remains an emerging growth company, will be subject to all new or revised accounting standards generally applicable to private companies.

Contingencies: Due to the nature of their activities, the Company and its subsidiary are at times engaged in various legal proceedings that arise in the course of normal business, some of which were outstanding as of December 31, 2025. Although the ultimate outcome of all claims and lawsuits outstanding as of December 31, 2025 cannot be ascertained at this time, it is the opinion of management that these matters, when resolved, will not have a material adverse effect on the Company’s results of operations or financial condition.

Adoption of New Accounting Standards:

ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" is intended to improve the disclosures about a public entity’s reportable segments and addresses requests from investors and other decision makers for additional, more detailed information about a reportable segment’s expenses. The amendment applies to all public entities that are required to report segment information in accordance with Topic 280. This was adopted in 2024 and applied retrospectively to all periods presented. Adoption of the amendment did not have a material impact on these consolidated financial statement disclosures.

ASU No. 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures was issued to enhance the transparency and decision usefulness of income tax disclosures. The ASU addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate

reconciliation and income taxes paid information. This was adopted in 2025 and applied prospectively. Adoption of this amendment did not have a material impact on these consolidated financial statement disclosures.

Allowance for Credit Losses - Investment Securities:

The ACL on held-to-maturity securities is a contra-asset valuation determined in accordance with ASC 326, which is deducted from the securities' amortized cost basis at the balance sheet date as a result of management's assessment of the net amount expected to be collected. The allowance is measured on a pooled basis for securities with similar risk characteristics using historical credit loss information, adjusted for current conditions and reasonable and supportable forecasts. Securities that are determined to be uncollectible are written off against the allowance.

For available-for-sale securities in an unrealized loss position ("impaired security"), we assess whether 1) we intend to sell the security, or, 2) it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. Under either of these scenarios above, the security's amortized cost is written down to fair value through a charge to previously recognized allowances or earnings, as applicable. For impaired securities that do not meet these conditions, we assess whether the decline in fair value was due to credit loss or other factors. This assessment considers, among other things: 1) the extent to which the fair value is less than amortized cost, 2) the financial condition and near-term prospects of the issuer, 3) any changes to the rating of the security by a rating agency, and 4) our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss component. Any impairment due to non-credit-related factors that has not been recorded through an ACL is recognized in other comprehensive income (loss). The discount rate used in determining the present value of the expected cash flows is based on the effective interest rate implicit in the security at the date of purchase.

The ACL on investment securities HTM is a contra-asset valuation that is deducted from the carrying amount of investment securities HTM to present the net amount expected to be collected. Investment securities HTM are charged off against the ACL when deemed uncollectible. Adjustments to the ACL are reported in our Consolidated Statements of Income in provision for credit losses. We measure expected credit losses on securities HTM on a collective basis by major security type with each type sharing similar risk characteristics, and consider historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. With regard to U.S. Government-sponsored agency and mortgage-backed securities, all these investment securities are issued by a U.S.government-sponsored entity and have an implicit or explicit government guarantee; therefore, no ACL has been recorded for these investment securities. With regard to corporate bonds HTM, we consider the issuer’s bond rating or the average expected default frequency of the similar investment securities based on company size and industry for those investment securities that are not rated. Historical loss rates associated with investment securities having similar grades as those in our portfolio have been insignificant.

Accrued interest receivable is excluded from the amortized costs and fair values of both held-to-maturity and available-for-sale securities and included in accrued interest receivable on the Consolidated Balance Sheets. Investment securities are placed on nonaccrual status when principal or interest is contractually past due more than ninety days, or management does not expect full payment of principal and interest. We do not record an ACL for accrued interest receivable on investment securities, as the amounts are written-off when the investment is placed on nonaccrual status. There were no nonaccrual investment securities in any of the periods presented in the consolidated financial statements.

Allowance for Credit Losses - Loans HFI and Unfunded Commitments:

The ACL is a valuation account that is deducted from the amortized cost basis of loans to present a net amount expected to be collected. The ACL excludes loans held for sale and loans accounted for under the fair value option. Loans are charged-off against the ACL when management believes the uncollectibility of a loan balance is confirmed.

The Company’s ACL on loans is estimated using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Company’s historical credit loss experience provides the basis for the estimation of expected credit losses. Management adjusts historical loss information for differences in current risk characteristics such as portfolio risk grading, delinquency levels, or portfolio mix as well as for changes in environmental conditions such as changes in unemployment rates. The ACL on unfunded loan commitments is based on estimates of probability that these commitments will be drawn upon according to historical utilization experience, expected loss severity and loss rates as determined for pooled funded loans. The ACL on unfunded commitments is a liability account included in other liabilities. Management estimates these allowances quarterly.

The ACL is measured on a pooled basis when similar risk characteristics are present in the portfolio. The Company has identified portfolio segments based on loan pools with similar credit risk characteristics, which generally correspond to federal regulatory reporting codes, with separate consideration for the government guaranteed loans. The ACL model utilizes a PD/LGD methodology to measure the expected credit losses on government guaranteed loans and a WARM methodology for the remaining loans. The PD/LGD method estimates losses by utilizing estimated PD, LGD, and individual loan level exposure at default. The WARM model contemplates expected losses at a pool-level, utilizing historical loss information. Portions of government guaranteed loans have a government guarantee for credit losses, therefore, no ACL has been recorded for those loan balances. In order to quantify the credit risk impact of other trends and changes within the loan portfolio, the Company utilizes qualitative adjustments to the modeled estimated loss approaches. These qualitative adjustments include: changes in lending policies, procedures, and strategies; changes in nature and volume of portfolio; staff experience; changes in volume and trends in classified loans, delinquencies, and nonaccrual; concentration risk; trends in underlying collateral value; external factors such as competition, legal, and regulatory; changes in quality of the loan review system; and economic conditions. Additionally, the Company uses reasonable and supportable forecasts that are developed with internal and external data. These are updated quarterly by management and utilize data from the FOMC's median forecasts of change in national GDP and of national unemployment. The FOMC's forecast of GDP and unemployment for the next calendar year is used in conjunction with the most recent 4 quarters of historical data from FRED (Federal Reserve Economic Data) to determine changes in certain qualitative factors used in calculating loss rates.

Loans that do not share risk characteristics are evaluated on an individual basis and are excluded from the pooled evaluation. This generally occurs when, based on current information and events, it is probable that the Company will be unable to collect all interest and principal payments due according to the originally contracted, or reasonably modified, terms of the loan agreement.

Individually evaluated loans are evaluated for impairment and a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the rate implicit in the original loan agreement or at the fair value of collateral if repayment is expected solely from the collateral.

Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless management has a reasonable expectation at the reporting date that a modification will be executed with an individual borrower or the extension or renewal options are included in the contract at the reporting date by the Company.

Past due status of loans is determined based on contractual terms. Commercial and residential loans are placed in nonaccrual status and interest accrual is discontinued if they become 90 days delinquent or there is evidence that the borrower's ability to make the required payments is impaired. Other consumer and personal loans continue to accrue interest and are typically charged off no later than 120 days past due.

When interest accrual is discontinued, all unpaid accrued interest is reversed unless all or some interest accrued to date is guaranteed by the USDA, in which case the guaranteed amount is not reversed. Management has made the accounting policy election to exclude accrued interest receivable on loans from the estimate of credit losses.

The determination of the appropriate level of the ACL inherently involves a high degree of subjectivity and requires the Company to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Although management believes that the processes in place for assessing the appropriate level of the ACL are robust, such policies and procedures have limitations, including judgment errors in management's risk analysis, and may not prevent unexpected losses in the future. Moreover, the CECL methodology may create more volatility in the level of our ACL from quarter to quarter as changes in the level of ACL will be dependent upon, among other things, macroeconomic forecasts and conditions, loan portfolio volumes and credit quality. These factors could have a material adverse effect on the Company's business, financial condition and results of operations.

Time Deposits in Banks: As of December 31, 2025, the Bank had no time deposits with other banks outstanding.

Investment Securities: Investment securities transactions are recorded on a trade date basis. The company has some debt securities classified as held-to-maturity since management has the intent and ability to hold the securities to maturity. The remaining investment securities are classified as available for sale since the Company may sell them before maturity. Available-for-sale securities are recorded at fair value. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are included in other comprehensive income and the related accumulated unrealized holding gains and losses are reported as a separate component of shareholders' equity until realized. Equity securities without

readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments.

Nonmarketable Equity Securities: Nonmarketable equity securities include equity securities that are not publicly traded and securities acquired for various purposes which are periodically evaluated for impairment. Nonmarketable equity securities consist of FHLB Stock, FRB Stock, stock in a correspondent bank, and preferred stock in a nonaffiliated company. The Bank is required to maintain certain minimum levels of equity investments with certain regulatory and other entities in which the Bank has an ongoing business relationship. These restricted equity securities are accounted for at cost which equals par or redemption value. These securities do not have a readily determinable fair value as their ownership is restricted and there is no market for these securities. These securities can only be redeemed or sold at their par value and only to the respective issuing government supported institution or to another member institution. Management considers these nonmarketable equity securities to be long-term investments. Accordingly, when evaluating some of these securities without readily determinable fair values for impairment, management considers the ultimate recoverability of the par value rather than by recognizing temporary declines in value. The investment in preferred stock of the nonaffiliated company does not have a readily determinable value and is carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Loans Held for Sale: The Company may designate government guaranteed loans as held for sale based on its intent to sell guaranteed or non-guaranteed portions of these loans in the secondary market. Government guaranteed loans held for sale are accounted for at lower of cost or fair value. Gains or losses on the sale of these loans are recorded in noninterest income on the Consolidated Statements of Income.

Loans: Except for certain loans for which the fair value option was elected, as discussed in Note 6, all other loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the unpaid principal balances. Loan origination fees, net of direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

In general, interest income is discontinued, and the loan is placed on nonaccrual status, at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Mortgage and commercial loans are evaluated on a loan-by-loan basis and are charged off to the extent principal is deemed uncollectible. Other consumer and personal loans continue to accrue interest and are typically charged off no later than 120 days past due. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due more than 89 days and still on accrual include both smaller balance homogenous loans that are collectively evaluated for impairment and individually evaluated loans.

All interest accrued but not collected for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until the loan returns to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received. Loans may be returned to accrual status when all the principal and interest amounts contractually due are brought current and future contractual payments are reasonably assured.

Concentration of Credit: The Company grants residential and commercial real estate, construction and land, commercial and industrial, and consumer loans in the State of Florida with primary concentration being the Tampa Bay/Sarasota region. The Company also grants USDA guaranteed commercial real estate, construction and land, and commercial and industrial loans nationwide. Prior to the discontinuance of the SBA 7(a) lending program, the Company originated SBA 7(a) nationwide. Although the Company's loan portfolio is diversified, a significant portion of its loans are secured by real estate. The following loan segments have been identified:

Residential Real Estate – The Bank originates residential real estate loans for the purchase of real estate or refinance of a mortgage in the Tampa Bay/Sarasota region. These loans are primarily collateralized by owner and non-owner occupied properties located in the Tampa Bay/Sarasota region and are held at amortized cost in the Company's loan portfolio. Prior to discontinuing the nationwide residential loan operation, the Bank also originated residential real estate loans nationwide for the purchase of real estate or refinance of a mortgage. These loans are primarily collateralized by owner and non-owner occupied properties located in the area in which they were originated, and these loans were sold into the secondary market.

Commercial Real Estate – Commercial real estate loans consist of both loans secured by owner occupied properties and non-owner occupied properties to finance real estate purchases, refinancings, and expansions and improvements to commercial properties. These loans are secured primarily by first liens and may include office buildings, apartments, retail and mixed-use properties, churches, warehouses, and restaurants. Commercial real estate loans are generally larger than residential real estate loans and involve greater credit risk. The repayment of these loans largely depends on the results of operations and management of these properties.

Construction and Land – Construction and land loans consist of loans to individuals for the construction of a primary or secondary residence and, in some cases, to real estate investors to acquire and develop land. To the extent construction loans are not made to owner-occupants of single-family homes, they are more vulnerable to changes in economic conditions. Further, the nature of these loans is such that they are more difficult to evaluate and monitor. The risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value upon completion of the project and the estimated cost, including interest, of the project.

Commercial and Industrial – Commercial and industrial loans consist of business loans to small and medium sized businesses in the Tampa Bay/Sarasota region and nationwide government guaranteed loans. Commercial and industrial loans are generally used for working capital purposes or for acquiring equipment, inventory, or furniture. These loans are generally secured by accounts receivable, inventory, and equipment. Commercial and industrial loans are typically made based on the borrower's ability to make repayment from the cash flow of the borrower's business, which makes them of higher risk than residential real estate loans, and the collateral securing loans may be difficult to appraise and may fluctuate in value based on the success of the business.

Commercial and Industrial - PPP – Commercial and industrial PPP loans consist of all loans originated under the SBA 7(a) loan PPP pursuant to the CARES Act and carry a 100% government guarantee.

Consumer and Other – Consumer and other loans mainly consist of automobile, revolving credit plans, and other loans. The Bank's consumer loans may be uncollateralized and rely on the borrower's income for repayment. The Bank also purchased a portfolio of unsecured consumer loans.

Premises and Equipment: Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 15 to 40 years. Leasehold improvements are amortized using the straight-line method with useful lives ranging from 3 to 10 years based on the lesser of the useful life of the asset or the remaining expected term of the lease. Furniture, fixtures, and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years.

Loan Servicing Rights: When the Company sells the guaranteed portion of a government guaranteed loan or a portion of the non-guaranteed portion of a government guaranteed loan, the Company generally retains the servicing, and a servicing right asset is created. Loan servicing rights are initially recorded at fair value in gain on sale of government guaranteed loans, net. Fair value is based on market prices for comparable servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires loan servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Loan servicing rights are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. Impairment is determined based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported through gain on sale of government guaranteed loans, net on the Consolidated Statements of Income. The fair values of loan servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. There was no valuation allowance recorded on loan servicing rights at December 31, 2025 and December 31, 2024.

Loan servicing income, which is reported on the Consolidated Statements of Income in noninterest income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of loan servicing rights is netted against loan servicing fee income.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the

Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Leases: The Company enters into leases in the normal course of business primarily for branch, corporate office, and loan production office locations. The Company's leases have remaining terms ranging from 10 months up to 14.0 years, some of which include renewal or termination options to extend the lease for up to 5.0 years. The Company's leases do not include residual value guarantees or covenants.

The Company includes lease extension and termination options in the lease terms if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Company has also elected not to recognize leases with original lease terms of 12 months or less (i.e., short-term leases) on the Consolidated Balance Sheets.

Leases are classified as operating or finance leases at the lease commencement date; however, the Company has not entered into any finance leases. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company's incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors.

Bank Owned Life Insurance: The Company, through the Bank, has purchased life insurance policies on certain key officers. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Other Real Estate Owned: OREO is initially recorded at fair value less estimated costs to sell when acquired, establishing a new cost basis. Physical possession of real estate property collateralizing a mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are also expensed.

Repossessed Assets: Repossessed assets are recorded at fair value upon the transfer of a loan to repossessed assets. These assets are subsequently accounted for at fair value less estimated costs to sell. If fair value declines subsequent to repossession, a valuation allowance is recorded through expense. Holding costs after repossession are also expensed.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is used to estimate the fair value of stock options, while market price of the Company's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize forfeitures as a reversal of compensation cost expenses in the period that they occur.

Advertising: Advertising costs are expensed as incurred. These costs are included in marketing and business development expense in the Consolidated Statements of Income.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax basis of assets and liabilities, computed using enacted tax rates. A valuation

allowance, if needed, reduces deferred tax assets to the amount expected to be realized. There was no valuation allowance recognized at December 31, 2025 and December 31, 2024.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Employee 401(k) Plan: The Company has a 401(k) plan that covers all employees subject to certain age and service requirements. The Company contributed 3% of eligible employees' salary each pay period as a safe harbor contribution. The Company may also match employee contributions each year at the discretion of the Board of Directors. Employee 401(k) expense is the amount of safe harbor and employee matching contributions to the 401(k) plan. In January 2026, the Company updated the plan to change the contribution from the non-elective contribution to a matching contribution equal to 100% of the first 4% and 50% of the next 2% of employee contributions.

Non-Qualified Stock Purchase Plan: Under the NSPP, all employees and Directors are eligible to participate in the plan. Employees may purchase available shares of common stock with post-tax dollars as of the grant date at a 10% discount to the price of shares offered under the NSPP with limitations on deductions from employees' income. Directors may purchase available shares of common stock with post-tax dollars as of the grant date at the price of shares offered under the NSPP, with no minimum deduction and a maximum deduction of the Directors' board fees. NSPP compensation expense is recorded based on the 10% discount offered to employees and the number of shares purchased by employees.

Employee Stock Ownership Plan: The Company had an ESOP for eligible employees which was terminated in 2025. See Note 13 - Other Benefits Plans for information.

Preferred Stock: The Company has issued cumulative nonconvertible Series A shares of preferred stock entitles holders of a cash dividend at a rate of 9% (unless the Company has not redeemed the shares by the tenth anniversary of their issuance in 2019, in which event the rate is subject to be increased to 11%). As of December 31, 2025, the Company had $288 in dividends in arrears, representing two quarters of deferred dividend payments that must be settled before common stock dividends are declared and paid.

The Company has issued cumulative convertible Series B shares of preferred stock entitles holders of a cash dividend at a rate of 8% (unless the Company has not redeemed the shares by the tenth anniversary of their issuance in 2020 and 2021, in which event the rate is subject to be increased to 9%). The Series B shares are convertible at a ratio of liquidation value to tangible book value at the option of the shareholder. All preferred stock has liquidation preference relative to the Company's common stock. As of December 31, 2025, the Company had $128 in dividends in arrears, representing two quarters of deferred dividend payments that must be settled before common stock dividends are declared and paid.

The Company has also issued cumulative convertible Series C shares of preferred stock entitles holders of a cash dividend at a rate of 11% (unless the Company has not redeemed the shares by the tenth anniversary of their issuance in 2023, in which event the rate is subject to be increased to 12%). The Series B shares are convertible at a ratio of liquidation value to tangible book value at the option of the shareholder. All preferred stock has liquidation preference relative to the Company's common stock. As of December 31, 2025, the Company had $355 in dividends in arrears, representing two quarters of deferred dividend payments that must be settled before common stock dividends are declared and paid.

Earnings per Common Share: Basic earnings per common share is net income less preferred stock dividends (i.e., net income available to common shareholders) divided by the weighted average number of common shares outstanding during the year. Diluted earnings per common share includes the dilutive effect of vested stock options that are considered in-the-money and the dilutive effect of the potential conversion of Series B preferred stock and Series C preferred stock to common stock.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash: The Federal Reserve Board reduced reserve requirement ratios to 0% effective March 26, 2020. This action eliminated reserve requirements for all depository institutions. There were no balances of cash pledged at December 31, 2025 and December 31, 2024.

Revenue Recognition: Revenue earned on interest-earning assets is recognized based on the effective yield of the financial instrument. Revenue recognized from contracts with customers, which is accounted for under ASC 606, "*Revenue from Contracts with Customers",* is primarily included in the Company's noninterest income. Interest income and certain other types of noninterest income are accounted for under other applicable accounting standards.

A description of the Company's revenue streams accounted for under ASC 606 are as follows:

Service Charges on Deposit Accounts – The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include but are not limited to services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Debit Card Interchange Fees – The Company earns interchange fees from debit cardholder transactions through the MasterCard payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Government Guaranteed Loan Packaging Fees – The Company earned government guaranteed loan packaging fees for organizing loan documents for approval of government guaranteed loans. The revenue is recognized when the loan packaging services are performed.

Gains/Losses on Sales of OREO – The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed.

Gains/Losses on Sales of Premises and Equipment – The Company records a gain or loss from the sale of premises and equipment when control of the property transfers to the buyer, which generally occurs at the time of an executed deed.

New Accounting Standards Not Yet Adopted:

In October 2023, the FASB issued ASU No. 2023-06 "Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). ASU 2023-06 amends the ASC to incorporate certain disclosure requirements from SEC Release No. 33-10532 - Disclosure Update and Simplification that was issued in 2018. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company does not believe this standard will have a material impact on its Consolidated Financial Statements.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Disaggregation of Income Statement Expenses Disclosure ("ASU 2024-03"). This ASU was issued to improve the disclosures about public business entity's expenses and address investor's requests for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions. The amendments in this standard will be effective for the Company for the fiscal year ended December 31, 2027 and subsequent interim periods. The amendments should be applied either prospectively to the financial statements issued for reporting periods after the effective date of this update or retrospectively to any and all prior periods presented in the financial statements. We are currently evaluating the impact these changes may have on the Company's consolidated financial statements.

In November, 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." This ASU was issued to clarify and enhance guidance under ASC 270 on interim financial reporting by (i) clarifying the scope of ASC 270 such that it now explicitly applies only to entities that issue complete interim financial statements and related notes under U.S. GAAP, (ii) establishing clear guidance on the form of interim statements and notes, incorporating a comprehensive list of required interim disclosures drawn from across the ASC, and (iii) introducing a requirement to disclose material events and changes occurring after the end of the last annual period that could impact interim results. ASU 2025-11 will be effective for interim periods beginning in 2029. The Company does not believe this standard will have a material impact on its Consolidated Financial Statements.

NOTE 2 – DISCONTINUED OPERATIONS

During the third quarter of 2022, the Company discontinued the Bank's nationwide residential mortgage loan production operations. The decision was based on a number of strategic priorities and other factors, including the precipitous decline in mortgage volumes and the uncertain outlook for mortgage lending over future periods. As a result of these actions, the Company classified the operations of the residential mortgage lending division as discontinued under ASC 205-20. There were no assets or liabilities for the discontinued operations of the residential mortgage lending division at December 31, 2025 and December 31, 2024 or operating results for the current period.

The following presents operating results of the discontinued operations of the residential mortgage lending division for the year ended December 31, 2024:

	Year Ended December 31, 2024
Noninterest income	$ 51
Total net revenue	51
Noninterest expense	143
Loss from discontinued operations before income taxes	(92)
Income tax benefit	(23)
Net loss from discontinued operations	$ (69)

NOTE 3 – INVESTMENT SECURITIES

The amortized costs, gross unrealized gains and losses, and estimated fair values of investment securities available for sale and investment securities held to maturity at December 31, 2025 and December 31, 2024 as well as the ACL for investment securities held to maturity at December 31, 2025 and December 31, 2024 are summarized as follows:

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available for sale:				
Asset-backed securities	$ 2,827	$ 4	$ (9)	$ 2,822
Mortgage-backed securities:				
U.S. Government-sponsored enterprises	5,264	55	(420)	4,899
Collateralized mortgage obligations:				
U.S. Government-sponsored enterprises	20,040	27	(2,299)	17,768
Corporate bonds	3,843	31	—	3,874
Total investment securities available for sale	$ 31,974	$ 117	$ (2,728)	$ 29,363

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	ACL
Investment securities held to maturity:					
Corporate bonds	$ 2,500	$ —	$ (116)	$ 2,384	$ 7
Total investment securities held to maturity	$ 2,500	$ —	$ (116)	$ 2,384	$ 7

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December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available for sale:				
Asset-backed securities	$ 5,029	$ —	$ (39)	$ 4,990
Mortgage-backed securities:				
U.S. Government-sponsored enterprises	7,791	—	(661)	7,130
Collateralized mortgage obligations:				
U.S. Government-sponsored enterprises	18,627	—	(3,341)	15,286
Corporate bonds	8,832	53	—	8,885
Total investment securities available for sale	$ 40,279	$ 53	$ (4,041)	$ 36,291

December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	ACL
Investment securities held to maturity:					
Corporate bonds	$ 2,500	$ —	$ (154)	$ 2,346	$ 12
Total investment securities held to maturity	$ 2,500	$ —	$ (154)	$ 2,346	$ 12

The amortized cost and fair value of investment securities as of December 31, 2025 are shown in the table below by contractual maturity. Actual timing may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One to five years	$ 3,843	$ 3,874	$ 1,500	$ 1,496
Five to ten years	—	—	1,000	888
Beyond ten years	28,131	25,489	—	—
Total	$ 31,974	$ 29,363	$ 2,500	$ 2,384

No ACL for investment securities AFS was needed at December 31, 2025 or December 31, 2024. Declines in the fair value of the AFS investment portfolio are believed by management to be unrelated to credit losses. When evaluating an investment for credit loss, management considers, among other things, the financial condition of the issuer through the review of credit ratings and, if necessary, corporate financial statements; adverse conditions specifically related to the security such as past due principal or interest; underlying assets that collateralize the debt security; other economic conditions and demographics; and the intent and ability of the Company to hold the investment until the loss position is recovered. Any unrealized losses were largely due to increases in market interest rates over the yields available at the time of purchase. The fair value is expected to recover as the bonds approach their maturity date or market yields for similar investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. At December 31, 2025, the Company did not intend to sell and believed it was not likely to be required to sell the available for sale securities that were in a loss position prior to full recovery.

As of December 31, 2025, there were no past due principal and interest payments associated with the HTM securities. The Company monitors the credit quality of debt securities held to maturity quarterly through the use of credit ratings. However, the corporate bonds that are held to maturity have no credit rating and the corporate bonds in an unrealized loss position at December 31, 2025 are not material to the financial statements. There was an ACL of $7 on corporate bonds HTM at December 31, 2025 and $12 at December 31, 2024, which was calculated based on applying the long-term historical credit loss rate for similarly rated securities.

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The following table presents the activity in the ACL for investment securities HTM by major security type for the year ended December 31, 2025 and December 31, 2024:

Corporate Bonds	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Balance at beginning of period	$ 12	$ 17
Provision for credit losses on HTM investment securities	(5)	(5)
Investment securities charge-offs	—	—
Investment securities recoveries	—	—
Balance at end of period	$ 7	$ 12

The following table summarizes investment securities with unrealized losses at December 31, 2025 aggregated by security type and length of time in a continuous unrealized loss position:

	Less than 12 Months		12 Months or Longer		Total		
December 31, 2025	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities
Investment securities available for sale:							
Asset-backed securities	$ —	$ —	$ 1,402	$ (9)	$ 1,402	$ (9)	1
Mortgage-backed securities:							
U.S. Government-sponsored enterprises	—	—	2,528	(420)	2,528	(420)	2
Collateralized mortgage obligations:							
U.S. Government-sponsored enterprises	—	—	14,531	(2,299)	14,531	(2,299)	7
Total investment securities available for sale	$ —	$ —	$ 18,461	$ (2,728)	$ 18,461	$ (2,728)	10
Investment securities held to maturity:							
Corporate bonds	$ —	$ —	$ 2,384	$ (116)	$ 2,384	$ (116)	3
Total investment securities held to maturity	$ —	$ —	$ 2,384	$ (116)	$ 2,384	$ (116)	3

The following table summarizes investment securities with unrealized losses at December 31, 2024 aggregated by security type and length of time in a continuous unrealized loss position:

	Less than 12 Months		12 Months or Longer		Total		
December 31, 2024	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities
Investment securities available for sale:							
Asset-backed securities	$ 1,540	$ (3)	$ 3,450	$ (36)	$ 4,990	$ (39)	3
Mortgage-backed securities:							
U.S. Government-sponsored enterprises	4,412	(51)	2,718	(610)	7,130	(661)	3
Collateralized mortgage obligations:							
U.S. Government-sponsored enterprises	—	—	15,286	(3,341)	15,286	(3,341)	7
Total investment securities available for sale	$ 5,952	$ (54)	$ 21,454	$ (3,987)	$ 27,406	$ (4,041)	13
Investment securities held to maturity:							
Corporate bonds	$ 416	$ (84)	$ 1,930	$ (70)	$ 2,346	$ (154)	3
Total investment securities held to maturity	$ 416	$ (84)	$ 1,930	$ (70)	$ 2,346	$ (154)	3

No investment securities were pledged as of December 31, 2025 or December 31, 2024, and there were no sales of investment securities for the year ended December 31, 2025 or December 31, 2024.

NOTE 4 – LOANS

Loans HFI, excluding loans measured at fair value, at December 31, 2025 and December 31, 2024 were as follows:

	December 31, 2025	December 31, 2024
Real estate:	(As restated)	(As restated)
Residential	$ 365,427	$ 330,870
Commercial	215,771	305,721
Construction and land	48,397	32,914
Commercial and industrial	181,566	226,522
Commercial and industrial - PPP	6	941
Consumer and other	86,441	93,826
Loans HFI, excluding loans measured at fair value, gross	897,608	990,794
Deferred loan costs, net	10,491	15,230
Discount on government guaranteed loans[1]	(6,811)	(8,306)
Premium on loans purchased, net	2,650	3,739
Allowance for credit losses	(21,996)	(15,512)
Net loans HFI, excluding loans measured at fair value	$ 881,942	$ 985,945

[1] The Company allocates the retained portion of loans sold based on relative fair value of the retained portion and the sold portion, which results in a discount on the retained portion.

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NOTE 5 - ALLOWANCE FOR CREDIT LOSSES

The following schedules present the activity in the ACL by loan segment for the year ended December 31, 2025 and December 31, 2024:

	Real Estate - Residential	Real Estate - Commercial	Real Estate - Construction and Land	Commercial and Industrial	Commercial and Industrial - PPP	Consumer and Other	Total
Year Ended							
December 31, 2025 (as restated)							
Beginning Balance	$ 1,181	$ 2,096	$ 507	$ 9,607	$ —	$ 2,121	$ 15,512
Charge-offs	(983)	(503)	—	(16,422)	(1)	(2,367)	(20,276)
Recoveries	27	5	—	497	1	734	1,264
Provision	2,044	225	123	21,752	—	1,352	25,496
Ending Balance	$ 2,269	$ 1,823	$ 630	$ 15,434	$ —	$ 1,840	$ 21,996
December 31, 2024 (as restated)							
Beginning Balance	$ 1,987	$ 1,818	$ 519	$ 6,579	$ —	$ 2,594	$ 13,497
Charge-offs	(20)	(83)	—	(11,599)	—	(2,944)	(14,646)
Recoveries	1	7	—	606	—	321	935
Provision	(787)	354	(12)	14,021	—	2,150	15,726
Ending Balance	$ 1,181	$ 2,096	$ 507	$ 9,607	$ —	$ 2,121	$ 15,512

The Company calculates its ACL by estimating expected credit losses on a collective basis for loans that share similar risk characteristics. Loans that do not share similar risk characteristics with other loans are evaluated for credit losses on an individual basis. The Company uses a combination of modeled and non-modeled approaches that incorporate current and future economic conditions to estimate lifetime expected losses on a collective basis.

The Company's ACL model utilizes a PD/LGD methodology to measure the expected credit losses on government guaranteed loans and a WARM methodology for the remaining loans. The PD/LGD method estimates losses by utilizing estimated PD, LGD, and individual loan level exposure at default. The WARM model contemplates expected losses at a pool-level, utilizing historical loss information. Portions of government guaranteed loans have a government guarantee for credit losses, therefore, no ACL has been recorded for those loan balances. In order to quantify the credit risk impact of other trends and changes within the loan portfolio, the Company utilizes qualitative adjustments to the modeled estimated loss approaches. These qualitative adjustments include: changes in lending policies, procedures, and strategies; changes in nature and volume of portfolio; staff experience; changes in volume and trends in classified loans, delinquencies, and nonaccrual; concentration risk; trends in underlying collateral value; external factors such as competition, legal, regulatory; changes in quality of the loan review system; and economic conditions. In addition to this, the Company uses reasonable and supportable forecasts that are developed with internal and external data. These are updated quarterly by management and utilize data from the FOMC's median forecasts of change in national GDP and of national unemployment. The FOMC's forecast of GDP and unemployment for the next calendar year is used in conjunction with the most recent 4 quarters of historical data from FRED (Federal Reserve Economic Data) to determine changes in certain qualitative factors used in calculating loss rates.

Loans that do not share risk characteristics are evaluated on an individual basis and are excluded from the pooled evaluation. This generally occurs when, based on current information and events, it is probable that the Company will be unable to collect all interest and principal payments due according to the originally contracted, or reasonably modified, terms of the loan agreement.

Individually evaluated loans are evaluated for impairment and a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the rate implicit in the original loan agreement or at the fair value of collateral adjusted for selling costs as appropriate if repayment is expected solely from the collateral.

See Note 1 of the Notes to Consolidated Financial Statements for further discussion of the Company's ACL methodology.

The Company maintains a separate ACL for its off-balance sheet unfunded loan commitments. The ACL on unfunded loan commitments is based on estimates of probability that these commitments will be drawn upon according to historical utilization experience, expected loss severity and loss rates as determined for pooled funded loans. As of December 31, 2025 and December 31, 2024, the ACL for unfunded commitments recorded in other liabilities was $671 and $516, respectively.

The following table presents the activity in the ACL for unfunded commitments for the year ended December 31, 2025 and December 31, 2024:

	For the Year Ended	
	December 31, 2025	December 31, 2024
Balance at beginning of period	$ 516	$ 839
Provision for credit losses on unfunded commitments	155	(323)
Unfunded commitments charge-offs	—	—
Unfunded commitments recoveries	—	—
Balance at end of period	$ 671	$ 516

The following tables present the principal balance of nonaccrual loans and loans past due over 89 days on accrual by loan segment at December 31, 2025 and December 31, 2024. In the following tables, the principal balance does not include the government guaranteed balance or loans measured at fair value.

December 31, 2025	Nonaccrual with no ACL[1]	Nonaccrual with ACL[1]	Loans Past Due Over 89 Days and Accruing[1]
Real estate - residential	$ —	$ 6,164	$ —
Real estate - commercial	2,628	3,888	—
Real estate - construction and land	—	815	
Commercial and industrial	—	2,467	—
Consumer and other	—	268	41
Total	$ 2,628	$ 13,602	$ 41

December 31, 2024	Nonaccrual with no ACL[1]	Nonaccrual with ACL[1]	Loans Past Due Over 89 Days and Accruing[1]
Real estate - residential	$ —	$ 5,818	$ —
Real estate - commercial	2,709	2,052	—
Commercial and industrial	—	2,696	—
Consumer and other	—	—	295
Total	$ 2,709	$ 10,566	$ 295

[1] Excludes loans measured at fair value. See Note 6. Fair Value for additional information.

A financial asset is considered collateral dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. Expected credit losses for collateral dependent loans are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Significant quarter over quarter changes are reflective of changes in nonaccrual status and not necessarily associated with

credit quality indicators like appraised value. The following tables present the principal balance, including government guaranteed balances, of individually analyzed collateral dependent loans by loan portfolio segment as of December 31, 2025 and December 31, 2024:

December 31, 2025	Type of Collateral	ACL
	Real Estate	
Real estate - commercial	$ 2,628	$ —

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December 31, 2024	Type of Collateral	ACL
	Real Estate	
Real estate - commercial	$ 2,709	$ —

The following table presents the aging of the principal balance of past due loans HFI at amortized cost at December 31, 2025 by loan segment:

	30-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due [1]	Total Loans
Real estate - residential	$ 4,698	$ 5,635	$ 10,333	$ 355,094	$ 365,427
Real estate - commercial	4,100	4,262	8,362	207,409	215,771
Real estate - construction and land	—	814	814	47,583	48,397
Commercial and industrial	4,473	919	5,392	176,174	181,566
Commercial and industrial - PPP	—	—	—	6	6
Consumer and other	1,622	69	1,691	84,750	86,441
Total	$ 14,893	$ 11,699	$ 26,592	$ 871,016	$ 897,608

[1] $1,537 of balances 30-89 days past due and $7,592 of balances greater than 89 days past due are reported as Loans Not Past Due as a result of the government guarantee.

The following table presents the aging of the principal balance of past due loans HFI at amortized cost at December 31, 2024 by loan segment:

	30-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due [1]	Total Loans
Real estate - residential	$ 1,049	$ 5,818	$ 6,867	$ 324,003	$ 330,870
Real estate - commercial	1,857	4,492	6,349	299,372	305,721
Real estate - construction and land	—	—	—	32,914	32,914
Commercial and industrial	3,572	1,561	5,133	221,389	226,522
Commercial and industrial - PPP	—	—	—	941	941
Consumer and other	417	295	712	93,114	93,826
Total	$ 6,895	$ 12,166	$ 19,061	$ 971,733	$ 990,794

[1] $10,429 of balances 30-89 days past due and $3,407 of balances greater than 89 days past due are reported as Loans Not Past Due as a result of the government guarantee. Of those loans, $135 of commercial and industrial PPP loans were delinquent as of December 31, 2024.

Modifications to Borrowers Experiencing Financial Difficulty

For the year ended December 31, 2025 and the year ended December 31, 2024, there were no loan modifications to borrowers experiencing financial difficulty and no loan modifications that subsequently defaulted during the period.

Credit Quality Indicators

Internal risk-rating grades are assigned to loans by lending, credit administration or loan review personnel, based on an analysis of the financial and collateral strength and other credit attributes underlying each loan. Management analyzes the resulting ratings, as well as other statistics and factors such as delinquency, to track the migration performance of the portfolio balances. This analysis is performed at least annually. The Bank uses the following definitions for its risk ratings:

Pass – Loans properly approved, documented, collateralized, and performing which do not reflect an abnormal credit risk.

Special Mention – These credits have potential weaknesses that may, if not checked or corrected, weaken the asset, or inadequately protect the Company's position at some future date. These assets pose elevated risk, but their weakness does not yet justify a "Substandard" classification.

Substandard – These loans are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – These loans have all the weaknesses inherent in those classified as Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

The table below sets forth principal balance for the commercial loan portfolio disaggregated by loan segment based on internally assigned risk ratings at December 31, 2025 and gross write offs for the year ended December 31, 2025 (as restated):

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Real estate - commercial									
Risk Rating									
Pass	$ 21,998	$ 39,871	$ 39,799	$ 33,762	$ 24,573	$ 35,268	$ 2,480	$ —	$197,751
Special mention	—	79	394	1,436	111	297	15	—	2,332
Substandard	—	5,111	3,183	4,426	759	2,209	—	—	15,688
Doubtful	—	—	—	—	—	—	—	—	—
Total real estate - commercial loans, at amortized cost, gross	21,998	45,061	43,376	39,624	25,443	37,774	2,495	—	215,771
Gross write offs	—	—	138	277	—	88	—	—	503

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	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Real estate - construction and land									
Risk Rating									
Pass	7,977	5,266	8,849	10,487	1,049	—	—	—	33,628
Special mention	—	1,069	—	—	—	—	—	—	1,069
Substandard	—	—	13,700	—	—	—	—	—	13,700
Doubtful	—	—	—	—	—	—	—	—	—
Total real estate - construction and land loans, at amortized cost, gross	7,977	6,335	22,549	10,487	1,049	—	—	—	48,397
Gross write offs	—	—	—	—	—	—	—	—	—
Commercial and industrial									
Risk Rating									
Pass	44,674	40,705	24,250	22,538	3,418	19,740	11,362	—	166,687
Special mention	386	702	1,330	950	98	1,150	79	—	4,695
Substandard	41	1,155	3,369	2,114	353	2,939	40	—	10,011
Doubtful	13	—	22	45	8	85	—	—	173
Total commercial and industrial loans, at amortized cost, gross	45,114	42,562	28,971	25,647	3,877	23,914	11,481	—	181,566
Gross write offs	375	3,780	5,611	2,848	410	3,365	33	—	16,422
Commercial and industrial - PPP									
Risk Rating									
Pass	—	—	—	—	—	6	—	—	6
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial - PPP loans, at amortized cost, gross	—	—	—	—	—	6	—	—	6
Gross write offs	—	—	—	—	—	1	—	—	1

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The table below sets forth principal balance for the commercial loan portfolio disaggregated by loan segment based on internally assigned risk ratings at December 31, 2024 and gross write offs for the year ended December 31, 2024 (as restated):

	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	Prior			
Real estate - commercial								
Risk Rating								
Pass	$ 58,597	$ 67,244	$ 67,994	$ 46,851	$ 52,733	$ 2,430	$ —	$295,849
Special mention	153	919	2,890	538	489	15	—	5,004
Substandard	—	2,971	857	99	941	—	—	4,868
Doubtful	—	—	—	—	—	—	—	—
Total real estate - commercial loans, at amortized cost, gross	58,750	71,134	71,741	47,488	54,163	2,445	—	305,721
Gross write offs	—	—	83	—	—	—	—	83
Real estate - construction and land								
Risk Rating								
Pass	1,947	18,261	9,891	2,815	—	—	—	32,914
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total real estate - construction and land loans, at amortized cost, gross	1,947	18,261	9,891	2,815	—	—	—	32,914
Gross write offs	—	—	—	—	—	—	—	—
Commercial and industrial								
Risk Rating								
Pass	84,402	40,301	32,982	10,715	36,641	8,778	—	213,819
Special mention	189	1,991	3,003	682	3,696	—	—	9,561
Substandard	31	1,464	725	—	626	116	—	2,962
Doubtful	—	93	—	7	80	—	—	180
Total commercial and industrial loans, at amortized cost, gross	84,622	43,849	36,710	11,404	41,043	8,894	—	226,522
Gross write offs	—	3,632	3,360	368	4,239	—	—	11,599

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	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	Prior			
Commercial and industrial - PPP								
Risk Rating								
Pass	—	—	—	135	302	—	—	437
Special mention	—	—	—	—	504	—	—	504
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total commercial and industrial - PPP loans, at amortized cost, gross	—	—	—	135	806	—	—	941
Gross write offs	—	—	—	—	—	—	—	—

The Company considers the performance of the loan portfolio to determine its impact on the ACL. For residential and consumer loan classes, the Company evaluates credit quality based on the aging status of the loan by payment activity. The following table presents the principal balance at December 31, 2025 of residential and consumer loans based on payment activity as well as gross write offs for the year ended December 31, 2025 (as restated).

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Real estate - residential									
Payment Performance									
Performing	$ 9,162	$31,950	$24,494	$67,942	$21,372	$15,775	$188,568	$ —	$359,263
Nonperforming	—	150	550	716	867	2,512	1,369	—	6,164
Total real estate - residential loans, at amortized cost, gross	9,162	32,100	25,044	68,658	22,239	18,287	189,937	—	365,427
Gross write offs	—	—	—	141	—	—	842	—	983

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Consumer and other									
Payment Performance									
Performing	12,047	50,220	17,921	4,220	171	49	1,504	—	86,132
Nonperforming	—	240	20	49	—	—	—	—	309
Total consumer and other loans, at amortized cost, gross	12,047	50,460	17,941	4,269	171	49	1,504	—	86,441
Gross write offs	235	682	254	1,089	23	9	75	—	2,367

The following table presents the principal balance at December 31, 2024 of residential and consumer loans based on payment activity as well as gross write offs for the year ended December 31, 2024(as restated) .

	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	Prior			
Real estate - residential								
Payment Performance								
Performing	$ 29,086	$ 26,473	$ 65,598	$ 32,235	$ 26,395	$145,265	$ —	$325,052
Nonperforming	—	—	3,565	293	—	1,960	—	5,818
Total real estate - residential loans, at amortized cost, gross	29,086	26,473	69,163	32,528	26,395	147,225	—	330,870
Gross write offs	—	—	—	—	20	—	—	20
Consumer and other								
Payment Performance								
Performing	59,591	21,860	9,840	603	53	1,584	—	93,531
Nonperforming	84	—	186	—	—	25	—	295
Total consumer and other loans, at amortized cost, gross	59,675	21,860	10,026	603	53	1,609	—	93,826
Gross write offs	—	241	2,351	35	317	—	—	2,944

NOTE 6 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investment Securities Available for Sale: The fair values of investment securities available for sale are determined by matrix pricing, which is a mathematical technique used to value debt securities without relying exclusively on quoted prices for the specific investment securities, but rather by relying on the investment securities' relationship to other benchmark quoted investment securities (Level 2). Management obtains the fair values of investment securities available for sale on a monthly basis from a third party pricing service.

Government Guaranteed Loans HFI, at Fair Value: The Company has elected to account for certain government guaranteed loans HFI at fair value. Fair value is calculated based on the present value of estimated future payments (Level 3). The valuation model uses interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future payments. Whenever available, the present value is validated against available market data.

Individually Evaluated Loans: Periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments can also include certain impairment amounts for collateral-dependent loans calculated when establishing the ACL. Loans are considered collateral dependent when the Company has determined that foreclosure of the collateral is probable or when a borrower is experiencing financial difficulty and the loan is expected to be repaid substantially through the operation or sale of collateral. A collateral dependent loan's ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. Fair value of the loan's collateral is determined by appraisals, independent valuation, or management's estimation of fair value which is then adjusted for the cost related to liquidation of the collateral. Collateral dependent loans are generally classified as Level 3 based on management's judgment and estimation.

Other Real Estate Owned: Other real estate owned assets are recorded at fair value less estimated costs to sell upon the transfer of a loan to other real estate owned and, subsequently, continue to be measured and carried at fair value. The fair value of other real estate owned is based on recent real estate appraisals which are generally updated annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales, cost, and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by either the Company or the Company's appraisal services vendor. Once received, management reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. Management compares the best-efforts price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraised value to arrive at fair value.

Repossessed Assets: Repossessed assets are recorded at fair value less estimated costs to sell upon the transfer of a loan to repossessed assets. The fair value of a repossessed asset, upon initial recognition, is estimated using a market approach or based on observable market data, such as a current appraisal, recent sale price of similar assets, or assumptions specific to the individual property or equipment, such as management applied discounts used to further reduce values to a net realizable value when observable inputs become stale.

Assets measured at fair value on a recurring basis at December 31, 2025 are summarized below. There were no liabilities carried at fair value on a recurring basis at December 31, 2025.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment securities available for sale	$ —	$ 29,363	$ —	$ 29,363
Government guaranteed loans HFI, at fair value	—	—	54,076	54,076

Assets measured at fair value on a recurring basis at December 31, 2024 are summarized below. There were no liabilities carried at fair value on a recurring basis at December 31, 2024.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment securities available for sale	$ —	$ 36,291	$ —	$ 36,291
Government guaranteed loans HFI, at fair value	—	—	60,833	60,833

There were no transfers between levels for assets and liabilities recorded at fair value on a recurring basis during the reported periods.

Financial Instruments Recorded Using Fair Value Option

The Company elected the fair value option for certain of its government guaranteed loans HFI as the Company believed that fair value was the best indicator of the resolution of those loans at that time. Depending on market conditions and liquidity needs of the Company, management determined whether it was advantageous to hold or sell government guaranteed loans on a loan-by-loan basis. The portion of these loans guaranteed by the government are generally readily marketable in the secondary market and the portion of the loans that are not guaranteed may be sold periodically to other third party financial institutions. Interest income on these loans is recorded based on the contractual term of the loan and in accordance with the Company’s policy on other loans HFI.

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The following tables provide more information about the fair value carrying amount and the unpaid principal outstanding of HFI government guaranteed loans measured at fair value at December 31, 2025 and December 31, 2024.

	December 31, 2025								
	Total Loans			Nonaccrual[1]			90 Days or More Past Due[1]		
	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)
Real estate - commercial	$ 10,348	$ 10,420	$ (72)	$ 420	$ 447	$ (27)	$ —	$ —	$ —
Commercial and industrial	43,728	50,165	(6,437)	1,116	7,382	(6,266)	—	—	—
Total loans HFI, at fair value	$ 54,076	$ 60,585	$ (6,509)	$ 1,536	$ 7,829	$ (6,293)	$ —	$ —	$ —

	December 31, 2024								
	Total Loans			Nonaccrual[1]			90 Days or More Past Due[1]		
	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)	Fair Value Carrying Amount	Unpaid Principal Balance	Fair Value Gain (Loss)
Real estate - commercial	$ 15,136	$ 15,075	$ 61	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	45,697	46,981	(1,284)	1,491	2,630	(1,139)	—	—	—
Total loans HFI, at fair value	$ 60,833	$ 62,056	$ (1,223)	$ 1,491	$ 2,630	$ (1,139)	$ —	$ —	$ —

[1] The nonaccrual and 90 days or more past due loan balances do not include the portion of government guaranteed loan balances.

The total amount of net gains and losses from changes in fair value and interest income included in earnings for the year ended December 31, 2025 and December 31, 2024 for government guaranteed loans HFI, at fair value, were as follows:

	Year Ended December 31,	
	2025	2024
Interest income	$ 8,063	$ 9,530
Change in fair value	(1,075)	9,843
Total gain, net	$ 6,988	$ 19,373

Changes in fair value for government guaranteed loans HFI, at fair value, were included in Government guaranteed loans fair value gain (loss), net on the Consolidated Statements of Income.

The table below presents a reconciliation of government guaranteed loans HFI, at fair value, which were valued on a recurring basis and used significant unobservable inputs (Level 3) for the year ended December 31, 2025 and December 31, 2024:

	Year Ended December 31,	
	2025	2024
Balance of government guaranteed loans HFI at fair value, beginning of period	$ 60,833	$ 91,508
New government guaranteed originations at fair value	51,287	105,754
Loans sold	(35,049)	(141,080)
Principal payments	(9,944)	(5,192)
Transfer to HFS	(11,976)	—
Total fair value gains (losses) during the period	(1,075)	9,843
Balance of government guaranteed loans HFI at fair value, end of period	$ 54,076	$ 60,833

The Company's valuation of government guaranteed loans HFI, at fair value, was supported by an analysis prepared by an independent third party and approved by management. The approach to determine fair value involved several steps: 1) identifying each loan's unique characteristics, including balance, payment type, term, coupon, age, and principal and interest payment; 2) projecting these loan level characteristics for the life of each loan; and 3) performing discounted cash flow modeling.

The following table provides information about the valuation techniques and unobservable inputs used in the valuation of government guaranteed loans HFI that fall within Level 3 of the fair value hierarchy at December 31, 2025 and December 31, 2024:

	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
December 31, 2025				
Government guaranteed loans HFI, at fair value	$ 54,076	Discounted	Discount rate	5.27%-8.77% (7.75%)
		cash flow	Conditional prepayment rate	8.61%-18.58% (11.16%)
December 31, 2024				
Government guaranteed loans HFI, at fair value	$ 60,833	Discounted	Discount rate	6.07%-9.57% (8.69%)
		cash flow	Conditional prepayment rate	0.00%-18.13% (11.61%)

The significant unobservable inputs impacting the fair value measurement of government guaranteed loans HFI, at fair value, include discount rates and conditional prepayment rates. Increases in discount rates or prepayment rates would result in a lower fair value measurement. Although the prepayment rate and discount rate are not directly interrelated, they generally move in opposite directions. The discount rates and conditional prepayment rates were weighted by the relative principal balance outstanding of these loans.

Assets measured at fair value on a nonrecurring basis at December 31, 2025 are summarized below:

	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Discount % Amount	Valuation Level
Individually evaluated loans	$ 2,628	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3
Other real estate owned	$ 400	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3
Repossessed assets	$ 263	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3

Assets measured at fair value on a nonrecurring basis at December 31, 2024 are summarized below:

	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Discount % Amount	Valuation level
Individually evaluated loans	$ 2,709	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3
Other real estate owned	$ 132	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3
Repossessed assets	$ 36	Discounted appraisals, estimated net realizable value of collateral	Collateral discounts	10%	3

Fair Value of Financial Instruments

The carrying values and estimated fair values of financial instruments not carried at fair value, at December 31, 2025 and December 31, 2024 are as follows:

		December 31, 2025 (as restated)		December 31, 2024 (as restated)	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:					
Cash and cash equivalents	1	$ 206,982	$ 206,982	$ 77,788	$ 77,788
Time deposits in banks	2	—	—	2,270	2,212
Investment securities held to maturity	2	2,493	2,384	2,488	2,346
Nonmarketable equity securities, at cost	2	4,656	4,656	4,526	4,526
Loans HFI, at amortized cost	3	881,942	894,320	985,945	982,137
Accrued interest receivable	2	6,317	6,317	7,630	7,630
Government guaranteed loan servicing rights	3	12,580	16,041	16,534	19,473
Liabilities:					
Noninterest-bearing deposit accounts	2	$ 95,731	$ 95,731	$ 101,743	$ 101,743
Interest-bearing transaction accounts	2	231,227	231,227	256,793	256,793
Savings and money market deposit accounts	2	454,639	454,639	474,425	474,425
Time deposits	2	402,341	403,394	310,268	307,925
Subordinated notes	2	5,962	5,877	5,956	5,511
Notes payable	2	1,593	1,590	1,934	1,919
Accrued interest payable	2	1,133	1,133	1,036	1,036

NOTE 7 – GOVERNMENT GUARANTEED LOAN SERVICING ACTIVITIES

At December 31, 2025 and December 31, 2024, the balance of government guaranteed loans HFI, excluding PPP loans, retained by the Company was $302,986 and $425,963, respectively, of which $70,123 and $148,543 represented the guaranteed portion of the loans. Loans serviced for others are not included in the accompanying Consolidated Balance Sheets. The unpaid principal balances of government guaranteed loans serviced for others requiring recognition of a servicing asset were $885,505 and $1,056,665 at December 31, 2025 and December 31, 2024, respectively.

In December 2025, the Company sold SBA 7(a) loans with principal balance of $96,602 to Banesco USA as part of the Company's restructure related to the discontinuance of SBA 7(a) lending. Of those loans, there were $26,749 of loans with a servicing asset of $1,691.

Activity for government guaranteed loan servicing rights for the year ended December 31, 2025 and December 31, 2024 follows:

	Year Ended	
	December 31, 2025	December 31, 2024
Beginning of period	$ 16,534	$ 14,959
Additions	4,665	7,833
Sold	(1,691)	—
Amortization	(6,928)	(6,258)
End of period	$ 12,580	$ 16,534

The fair value of government guaranteed loan servicing rights was $16,041 and $19,473 at December 31, 2025 and December 31, 2024, respectively. Fair value was determined using a weighted average discount rate of 13.88% and a weighted average prepayment speed of 11.16% at December 31, 2025. Fair value was determined using a weighted average discount rate of 14.63% and a weighted average prepayment speed of 11.97% at December 31, 2024. The government guaranteed loan servicing rights are amortized over the life of a loan on a loan-by-loan basis.

The following table presents the components of net gain on sale of government guaranteed loans for the year ended December 31, 2025 and December 31, 2024:

	Year Ended	
	December 31, 2025	December 31, 2024
	(as restated)	(as restated)
Gain on sale of guaranteed portion of government guaranteed loans	$ 6,504	$ 18,829
Fair value of loan servicing rights created	4,665	7,833
Gain on sale of government guaranteed loans, net	$ 11,169	$ 26,662

NOTE 8 - PREMISES AND EQUIPMENT

Premises and equipment at December 31, 2025 and December 31, 2024 were as follows:

	December 31, 2025	December 31, 2024
Land and improvements	$ 5,530	$ 5,530
Building and improvements	25,146	25,130
Leasehold improvements	3,092	3,176
Furniture, fixtures, and equipment	8,028	7,987
Fixed assets in process	—	37
Total premises and equipment	41,796	41,860
Accumulated depreciation and amortization	(10,608)	(8,611)
Net premises and equipment [1]	$ 31,188	$ 33,249

[1]There were no premises and equipment assets classified as assets from discontinued operations as of December 31, 2025 or December 31, 2024.

Depreciation and amortization expense was $2,188 and $2,464 for the year ended December 31, 2025 and December 31, 2024, respectively.

In December 2024, the Company sold 2 Bank owned branch buildings with a book value of $4,851, for a gain on sale of $11,649. These branch buildings were subsequently leased back to the Company and are reflected in Note 9 - Leases.

NOTE 9 – LEASES

On December 23, 2024, the Bank agreed to a sale-leaseback transaction with Mountainseed Real Estate Services, LLC (the "Buyer"), pursuant to which the Bank sold to the Buyer two properties owned and operated as branch locations (the "Properties") for an aggregate purchase price of $15,000, including customary closing adjustments. On December 31, 2024, the Bank also entered into triple net lease agreements (the "Lease Agreements") with the Buyer under which the Bank leases each of the Properties, and pursuant to which the Bank is responsible for the insurance, real estate taxes, and maintenance and repairs for each of the properties. Each of the Lease Agreements became effective upon the closing and have an initial term of 15 years. The Bank's obligations under the Lease Agreements are guaranteed by BayFirst Financial Corp.

As the rate implicit in the leases generally is not readily determinable for our operating leases, the discount rates used to determine the present value of our lease liability are based on our incremental borrowing rate at the lease commencement date and commensurate with the remaining lease term. Our incremental borrowing rate for a lease is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

For the year ended December 31, 2025 and December 31, 2024, the components of total lease cost and supplemental information related to operating leases were as follows:

	Year Ended December 31,	
	2025	2024
Operating lease cost	$ 2,258	$ 948
Short-term lease cost	153	118
Total lease cost, net [1]	$ 2,411	$ 1,066

[1] There were no lease costs reported as discontinued operations for the year ended December 31, 2025 and $131 for the year ended December 31, 2024.

	Year Ended December 31,	
	2025	2024
Cash flows related to operating lease liabilities	984	813
Right-of-use assets obtained in exchange for new operating lease liabilities	—	14,276

At December 31, 2025, the weighted average discount rate of operating leases was 7.07% and the weighted average remaining life of operating leases was 12.81 years.

The future minimum lease payments for operating leases, subsequent to December 31, 2025, as recorded on the balance sheet, are summarized as follows:

2026	$ 2,119
2027	1,751
2028	1,313
2029	1,340
2030	1,366
Thereafter	13,594
Total undiscounted lease payments	$ 21,483
Less: imputed interest	(8,219)
Net lease liabilities	$ 13,264

NOTE 10 - DEPOSITS

The amount of each of the following categories of deposits at December 31, 2025 and December 31, 2024 was as follows:

	December 31, 2025	December 31, 2024
Noninterest-bearing deposit accounts	$ 95,731	$ 101,743
Interest-bearing transaction accounts	231,227	256,793
Money market accounts	434,930	455,519
Savings accounts	19,709	18,906
Subtotal	781,597	832,961
Total time deposits	402,341	310,268
Total deposits	$ 1,183,938	$ 1,143,229

At December 31, 2025 and December 31, 2024, the Company had $195,544 and $112,120, respectively, of brokered deposits. The aggregate amount of time deposits in denominations of $250 or more at December 31, 2025 and

December 31, 2024 was approximately $111,897 and $204,425, respectively. At December 31, 2025 the scheduled maturities of total time deposits were as follows:

Year		
2026	$	318,112
2027		81,335
2028		538
2029		1,741
2030		615
Thereafter		—
Total	$	402,341

NOTE 11 – OTHER BORROWINGS

At December 31, 2025 and December 31, 2024, the Company had no borrowings outstanding from the FHLB or FRB.

The Bank is a member of the FHLB of Atlanta, which provides short- and long-term funding collateralized by mortgage-related assets to its members. FHLB short-term borrowings bear interest at variable rates set by the FHLB. Any advances that the Bank were to obtain would be secured by a blanket lien on $383,650 of real estate-related loans as of December 31, 2025. Based on this collateral and the Bank's holdings of FHLB stock, the Bank was eligible to borrow up to $187,142 from the FHLB at December 31, 2025.

In addition, the Bank has a secured line of credit with the Federal Reserve Bank of Atlanta which was secured by $56,092 of commercial loans as of December 31, 2025. FRB short-term borrowings bear interest at variable rates based on the FOMC's target range for the federal funds rate. Based on this collateral, the Bank was eligible to borrow up to $32,124 from the FRB at December 31, 2025.

The Company has $6,000 of Subordinated Notes (the “Notes”) that mature June 30, 2031 and are redeemable after 5 years which is June 30, 2026. The Notes carry interest at a fixed rate of 4.50% per annum for the initial 5 years of term and carry interest at a floating rate for the final 5 years of term after June 30, 2026. Under the note agreements, the floating rates are based on a SOFR benchmark plus 3.78% per annum.

On December 29, 2025, the Company and the holders of the Company’s Notes entered into an Amendment to the Notes (the “Amendment”), effective as of December 26, 2025. Pursuant to the Amendment, instead of the Company paying interest on the Notes, the outstanding principal of the Notes shall be increased by the amount of interest due as of the date of the Amendment and that becomes due through and including June 30, 2026. In addition, if the Company does not pay all amounts due on the Notes by June 30, 2026, at the Company’s option, (i) it shall pay the holders 3.00% of the outstanding principal of the Notes, or (ii) the principal of the Notes shall be increased by 3.00%.

The balance of Notes outstanding at the Company, net of offering costs, amounted to $5,962 and $5,956 at December 31, 2025 and December 31, 2024, respectively.

The Company has a term note with quarterly principal and interest payments with interest at Prime (6.75% at December 31, 2025). The note matures on March 10, 2029 and the balance of the note was $1,593 and $1,934 at December 31, 2025 and December 31, 2024, respectively. The note is secured by 100% of the stock of the Bank and requires the Company to comply with certain loan covenants during the term of the note. On December 30, 2025, lender agreed that the Company may defer the quarterly interest payment due December 10, 2025 on its term loan until March 10, 2026.

NOTE 12 – STOCK-BASED COMPENSATION

The Equity Plan governs the Company’s restricted stock grants and stock options. Total compensation cost charged against income related to the Equity Plan was $184 and $479 for the year ended December 31, 2025 and December 31, 2024, respectively.

Restricted Stock

The Company awarded shares of restricted common stock to certain employees and directors for which compensation expense is recognized ratably over the vesting period of the awards based on the fair value of the stock at issue date.

A summary of changes in the Company's nonvested restricted shares for the year ended December 31, 2025 and December 31, 2024 follows:

	Shares	Weighted-Average Grant-Date Fair Value, per share
Nonvested at January 1, 2025	47,485	$ 14.54
Granted	25,800	15.78
Vested	(25,380)	(13.38)
Forfeited	(14,155)	(15.66)
Nonvested at December 31, 2025	33,750	$ 15.87

	Shares	Weighted-Average Grant-Date Fair Value, per share
Nonvested at January 1, 2024	52,195	$ 18.75
Granted	30,650	11.70
Vested	(34,235)	(18.36)
Forfeited	(1,125)	(16.05)
Nonvested at December 31, 2024	47,485	$ 14.54

At December 31, 2025, there was $333 of total unrecognized compensation cost related to nonvested restricted shares granted under the Equity Plan that is expected to be recognized over a weighted average period of 1.3 years. The total fair value of shares vested during the year ended December 31, 2025 and December 31, 2024 on the vesting date was $380 and $440, respectively.

Stock Options

The Equity Plan permits the grant of stock options to the Company's employees and directors for up to 15% of the total number of shares of Company common stock issued and outstanding, up to 1,500,000 shares. Option awards are granted with an exercise price equal to the market price of the Company's common stock at the date of grant. The market price of the Company's common stock is the closing sales price of the Common Stock on Nasdaq on the date of the grant. Those option awards generally have a vesting period of 5 years for employees and 3 years for directors and have 10-year contractual terms.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatility is based on an average of historical volatility of peer financial institutions. The expected term of options granted represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

A summary of the activity in the Equity Plan for the year ended December 31, 2025 and December 31, 2024 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2025	364,063	$ 15.68		
Exercised	(1,050)	(14.67)		
Forfeited	(3,780)	(15.14)		
Outstanding at December 31, 2025	359,233	$ 15.68	3.54	$ —
Vested and exercisable at December 31, 2025	356,143	$ 15.69	3.53	$ —

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2024	367,033	$ 15.68		
Forfeited	(2,970)	(15.52)		
Outstanding at December 31, 2024	364,063	$ 15.68	4.65	$ —
Vested and exercisable at December 31, 2024	349,385	$ 15.71	4.61	$ —

There were no options granted during the year ended December 31, 2025 or December 31, 2024. Total unrecognized compensation cost related to nonvested stock options granted under the Equity Plan was $1 at December 31, 2025. This cost is expected to be recognized over a weighted average period of 0.04 years.

NOTE 13 – OTHER BENEFIT PLANS

The Company has established a stock dividend reinvestment and stock purchase plan. Under the DRIP, eligible shareholders can voluntarily purchase stock with their dividend or can make additional stock purchases. For the year ended December 31, 2025 and December 31, 2024, there were no shares issued.

All employees and Directors are eligible to participate in the NSPP. Expense recognized in relation to the NSPP for the year ended December 31, 2025 and December 31, 2024 was $17 and $23, respectively. During the year ended December 31, 2025, 7,509 shares were purchased at an average price of $9.07. For the year ended December 31, 2024, there were no shares issued.

The Company has a Salary Continuation Agreement (the “Agreement”) with the Company’s retired CEO. In accordance with the Agreement, the executive will receive an annual benefit of $25 for twenty years following separation of service. The liability recorded for the Agreement was $316 and $327 at December 31, 2025 and December 31, 2024, respectively, and the related expense for the year ended December 31, 2025 was $14 and the related expense for the year ended December 31, 2024 was $1. Payments began in July 2024 as a result of the retirement of the CEO on December 31, 2023.

The Company has a 401(k) plan that covers all employees subject to certain age and service requirements. The Company contributes 3% of each employee’s salary each pay period as a safe harbor contribution. The Company may also match employee contributions each year at the discretion of the Board of Directors. There was no match of contributions in 2025 or 2024. Expense recognized in relation to the 401(k) plan was $835 and $961 for the year ended December 31, 2025 and December 31, 2024, respectively.

The Company had an ESOP for eligible employees with outstanding loans as a result of the acquisition of shares in 2021 and the termination of the nationwide residential lending division in 2022. On September 30, 2025, the Plan was terminated and the remaining 19,691 shares in the ESOP unallocated account with a fair value of $175 were returned to the Company in partial satisfaction of the outstanding balances on the ESOP loans. The ESOP accounts of the participants were 100% vested as of the date of the termination. As part of the termination of the plan, the Company forgave the indebtedness of the outstanding loans which totaled $365. There was $190 of expense related to the ESOP for the year ended December 31,

2025 and $43 expense for the year ended December 31, 2024. The Company's ESOP, which was internally leveraged, did not report the loan receivable extended to the ESOP as an asset and did not report the ESOP debt due to the Company.

NOTE 14 – INCOME TAXES

The Company operates solely within the United States and has no foreign operations. Income tax expense (benefit) for the year ended December 31, 2025 and December 31, 2024 was as follows:

	2025	2024
Current tax provision from continuing operations:	(as restated)	(as restated)
Federal	$ (488)	$ 3,006
State	(206)	792
Total current tax provision from continuing operations	(694)	3,798
Deferred expense (benefit) from continuing operations:		
Federal	(6,158)	(237)
State	(1,602)	(43)
Total deferred expense from continuing operations	(7,760)	(280)
Income tax expense (benefit) from continuing operations	(8,454)	3,518
Income tax benefit from discontinued operations	—	$ (23)
Total	$ (8,454)	$ 3,495

The effective tax rate differed from the federal statutory rate of 21% in 2025 and 2024. The summary of the differences are as follows:

	2025		2024
	(As restated)		(As Restated)
Federal tax based on federal corporate statutory rate	$ (6,934)	21.0 %	$ 2,864
Domestic state tax expense, net of federal benefit [1]	(1,428)	4.3 %	592
Changes resulting from:			
BOLI income	(158)	0.5 %	(150)
Nondeductible Expenses	63	(0.2)%	93
Other, net	3	— %	119
Income tax expense (benefit) from continuing operations	(8,454)	25.6 %	3,518
Income tax benefit from discontinued operations	—	— %	(23)
Total income tax expense (benefit)	$ (8,454)	25.6 %	$ 3,495

[1] State taxes in Florida make up the majority (greater than 50%) of the tax expense in this category

Cash taxes paid for the year ended December 31, 2025 was as follows:

Cash Taxes Paid	2025
Federal	$ 4,250
State	
Florida	850
Other	196
Total	$ 5,296

Deferred tax assets and liabilities at December 31, 2025 and December 31, 2024 were due to the following:

	2025	2024
Deferred tax assets:	(As restated)	(As restated)
Allowance for credit losses	$ 5,679	$ 4,106
Net operating loss carryforward	4,070	16
Deferred loan fees	—	288
Discount on loans sold	1,042	1,159
Unrealized loss on available for sale securities	651	1,032
Operating lease liabilities	3,323	3,684
Accrued bonuses	—	288
Fair value adjustments on HFI government guaranteed loans and HFS loans	1,631	311
Other	1,368	1,437
Total gross deferred tax assets	17,764	12,321
Deferred tax liabilities:		
Fair value adjustments on HFI government guaranteed loans and HFS loans	—	—
Government guaranteed loan servicing rights	(3,152)	(4,197)
Deferred loan costs	(2,391)	(2,596)
Right-of-use operating lease assets	(3,634)	(4,015)
Depreciation	(761)	(1,068)
Total gross deferred tax liabilities	(9,938)	(11,876)
Net deferred tax asset	$ 7,826	$ 445

At December 31, 2025, the Company had $16,067 federal net operating loss carryforward and $16,093 of state net operating loss carryforward. At December 31, 2024, the Company had no federal net operating loss carryforward and $16 of state net operating loss carryforward. The Company expects to fully utilize the net operating losses.

The Company follows the guidance of ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2025, the Company had no uncertain tax positions that it believes should be recognized in the financial statements. The tax years still subject to examination by taxing authorities are years subsequent to 2021.

NOTE 15 – REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes that the Bank met capital adequacy requirements to which it was subject at December 31, 2025 and December 31, 2024.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. The Bank must maintain a “well capitalized” rating to access brokered deposits without FDIC waiver. An “adequately capitalized” rating requires an FDIC waiver to access brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2025, the Bank did meet all of its regulatory capital requirements to be well-capitalized.

In February 2019, the federal bank regulatory agencies issued a final rule that revised certain capital regulations under ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and included a transition option that allows banking organizations to phase in, over a three year period, the day one adverse effects of adoption on their regulatory capital ratios (three year transition option). In connection with the adoption of ASC

326 on January 1, 2023, the Company recognized an after-tax cumulative effect reduction to retained earnings. The Company elected to adopt the three year transition option and the deferral has been applied in capital ratios presented below. Actual and required capital amounts and ratios for the Bank are presented below at December 31, 2025 (as restated):

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital						
(to Risk Weighted Assets)	$ 91,085	9.48%	$ 76,867	8.00%	$ 96,084	10.00%
Tier 1 Capital						
(to Risk Weighted Assets)	$ 78,951	8.22%	$ 57,650	6.00%	$ 76,867	8.00%
Common Equity Tier 1 Capital						
(to Risk Weighted Assets)	$ 78,951	8.22%	$ 43,238	4.50%	$ 62,455	6.50%
Tier 1 Capital						
(to Average Assets)	$ 78,951	5.98%	$ 52,837	4.00%	$ 66,046	5.00%

Actual and required capital amounts and ratios for the Bank are presented below at December 31, 2024 (as restated):

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital						
(to Risk Weighted Assets)	$ 119,926	11.75%	$ 81,628	8.00%	$ 102,035	10.00%
Tier 1 Capital						
(to Risk Weighted Assets)	$ 107,146	10.50%	$ 61,221	6.00%	$ 81,628	8.00%
Common Equity Tier 1 Capital						
(to Risk Weighted Assets)	$ 107,146	10.50%	$ 45,916	4.50%	$ 66,323	6.50%
Tier 1 Capital						
(to Average Assets)	$ 107,146	8.49%	$ 50,493	4.00%	$ 63,116	5.00%

Dividend Restrictions

Banking regulations limit the amount of dividends that may be paid. Approval by regulatory authorities is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels. Approval is also required if dividends declared exceed the net profits of the Bank for that year combined with the retained net profits for the preceding two years. The Company has temporarily suspended common and preferred stock dividends, see Part II Item 3 of this report for additional information.

NOTE 16 – RELATED PARTY TRANSACTIONS

Loans to principal officers, directors, and their affiliates during 2025 and 2024 were as follows:

	2025	2024
Balance at January 1	$ 9,260	$ 5,042
New loans	1,448	4,566
Repayments	(472)	(348)
Balance at December 31	$ 10,236	$ 9,260

Deposits from principal officers, directors, and their affiliates at December 31, 2025 and December 31, 2024 were $3,744 and $5,015, respectively.

The Company leases a portion of an office building from a related party of a Company Director. Rent payments related to these leases amounted to $670 and $692 for the year ended December 31, 2025 and December 31, 2024, respectively.

The Company entered into transactions during the normal course of business with an insurance agency that is a related party of two Company Directors. Payments to the insurance agency amounted to $444 and $374 for the year ended December 31, 2025 and December 31, 2024, respectively.

NOTE 17 – LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments, such as loan commitments, credit lines, and letters of credit, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies that are used for loans are used to make such commitments, including obtaining collateral at exercise of the commitment.

The contractual amounts of financial instruments with off-balance sheet risk at December 31, 2025 and December 31, 2024 were as follows:

	December 31, 2025	December 31, 2024
Unfunded loan commitments	$ 1,257	$ 21,174
Unused lines of credit	207,665	199,411
Standby letters of credit	1,161	276

All unused lines of credit at December 31, 2025 and December 31, 2024 were variable rate lines of credit and the majority of unfunded loan commitments at December 31, 2025 and December 31, 2024 were commitments to fund variable rate loans. Unfunded loan commitments are generally entered into for periods of 90 days or less.

The Company maintains an ACL for its off-balance sheet loan commitments which is calculated by loan type using estimated line utilization rates based on peer historical usage. Loss rates for outstanding loans are applied to the estimated utilization rates to calculate the ACL for off-balance sheet loan commitments. At December 31, 2025 and December 31, 2024, ACL for off-balance sheet loan commitments totaled $671 and $516, respectively.

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

NOTE 18 – EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share for the year ended December 31, 2025 and December 31, 2024:

	Year Ended December 31,	
	2025	2024
Basic:	(As restated)	(As restated)
Income (loss) from continuing operations	$ (24,565)	$ 10,259
Loss from discontinued operations	—	(69)
Net income (loss)	(24,565)	10,190
Less: Preferred stock dividend paid and earned	1,541	1,541
Net income available to (loss attributable to) common shareholders	$ (26,106)	$ 8,649
Weighted average common shares outstanding	4,129,655	4,133,082
Basic earnings (loss) per common share:		
Continuing operations	$ (6.32)	$ 2.11
Discontinued operations	—	(0.02)
Total	$ (6.32)	$ 2.09
Diluted:		
Income (loss) from continuing operations	$ (24,565)	$ 10,259
Loss from discontinued operations	—	(69)
Net income (loss)	(24,565)	10,190
Less: Preferred stock dividend paid and earned	1,541	1,541
Add: Series B preferred stock and preferred C stock dividends	—	—
Net income available to (loss attributable to) common shareholders	$ (26,106)	$ 8,649
Weighted average common shares outstanding for basic earnings per common share	4,129,655	4,133,082
Add: Dilutive effects of conversion of Series B preferred stock and Preferred C to common stock	—	—
Add: Dilutive effects of assumed exercises of stock options and warrants	—	—
Average shares and dilutive potential common shares	4,129,655	4,133,082
Diluted earnings (loss) per common share:		
Continuing operations	$ (6.32)	$ 2.11
Discontinued operations	—	(0.02)
Total	$ (6.32)	$ 2.09

-

The following securities outstanding at December 31, 2025 and December 31, 2024 have been excluded from the calculation of weighted average shares outstanding as their effect on the calculation of earnings (loss) per share are antidilutive:

	Year Ended December 31,	
	2025	2024
		(As restated)
Common stock options	362,551	365,680
Convertible Series B preferred stock	3,210	3,210
Convertible Series C preferred stock	6,446	6,446

NOTE 19 - SEGMENT INFORMATION

The Company's revenue is primarily derived from the business of banking. The Company's financial performance is monitored on a consolidated basis by senior management, who are considered to be the Bank's Chief Operating Decision Maker ("CODM"). Senior management includes the following officers of the Company: Chief Executive Officer; President, Chief Operating Officer; and Executive Vice President, Chief Financial Officer.

All of the Company's financial results are similar and considered by management to be aggregated into one reportable operating segment. While the Company has assigned certain management responsibilities by branch location or department, the Company's CODM evaluates financial performance on a Company-wide basis. The majority of the Company's revenue is from the business of banking, and the Company's branch locations have similar economic characteristics, products, services and customers. Accordingly, all of the Company's operations are considered by the CODM to be aggregated in one reportable operating segment.

Financial performance is measured monthly and the primary measures of performance are net interest income after provision for credit losses, return on average assets, and return on average common equity, and significant operating expenses detailed below, as compared to the budget when assessing the Company's segment. The allocation of resources throughout the Company is based on consolidated profitability. The presentation of financial performance is consistent with amounts and financial statement line items shown in the Company's consolidated balance sheets and consolidated statements of income. Additionally, the Company's significant expenses are adequately segmented by category and amount in the consolidated statements of income to include all significant items when considering both qualitative and quantitative factors. Significant expenses of the Company include interest on deposits and borrowings, professional fees, loan servicing and origination expenses, and compensation.

NOTE 20 – RESTRUCTURE CHARGES

On September 29, 2025, the Company signed a definitive agreement to sell a portion of the Company's SBA 7(a) loan portfolio. In conjunction with the agreement, the Company planned to exit the SBA 7(a) lending business. The loan sale and exit of SBA 7(a) lending business was completed in the fourth quarter of 2025. The transaction resulted in restructure charges totaling $7,283, including $3,719 for employee compensation and benefits costs, $2,864 for recognition of asset impairment, $435 for the transaction deal cost, and $265 for miscellaneous charges. As of December 31, 2025, there were $443 of unpaid charges outstanding.

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21 – PARENT COMPANY ONLY FINANCIAL INFORMATION

Financial information of BayFirst Financial Corp. follows:

BALANCE SHEETS - PARENT COMPANY

	December 31, 2025	December 31, 2024
Assets:	(As restated)	(As restated)
Cash on deposit with subsidiary	$ 769	$ 479
Investment in subsidiary	87,447	113,309
Other assets	1,120	1,044
Total Assets	$ 89,336	$ 114,832
Liabilities:		
Subordinated notes	$ 5,962	$ 5,956
Notes payable	1,593	1,934
Accrued interest payable	170	10
Accrued expenses and other liabilities	31	373
Total liabilities	7,756	8,273
Stockholders' equity:		
Preferred stock, Series A; no par value, 10,000 shares authorized, 6,395 shares issued and outstanding; aggregate liquidation preference of $6,683 and $6,395 at December 31, 2025 and December 31, 2024, respectively	6,161	6,161
Preferred stock, Series B; no par value, 20,000 shares authorized, 3,210 shares issued and outstanding; aggregate liquidation preference of $3,338 and $3,210 at December 31, 2025 and December 31, 2024, respectively	3,123	3,123
Preferred stock, Series C; no par value, 10,000 shares authorized, 6,446 shares issued and outstanding; aggregate liquidation preference of $6,801 and $6,446 at December 31, 2025 and December 31, 2024, respectively	6,446	6,446
Common stock and additional paid-in capital; no par value, 15,000,000 shares authorized, 4,108,609 and 4,132,986 shares issued and outstanding at December 31, 2025 and December 31, 2024, respectively	54,371	54,764
Accumulated other comprehensive loss, net	(1,960)	(2,956)
Unearned compensation	(335)	(752)
Retained earnings	13,774	39,773
Total stockholders' equity	81,580	106,559
Total liabilities and stockholders' equity	$ 89,336	$ 114,832

BAYFIRST FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

STATEMENTS OF INCOME (LOSS) - PARENT COMPANY

	For the Year Ended December 31,	
	2025	**2024**
Income:	(As restated)	(As restated)
Dividend and interest income from bank subsidiary	$ 3,300	$ 3,775
Expense:		
Interest expense	405	459
Other expenses	675	362
Total expense	1,080	821
Income before taxes and equity in earnings of subsidiary	2,220	2,954
Income tax benefits	(266)	(219)
Income before equity in earnings of subsidiary	2,486	3,173
Equity in undistributed earnings of subsidiary	(27,051)	7,017
Net income (loss)	$ (24,565)	$ 10,190

STATEMENTS OF CASH FLOWS - PARENT COMPANY

	For the Year Ended December 31,	
	2025	**2024**
Cash flows from operating activities:	(As restated)	(As restated)
Net income	$ (24,565)	$ 10,190
Adjustments to reconcile net income to net cash from operating activities:		
Equity in earnings from subsidiary	27,051	(7,017)
Amortization of debt issuance costs	6	7
Change in other assets	(77)	(133)
Change in other liabilities and accrued interest payable	(258)	(250)
Net cash provided by operating activities	2,157	2,797
Cash flows from financing activities:		
Net increase of loans to bank subsidiary	—	17
Payments on notes payable	(341)	(455)
Proceeds from sale of common stock, net	50	(23)
Share buyback - redeemed stock	(335)	—
Unearned ESOP shares allocation	193	53
Dividends paid on common stock	(663)	(1,323)
Dividends paid on preferred stock	(771)	(1,541)
Net cash provided by (used in) financing activities	(1,867)	(3,272)
Net change in cash	290	(475)
Cash at beginning of year	479	954
Cash at end of year	$ 769	$ 479

NOTE 22 – SUBSEQUENT EVENTS

Management evaluated all additional events subsequent to the balance sheet date through the date the consolidated financial statements were issued and determined that the following items are required to be disclosed.

Restatement of Previously Issued Financial Statements

As previously disclosed in the Current Report on Form 8-K filed with the SEC on July 15, 2026, the Company is restating its previously issued financial statements as and for the years ended December 31, 2024, and December 31, 2025, and the quarter ended March 31, 2026. See Note 1 of the financial statements for more details.

Stock Purchase and Exchange Agreements and Rights Offering

On July 14, 2026, the Company obtained shareholder approval to amend the BayFirst Financial Corp. Articles of Incorporation to increase the number of authorized shares of the common stock from 15,000,000 to 100,000,000 and exchanged all 4,000 outstanding shares of Mandatorily Convertible Cumulative Perpetual Preferred Stock, Series D, and all 4,000 outstanding shares of Mandatorily Convertible Cumulative Perpetual Preferred Stock, Series E for a total of 22,856,000 shares of common stock. Upon conversion, all shares of Series D and Series E Preferred Stock were retired. Management also noted a Mid-August launch date for the rights offering, discussed in the Stock Purchase Agreement included with the Company's Form 8-K and the exhibits dated April 28, 2026, and filed with the Securities and Exchange Commission on April 30, 2026.

Asset Resolution Plan

The Company has completed and quantified the impact of the asset resolution plan adopted in accordance with the transactions contemplated by the Stock Purchase Agreement dated April 28, 2026. The nature, scope, and potential impact of the asset resolution plan were discussed in the Company's Form 8-K and the exhibits incorporated therein, filed with the Securities and Exchange Commission on April 30, 2026.

The asset resolution plan includes the identification of specific loans within the Company's government guaranteed loan portfolio, as well as adjustments to the net amount expected to be collected on over 7,000 unguaranteed SBA 7(a) small balance loans. These adjustments impact loans measured at amortized cost in accordance with ASC 326 and loans measured at fair value in accordance with ASC 825. These adjustments amount to $38.4 million.

Furthermore, the Company will book an impairment of $1.5 million on a non-marketable equity investment in a firm who was a partner with the Company's former SBA 7(a) lending business and will also write down by $1.6 million the unamortized premiums on the Company's portfolio of purchased fully guaranteed USDA loans which are at risk of default or early prepayment.

Redemption of Series A and Series B Preferred Shares

On July 20, 2026, the Company sent notifications to holders of Series A and Series B Preferred Shares formally redeeming all outstanding. On August 10, 2026, payment in the amount of $6.5 million for Preferred Series A, including accrued dividends of $0.3 million, and payment in the amount of $3.2 million for Preferred Series B, including accrued dividends of $0.1 million.

Management

On April 28, 2026, the Board elected Alfred Rogers, Jr. ("Al") as Chief Executive Officer and President of the Bank, in place of Tom Zernick who retired on May 1, 2026. On May 14, 2026, the BayFirst Financial Corp. received the non-objection of the Federal Reserve Bank of Atlanta, to appoint Al to serve as the Company's President and Chief Executive Officer, principal executive officer, and as a member of its Board of Directors.

Rights Offering

On April 30, 2026, the Company filed a registration statement on Form S-1 regarding the public offering of up to 4,108,072 shares of Common Stock at an offering price of $3.50 per share. The Company intends to exclusively market this offering to its shareholders of record on May 12, 2026.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer, Chief Financial Officer and Chief Risk Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under

the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2025, the last day of the period covered by this Annual Report.

Based on that evaluation, our Chief Executive Officer, Chief Financial Officer, and Chief Risk Officer concluded that, as a result of the material weakness in internal control over financial reporting described below, our disclosure controls and procedures were not effective as of December 31, 2025

Notwithstanding the conclusion that our disclosure controls and procedures were not effective as of December 31, 2025, and notwithstanding the material weakness in our internal control over financial reporting described below, management believes that the consolidated financial statements and related financial information included in this Amended Annual Report on Form 10-K/A fairly present in all material respects our financial condition, results of operations, and cash flows as of the dates presented and for the periods ended on such dates, in conformity with accounting principles generally accepted in the United States of America.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Based on that evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2025 due to the material weakness described below.

We identified a material weakness in our internal control over financial reporting related to operating effectiveness of control activities and monitoring of how loans are placed in nonaccrual status and charged off as well as how origination costs are recognized on loans after a portion of the loan has been sold and the resulting gain on sale of government guaranteed loans is calculated. Insufficient review of expense and charge off entries by personnel without appropriate subject matter expertise, management of the same personnel and internal audit. Specifically, procedures used with the system of record were incomplete or incorrect.

This material weakness resulted in a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Remediation Plan

Management has begun implementing the following measures to remediate the material weakness:

- Reviews of all related procedures for completeness and correctness
- Training of personnel and management
- Escalation process to senior management
- Evaluating automating steps to insure consistent and correct processes

Management expects this plan to be implemented in the third quarter of 2026.

We will not consider the material weakness remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. The Audit Committee of our Board of Directors is monitoring these remediation efforts.

Item 9B. Other Information

In October 2024, the Company adopted an Insider Trading and Confidentiality Policy, designed to promote compliance with insider trading laws and Nasdaq listing standards. A copy of that policy is filed as Exhibit 19.1 to this Form 10-K/A.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

Part I

Item 10. Directors, Executive Officers and Corporate Governance

The Board of Directors and Executive Officers

Set forth below is certain information concerning our directors and executive officers, effective as of December 31, 2025.

Name	Age	Position
Derek S. Berset	48	Director
Mark S. Berset	78	Director
Dennis R. DeLoach, III	51	Director
Alexander Harris	45	Director
Anthony N. Leo	65	Director, Special Advisor
Scott J. McKim	55	Executive Vice President and Chief Financial Officer
Robin L. Oliver	49	Director, President and Chief Operating Officer
Christos Politis, M.D.	49	Director
Anthony Saravanos	54	Director, Chairman of the Board
Bradly W. Spoor	47	Director
Sheryl WuDunn	66	Director
Thomas G. Zernick	63	Director, Chief Executive Officer
Barbara J. Zipperian	68	Director

Derek S. Berset is an owner of Comegys Insurance Agency, Inc., a family owned and operated retail insurance agency that has served the west coast of Florida for over 75 years. Mr. Berset is also the President of Franchise Alliance Network LLC, which provides franchises with accounting, insurance, bookkeeping and payroll services, and he serves as Vice President of SAN of Florida Inc., an insurance wholesaler to independent agencies within Florida. Mr. Berset is a graduate of Florida State University. He joined the Board in 2020 and is the son of BayFirst Director Mark S. Berset. We believe that Mr. Berset's qualifications to serve on our Board include his management and financial experience.

Mark S. Berset has served since 1987 as the Chief Executive Officer of Comegys Insurance, a family owned insurance agency located in St. Petersburg, Florida. Mr. Berset is also the founder of Alpha Insurance Management, Satellite Agency Network of Tampa Bay, and Association Insurance Specialists. Mr. Berset also serves as a director of Heritage Insurance Holdings, Inc., a New York Stock Exchange listed company. He is a former director of United Insurance Holdings Corp., former board member of Innovaro, Inc., a past board member of North Star Bank Holding Company, Tampa, Florida, and past President and Board member of Bayfront Hospital Foundation in St. Petersburg, Florida. He received a bachelor's degree in Business Economics from St. Ambrose University and an MBA from Georgia State University. Mr. Berset joined the Board in 2014 and is the father of BayFirst Director Derek S. Berset. We believe that Mr. Berset's qualifications to serve on our Board include his executive leadership and management experience, prior bank and public company Board experience, and financial expertise gained from the successful operations of his own businesses.

Dennis R. "Rep" DeLoach, III is a partner at the law firm of DeLoach, Hofstra & Cavonis, P.A. in Seminole, Florida. Mr. DeLoach graduated from Mercer University in 1996 and Mercer University Law School in 1999. He is Board Certified by the Florida Bar in Elder Law. Mr. DeLoach is a frequent speaker on continuing legal education to other Florida attorneys. Mr. DeLoach joined the Board in 2020. We believe that Mr. DeLoach's qualifications to serve on our Board include his legal experience.

Alexander Harris serves as Chief Executive Officer of the Arts Conservatory for Teens ("ACT"), a non-profit organization headquartered in St. Petersburg, Florida. He also currently serves as a Senior Executive Consultant and Creative Strategist for Three Oak Doors Enterprises, LLC, and he has previously served as a Lecturer, Creative Strategist, and Consultant for the University of South Florida. Dr. Harris received a Doctor of Education Degree from Nova Southeastern University with an emphasis in organizational leadership and curriculum development. He also received Masters Degrees in both Theological Studies and Social Work from Boston University, and he received a Bachelor of Arts Degree with a triple major in Human Services, Social Work, and Sociology from LaGrange College. Mr. Harris joined the Board in 2021. We believe that Mr. Harris' qualifications to serve on our Board include his managerial experience as the Chief Executive Officer of ACT and his knowledge of the underserved portions of the communities we serve.

Anthony N. Leo served as the Chief Executive Officer and a director of BayFirst and the Bank from 2013 to 2024. Since retiring as Chief Executive Officer, Mr. Leo has served as special advisor to BayFirst. Mr. Leo also serves on the Board of Directors of Presidential Bank, FSB, in Bethesda, Maryland. Prior to joining BayFirst, Mr. Leo provided management consulting and regulatory advisory services to community banks throughout the state of Florida and served as the interim chief executive officer of three troubled banks between 2009 and 2013. Mr. Leo was the Managing Director and Executive Vice President of Community Banks, Inc. in Harrisburg, PA from 1993 to 2007. He previously served as Vice President and Corporate Counsel for FB&T of Hanover, Pennsylvania, and Vice President and Associate Counsel for the National Bank of Washington, D.C. Mr. Leo received a B.A. in Political Science from George Washington University and a JD from George Washington University Law School. He is a member of the Bar in the District of Columbia and State of Maryland. We believe that Mr. Leo's qualifications to serve on our Board include his service as our Chief Executive Officer and previous banking and public company experience.

Scott J. McKim serves as Chief Financial Officer for BayFirst Financial Corp. and BayFirst National Bank. Prior to joining BayFirst National Bank in 2023, Mr. McKim served as Chief Strategy Officer and in additional leadership roles at multiple notable financial institutions over the course of his 30-year banking career. Mr. McKim holds a master's in business administration degree from The Ohio State University and earned his BS in Accounting from Bowling Green University.

Robin L. Oliver became BayFirst's President in January 2024 and Chief Operating Officer in February 2022. She has served as BayFirst and the Bank's Executive Vice President since June 2018 and Chief Financial Officer from June 2018 to July 2023. From 2014 to 2018, Ms. Oliver served as Controller for Central Bank & Trust Company, Lexington, Kentucky. For the first 16 years of her career, she served multiple financial institution clients in public accounting as an auditor with Crowe LLP. Ms. Oliver is a Certified Public Accountant and received her BA in Accounting from the University of Kentucky.

Christos Politis, M.D. is a principal at Xenia Management, Inc., a firm specializing in real estate development and property management. Dr. Politis is a Board Certified Urologist and the founder and former President of St. Pete Urology. From 2016 to 2020, he served as the Chief Medical Officer for several hospitals in West Florida, including Memorial Hospital of Tampa, Tampa Community Hospital, and Largo Medical Center. Notably, he played a pivotal role in launching the heart transplant program at Largo Medical Center, significantly enhancing its medical services. At Xenia Management, Dr. Politis oversees and optimizes a diverse portfolio of real estate investments across the Southeastern United States. He holds a Bachelor's degree from the University of Florida, a medical degree from the University of South Florida College of Medicine, and a Master of Business Administration from the University of South Florida. Since joining the Board in 2014, Dr. Politis has leveraged his extensive experience in managing large medical institutions and real estate ventures to contribute significantly to the organization.

Anthony Saravanos is the Chairman of the Board of BayFirst. Since 2013, Mr. Saravanos has been the President of Greenleaf Capital, a division of the HCI Group, Inc. From 2005 to 2013, Mr. Saravanos was Vice President of The Boardwalk Company, a full-service commercial real estate company located in Palm Harbor, Florida. A licensed real estate broker, Mr. Saravanos is a Certified Commercial Investment Member (CCIM) and has over 22 years of experience in commercial property sales, leasing, and project and property management. He graduated from Ursinus College in Pennsylvania with a double major in Economics and Spanish in 1992 and Villanova University with an MBA in 1997. He is also a member of the Board of Directors of the HCI Group, Inc., a New York Stock Exchange traded company. Mr.

Saravanos joined the Board in 2011. We believe that Mr. Saravanos' qualifications to serve on our Board include his investment banking and real estate experience and his previous public company Board services.

Bradly W. Spoor is an accomplished executive with over two decades of experience in leading and growing businesses in the financial services and loan recovery sectors. Since 2015, Mr. Spoor has served as the Chief Executive Officer of Spoor Street Investments, LLC, where he directs the company's strategic vision, operations, and investments across multiple industries and verticals. In addition to his role at Spoor Street Investments, Mr. Spoor has been the Principal of Pelican Bay Capital, LLC since 2010, where he applies his expertise in investment strategy, business management, and financial oversight. Prior to these roles, he was the Managing Partner and operator of P&B Capital Group, LLC from 2002 to 2013, a firm specializing in customer service and loan recovery. His entrepreneurial journey also includes his ownership of SKW Capital, LLC, a Distressed Receivables business, from 2006 to 2011, where he played a pivotal role in business development and operational success. Mr. Spoor holds certifications from several prominent industry organizations, including Receivables Mgmt Association International, Credit & Collections Professionals, and ACA International LLC. He has earned a reputation for excellence and expertise within these associations. His deep understanding of the financial services industry, combined with his extensive experience in business management, positions him as a valuable asset to the board, which he joined in 2016. His qualifications to serve on the board are further supported by his comprehensive background in loan recovery, business operations, and strategic leadership within the financial sector.

Sheryl WuDunn has served since 2013 as co-founder at FullSky Partners, a consulting firm focusing on double-bottom line ventures, where she specializes in advising socially-driven growth companies in the technology and healthcare industries. In addition, Ms. WuDunn is a FINRA-registered banker at New York-based Private Patriot, Inc., which focuses on middle market companies in a variety of industries. She co-owns Kristof Farms, producing top-rated wines and ciders across the country. She is also the first Asian-American reporter to win a Pulitzer Prize for her work at the New York Times where she also served executive management roles from 2000 to 2006. Ms. WuDunn has also co-authored five books examining important social and economic challenges affecting women, girls and the underprivileged around the world, including Tightrope: Americans Reaching for Hope, a New York Times best seller which focuses on the challenges of the working class in the United States. Ms. WuDunn joined the Board in 2022. We believe Ms. WuDunn's leadership, senior-level banking, and technology investment experience qualifies her to serve on our Board.

Thomas G. Zernick is BayFirst's Chief Executive Officer. Mr. Zernick joined BayFirst in 2016 as President of CreditBench and served as President of BayFirst and the Bank from February 2022 until the end of 2023. Prior to joining BayFirst, Mr. Zernick served as Florida Market President for Stearns Bank. Mr. Zernick also served as SBA Product Manager for HomeBanc in Tampa. Mr. Zernick also served as a Community Bank President and SBA President for Republic Bank in Michigan. He received his Bachelor in Business Administration from the University of Notre Dame. Mr. Zernick joined the Board in 2023. We believe his experience with the Bank and in the banking industry qualify him to serve on the Board.

Barbara J. Zipperian is a CPA and retired Chief Financial Officer with 38 years of banking experience. She most recently served as Director, Executive Vice President, and Chief Financial Officer of Tennessee Bank & Trust. She has previously been employed as Chief Financial Officer for Avenue Financial Holdings, Inc. (AVNU) and Avenue Bank and Regional Financial Officer for Regions Bank. Ms. Zipperian received her Bachelor of Science Degree in Accounting from Ball State University. She joined the Board in 2021. We believe that Ms. Zipperian's qualifications to serve on our Board include her experience as a CPA and as the Chief Financial Officer of banking institutions.

Board Committees

The Company's Board is divided into five committees. The following table discloses the membership and Chair of each committee as of December 31, 2025.

	Audit and Risk Management	Compensation	Corporate Social Responsibility	Executive	Nominating
Derek S. Berset		Member			
Mark S. Berset				Chair	Member
Dennis R. DeLoach, III	Member	Chair			
Alexander Harris			Member		
Anthony N. Leo			Member	Member	
Robin L. Oliver					
Christos Politis, M.D.			Chair	Member	
Anthony Saravanos		Member		Member	Member
Bradly W. Spoor	Member			Member	
Sheryl WuDunn	Member		Member		
Thomas G. Zernick				Member	
Barbara J. Zipperian	Chair		Member		

Audit and Risk Management Committee. The Audit and Risk Management Committee assists our Board in performing its oversight responsibilities as they relate to the Company's accounting and financial reporting practices and audits of the financial statements, internal controls, and legal and regulatory compliance, including, among other things:

- the quality and integrity of the Company's financial statements;
- the Company's compliance with applicable laws and regulations;
- the review of the independent auditors' qualifications and independence;
- the performance of the Company's internal audit function and the Company's independent auditors; and
- the application of the Company's Code of Ethics as established by management and the Board.

Our Audit and Risk Management Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The Audit Committee Charter is available in the Investor Relations section of our website at www.bayfirstfinancial.com.

Our Board has evaluated the independence of each of the members of our Audit and Risk Management Committee and has affirmatively determined that: (i) each of the members of our Audit and Risk Management Committee is an independent director under Nasdaq rules; (ii) each of the members satisfies the additional independence standards under applicable SEC rules for audit committee service; and (iii) each of the members has the ability to read and understand fundamental financial statements. In addition, our Board has determined that Ms. Zipperian has the financial sophistication required by Nasdaq rules due to her experience and background, specifically her prior service as a Chief Financial Officer of other banks, and that she qualifies as a "audit committee financial expert" under the rules and regulations of the SEC.

Compensation Committee. Our Board has evaluated the independence of each of the members of our Compensation Committee and has affirmatively determined that each of its members meets the definition of an independent director under Nasdaq rules. Our Board has also determined that each of the members of the Compensation Committee qualifies as a "nonemployee director" within the meaning of applicable SEC rules. The Compensation Committee assists our Board in its oversight of our overall compensation structure, policies and programs and assessing whether such structure meets our corporate objectives. The Compensation Committee also reviews and oversees the compensation determinations of our named executive officers, as well as the administration of our compensation and benefit plans.

Our Compensation Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The Charter of the Compensation Committee is available in the Investor Relations section of our website at www.bayfirstfinancial.com.

Corporate Social Responsibility Committee. Our Corporate Social Responsibility Committee is responsible for overseeing the Company's development and implementation of business practices intended to promote the Company's commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability, and other public policy matters relevant to the Company.

Executive Committee. Our Executive Committee meets only on an ad hoc basis to address matters that may require immediate or in depth attention which the full Board is unable to provide at such time.

Nominating Committee. Our Board has evaluated the independence of each of the members of our Nominating Committee and has affirmatively determined that each of its members meets the definition of an independent director under Nasdaq rules.

The Nominating Committee assists our Board in its oversight of identifying and recommending persons to be nominated for election as directors and to fill any vacancies on the Boards of the Company and the Bank, monitoring the composition and functioning of the standing committees of the Board, and developing, reviewing, and monitoring the corporate governance policies and practices of the Company.

In carrying out its functions, the Nominating Committee develops, and recommends to the Board for its approval, qualification criteria for all potential nominees for election, including incumbent directors, Board nominees, and shareholder nominees to be included in the Company's future proxy statements. The Nominating Committee also evaluates potential nominees for our Board to determine if they have any conflicts of interest that may interfere with their ability to serve as effective Board members and to determine whether they are independent in accordance with applicable SEC and Nasdaq rules (to ensure that, at all times, at least a majority of our directors are independent). Although we do not have a separate diversity policy, the Nominating Committee may consider the diversity of the Company's directors and nominees in terms of knowledge, experience, skills, expertise, and other factors that may contribute to the effectiveness of our Board.

Our Nominating Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. This charter is available in the Investor Relations section of our website at www.bayfirstfinancial.com.

Item 11. Executive Compensation

The Compensation Committee determines the level of base salary and any incentive bonus for the Chief Executive Officer and other executive officers of BayFirst and the Bank. To accomplish this, in 2021, the Compensation Committee retained Pearl Meyer & Partners, LLC ("PM") to provide independent compensation consulting services. PM periodically attended Compensation Committee meetings, including executive sessions, and provided information and advice independent of management. PM also performed a peer analysis for the Company. The Compensation Committee assessed the independence of PM pursuant to the Nasdaq Listing Rules and the Compensation Committee has concluded that PM's work for the Compensation Committee had not raised any conflict of interest.

Mr. Zernick participates in each meeting of the Compensation Committee. He is directly involved in discussions regarding the other executive officers' compensation by making recommendations based upon their experience and coworking interactions with the other executives. When determining compensation for Mr. Zernick and considering his recommendations for the other executive officers, the Compensation Committee convenes executive sessions excluding Mr. Zernick.

In addition to the peer group analysis, actual salary changes and discretionary bonus awards are based upon the Compensation Committee's evaluation of an individual's performance and duties and responsibilities, the performance of BayFirst and the Bank, and other relevant factors, as determined solely by the Compensation Committee.

Elements of Our Compensation Program

The primary elements of our compensation program are a combination of an annual base salary, discretionary annual bonus awards, and equity incentives.

Annual Incentive Plan

The Bank has adopted an Annual Incentive Plan (the "AIP") providing for short-term cash bonuses and long-term compensation in the form of stock options or restricted stock. The AIP was established by the Compensation Committee in

consultation with PM. Annual cash bonuses are determined by a set of objective and subjective criteria established by the Compensation Committee. Under the AIP, Mr. Zernick may receive up to 100% of his base salary, Ms. Oliver may receive up to 70% of her base salary, and Mr. McKim may receive up to 50% of his base salary, if he or she meets each of the established objectives. Stock options or restricted stock may be granted at the Compensation Committee's discretion based on its assessment of the respective executive's performance. Any equity component of such a plan will be granted pursuant to the 2017 Equity Incentive Plan.

2017 Equity Incentive Plan

In 2018, the Board amended, and BayFirst's shareholders approved, the BayFirst Financial Corp. Amended and Restated 2017 Equity Incentive Plan (the "EIP"), which provides for the grant of stock options, restricted stock awards, restricted stock unit awards, and other equity awards to officers, employees, directors, advisors, and consultants. The plan had a Board approved amendment in 2022 which established the fair market value of the grants based on the stock price as of the grant date. The number of shares reserved and available for issuance under the EIP is 15% of the total number of shares of common stock issued and outstanding from time to time, not to exceed 1,500,000 shares.

Our Board is in the process of developing an Equity Grant Timing Policy to establish and apply a consistent framework for granting equity awards under the EIP. The Board anticipates that this policy will require that equity awards be granted only: (i) during open trading windows under the Company's insider trading policy; and (ii) when the Company is not in possession of material nonpublic information. This is intended to avoid the risk that the Company is "spring-loading" grants to provide for immediate appreciation in the value of an award, or the appearance of spring-loading.

During February 2025, four days following the issuance of the Company's year-end earnings press release, the Company made grants under the EIP. This is consistent with the timing of previous year's grants and consistent with the Compensation Committee's objective to base such grants on the Company's full year performance. The Company does refrain from making grants when it is in possession of material nonpublic information and does not time disclosure of such information for the purpose of affecting the value of executive compensation.

Other Compensation and Benefits

The Company offers other benefits, including medical, dental, life insurance, 401(k) plan, employee stock ownership plan, and non-qualified stock purchase plan. The Company terminated the Employee Stock Ownership Plan as of September 30, 2025.

Summary Compensation Table

The following table sets forth the compensation paid to Mr. Zernick, Ms. Oliver and Mr. McKim for 2025, 2024, and 2023.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Nonequity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation [1]	Total
Thomas G. Zernick	2025	$ 358,827	$ —	$ 47,790	$ —	$ —	$ —	$ 21,468	$ 428,085
CEO	2024	345,026	123,338	35,100	—	—	—	29,909	533,374
	2023	320,026	188,800	73,200	—	—	—	30,316	612,342
Robin L. Oliver	2025	$ 322,408	$ —	$ 35,843	$ —	$ —	$ —	$ 36,536	$ 394,787
President and COO	2024	310,008	77,578	26,325	—	—	—	37,320	451,231
	2023	280,008	83,107	73,200	—	—	—	36,990	473,305
Scott J. McKim	2025	$ 291,200	$ —	$ 23,895	$ —	$ —	$ —	$ 31,290	$ 346,385
EVP and CFO	2024	280,000	29,476	14,625	—	—	—	19,869	343,970
	2023	120,930	29,476	—	—	—	—	10,617	161,023

[1] All Other Compensation includes:

Name and Principal Position	Year	401(k) Plan Contributions	ESOP Contributions	Medical, Dental, and Vision Benefits	Life Insurance Premiums
Thomas G. Zernick	2025	$ 10,500	$ —	$ 10,354	$ 614
CEO	2024	10,350	1,184	17,847	528
	2023	9,900	2,174	17,714	528
Robin L. Oliver	2025	$ 10,500	$ —	$ 25,422	$ 614
President and	2024	10,350	1,184	25,258	528
COO	2023	9,385	2,036	25,041	528
Scott J. McKim	2025	$ 10,500	$ —	$ 20,176	$ 614
EVP and CFO	2024	9,284	1,062	8,994	528
	2023	2,063	—	8,334	220

Outstanding Equity Awards

The following table provides information regarding stock options and unvested restricted stock held by each of our named executive officers as of December 31, 2025 (giving effect to the three-for-two stock split effective on May 10, 2021).

		Option Awards				Stock Awards	
Name	Date of Grant	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested
Thomas G. Zernick	06/12/18	8,100	—	$ 17.33	6/12/2028	—	—
	03/15/19	6,000	—	$ 14.67	3/15/2029	—	—
	01/15/20	5,625	—	$ 15.67	1/15/2030	—	—
	01/14/21	5,625	—	$ 14.67	1/14/2031	—	—
	02/03/25					3,000	47,790
Robin L. Oliver	06/12/18	1,875	—	$ 17.33	6/12/2028	—	—
	03/15/19	2,250	—	$ 14.67	3/15/2029	—	—
	01/15/20	5,625	—	$ 15.67	1/15/2030	—	—
	01/14/21	4,500	1,125	$ 14.67	1/14/2031	—	—
	01/27/22	—	—	$ —	—	800	17,160
	01/26/23	—	—	$ —	—	2,400	43,920
	01/23/24	—	—	$ —	—	1,800	21,060
	02/03/25	—	—			2,250	35,843
Scott J. McKim	01/23/24	—	—	$ —	—	1,000	11,700
	02/03/25					1,500	23,895

Calculation and recovery erroneously awarded compensation

On July 14, 2026, Company management recommended to the Audit Committee of the Board of Directors, and the Audit Committee agreed, that the Company's consolidated financial statements as of and for the years ended December 31, 2024, and December 31, 2025, and the quarter ended March 31, 2026, should be restated. As a result, the Company has performed a recovery analysis of incentive-based compensation received by Company executive officers during the relevant recovery period pursuant to 17 CFR Section 240.10D-1(b).

Pursuant to that analysis, the Company has determined that a total of $316,946 in erroneously awarded incentive compensation must be recovered from four current and former Company executive officers.

The Company determined such amount based on its recalculating its post-tax net income and the corresponding portion of the cash bonuses paid to such executive officers for the three-year period of 2023, 2024, and 2025.

Director Compensation

In July 2025, the Board suspended the payments of all Board fees. Prior to that, in 2025, BayFirst directors received cash fees of $1,500 per Board meeting. Bank directors received cash fees of $1,500 per separate Bank Board meeting.

We also paid annual retainers to the Chairs of the: (i) Board and the Bank Board ($22,500); (ii) Audit and Risk Management Committee ($10,000); (iii) Nominating Committee ($10,000); (iii) Bank Asset Liability Committee ($7,500); (iv) Compensation Committee ($10,000); and (v) Corporate Social Responsibility Committee ($5,000).

In addition, we paid our directors fees of: (i) $500 per Bank Directors Credit and Loan Committee meeting, Audit and Risk Management Committee meeting, Compensation Committee meeting, and Corporate Social Responsibility Committee Meeting; (ii) $500 per Bank Asset Liability Committee meeting and (iii) $500 per Bank Compliance Committee meeting.

The following table sets forth the cash compensation and stock option compensation earned as Company and Bank directors during 2025 by each of our directors other than Mr. Zernick and Ms. Oliver, whose compensation is described in the above "Summary Compensation Table."

Name	Cash Fees Earned	Stock Awards	Nonqualified Deferred Compensation Earnings	All Other Compensation (2)	Total
Derek S. Berset	$ 26,000	$ 6,840	$ —	$ —	$ 32,840
Mark S. Berset	24,500	6,840	—	—	31,340
Dennis R. DeLoach, III	26,000	6,840	—	—	32,840
Alexander Harris	23,500	6,840	—	—	30,340
Anthony N. Leo (1)	162,500	9,500	25,000	23,712	220,712
Christos Politis, M.D.	33,250	6,840	—	—	40,090
Anthony Saravanos	50,500	9,500	—	—	60,000
Bradly W. Spoor	30,250	6,840	—	—	37,090
Sheryl WuDunn	23,500	6,840	—	—	30,340
Barbara J. Zipperian	37,000	6,840	—	—	43,840

(1) Mr. Leo's compensation earned as an employee of the Company includes Cash Fees Earned of $120,000 and All Other Compensation of $23,660. The Nonqualified Deferred Compensation Earnings represents the amount paid under Mr. Leo's Salary Continuation Agreement.

(2) All Other Compensation includes:

Name	401(k) Plan Contributions	ESOP Contributions	Medical, Dental, and Vision Benefits	Life Insurance Premiums
Anthony N. Leo	$ 4,173	$ —	$ 19,169	$ 369

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plans. The following table discloses the number of outstanding options, warrants and rights granted to participants by the Company under the equity compensation plans, as well as the number of securities remaining available for future issuance under these plans as of December 31, 2025. The Company does not have any outstanding warrants. Additional information regarding stock incentive plans is presented in Note 12 to the consolidated financial statements included pursuant to Item 8 to this Form 10-K/A.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	359,233	$ 15.68	57,394
Equity compensation plans not approved by security holders	—	—	—
Total	359,233	$ 15.68	57,394

Security Ownership of Certain Beneficial Owners and Management

The percentage and number of shares beneficially owned by BayFirst's directors and director nominees and named executive officers, as well as all director and director nominees and executive officers as a group, as of March 16, 2026 is shown in the table below.

Director and Director Nominees	Number of Shares[1]	Right to Acquire[2]	Percent of Beneficial Ownership[3]
Derek S. Berset	70,332	16,950	2.12 %
Mark S. Berset	286,421	16,950	7.35 %
Dennis R. DeLoach, III	35,839	11,550	1.15 %
Alexander Harris	6,756	3,750	0.26 %
Anthony N. Leo	36,963	62,750	2.39 %
Robin L. Oliver	12,046	15,375	0.67 %
Christos Politis, M.D.	43,711	16,950	1.47 %
Anthony Saravanos	57,160	23,700	1.96 %
Bradly W. Spoor	24,981	16,950	1.02 %
Sheryl WuDunn	6,336	0	0.15 %
Thomas G. Zernick	5,084	25,350	0.74 %
Barbara J. Zipperian	20,236	3,750	0.58 %
Named Executive Officer:			
Scott J. McKim	3,233	0	0.08 %
All Director and Director Nominees and Named Executive Officers as a Group (13 people)	609,099	214,025	19.04 %

(1) Includes shares for which the named person:
- has sole voting and investment power;
- has shared voting and investment power with a spouse, or
- holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.

(2) Shares covered by stock options or warrants that are exercisable within sixty (60) days of March 16, 2026.

(3) Based on 4,108,072 common shares outstanding and, for each individual, shares that such individual has the right to acquire within sixty (60) days of March 16, 2026.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain of our directors, executive officers, and their immediate family members are also customers of the Bank. We anticipate that these individuals will continue to be customers in the future. All transactions between us and our directors, executive officers, and their immediate family members, and any principal shareholders, have been made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with non-affiliated persons. In the opinion of management, these transactions did not involve more than the normal risk of collectability or present other unfavorable features.

Loans made to directors, executive officers, and their immediate families require the approval of a majority of the disinterested directors reviewing the loan. As of December 31, 2025, loans to directors, executive officers, and their immediate family members represented approximately $10.2 million, or 1.06% of the total loan portfolio, all of which are current and according to their terms.

BayFirst's corporate offices and the Bank's main office are located at the BayFirst Executive Center, 700 Central Avenue, St. Petersburg, Florida 33701. We lease the office and branch space at this location from The Arc Group, Inc. of which Director Christos Politis' father and siblings are officers, directors, and/or equity owners. In 2025, we paid this company $670,283, of which Dr. Politis' family members' beneficial interest is $221,193.

Mark S. Berset and Derek S. Berset, directors of BayFirst, and members of their immediate family, are also the only equity owners of Comegys Insurance Agency. In 2025, the Company made payments to Comegys Insurance Agency in the amount of $443,539 for the purchase of insurance policies for the Company, of which their and their immediate family's beneficial interest is $439,104. Such amounts are less than 5% of the gross revenues of Comegys Insurance Agency in 2025.

Our Insider Transactions Policy provides that a majority of disinterested directors must approve all major transactions between the Bank and related parties. Major transactions are defined as having a value, that when aggregated with the value of all other insider transactions involving the same insider, exceeding the lesser of $500,000 or 2.5% of the Bank's Tier 1 capital. In addition, all insider transactions must be intended for the benefit of the Bank and not as an accommodation for the insider. Furthermore, such transactions must be made on terms and under circumstances that are substantially the same, or at least as favorable, as those prevailing at the time for unaffiliated third parties.

Item 14. Principal Accounting Fees and Services

The Independent Registered Public Accounting Firm is Forvis Mazars, LLP (PCAOB Firm ID No. 686) ("Forvis Mazars") located in Tampa, Florida. The following table includes the audit and non-audit fees billed to the Company by Forvis Mazars for the fiscal years ended December 31, 2025 and December 31, 2024 for the purposes of considering whether such fees are compatible with maintaining the auditor's independence, and concluded that such fees did not impair Forvis Mazars' independence. The policy of the Audit and Risk Management Committee is to pre-approve all audit and non-audit services performed by Forvis Mazars before the services are performed, including all of the services described below. The Audit and Risk Management Committee has pre-approved all of the services provided by Forvis Mazars in accordance with the policies and procedures described above.

	For the Years Ended December 31,	
	2025	2024
Audit fees[1]	$ 496,000	$ 378,440
Audit-related fees[2]	54,000	37,000
Tax fees[3]	—	650
Total fees	$ 550,000	$ 416,090

[1] Audit fees pertain to professional services rendered for the audit of our annual financial statements included in our Annual Report on Form 10-K/A, reviews of interim financial statements that were included in various registration statements during 2025 and 2024, services that are typically provided in connection with statutory and regulatory filings or engagements for those years, the issuance of consent letters for relevant SEC filings, and the filing of our Registration Statements on Form S-1 and Form S-8.
[2] Audit-related fees consist of only employee benefit plan audits.
[3] Tax compliance fees consist only of federal and state tax return filing fees and other tax related issues.

Part IV

ITEM 15. EXHIBITS

(a) Exhibits.

Exhibit Number	Exhibit Name
*3.1	Amended and Restated Articles of Incorporation
*3.2	Bylaws
*3.3	Amendment to Bylaws, dated August 22, 2019
*3.4	Amendment to Articles of Incorporation, dated September 7, 2023
*4.1	Form of common stock certificate
*4.2	Form of Series A Preferred Stock certificate
*4.3	Form of Series B Convertible Preferred Stock certificate
*4.4	Form of Series C Cumulative Convertible Preferred Stock certificate
*10.1	Amended and Restated 2017 Equity Incentive Plan
*10.2	Form of Stock Option Agreement under Amended and Restated 2017 Equity Incentive Plan
*10.3	Form of Restricted Stock Award Grant Notice under Amended and Restated 2017 Equity Incentive Plan
*10.4	Form of Restricted Stock Unit Award Grant Notice under Amended and Restated 2017 Equity Incentive Plan
*10.5	Amended and Restated Dividend Reinvestment and Stock Purchase Plan
*10.6	2015 Non-Qualified Employee Stock Purchase Plan Amended and Restated, dated January 25, 2022
*10.7	First Amendment to 2015 Non-Qualified Employee Stock Purchase Plan
*10.8	Business Loan Agreement with First National Bankers Bank, dated March 10, 2021
*10.9	Form of 4.5% Fixed-to-Floating Subordinated Note Due 2021 issued on June 30, 2021
*10.10	Employment Agreement with Thomas G. Zernick, dated October 20, 2021
*10.11	Employment Agreement with Robin L. Oliver, dated October 20, 2021
*10.12	Employment Agreement with Scott J. McKim, dated July 24, 2023
*10.13	Form of Master Lease by and between BayFirst National Bank and Mountainseed Real Estate Services, LLC
*10.14	Amendment to 4.5% Fixed to Floating Subordinated Notes Due June 30, 2031
*10.15	Change in Terms Agreement for FNBB Term Loan
*14.1	Code of Ethics
*19.0	Insider Trading and Confidentiality Policy
*21.1	Subsidiaries of Registrant
23.1	Consent of Forvis Mazars, LLP
31.1	Principal Executive Officer's Certification required by Rule 13(a)-14(a) - filed herewith
31.2	Principal Financial Officer's Certification required by Rule 13(a)-14(a) - filed herewith
32.1	Principal Executive Officer's Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - filed herewith
32.2	Principal Financial Officer's Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - filed herewith
*97	Executive Incentive Compensation Clawback Policy
101	Financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2025, formatted in iXBRL interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to the Consolidated Financial Statements – filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

- Incorporated by reference

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BAYFIRST FINANCIAL CORP.

Date: August 12, 2026

By: /s/ Robin L. Oliver
Robin L. Oliver
Chief Operating Officer
(Principal Executive Officer)

Date: August 12, 2026

By: /s/ Scott J. McKim
Scott J. McKim
Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Derek S. Berset Derek S. Berset	Director	8/12/2026
/s/ Mark S. Berset Mark S. Berset	Director	8/12/2026
/s/ Dennis R. DeLoach, III Dennis R. DeLoach, III	Director	8/12/2026
/s/ Alexander Harris Alexander Harris	Director	8/12/2026
/s/ Anthony N. Leo Anthony N. Leo	Director	8/12/2026
/s/ Scott J. McKim Scott J. McKim	Chief Financial Officer (Principal Financial And Accounting Officer)	8/12/2026
/s/ Robin L. Oliver Robin L. Oliver	Chief Operating Officer and Director (Principal Executive Officer)	8/12/2026
/s/ Christos Politis, M.D. Christos Politis, M.D.	Director	8/12/2026
/s/ Alfred T. Rogers, Jr. Alfred T. Rogers, Jr.	President, Chief Executive Officer, and Director	8/12/2026
/s/ Anthony Saravanos Anthony Saravanos	Director	8/12/2026
/s/ Bradly W. Spoor Bradly W. Spoor	Director	8/12/2026
/s/ Sheryl WuDunn Sheryl WuDunn	Director	8/12/2026
/s/ Barbara Zipperian Barbara Zipperian	Director	8/12/2026

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-261064) of our report dated March 27, 2026 (except as to the effects of the restatement discussed in Note 1 and other notes referenced therein, as to which the date is August 12, 2026) with respect to the consolidated financial statements of BayFirst Financial Corp., included in this Annual Report on Form 10-K/A for the year ended December 31, 2025.

/s/ Forvis Mazars, LLP

Tampa, FL
August 12, 2026

CERTIFICATIONS REQUIRED BY

RULE 13a-14(a) OR RULE 15d-14(a)

AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robin L. Oliver, certify that:

1. I have reviewed this Annual Report on Form 10-K/A (the "Report") of BayFirst Financial Corp., Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the Registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
    b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
    c) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
    d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

BAYFIRST FINANCIAL CORP.

Date: August 12, 2026

By: /s/ Robin L. Oliver
Robin L. Oliver.
Chief Operating Officer
(principal executive officer)

CERTIFICATIONS REQUIRED BY

RULE 13a-14(a) OR RULE 15d-14(a)

AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott J. McKim, certify that:

1. I have reviewed this Annual Report on Form 10-K/A (the "Report") of BayFirst Financial Corp., Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the Registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
    b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
    c) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
    d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

BAYFIRST FINANCIAL CORP.

Date: August 12, 2026

By: /s/ Scott J. McKim
Scott J. McKim
Chief Financial Officer
(principal financial officer)

CERTIFICATIONS PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robin L. Oliver, Chief Operating Officer of BayFirst Financial Corp. (the "Company") certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Annual Report on Form 10-K/A of the Company for the annual period ended December 31, 2025 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

BAYFIRST FINANCIAL CORP.

Date: August 12, 2026

By: /s/ Robin L. Oliver
Robin L. Oliver
Chief Operating Officer
(principal executive officer)

CERTIFICATIONS PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott J. McKim, Chief Financial Officer of BayFirst Financial Corp. (the "Company") certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Annual Report on Form 10-K/A of the Company for the annual period ended December 31, 2025 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

BAYFIRST FINANCIAL CORP.

Date: August 12, 2026

By: /s/ Scott J. McKim
Scott J. McKim
Chief Financial Officer
(principal financial officer)