



**Communities
First** FINANCIAL CORPORATION

Investor Presentation

Investor Deck as of June 30, 2022



Forward-Looking Information

This presentation and any related oral presentation may contain forward-looking statements. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Forward-looking statements, some of which are based on various assumptions and events that are beyond our control, may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "likely," "projected," "should," "could," "seem to," "anticipate," "plan," "intend," "project," "assume," or similar terms or variations on those terms or the negative of those terms. The forward-looking statements are based on managements' expectations and are subject to a number of risks and uncertainties.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation, the Company's ability to effectively execute its business plans; changes in general economic and financial market conditions; changes in interest rates; and, in particular, actions taken by the Federal Reserve to try and control inflation; changes in the competitive environment; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; losses, customer bankruptcy, claims and assessments; changes in banking regulations or other regulatory or legislative requirements affecting the Company's business; international developments; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.

The Company undertakes no obligation to release publicly the results of any revisions to the forward-looking statements included herein to reflect events or circumstances after today, or to reflect the occurrence of unanticipated events. The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.





Company Overview

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- Communities First Financial Corporation (OTCQX: CFST), the holding company for Fresno First Bank (established in 2005)
- Single branch bank headquartered in Fresno, California with 93.5 full time equivalent employees
- Highly profitable bank focused on providing banking services to businesses, professionals, and successful individuals in California
- Exceptional low cost core deposit franchise with 69.3% non-interest bearing deposits
- High touch relationship model that leverages technology to drive operational efficiencies
- Expertise with a growing payments business, which provides increasing fee income and low-cost deposits
- Top Community Bank SBA Lender in the Central Valley for the 8th consecutive year
- Bank received an Outstanding CRA Rating as of March 1, 2021

Financial Information

Consolidated Balance Sheet (as of 06/30/2022)

Total Assets	\$1,144.3 M
Gross Loans (Incl. Held for Sale)	\$728.7 M
Gross Loans, Excluding PPP	\$724.8 M
Allowance for Loan Losses	\$ 9.8 M
Total Deposits	\$1,004.2 M
Non-Interest Bearing Deposits (%)	69.3%
Total Shareholders' Equity	\$81.8 M

Bank Capital Ratios (as of 06/30/2022)

Equity / Assets (Leverage Ratio)	12.34%
CET-1 Ratio	16.77%
Risk Based Capital Ratio	17.97%

Consolidated Performance Ratios (Q2-2022)

Bank Net Interest Margin ⁽¹⁾	4.29%
Non-Interest Income / Operating Revenue ⁽²⁾	24.59%
Efficiency Ratio	39.01%
Return on Average Assets	2.25%
Return on Average Equity	30.25%



CFST vs KRX Index Past 5 Years



CFST
+382%

KRX
+14%



About Fresno, CA

- 3rd largest metro region in Northern California, behind the Bay Area and Greater Sacramento
- 5th largest city in California and the 37th largest in the U. S.
- Fresno is home to over 1 million people, serving in a wide range of industries, with agribusiness and manufacturing being the largest industries
- With its low cost of living, proximity to multiple metropolitan areas, and transportation hub for California's potential future high-speed railroad, Fresno is quickly attracting small businesses and tech entrepreneurs



Experienced Management Team

Executive	Years in Banking	Biography
Steve Miller President Chief Executive Officer	26	Mr. Miller brings over 25 years of commercial banking, retail banking, operations and sales/marketing experience to the Bank. Mr. Miller is graduate of Columbia University and began his career with MBNA America in their management development program and held a variety of roles over his 12 year career. He then moved overseas to Taiwan and worked with GE Money in a joint venture. Mr. Miller then spent several years with HSBC Indonesia and was later recruited to join Alliance Financial Group in Malaysia, a local community bank in Malaysia focused on the small business segment.
Steve Canfield Executive Vice President Chief Financial Officer	37	Mr. Canfield brings over 30 years of commercial banking, retail banking, management and finance experience to the Bank. Mr. Canfield is a graduate of CSUF's Craig School of Business and BAI's bank management program at Duke University. Mr. Canfield began his banking career with Guarantee Savings & Loan and has held executive management positions with public and private companies including Regency Bank, Pacific Wireless Technologies and Fresno County Federal Credit Union.
Robert Reed Executive Vice President Chief Credit Officer	34	Mr. Reed started his banking career in community banks in the Washington, DC metropolitan area before moving to Colorado in 2000 where he was Senior Lending Officer for The Gunnison Bank and Trust Company. In 2004 he became Chief Credit Officer for Community Banks of Northern California. Mr. Reed's experience includes setting and managing credit policies and directives for a variety of credit products and services including SBA, agriculture, asset-based, commercial real estate, construction, and mortgage lending.
Craig Heimuller Executive Vice President Chief Operating Officer	25	Mr. Heimuller brings over 25 years of progressive technology and banking operations experience. He oversaw deposit and payments operations, call center, card operations, along with the technology organization for the Bank of Cascades in Oregon. He then joined Merchants Bank of Commerce in California as their CIO and later served as Chief Deposit and Information Technology Officer with Northwest Bank in Oregon.
Craig DeShields Senior Vice President Sr. Loan Officer	26	Mr. DeShields began his commercial banking career in 1999 with County Bank. Prior to County Bank, Mr. DeShields was a consumer loan manager for Town & Country Finance & Thrift. With over 18 years of lending experience, Mr. DeShields has managed the relationships for a vast range of industries including; professional services, manufacturing, wholesaler/distributors and retailers.
Amber Dorland Senior Vice President Head of SBA Lending	19	Mrs. Dorland joined Fresno First Bank in 2018 as Head of SBA. Her SBA career began in 2002 with US Bank. Throughout her career she has fulfilled several influential roles for SBA lending including Team leader, Underwriting Manager, and Credit Director. Mrs. Dorland is a graduate of California State University San Diego. Mrs. Dorland is highly skilled in SBA, USDA B&I, Franchise Lending, Construction Loans, Commercial Lending, Credit Analysis, Credit Risk, and Management.
Dave Anderson Senior Vice President Regional Credit Head	29	Mr. Anderson joined Fresno First Bank in 2018 as Regional Credit Head for Southern California. Mr. Anderson is a graduate of the California State University Long Beach College of Business and has experience in commercial real estate, construction lending to his role with Fresno First Bank. Mr. Anderson has a track record of success in setting and managing credit policies and directives for a variety of credit products within the Banking industry.
Matt Tymn Chief Marketing Officer	2	Mr. Tymn joined Fresno First Bank in 2020 as Chief Marketing Officer. Matt is an entrepreneur, product developer, marketer, revenue generator with over 20 years of experience working with SMBs, large enterprises and startups. Matt has a background in Computer Science and Business from The University of Louisville.



Company Highlights through June 2022

Highly Profitable Bank

- **ROAA of 2.20% and ROATCE of 28.31% year-to-date in 2022.**
- Leveraging operational infrastructure as a 1-branch bank
- **Efficiency ratio of 40.78% and non-interest expense / average assets of 2.07% in 2022.**
- Funded \$184 million in PPP loans in 2020, Funded \$77 million in PPP-2 loans in 2021. \$3.9 million remaining at 06/30/2022.
- \$50 thousand in PPP fees deferred and remaining unamortized at 06/30/2022.

Attractive Low-Cost Deposit Franchise

- **Consistently high mix of non-interest bearing deposits – 50% or greater since 2016**
- Low deposit beta – cost of total deposits has remained below 30 bps since 2013
- Payments business provides additional source of low-cost deposits

Diversified Revenue Mix

- **28.1% of operating revenue in 2021 coming from non-interest income, including fees from the payments business, SBA and multi-family loan sales, account fees and interchange income.**
- Specialists in the payments business - multiple ISO sponsorships which specialize in technology-driven bankcard and ACH payment solutions; anticipate adding additional new partnerships in 2022 to further increase fee income

Experienced Management Team with Proven Track Record

- Business banking culture with conservative underwriting and strong risk management
- Management focused on building a banking franchise with a profitable business model
- Significant insider ownership with 26% of shares owned by Board, executive management and ESOP
- Track record of growing shareholders' equity – since 2017, shareholder's equity has grown at **23.8%** CAGR

November 2020 Subordinated Debt Raise

- \$30.0 million 10 NC 5, and \$10.0 million 15 NC 10, subordinated debt raised at 4.25% in November 2020.
- Proceeds are being used for strategic initiatives, growth and general corporate purposes.



Strategic Drivers

- High Tech / High Touch
- Single Branch / Single Market
- Remote Banking Capabilities
- Payments Ecosystem
- Digital Small Ticket Lending
- API Bridge Project Initiated Sept. 2021
- FFB Payments (captive ISO) launched Q1-2022





Financial Performance

Financial Highlights in Q2 2022

Earnings

- Net income of \$6.2 million in Q2 2022, which is an increase of 9% compared to Q2 2021
- **ROAA of 2.25% and ROATCE of 30.25% in Q2 2022**
- Operating revenues of \$14.2 million in Q2 2022, an increase of 3% compared to Q2 2021
- **Non-interest income of \$3.5 million in Q2 2022, or 24.6% of operating revenue, an increase of 7% compared to Q2 2021**
- Net interest margin⁽¹⁾ of 4.29%, or 4.17% excluding PPP loans

Loans and Deposits

- Gross loans⁽²⁾ increased by \$30.0 million compared to Q1 2022, or 4%
- PPP loans decreased by \$18.4 million. Only \$3.9 million remaining at June 30, 2022
- Total deposits increased by \$25.0 million compared to Q1 2022, or 4%
- **Non-interest bearing deposits are 69.3% of total deposits, and non-CDs are 95.6% of total deposits**
- Core Loan/Deposit ratio of 72.0

Credit Quality

- **NPAs/Assets of 0.24%**
- ALLL / Total Loans of 1.35%, or 1.52% excluding government guaranteed loans

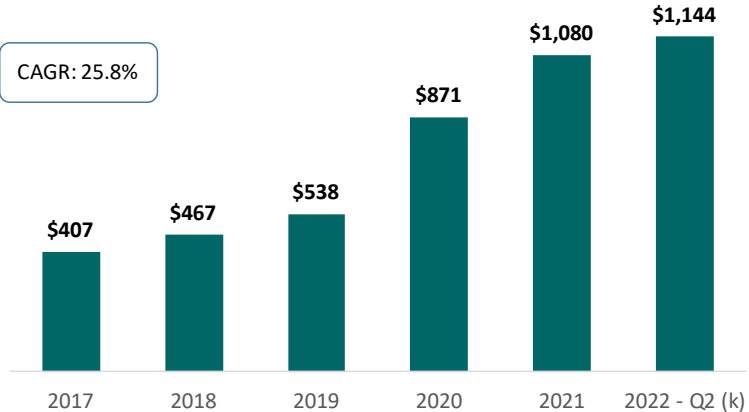
Capital

- Tier 1 equity to total assets at holding company 7.14% at June 30, 2022
- Tier 1 capital to assets at Bank 12.34% for Q2-2022

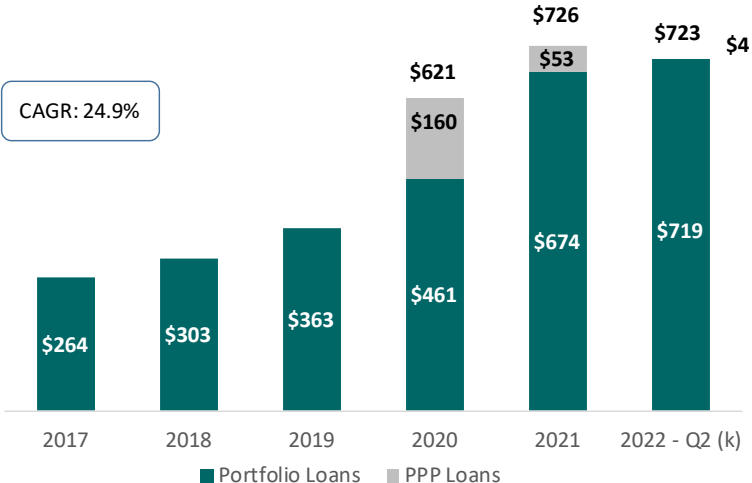


Financial Highlights – Balance Sheet Growth

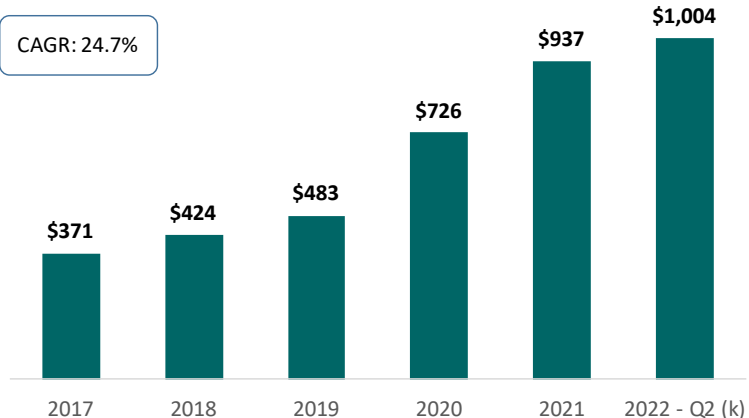
Total Assets (\$ in millions)



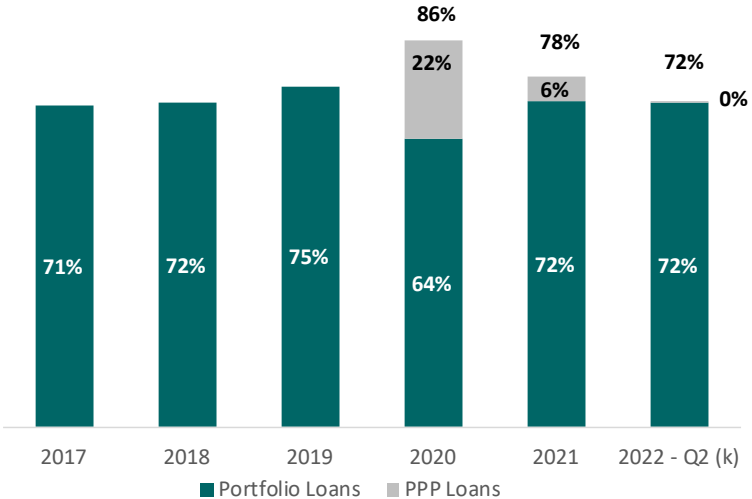
Portfolio Loans (\$ in millions)



Total Deposits (\$ in millions)



Portfolio Loans / Deposits (%)

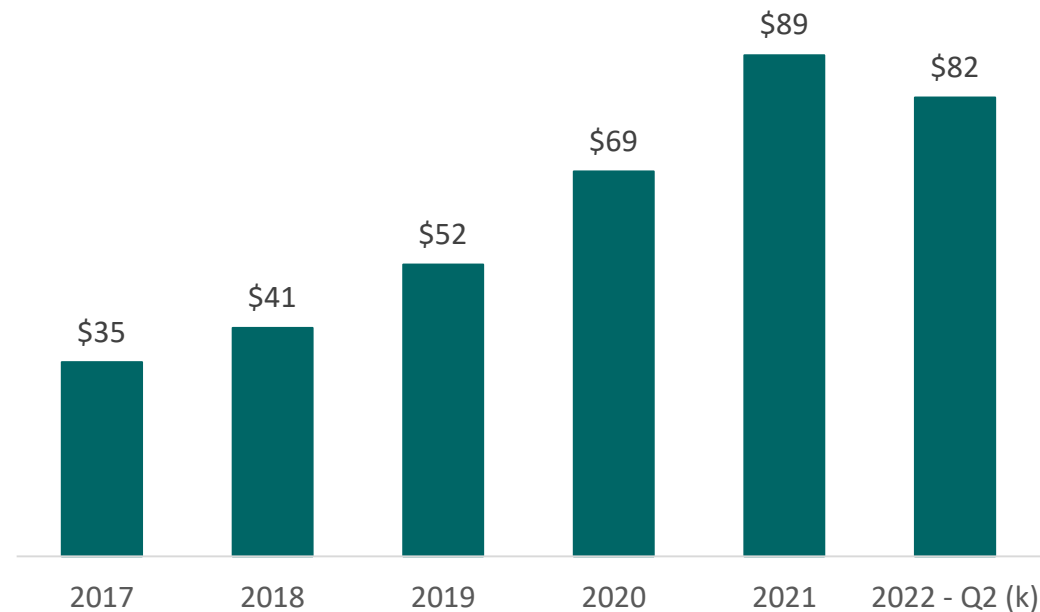


Financial Highlights – Shareholders Equity Growth

Shareholders equity declined slightly in Q2 2022 as a result of investment portfolio mark to market changes through Accumulated Other Comprehensive Income (“AOCI”)

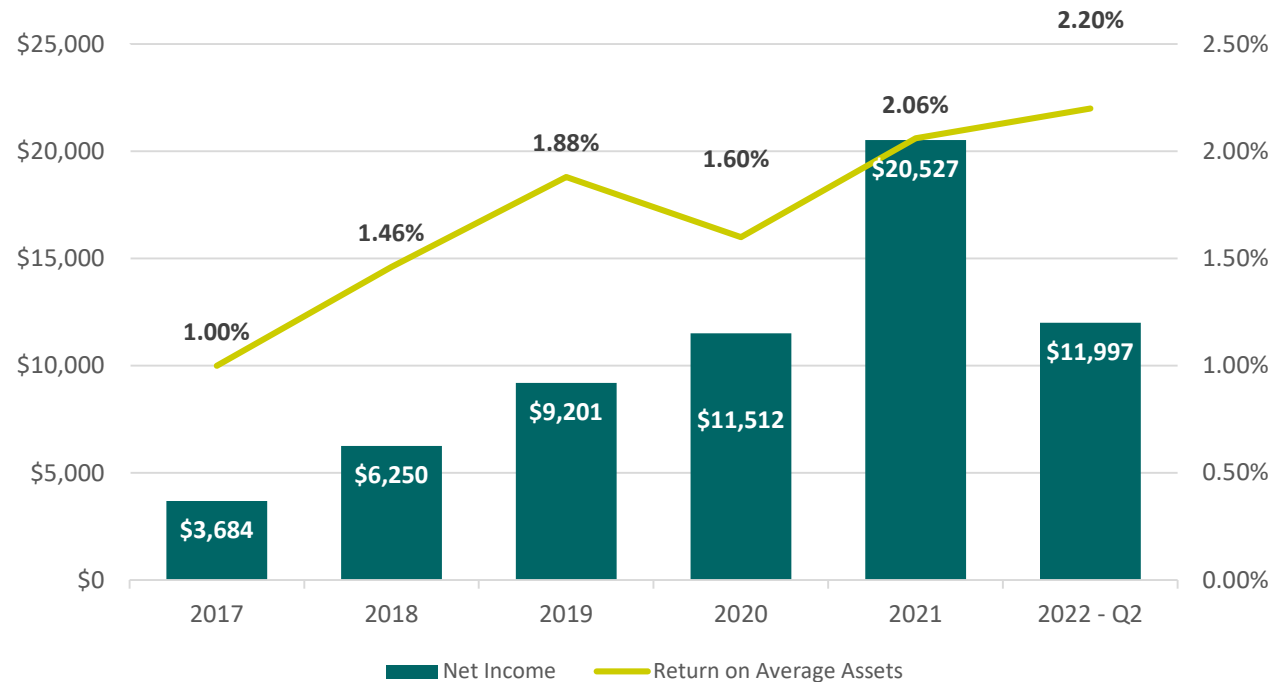
AOCI unrealized loss at June 30, 2022 was \$17.7 million, or 5.2% of our \$338.0 million par value securities portfolio

Shareholders Equity net of AOCI (\$ in millions)



Net Income and Return on Average Assets

Net Income of \$6.2 million and Return on Average Assets of 2.25% in Q2-2022

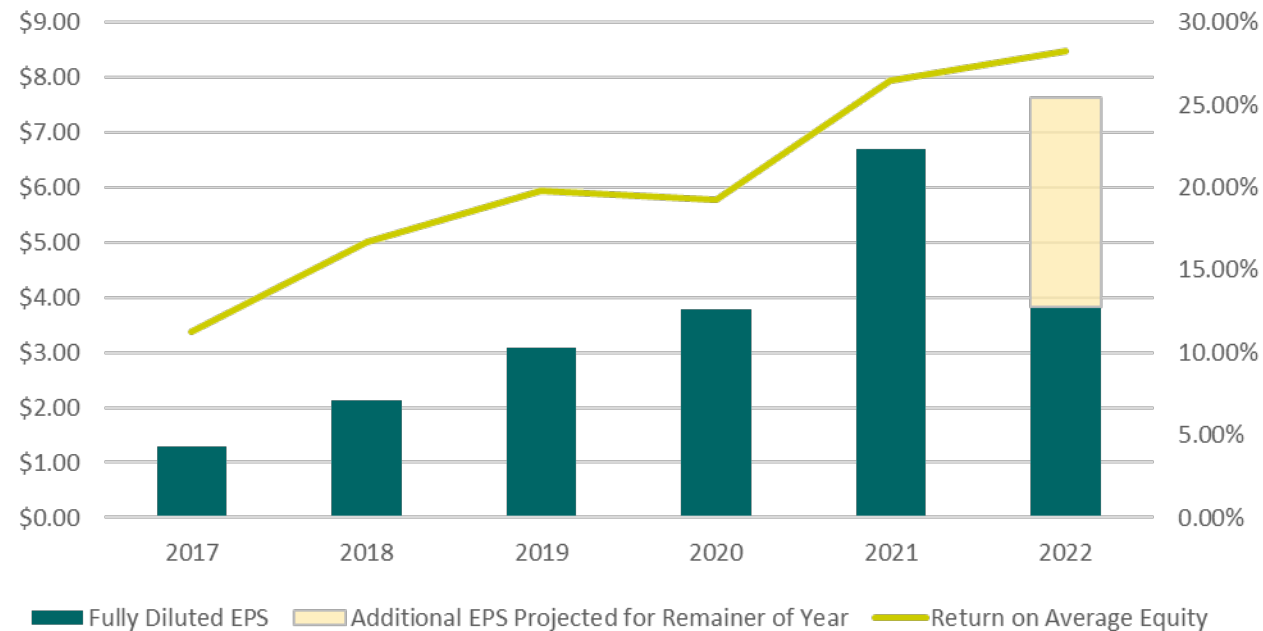


Earnings per Share and Return on Average Equity

Fully diluted earnings per share of \$1.98 and 30.25% ROE in Q2-2022

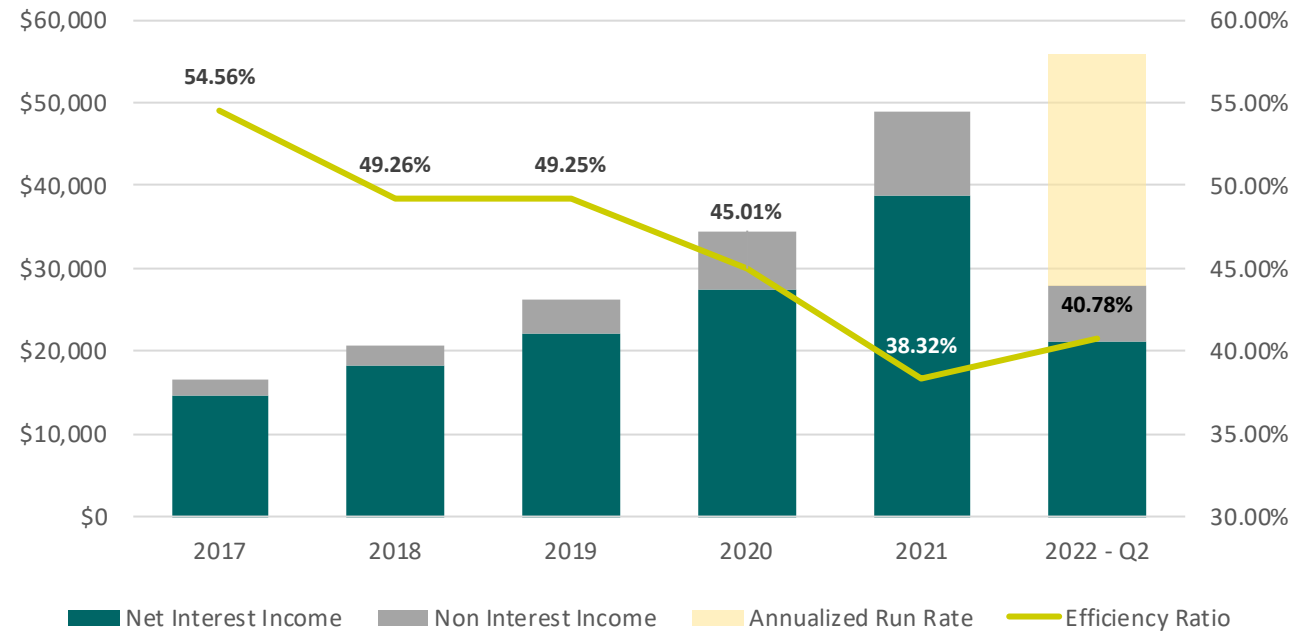
Fully diluted earnings per share of \$3.82 and 28.31% ROE Year-to-Date

Annualized EPS projected at \$7.72 per diluted share



Operating Revenue

Operating Revenue and Efficiency (\$ in thousands)
 Highly efficient operations with revenue growth significantly outpacing operating expense growth

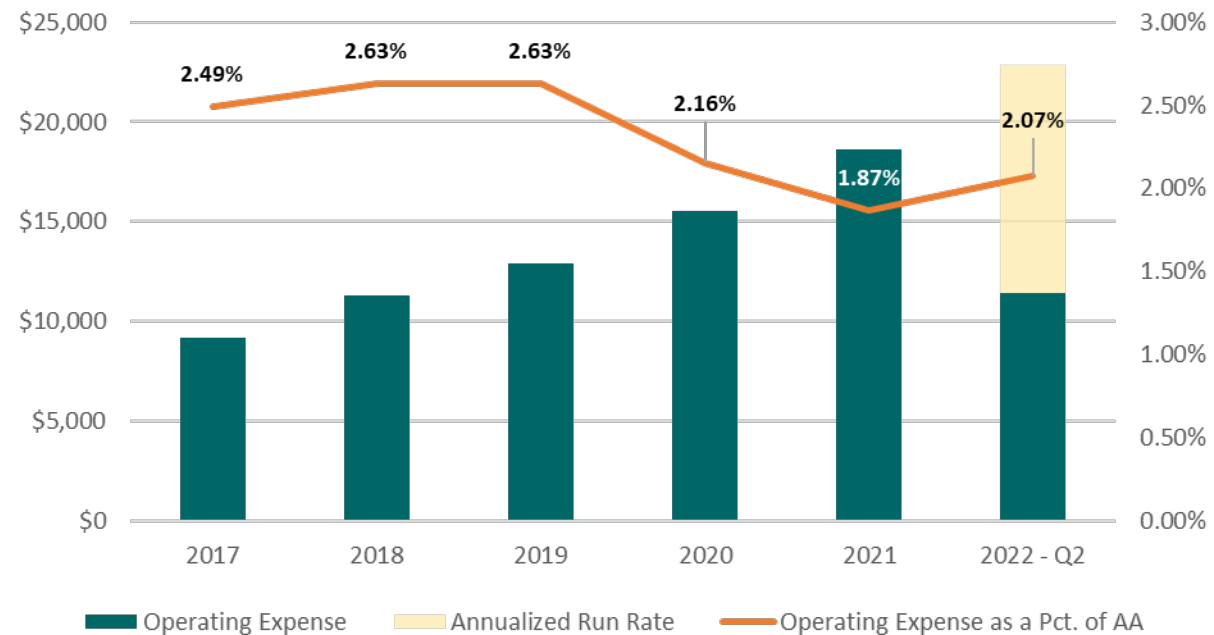


Operating Revenue CAGR: 30.9%



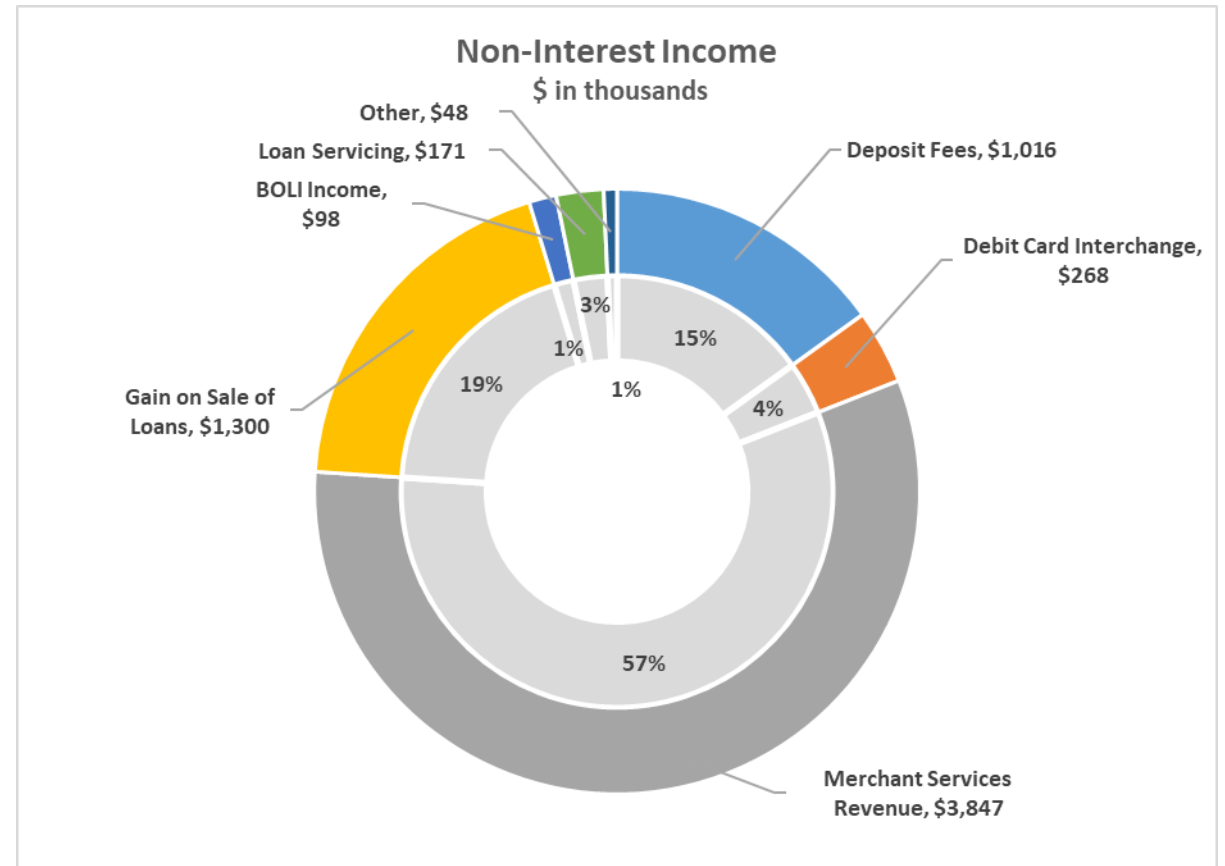
Operating Expense

Operating Expense and Op. Ex. as a Percentage of Avg. Assets (\$ in thousands)



Diversified Non-Interest Income

- Diversified and growing non-interest income stream.
- Non-Interest sources were 28.1% of gross revenue year-to-date.
- Merchant services provides stable and growing annuity like income stream up 88% year over year.
- Gain on sale of loan driven by SoCal multi-family loan team, and SBA originations have historically contributed about 30% of non-interest income.
- Deposit fee income up 49% year over year.

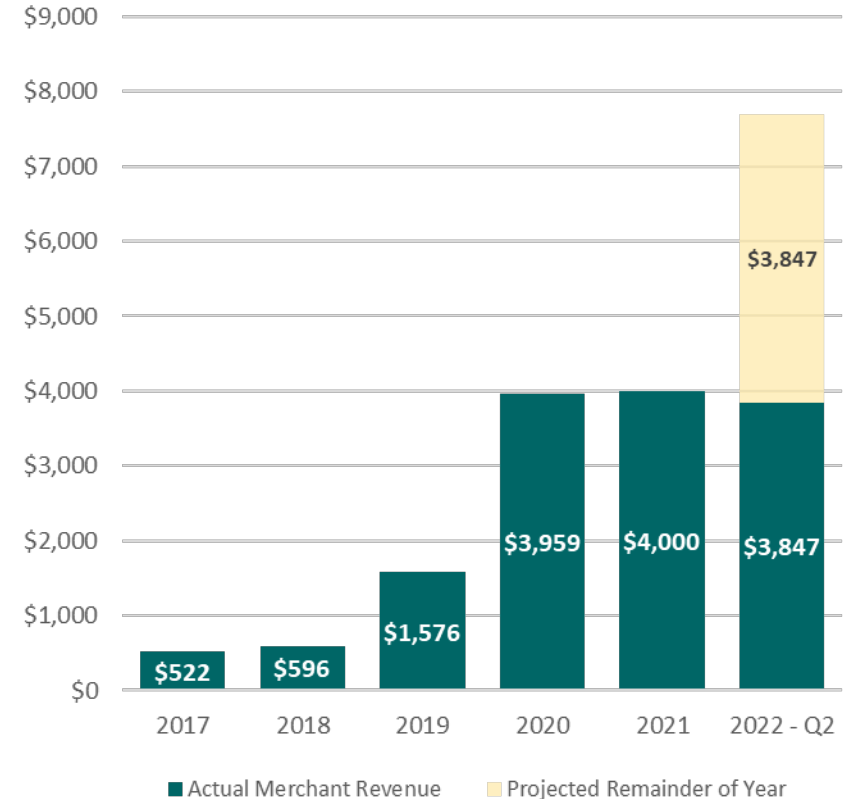


Merchant Services Revenue

Merchant Services Highlights

- Identified opportunity to specialize in providing payment processing services in 2010
- Process payments for merchants across the country directly and through partners
- Direct acquiring bank with Visa and MasterCard – a unique and valuable advantage with less than 75 banks having an acquiring license
- Source of low-cost deposits and fee income
- Established robust compliance framework to properly manage operational risk
- Current agreements with 10 active ISO partners who manage thousands of merchants nationwide
- New ISO sponsorships in process to start processing in early 2023
- February 2021 - Approved by Visa and MasterCard to process payments considered high brand risk
- 2022 1Q- FFB Payment captive ISO launched

Merchant Services Revenue



Merchant Services (continued)

Deposit Impact of Merchant Services

- Merchant Services creates sticky deposit clients and is a unique eco system to obtain new banking business.
- \$52.8 million directly from ISO partners for reserves and growing as volumes increase.
- \$19.1 million in deposits from clients referred in from ISO partners for businesses out of our traditional, geographic, market.
- \$122.0 in sticky deposits with clients using our merchant solutions.

Processing Volumes and Revenue Source

- Processing volumes continue to build with new ISO partners.
- As volume increases, so does revenue.
- FFB Payments (captive ISO) launched Q1 2022 will provide better pricing and higher revenue for merchants directly banking with FFB.

Sponsorship Processing Volumes

ISOs	Merchant ISO Processing Volume 5 Quarters (\$ in thousands)						Start Date
	2021				2022		
	1Q Volume	2Q Volume	3Q Volume	4Q Volume	1Q Volume	2Q Volume	
1	\$ 282,258	\$ 324,996	\$ 293,220	\$ 232,303	\$ 259,139	\$ 243,719	
2	290,376	414,164	390,147	469,503	538,136	664,086	
3	8,303	10,824	20,362	25,891	26,390	30,570	
4	0	62	4,949	29,091	53,731	85,468	
5	0	130	5,379	44,378	89,180	145,434	
6	0	0	0	126,224	268,747	579,779	
7	0	0	0	32,196	70,793	44,601	
8	0	0	0	0	0	0	1/22/2022
9	0	0	0	0	0	1,031	4/1/2022
10	0	0	0	0	346	180,737	3/1/2022
Total Volume	\$ 580,938	\$ 750,176	\$ 714,057	\$ 959,586	\$ 1,306,462	\$ 1,975,425	

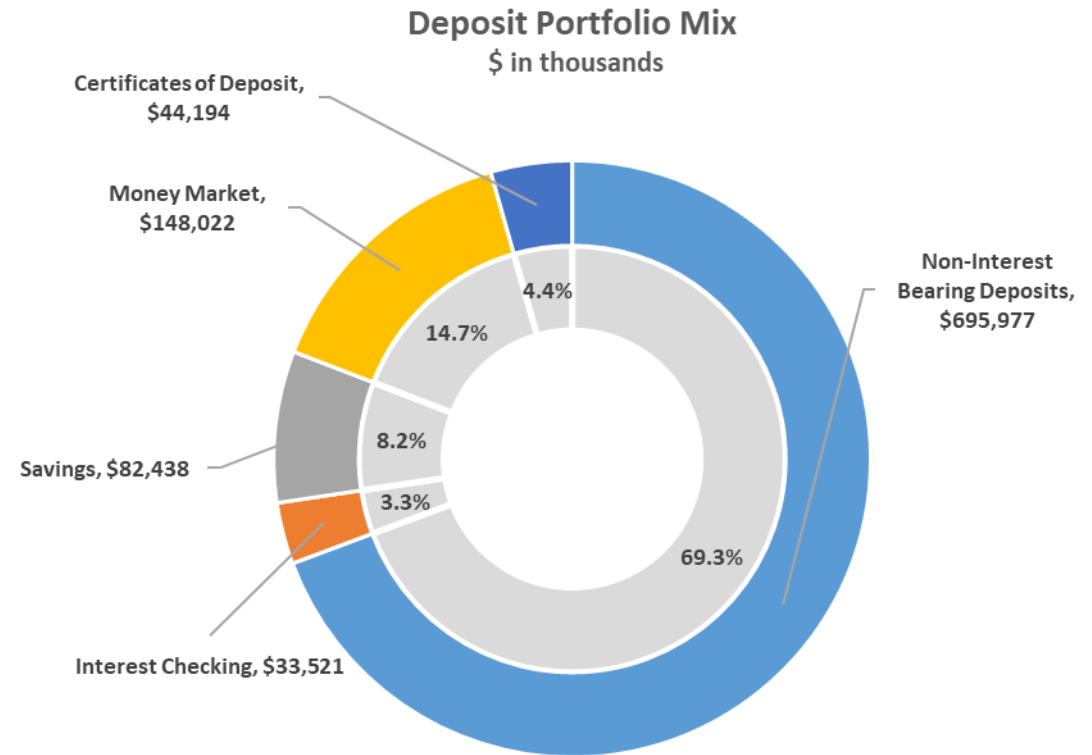
*** ISO 2 is the combination of two previous partners who have completed a merger

Source of Merchant Services Revenue (\$ in thousands)	2022	
	1Q	2Q
	FFB Payments - (our merchant clients)	\$ 409
Sponsored ISO Revenue	1,270	1,692
Total Merchance Services Revenue	\$ 1,679	\$ 2,169



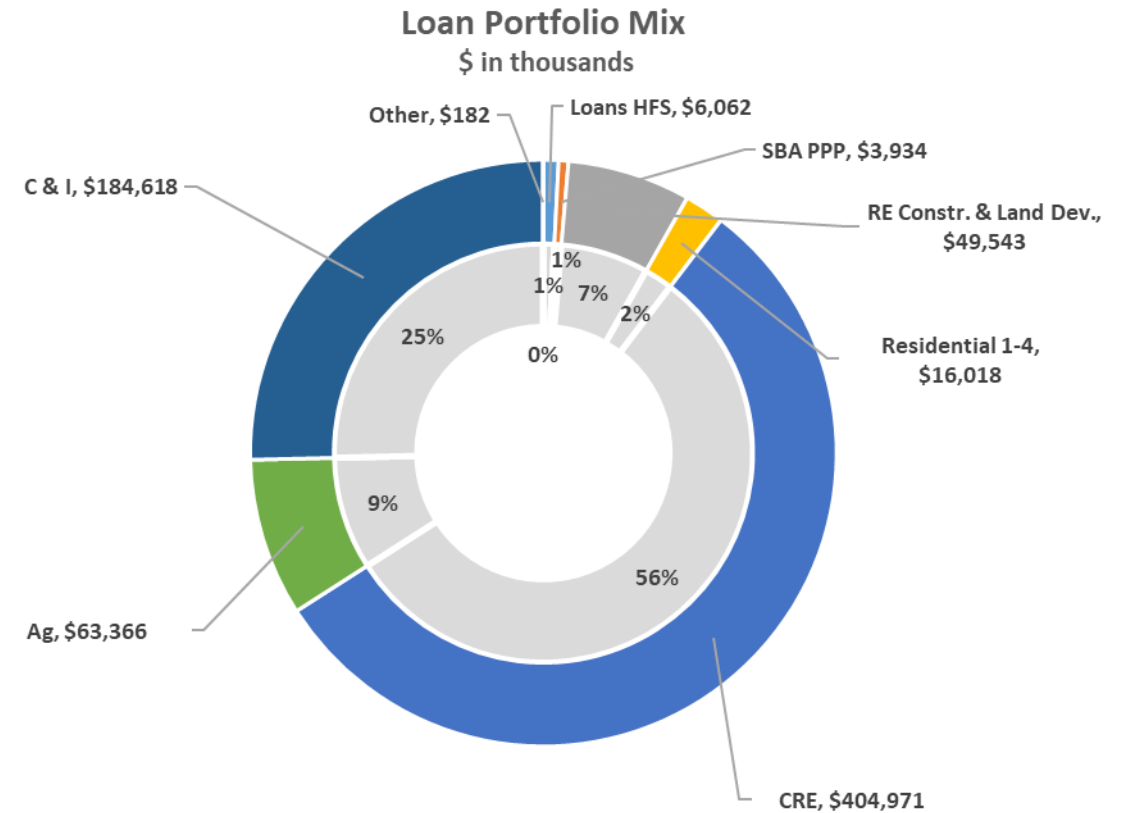
Deposit Mix

- Low cost deposit franchise with 69.3% of funds in zero interest checking.
- Cost of interest bearing deposits 0.25%
- Overall cost to fund earning assets 0.07%
- Compound annual growth over 4.50 years:
 - 24.7 total deposits
 - 32.1% for non-interest bearing deposits



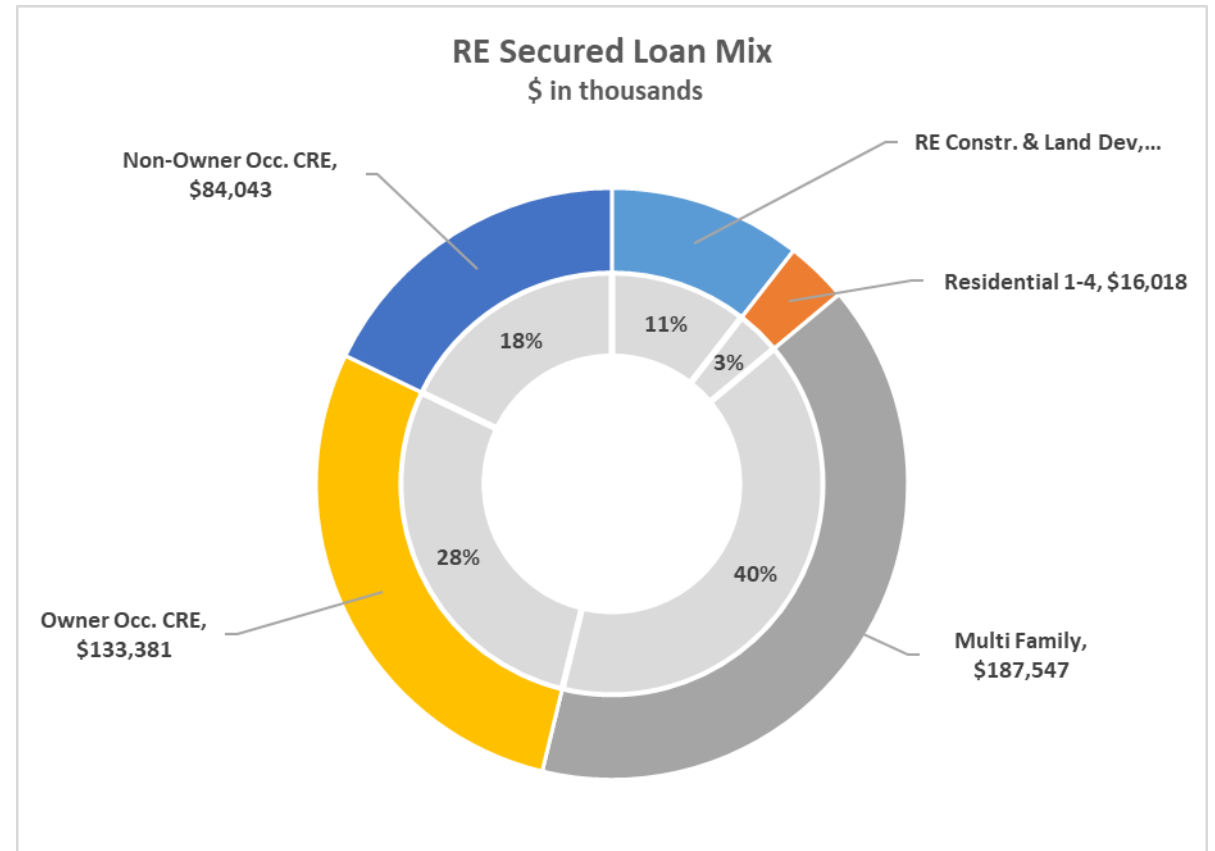
Loan Mix

- Diversified loan portfolio.
- Total loans \$728.7 million at 06/30/2022 with \$6.1 million held for sale.
- \$80.8 million, or 11.2%, with US Govt. guarantee.
- Delinquent loans only 0.41% of total loans, (excluding purchased government guaranteed loans).
- Non-performing assets to total assets 0.24%
- Excluding PPP, yield on average loans 5.01%
- Compound annual growth over 4.50 years excluding PPP loans 24.9%



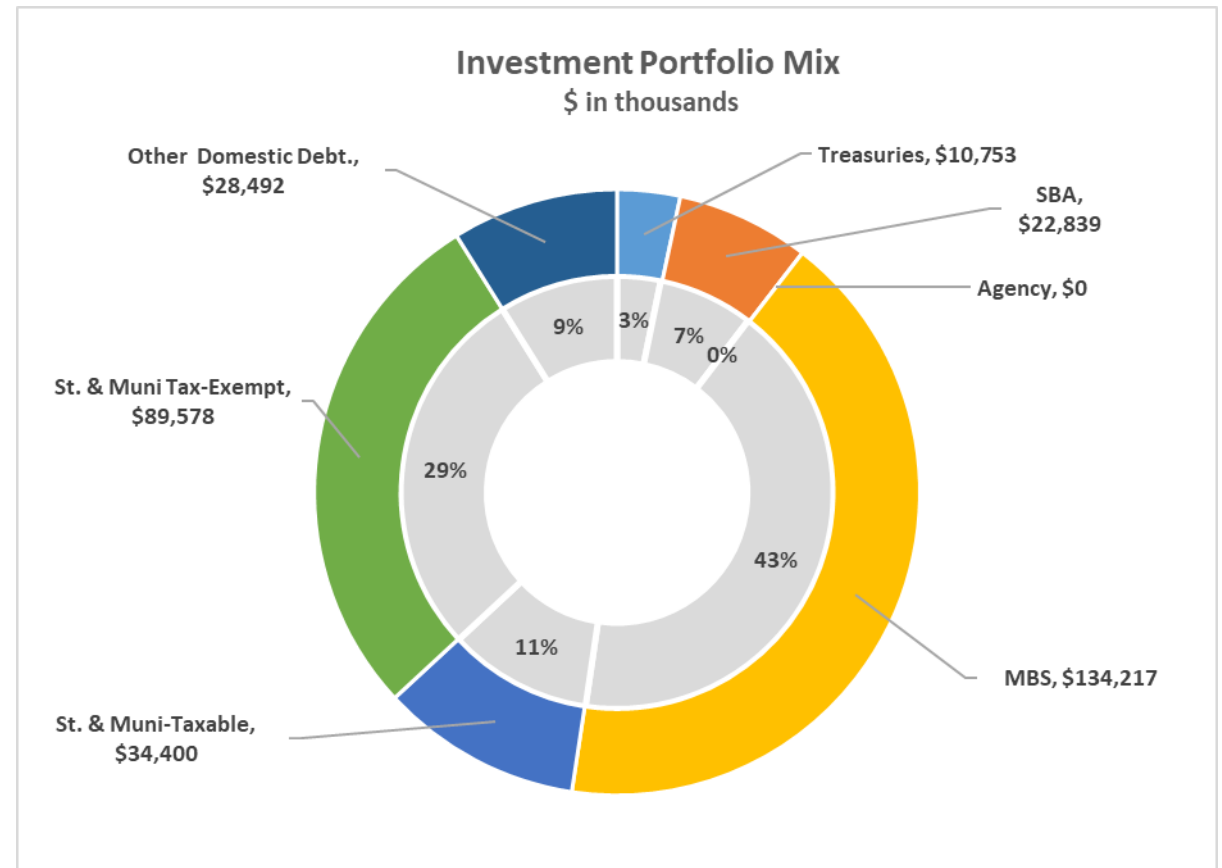
Loan Mix (continued) Breakdown of CRE Loans

- CRE Loans represent 56% of the total loan portfolio
- Within CRE loans the largest segment is Multi Family with 40% or \$187.5 million.
- Multi Family loans are originated by our SoCal lending group and are both placed in portfolio and sold to generate non-interest income.
- To date in 2022 the Company has sold \$28.0 million of Multi Family loans generating approximately \$760,000 in revenue.



Investment Mix

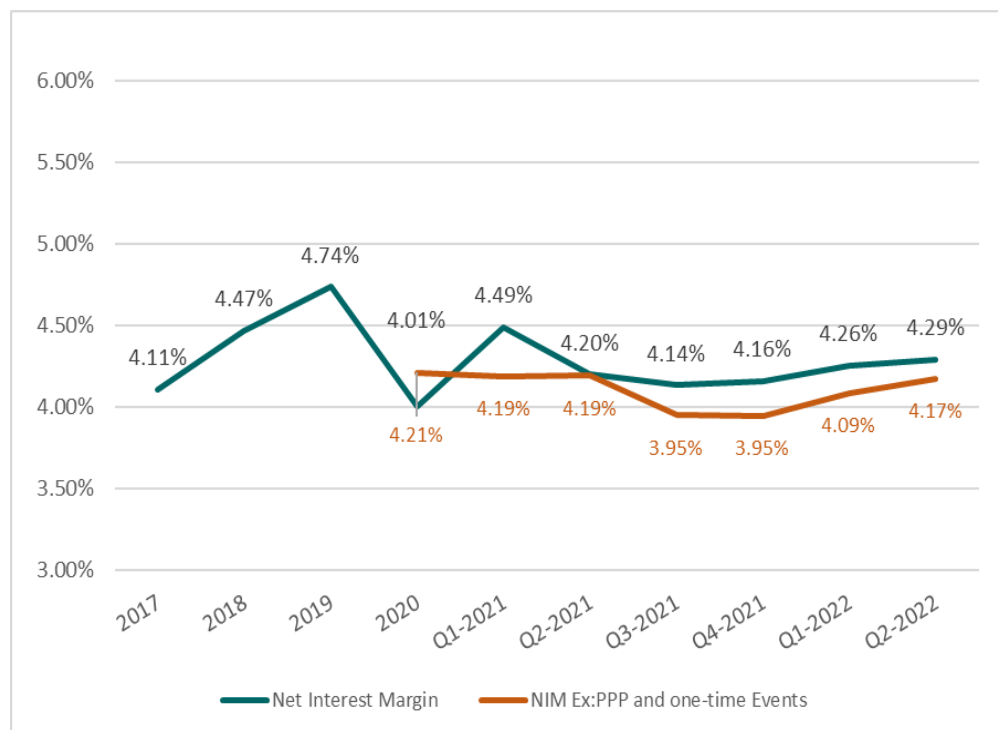
- Balanced investment portfolio
- Total investments \$320.3 million at 06/30/2022.
- Tax equivalent yield of 3.18% for Q2-2022.
- 2021 Total return was #3 for California Banks.
- Effective duration of 5.1yr- balances overall asset sensitive earning asset position.
- Slightly longer duration resulted in approximate 5.2% price decline in the first half of 2022 as market rates rose and spreads widened.



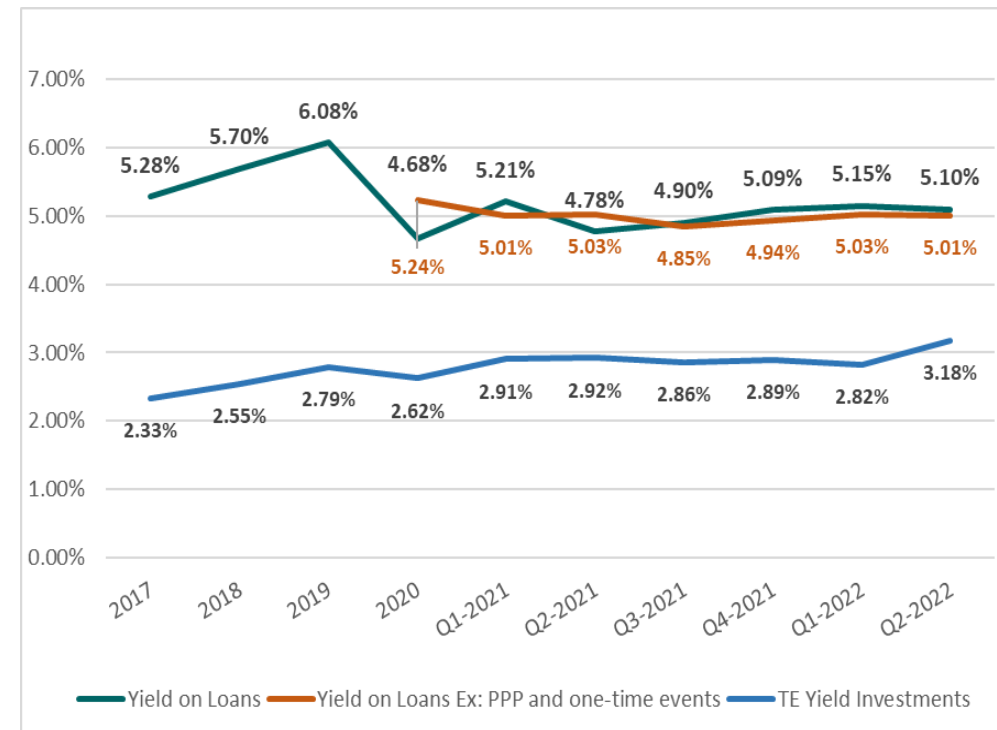
Net Interest Margin and Yield on Primary Earning Assets

NIM and yield on loans were somewhat volatile in 2020 and 2021, on a quarter to quarter basis, as a result of the impact of PPP loans and the deferred fees accreted through interest income. When we back out the impact of PPP and one-time recovery of non-accrued interest in Q1-2021, both NIM and loan yields are much more stable.

Net Interest Margin (Tax Equivalent Yield)



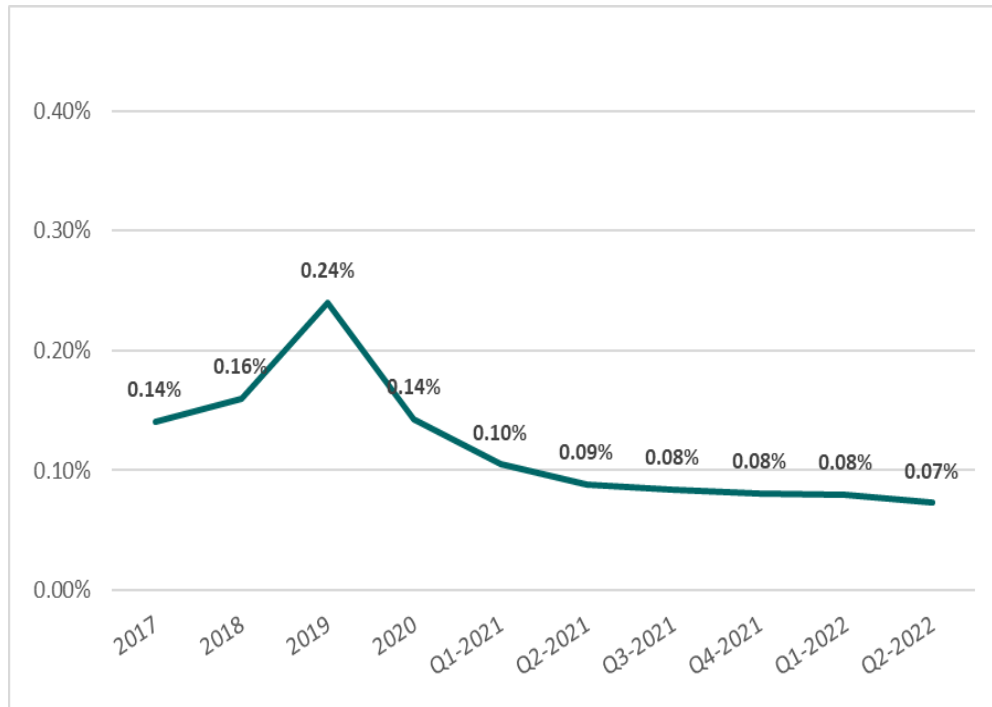
Yield on Loans and Investments



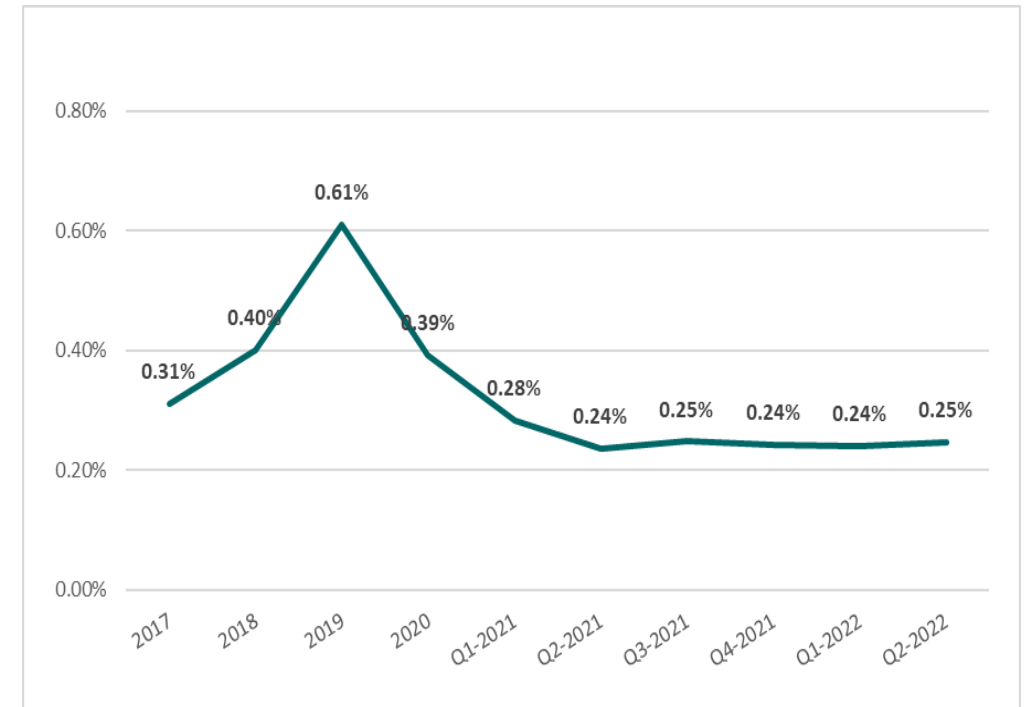
NIM Key Drivers – low historical cost of funding

With 63.4% of deposits in stable non-interest bearing accounts, the cost of funding our earning assets has historically been lower than most banks. Looking only at the cost of the interest bearing deposit accounts funding costs are still low by most standards.

Cost of Funding Earning Assets



Cost of Interest Bearing Deposits





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