

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2025**

or

☐ **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: **001-36448**

**Bankwell Financial Group, Inc.**

(Exact Name of Registrant as specified in its Charter)

**Connecticut**

(State or other jurisdiction of  
Incorporation or organization)

**20-8251355**

(I.R.S. Employer  
Identification No.)

**258 Elm Street**

**New Canaan, Connecticut 06840**

**(203) 652-0166**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class                             | Trading Symbol(s) | Name of Each Exchange on Which<br>Registered |
|-------------------------------------------------|-------------------|----------------------------------------------|
| <b>Common Stock, no par value per<br/>share</b> | <b>BWFG</b>       | <b>NASDAQ Global Market</b>                  |

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 every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

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

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> |                           |                                     |

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of July 31, 2025, there were 7,877,443 shares of the registrant’s common stock outstanding.

---

---

**Bankwell Financial Group, Inc.**  
**Form 10-Q**

**Table of Contents**

**PART I – FINANCIAL INFORMATION**

|                                                                                                                                |           |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|
| <i><u>Item 1. Financial Statements (unaudited)</u></i>                                                                         | <u>4</u>  |
| <i><u>Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024</u></i>                                            | <u>4</u>  |
| <i><u>Consolidated Statements of Income for the three and six months ended June 30, 2025 and 2024</u></i>                      | <u>5</u>  |
| <i><u>Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2025 and 2024</u></i> | <u>6</u>  |
| <i><u>Consolidated Statements of Shareholders' Equity for the three and six months ended June 30, 2025 and 2024</u></i>        | <u>6</u>  |
| <i><u>Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024</u></i>                            | <u>9</u>  |
| <i><u>Notes to Consolidated Financial Statements</u></i>                                                                       | <u>11</u> |

|                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------|-----------|
| <i><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></i> | <u>51</u> |
|-------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                  |           |
|----------------------------------------------------------------------------------|-----------|
| <i><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></i> | <u>67</u> |
|----------------------------------------------------------------------------------|-----------|

|                                               |           |
|-----------------------------------------------|-----------|
| <i><u>Item 4. Controls and Procedures</u></i> | <u>67</u> |
|-----------------------------------------------|-----------|

**PART II – OTHER INFORMATION**

|                                         |           |
|-----------------------------------------|-----------|
| <i><u>Item 1. Legal Proceedings</u></i> | <u>68</u> |
|-----------------------------------------|-----------|

|                                     |           |
|-------------------------------------|-----------|
| <i><u>Item 1A. Risk Factors</u></i> | <u>68</u> |
|-------------------------------------|-----------|

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
| <i><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></i> | <u>68</u> |
|-----------------------------------------------------------------------------------|-----------|

|                                                       |           |
|-------------------------------------------------------|-----------|
| <i><u>Item 3. Defaults Upon Senior Securities</u></i> | <u>69</u> |
|-------------------------------------------------------|-----------|

|                                               |           |
|-----------------------------------------------|-----------|
| <i><u>Item 4. Mine Safety Disclosures</u></i> | <u>69</u> |
|-----------------------------------------------|-----------|

|                                         |           |
|-----------------------------------------|-----------|
| <i><u>Item 5. Other Information</u></i> | <u>69</u> |
|-----------------------------------------|-----------|

|                                |           |
|--------------------------------|-----------|
| <i><u>Item 6. Exhibits</u></i> | <u>69</u> |
|--------------------------------|-----------|

|                          |           |
|--------------------------|-----------|
| <b><u>Signatures</u></b> | <u>69</u> |
|--------------------------|-----------|

**Certifications**

**PART 1 – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Bankwell Financial Group, Inc.**

**Consolidated Balance Sheets - (unaudited)**

*(In thousands, except share data)*

|                                                                                                                                                                                                                                  | <b>June 30, 2025</b> | <b>December 31, 2024</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|
| <b>ASSETS</b>                                                                                                                                                                                                                    |                      |                          |
| Cash and due from banks                                                                                                                                                                                                          | \$ 313,998           | \$ 293,552               |
| Federal funds sold                                                                                                                                                                                                               | 8,466                | 13,972                   |
| Cash and cash equivalents                                                                                                                                                                                                        | 322,464              | 307,524                  |
| Investment securities                                                                                                                                                                                                            |                      |                          |
| Marketable equity securities, at fair value                                                                                                                                                                                      | 2,188                | 2,118                    |
| Available for sale investment securities, at fair value                                                                                                                                                                          | 103,930              | 107,428                  |
| Held to maturity investment securities, at amortized cost (fair values of \$37,764 and \$36,691 at June 30, 2025 and December 31, 2024, respectively)                                                                            | 36,434               | 36,553                   |
| Total investment securities                                                                                                                                                                                                      | 142,552              | 146,099                  |
| Loans receivable (net of ACL-Loans of \$29,256 at June 30, 2025 and \$29,007 at December 31, 2024, respectively)                                                                                                                 | 2,635,742            | 2,672,959                |
| Other real estate owned                                                                                                                                                                                                          | 1,284                | 8,299                    |
| Accrued interest receivable                                                                                                                                                                                                      | 14,741               | 14,535                   |
| Federal Home Loan Bank stock, at cost                                                                                                                                                                                            | 5,051                | 5,655                    |
| Premises and equipment, net                                                                                                                                                                                                      | 23,020               | 23,856                   |
| Bank-owned life insurance                                                                                                                                                                                                        | 53,488               | 52,791                   |
| Goodwill                                                                                                                                                                                                                         | 2,589                | 2,589                    |
| Deferred income taxes, net                                                                                                                                                                                                       | 9,684                | 9,742                    |
| Other assets                                                                                                                                                                                                                     | 25,978               | 24,427                   |
| <b>Total assets</b>                                                                                                                                                                                                              | <b>\$ 3,236,593</b>  | <b>\$ 3,268,476</b>      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                                                                      |                      |                          |
| <b>Liabilities</b>                                                                                                                                                                                                               |                      |                          |
| Deposits                                                                                                                                                                                                                         |                      |                          |
| Noninterest bearing deposits                                                                                                                                                                                                     | \$ 397,195           | \$ 321,875               |
| Interest bearing deposits                                                                                                                                                                                                        | 2,362,086            | 2,465,695                |
| Total deposits                                                                                                                                                                                                                   | 2,759,281            | 2,787,570                |
| Advances from the Federal Home Loan Bank                                                                                                                                                                                         | 75,000               | 90,000                   |
| Subordinated debentures (face value of \$70,000 and \$70,000 at June 30, 2025 and December 31, 2024, respectively, less unamortized debt issuance costs of \$426 and \$549 at June 30, 2025 and December 31, 2024, respectively) | 69,574               | 69,451                   |
| Accrued expenses and other liabilities                                                                                                                                                                                           | 49,448               | 50,935                   |
| <b>Total liabilities</b>                                                                                                                                                                                                         | <b>2,953,303</b>     | <b>2,997,956</b>         |
| <b>Commitments and contingencies</b>                                                                                                                                                                                             |                      |                          |
| <b>Shareholders' equity</b>                                                                                                                                                                                                      |                      |                          |
| Common stock, no par value; 10,000,000 shares authorized, 7,873,387 and 7,859,873 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively                                                             | 118,698              | 119,108                  |
| Retained earnings                                                                                                                                                                                                                | 165,495              | 152,656                  |
| Accumulated other comprehensive loss                                                                                                                                                                                             | (903)                | (1,244)                  |
| <b>Total shareholders' equity</b>                                                                                                                                                                                                | <b>283,290</b>       | <b>270,520</b>           |
| <b>Total liabilities and shareholders' equity</b>                                                                                                                                                                                | <b>\$ 3,236,593</b>  | <b>\$ 3,268,476</b>      |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**  
**Consolidated Statements of Income – (unaudited)**  
*(In thousands, except share data)*

|                                                                       | Three Months Ended June 30, |           | Six Months Ended June 30, |           |
|-----------------------------------------------------------------------|-----------------------------|-----------|---------------------------|-----------|
|                                                                       | 2025                        | 2024      | 2025                      | 2024      |
| <b>Interest and dividend income</b>                                   |                             |           |                           |           |
| Interest and fees on loans                                            | \$ 44,128                   | \$ 43,060 | \$ 87,603                 | \$ 86,385 |
| Interest and dividends on securities                                  | 1,478                       | 1,190     | 2,923                     | 2,320     |
| Interest on cash and cash equivalents                                 | 3,043                       | 3,429     | 6,600                     | 7,255     |
| Total interest and dividend income                                    | 48,649                      | 47,679    | 97,126                    | 95,960    |
| <b>Interest expense</b>                                               |                             |           |                           |           |
| Interest expense on deposits                                          | 23,083                      | 24,677    | 47,855                    | 50,039    |
| Interest expense on borrowings                                        | 1,630                       | 1,783     | 3,269                     | 3,555     |
| Total interest expense                                                | 24,713                      | 26,460    | 51,124                    | 53,594    |
| <b>Net interest income</b>                                            | 23,936                      | 21,219    | 46,002                    | 42,366    |
| <b>(Credit) provision for credit losses</b>                           | (411)                       | 8,183     | 52                        | 11,866    |
| <b>Net interest income after (credit) provision for credit losses</b> | 24,347                      | 13,036    | 45,950                    | 30,500    |
| <b>Noninterest income</b>                                             |                             |           |                           |           |
| Bank-owned life insurance                                             | 352                         | 333       | 696                       | 662       |
| Service charges and fees                                              | 674                         | 495       | 1,276                     | 799       |
| Gains and fees from sales of loans                                    | 1,080                       | 45        | 1,522                     | 366       |
| Other                                                                 | (94)                        | (190)     | 23                        | (229)     |
| Total noninterest income                                              | 2,012                       | 683       | 3,517                     | 1,598     |
| <b>Noninterest expense</b>                                            |                             |           |                           |           |
| Salaries and employee benefits                                        | 7,521                       | 6,176     | 14,573                    | 12,467    |
| Occupancy and equipment                                               | 2,505                       | 2,238     | 5,080                     | 4,561     |
| Professional services                                                 | 1,632                       | 989       | 3,161                     | 2,054     |
| Data processing                                                       | 712                         | 755       | 1,597                     | 1,495     |
| Director fees                                                         | 333                         | 306       | 681                       | 1,206     |
| FDIC insurance                                                        | 684                         | 705       | 1,463                     | 1,635     |
| Marketing                                                             | 218                         | 90        | 360                       | 203       |
| Other                                                                 | 941                         | 986       | 1,772                     | 1,921     |
| Total noninterest expense                                             | 14,546                      | 12,245    | 28,687                    | 25,542    |
| <b>Income before income tax expense</b>                               | 11,813                      | 1,474     | 20,780                    | 6,556     |
| <b>Income tax expense</b>                                             | 2,725                       | 356       | 4,804                     | 1,675     |
| <b>Net income</b>                                                     | \$ 9,088                    | \$ 1,118  | \$ 15,976                 | \$ 4,881  |
| <b>Earnings Per Common Share:</b>                                     |                             |           |                           |           |
| Basic                                                                 | \$ 1.16                     | \$ 0.14   | \$ 2.04                   | \$ 0.62   |
| Diluted                                                               | \$ 1.15                     | \$ 0.14   | \$ 2.03                   | \$ 0.62   |
| <b>Weighted Average Common Shares Outstanding:</b>                    |                             |           |                           |           |
| Basic                                                                 | 7,777,469                   | 7,747,675 | 7,724,143                 | 7,705,598 |
| Diluted                                                               | 7,819,828                   | 7,723,888 | 7,795,820                 | 7,721,880 |
| <b>Dividends per common share</b>                                     | \$ 0.20                     | \$ 0.20   | \$ 0.40                   | \$ 0.40   |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**
**Consolidated Statements of Comprehensive Income (Loss) – (unaudited)**
*(In thousands)*

|                                                              | Three Months Ended June 30, |               | Six Months Ended June 30, |                 |
|--------------------------------------------------------------|-----------------------------|---------------|---------------------------|-----------------|
|                                                              | 2025                        | 2024          | 2025                      | 2024            |
| <b>Net income</b>                                            | \$ 9,088                    | \$ 1,118      | \$ 15,976                 | \$ 4,881        |
| <b>Other comprehensive income:</b>                           |                             |               |                           |                 |
| Unrealized gains on securities:                              |                             |               |                           |                 |
| Unrealized holding gains on available for sale securities    | 660                         | 398           | 1,857                     | 182             |
| Reclassification adjustment for gains realized in net income | —                           | —             | —                         | —               |
| Net change in unrealized gains                               | 660                         | 398           | 1,857                     | 182             |
| Income tax (expense) benefit                                 | (156)                       | (94)          | (437)                     | 7               |
| Unrealized gains on securities, net of tax                   | 504                         | 304           | 1,420                     | 189             |
| Unrealized (losses) on interest rate swaps:                  |                             |               |                           |                 |
| Unrealized (losses) on interest rate swaps                   | (277)                       | (709)         | (1,411)                   | (583)           |
| Income tax benefit                                           | 66                          | 168           | 332                       | 102             |
| Unrealized (losses) on interest rate swaps, net of tax       | (211)                       | (541)         | (1,079)                   | (481)           |
| Total other comprehensive income (loss), net of tax          | 293                         | (237)         | 341                       | (292)           |
| <b>Comprehensive income</b>                                  | <u>\$ 9,381</u>             | <u>\$ 881</u> | <u>\$ 16,317</u>          | <u>\$ 4,589</u> |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**  
**Consolidated Statements of Shareholders' Equity - (unaudited)**  
*(In thousands, except share data)*

|                                            | <b>Number of<br/>Outstanding<br/>Shares</b> | <b>Common Stock</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated Other<br/>Comprehensive<br/>(Loss) Income</b> | <b>Total</b>      |
|--------------------------------------------|---------------------------------------------|---------------------|------------------------------|--------------------------------------------------------------|-------------------|
| <b>Balance at March 31, 2025</b>           | 7,888,013                                   | \$ 118,439          | \$ 157,971                   | \$ (1,196)                                                   | \$ 275,214        |
| Net income                                 | —                                           | —                   | 9,088                        | —                                                            | 9,088             |
| Other comprehensive income, net of tax     | —                                           | —                   | —                            | 293                                                          | 293               |
| Cash dividends declared (\$0.20 per share) | —                                           | —                   | (1,564)                      | —                                                            | (1,564)           |
| Stock-based compensation expense           | —                                           | 681                 | —                            | —                                                            | 681               |
| Forfeitures of restricted stock            | —                                           | —                   | —                            | —                                                            | —                 |
| Issuance of restricted stock               | —                                           | —                   | —                            | —                                                            | —                 |
| Stock options exercised                    | —                                           | —                   | —                            | —                                                            | —                 |
| Repurchase of common stock                 | (14,626)                                    | (422)               | —                            | —                                                            | (422)             |
| <b>Balance at June 30, 2025</b>            | <u>7,873,387</u>                            | <u>\$ 118,698</u>   | <u>\$ 165,495</u>            | <u>\$ (903)</u>                                              | <u>\$ 283,290</u> |
|                                            | <b>Number of<br/>Outstanding<br/>Shares</b> | <b>Common Stock</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated Other<br/>Comprehensive<br/>(Loss) Income</b> | <b>Total</b>      |
| <b>Balance at March 31, 2024</b>           | 7,908,180                                   | \$ 118,401          | \$ 151,350                   | \$ (1,719)                                                   | \$ 268,032        |
| Net income                                 | —                                           | —                   | 1,118                        | —                                                            | 1,118             |
| Other comprehensive (loss), net of tax     | —                                           | —                   | —                            | (237)                                                        | (237)             |
| Cash dividends declared (\$0.20 per share) | —                                           | —                   | (1,573)                      | —                                                            | (1,573)           |
| Stock-based compensation expense           | —                                           | 622                 | —                            | —                                                            | 622               |
| Forfeitures of restricted stock            | (2,600)                                     | —                   | —                            | —                                                            | —                 |
| Issuance of restricted stock               | 1,059                                       | —                   | —                            | —                                                            | —                 |
| Stock options exercised                    | —                                           | —                   | —                            | —                                                            | —                 |
| Repurchase of common stock                 | (40,140)                                    | (986)               | —                            | —                                                            | (986)             |
| <b>Balance at June 30, 2024</b>            | <u>7,866,499</u>                            | <u>\$ 118,037</u>   | <u>\$ 150,895</u>            | <u>\$ (1,956)</u>                                            | <u>\$ 266,976</u> |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**  
**Consolidated Statements of Shareholders' Equity - (unaudited)**  
*(In thousands, except share data)*

|                                            | Number of<br>Outstanding<br>Shares | Common Stock      | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>(Loss) Income | Total             |
|--------------------------------------------|------------------------------------|-------------------|----------------------|-----------------------------------------------------|-------------------|
| <b>Balance at December 31, 2024</b>        | 7,859,873                          | \$ 119,108        | \$ 152,656           | \$ (1,244)                                          | \$ 270,520        |
| Net income                                 | —                                  | —                 | 15,976               | —                                                   | 15,976            |
| Other comprehensive income, net of tax     | —                                  | —                 | —                    | 341                                                 | 341               |
| Cash dividends declared (\$0.40 per share) | —                                  | —                 | (3,137)              | —                                                   | (3,137)           |
| Stock-based compensation expense           | —                                  | 924               | —                    | —                                                   | 924               |
| Forfeitures of restricted stock            | (14,710)                           | —                 | —                    | —                                                   | —                 |
| Issuance of restricted stock               | 72,774                             | —                 | —                    | —                                                   | —                 |
| Stock options exercised                    | —                                  | —                 | —                    | —                                                   | —                 |
| Repurchase of common stock                 | (44,550)                           | (1,334)           | —                    | —                                                   | (1,334)           |
| <b>Balance at June 30, 2025</b>            | <u>7,873,387</u>                   | <u>\$ 118,698</u> | <u>\$ 165,495</u>    | <u>\$ (903)</u>                                     | <u>\$ 283,290</u> |
|                                            | Number of<br>Outstanding<br>Shares | Common Stock      | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>(Loss) Income | Total             |
| <b>Balance at December 31, 2023</b>        | 7,882,616                          | \$ 118,247        | \$ 149,169           | \$ (1,664)                                          | \$ 265,752        |
| Net income                                 | —                                  | —                 | 4,881                | —                                                   | 4,881             |
| Other comprehensive (loss), net of tax     | —                                  | —                 | —                    | (292)                                               | (292)             |
| Cash dividends declared (\$0.40 per share) | —                                  | —                 | (3,155)              | —                                                   | (3,155)           |
| Stock-based compensation expense           | —                                  | 1,696             | —                    | —                                                   | 1,696             |
| Forfeitures of restricted stock            | (2,700)                            | —                 | —                    | —                                                   | —                 |
| Issuance of restricted stock               | 62,903                             | —                 | —                    | —                                                   | —                 |
| Stock options exercised                    | —                                  | —                 | —                    | —                                                   | —                 |
| Repurchase of common stock                 | (76,320)                           | (1,906)           | —                    | —                                                   | (1,906)           |
| <b>Balance at June 30, 2024</b>            | <u>7,866,499</u>                   | <u>\$ 118,037</u> | <u>\$ 150,895</u>    | <u>\$ (1,956)</u>                                   | <u>\$ 266,976</u> |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**  
**Consolidated Statements of Cash Flows – (unaudited)**  
*(In thousands)*

|                                                                                   | <b>Six Months Ended June 30,</b> |               |
|-----------------------------------------------------------------------------------|----------------------------------|---------------|
|                                                                                   | <b>2025</b>                      | <b>2024</b>   |
| <b>Cash flows from operating activities</b>                                       |                                  |               |
| Net income                                                                        | \$ 15,976                        | \$ 4,881      |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                  |               |
| Net amortization of premiums and discounts on investment securities               | 67                               | 87            |
| Provision for credit losses                                                       | 52                               | 11,866        |
| Credit for deferred income taxes                                                  | (48)                             | (1,853)       |
| Change in fair value of marketable equity securities                              | (36)                             | 21            |
| Depreciation and amortization                                                     | 1,977                            | 1,871         |
| Amortization of debt issuance costs                                               | 123                              | 123           |
| Increase in cash surrender value of bank-owned life insurance                     | (696)                            | (662)         |
| Gains and fees from sales of loans                                                | (1,522)                          | (366)         |
| Stock-based compensation                                                          | 924                              | 1,696         |
| Loss on sale of other real estate owned, net                                      | 103                              | —             |
| Change in other real estate owned                                                 | (1,284)                          | —             |
| Net change in:                                                                    |                                  |               |
| Deferred loan fees                                                                | 63                               | (948)         |
| Accrued interest receivable                                                       | (206)                            | 188           |
| Other assets                                                                      | (3,997)                          | (66)          |
| Accrued expenses and other liabilities                                            | (1,100)                          | (660)         |
| <b>Net cash provided by operating activities</b>                                  | <b>10,396</b>                    | <b>16,178</b> |
| <b>Cash flows from investing activities</b>                                       |                                  |               |
| Proceeds from principal repayments on available for sale securities               | 2,293                            | 2,288         |
| Proceeds from principal repayments on held to maturity securities                 | 119                              | 81            |
| Net proceeds from sales and calls of available for sale securities                | 13,000                           | —             |
| Purchases of marketable equity securities                                         | (34)                             | (30)          |
| Purchases of available for sale securities                                        | (10,006)                         | —             |
| Purchases of held to maturity securities                                          | —                                | (12,642)      |
| Net decrease in loans                                                             | 24,671                           | 52,722        |
| Proceeds from sales of loans                                                      | 13,938                           | 3,480         |
| Purchases of premises and equipment, net                                          | (475)                            | (452)         |
| Reduction of Federal Home Loan Bank stock                                         | 603                              | 41            |
| Proceeds from the sale of other real estate owned                                 | 8,195                            | —             |
| <b>Net cash provided by investing activities</b>                                  | <b>52,304</b>                    | <b>45,488</b> |

See accompanying notes to consolidated financial statements (unaudited)

**Bankwell Financial Group, Inc.**  
**Consolidated Statements of Cash Flows - (unaudited) (Continued)**  
*(In thousands)*

|                                                                           | Six Months Ended June 30, |                 |
|---------------------------------------------------------------------------|---------------------------|-----------------|
|                                                                           | 2025                      | 2024            |
| <b>Cash flows from financing activities</b>                               |                           |                 |
| Net change in time certificates of deposit                                | \$ (94,637)               | \$ (20,754)     |
| Net change in other deposits                                              | 66,348                    | (53,628)        |
| Net change in FHLB advances                                               | (15,000)                  | —               |
| Dividends paid on common stock                                            | (3,137)                   | (3,155)         |
| Repurchase of common stock                                                | (1,334)                   | (1,906)         |
| <b>Net cash used in financing activities</b>                              | <b>(47,760)</b>           | <b>(79,443)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>               | <b>14,940</b>             | <b>(17,777)</b> |
| Cash and cash equivalents:                                                |                           |                 |
| Beginning of year                                                         | 307,524                   | 269,157         |
| End of period                                                             | \$ 322,464                | \$ 251,380      |
| Supplemental disclosures of cash flows information:                       |                           |                 |
| Cash paid for:                                                            |                           |                 |
| Interest                                                                  | \$ 51,126                 | \$ 54,003       |
| Income taxes                                                              | 3,080                     | 3,574           |
| Noncash investing and financing activities:                               |                           |                 |
| Net change in unrealized gains or losses on available for sale securities | 1,857                     | 182             |
| Net change in unrealized gains or losses on interest rate swaps           | (1,411)                   | (583)           |
| Transfer of loans from held-for-investment to held-for-sale               | 12,416                    | 3,115           |

See accompanying notes to consolidated financial statements (unaudited)

## **1. Nature of Operations and Summary of Significant Accounting Policies**

Bankwell Financial Group, Inc. (the "Parent Corporation") is a bank holding company headquartered in New Canaan, Connecticut. The Parent Corporation offers a broad range of financial services through its banking subsidiary, Bankwell Bank (the "Bank" and, collectively with the Parent Corporation and the Parent Corporation's subsidiaries, "we", "our", "us", or the "Company").

The Bank is a Connecticut state chartered commercial bank, founded in 2002, whose deposits are insured under the Deposit Insurance Fund administered by the Federal Deposit Insurance Corporation ("FDIC"). The Bank provides a wide range of services to clients in our market, an area encompassing approximately a 100 mile radius around our branch network. In addition, the Bank pursues certain types of commercial lending opportunities outside our market, particularly where we have strong business relationships. The Bank operates branches in New Canaan, Stamford, Fairfield, Westport, Darien, Norwalk, and Hamden, Connecticut.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and the Bank, including its wholly owned passive investment company subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

### **Use of Estimates**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP") and general practices within the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities as of the date of the consolidated balance sheet and revenue and expenses for the period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the Allowance for Credit Losses-Loans ("ACL-Loans"), derivative instrument valuation, investment securities valuation, Allowance for Credit Losses-Securities, and deferred income taxes valuation.

### **Segments**

The Company has one reportable segment. All of the Company's activities are interrelated, and each activity is dependent and assessed based on how each of the activities of the Company supports the others. For example, lending is dependent upon the ability of the Company to fund itself with deposits and borrowings while managing the interest rate and credit risk. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment or unit.

The Chief Executive Officer (CEO), acting as the Chief Operating Decision Maker (CODM), determines the Company's one reportable segment. This determination is based on information about the Company's banking operations, its primary business, and the level of detail provided to the CODM for performance review. Similar operating performance, products and services, and customer bases allow for aggregation of business components into this one segment. The CODM evaluates financial performance by reviewing the consolidated financial results of the Company, analyzing factors such as revenue streams, significant expenses, and capital levels, as well as budget-to-actual results. Consolidated net income and related performance metrics are also used to benchmark the Company's performance against competitors. The analysis of the Company's results, including benchmarking, informs performance assessment and compensation decisions. The banking operations generate revenue through loans, investments, and deposits, while significant expenses include interest expense, the provision for credit losses, and salaries and employee benefits. All operations are domestic.

### **Basis of Consolidated Financial Statement Presentation**

The unaudited consolidated financial statements presented herein have been prepared pursuant to the rules of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and Rule 10-01 of Regulation S-X and do not include all of the information and note disclosures required by GAAP. In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures considered necessary for the fair presentation of the accompanying unaudited interim consolidated financial statements have been included. Interim results are not necessarily reflective of the results that may be expected for the year ending December 31, 2025. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included on Form 10-K for the year ended December 31, 2024.

## Significant Concentrations of Credit Risk

Many of the Company's activities are with clients located in Connecticut and New York, with the majority of the Company's commercial real estate investor loans in Connecticut and some New York metro area counties. Declines in property values in these areas could significantly impact the Company. The Company has a significant concentration in commercial real estate loans, with a growing percentage being owner-occupied, which present a lower risk profile.

## ACL-Loans and Allowance for Credit Losses-Unfunded Commitments ("ACL-Unfunded Commitments")

The ACL-Loans is measured on each loan's amortized cost basis, excluding interest receivable, and is initially recognized upon origination or purchase of the loan, and subsequently remeasured on a recurring basis. The ACL-Loans is recognized as a contra-asset, and credit loss expense is recorded as a provision for loan losses in the consolidated statements of income. Loan losses are charged off against the ACL-Loans when management believes the loan is uncollectible. Subsequent recoveries, if any, are credited to the ACL-Loans. Loans are normally placed on nonaccrual status if it is probable that the Company will be unable to collect the full payment of principal and interest when due according to the contractual terms of the loan agreement, or the loan is past due for a period of 90 days or more unless the obligation is well-secured and is in the process of collection. The Company generally does not recognize an allowance for credit losses ("ACL") on accrued interest receivables, consistent with its policy to reverse interest income when interest is 90 days or more past due.

The Company also records an ACL-Unfunded commitments, which is based on the same assumptions as funded loans and also considers the probability of funding. The ACL is recognized as a liability, and credit loss expense is recorded as a provision for unfunded loan commitments within the provision for credit losses in the Consolidated statements of income.

For collectively evaluated loans and related unfunded commitments, the Company utilizes software provided by a third party, which includes various models for forecasting expected credit losses, to calculate its ACL. Management selected lifetime loss rate models, utilizing CRE, C&I, and Consumer specific models, to calculate the expected losses over the life of each loan based on exposure at default, loan attributes and reasonable, supportable economic forecasts. The models selected by the Company in its ACL calculation rely upon historical losses from a broad cross section of U.S. banks that also utilize the same third party for ACL calculations. Management reviewed the third party's analysis of the banks included in the models as part of their model development dataset and determined the Company's loan portfolio composition by property type, balance distribution by loan age, and delinquency status are similar, which supports the use of these loss rate models. The Company also noted the third party's model development dataset has loan concentrations that are evenly distributed across the United States, while the Company's portfolio is mainly concentrated in the Northeast. Based on the disparate regional concentration, management determined that a select group of peer banks is necessary to scale the loss rate models to produce an ACL that is more representative of the Company's loan portfolio. This peer-based calibration, called a "peer scalar", utilizes the loss rates of a subset of peer banks to appropriately scale the initial model results. These peers have been selected by the Company given their similar characteristics, such as loan portfolio composition and location, to better align the models' results to the Company's expected losses.

Key assumptions used in the models include portfolio segmentation, risk rating, forecasted economic scenarios, the peer scalar, and the expected utilization of unfunded commitments, among others. Our loan portfolios are segmented by loan level attributes such as loan type, size, date of origination, and delinquency status to create homogenous loan pools. Pool level metrics are calculated, and loss rates are subsequently applied to the pools as the loans have similar characteristics.

To account for economic uncertainty, the Company incorporates multiple economic scenarios in determining the ACL. The scenarios include various projections based on variables such as Gross Domestic Product, interest rates, property price indices, and employment measures, among others. The scenarios are probability-weighted based on available information at the time the calculation is conducted. As part of our ongoing governance of ACL, scenario weightings and model parameters are reviewed periodically by management and are subject to change, as deemed appropriate.

The Company also considers qualitative adjustments to expected credit loss estimates for information not already captured in the quantitative loss estimation models. Qualitative factor adjustments may increase or decrease management's estimate of expected credit losses. Qualitative loss factors are based on the Company's judgment of market, changes in loan composition or concentrations, performance trends, regulatory changes, uncertainty of macroeconomic forecasts, and other asset specific risk characteristics.

When loans do not share risk characteristics with other financial assets they are evaluated individually. Management applies its normal loan review procedures in making these judgments. Individually evaluated loans consist of loans with credit quality indicators which are substandard or doubtful. The Company also individually evaluates all insurance premium loans. While insurance premium loans are considered consumer loans, the third-party Consumer ACL model is designed for unsecured lending, whereas these loans are secured. To account for the fully secured structure of this type of loan, management determined each loan will be individually evaluated, regardless of the credit quality indicators. These loans are evaluated based

upon their collateral, which primarily consists of cash, cash surrender value of life insurance, and in some cases real estate. In determining the ACL-Loans for individually evaluated loans, the Company generally applies a discounted cash flow method for instruments that are individually assessed. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable and where the borrower is experiencing financial difficulty, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. Fair value is generally calculated based on the value of the underlying collateral less an appraisal discount and the estimated cost to sell.

### **ACL-Securities**

The Company individually evaluates the available for sale debt securities and held to maturity securities for impairment credit losses. Available for sale securities include U.S. Treasuries, mortgage-backed securities, and corporate bonds. U.S. Treasuries and mortgaged-backed securities are guaranteed by the U.S. Government and as a result, management has a zero loss expectation. No ACL-Securities was recorded for these securities as of June 30, 2025. For the corporate bond portfolio, the Company developed a metric that includes each issuer's current credit ratings and key financial performance metrics to assess the underlying performance of each issuer. The analysis of the issuers' performance and the intent of the Company to retain these securities support the determination that there is no expected credit loss, and therefore, no ACL-Securities were recognized on the corporate bond portfolio as of June 30, 2025. Of our held to maturity securities portfolio, four securities fair values were less each security's amortized cost as of June 30, 2025. Since this is a highly rated state agency and municipal obligation, the Company's expectation of nonpayment of the amortized cost basis is zero. No allowance for ACL-Securities was recorded for this security as of June 30, 2025.

### **Common Share Repurchases**

The Company is incorporated in the state of Connecticut. Connecticut law does not provide for treasury shares, rather shares repurchased by the Company constitute authorized, but unissued shares. GAAP states that accounting for treasury stock shall conform to state law. Therefore, the cost of shares repurchased by the Company has been allocated to common stock balances.

### **Reclassification**

Certain prior period amounts may be reclassified to conform to the 2025 financial statement presentation. These reclassifications only change the reporting categories and do not affect the consolidated results of operations or consolidated financial position of the Company.

### **Recent Accounting Pronouncements**

The following section includes changes in accounting principles and potential effects of new accounting guidance and pronouncements.

#### *Recently issued accounting pronouncements not yet adopted*

ASU No. 2024-03—Income Statement: "Reporting Comprehensive Income - Expense Disaggregation Disclosures": The amendments in this update is to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions. The amendments in this update are effective for annual periods beginning after December 15, 2026. ASU No. 2025-01—Income Statement: "Reporting Comprehensive Income - Expense Disaggregation Disclosures": Following the issuance of Update 2024-03, this amendment clarifies the initial effective date for entities that do not have an annual reporting period that ends on December 31 (referred to as non-calendar year-end entities). The amendment is effective for public business entities for annual reporting periods beginning after December 15, 2026. The Company believes this ASU will not have a material impact on existing disclosures and will continue to monitor for SEC action, and plan accordingly for adoption.

ASU No. 2023-09—Income Taxes (Topic 740): "Improvements to Income Tax Disclosures": The amendments in this update provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2024. The Company believes this ASU will not have a material impact on existing disclosures and will continue to monitor for SEC action, and plan accordingly for adoption.

*Recently issued accounting pronouncements that have been adopted*

*ASU No. 2023-06, Disclosure Improvements: “Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative”*: The amendments in this update modify the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to or technical corrections of the current requirements. Because of the variety of Topics amended, a broad range of entities may be affected by one or more of those amendments. The summary of the amendments applicable to the Company include:

Statement of Cash Flows - Requires an accounting policy disclosure in annual periods of where cash flows associated with derivative instruments and their related gains and losses are presented in the statement of cash flows.

Accounting Changes and Error Corrections - Requires that when there has been a change in the reporting entity, the entity disclose any material prior-period adjustment and the effect of the adjustment on retained earnings in interim financial statements.

Earnings Per Share - Requires disclosure of the methods used in the diluted earnings-per-share computation for each dilutive security and clarifies that certain disclosures should be made during interim periods. Amends illustrative guidance to illustrate disclosure of the methods used in the diluted earnings-per-share computation.

Interim Reporting - Conforms to the amendments made to Topic 250 (Accounting Changes and Error Correction).

Commitments - Requires disclosure of assets mortgaged, pledged, or otherwise subject to lien and the obligations collateralized.

Debt - Requires disclosure of amounts and terms of unused lines of credit and unfunded commitments and the weighted-average interest rate on outstanding short-term borrowings. Entities that are not public business entities are not required to provide information about the weighted-average interest rate.

Equity - Requires entities that issue preferred stock to disclose preference in involuntary liquidation if the liquidation preference is other than par or stated value.

Derivatives - Adds cross-reference to disclosure requirements related to where cash flows associated with derivative instruments and their related gains and losses are presented in the statement of cash flows in Topic 230.

Transfers and Servicing—Secured Borrowing and Collateral - Requires:

- a. That accrued interest be included in the disclosure of liabilities incurred in securities borrowing or repurchase or resale transactions.
- b. Separate presentation of the aggregate carrying amount of reverse repurchase agreements on the face of the balance sheet if that amount exceeds 10 percent of total assets.
- c. Disclosure of the weighted-average interest rates of repurchase liabilities for public business entities.
- d. Disclosure of amounts at risk with an individual counterparty if that amount exceeds more than 10 percent of shareholder’s equity.
- e. Disclosure for reverse repurchase agreements that exceed 10 percent of total assets on whether there are any provisions in a reverse repurchase agreement to ensure that the market value of the underlying assets remains sufficient. to protect against counterparty default and, if so, the nature of those provisions.

Financial Services - Requires that investment companies disclose the components of capital on the balance sheet.

For entities subject to the SEC’s existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, 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. For all other entities, the amendments will be effective two years later. The amendments in this update are to be applied prospectively. For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company has adopted this ASU in December 2024 and it did not have a material impact on existing disclosures.

## 2. Investment Securities

The amortized cost, gross unrealized gains and losses and fair value of available for sale and held to maturity securities at June 30, 2025 were as follows:

|                                                 | June 30, 2025  |                  |            |            |
|-------------------------------------------------|----------------|------------------|------------|------------|
|                                                 | Amortized Cost | Gross Unrealized |            | Fair Value |
|                                                 |                | Gains            | Losses     |            |
|                                                 | (In thousands) |                  |            |            |
| Available for sale securities:                  |                |                  |            |            |
| U.S. Government and agency obligations          |                |                  |            |            |
| Less than one year                              | \$ 25,087      | \$ 23            | \$ (299)   | \$ 24,811  |
| Due from one through five years                 | 47,244         | 69               | (1,052)    | 46,261     |
| Due from five through ten years                 | 14,295         | —                | (544)      | 13,751     |
| Due after ten years                             | 6,462          | —                | (576)      | 5,886      |
| Total U.S. Government and agency obligations    | 93,088         | 92               | (2,471)    | 90,709     |
| Corporate bonds                                 |                |                  |            |            |
| Due from five through ten years                 | 12,500         | —                | (610)      | 11,890     |
| Due after ten years                             | 1,500          | —                | (169)      | 1,331      |
| Total corporate bonds                           | 14,000         | —                | (779)      | 13,221     |
|                                                 |                |                  |            |            |
| Total available for sale securities             | \$ 107,088     | \$ 92            | \$ (3,250) | \$ 103,930 |
| Held to maturity securities:                    |                |                  |            |            |
| State agency and municipal obligations          |                |                  |            |            |
| Less than one year                              | \$ 6,842       | \$ 32            | \$ —       | \$ 6,874   |
| Due from five through ten years                 | 2,786          | 65               | —          | 2,851      |
| Due after ten years                             | 26,806         | 1,604            | (371)      | 28,039     |
| Government-sponsored mortgage backed securities |                |                  |            |            |
| No contractual maturity                         | —              | —                | —          | —          |
| Total held to maturity securities               | \$ 36,434      | \$ 1,701         | \$ (371)   | \$ 37,764  |

The amortized cost, gross unrealized gains and losses and fair value of available for sale and held to maturity securities at December 31, 2024 were as follows:

|                                                 | December 31, 2024 |                  |            |            |
|-------------------------------------------------|-------------------|------------------|------------|------------|
|                                                 | Amortized Cost    | Gross Unrealized |            | Fair Value |
|                                                 |                   | Gains            | Losses     |            |
|                                                 | (In thousands)    |                  |            |            |
| Available for sale securities:                  |                   |                  |            |            |
| U.S. Government and agency obligations          |                   |                  |            |            |
| Less than one year                              | \$ 24,920         | \$ 66            | \$ (92)    | \$ 24,894  |
| Due from one through five years                 | 47,541            | —                | (2,117)    | 45,424     |
| Due from five through ten years                 | 16,038            | —                | (906)      | 15,132     |
| Due after ten years                             | 6,944             | —                | (812)      | 6,132      |
| Total U.S. Government and agency obligations    | 95,443            | 66               | (3,927)    | 91,582     |
| Corporate bonds                                 |                   |                  |            |            |
| Due from five through ten years                 | 15,500            | —                | (929)      | 14,571     |
| Due after ten years                             | 1,500             | —                | (225)      | 1,275      |
| Total corporate bonds                           | 17,000            | —                | (1,154)    | 15,846     |
|                                                 |                   |                  |            |            |
| Total available for sale securities             | \$ 112,443        | \$ 66            | \$ (5,081) | \$ 107,428 |
| Held to maturity securities:                    |                   |                  |            |            |
| State agency and municipal obligations          |                   |                  |            |            |
| Less than one year                              | \$ 6,820          | \$ 37            | \$ —       | \$ 6,857   |
| Due from one through five years                 | 2,808             | —                | (77)       | 2,731      |
| Due after ten years                             | 26,897            | 1,190            | (1,013)    | 27,074     |
| Total state and municipal obligations           | 36,525            | 1,227            | (1,090)    | 36,662     |
|                                                 |                   |                  |            |            |
| Government-sponsored mortgage backed securities |                   |                  |            |            |
| No contractual maturity                         | 28                | 1                | —          | 29         |
| Total held to maturity securities               | \$ 36,553         | \$ 1,228         | \$ (1,090) | \$ 36,691  |

There was one and no sales of investment securities during the six months ended June 30, 2025 or 2024, respectively.

At June 30, 2025 and December 31, 2024, none of the Company's securities were pledged as collateral with the Federal Home Loan Bank ("FHLB") or any other institution.

As of June 30, 2025 and December 31, 2024, the actual durations of the Company's available for sale securities were significantly shorter than the stated maturities.

As of June 30, 2025, the Company held marketable equity securities with a fair value of \$2.2 million and an amortized cost of \$2.3 million. At December 31, 2024, the Company held marketable equity securities with a fair value of \$2.1 million and an amortized cost of \$2.3 million. These securities represent an investment in mutual funds that have an objective to make investments for Community Reinvestment Act ("CRA") purposes.

The following tables provide information regarding available for sale securities and held to maturity securities with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2025 and December 31, 2024:

| Length of Time in Continuous Unrealized Loss Position |                 |                                     |                   |                 |                                     |            |                 |                                     |
|-------------------------------------------------------|-----------------|-------------------------------------|-------------------|-----------------|-------------------------------------|------------|-----------------|-------------------------------------|
| Less Than 12 Months                                   |                 |                                     | 12 Months or More |                 |                                     | Total      |                 |                                     |
| Fair Value                                            | Unrealized Loss | Percent Decline from Amortized Cost | Fair Value        | Unrealized Loss | Percent Decline from Amortized Cost | Fair Value | Unrealized Loss | Percent Decline from Amortized Cost |

(Dollars in thousands)

#### June 30, 2025

|                                        |           |          |           |          |            |           |               |           |                |               |           |               |           |                |               |
|----------------------------------------|-----------|----------|-----------|----------|------------|-----------|---------------|-----------|----------------|---------------|-----------|---------------|-----------|----------------|---------------|
| U.S. Government and agency obligations | \$        | —        | \$        | —        | — %        | \$        | 60,637        | \$        | (2,471)        | 3.92 %        | \$        | 60,637        | \$        | (2,471)        | 3.92 %        |
| Corporate bonds                        |           | —        |           | —        | —          |           | 13,221        |           | (779)          | 5.57          |           | 13,221        |           | (779)          | 5.57          |
| State agency and municipal obligations |           | —        |           | —        | —          |           | 7,528         |           | (371)          | 4.70          |           | 7,528         |           | (371)          | 4.70          |
| <b>Total investment securities</b>     | <b>\$</b> | <b>—</b> | <b>\$</b> | <b>—</b> | <b>— %</b> | <b>\$</b> | <b>81,386</b> | <b>\$</b> | <b>(3,621)</b> | <b>4.26 %</b> | <b>\$</b> | <b>81,386</b> | <b>\$</b> | <b>(3,621)</b> | <b>4.26 %</b> |

| Length of Time in Continuous Unrealized Loss Position |                 |                                     |                   |                 |                                     |            |                 |                                     |
|-------------------------------------------------------|-----------------|-------------------------------------|-------------------|-----------------|-------------------------------------|------------|-----------------|-------------------------------------|
| Less Than 12 Months                                   |                 |                                     | 12 Months or More |                 |                                     | Total      |                 |                                     |
| Fair Value                                            | Unrealized Loss | Percent Decline from Amortized Cost | Fair Value        | Unrealized Loss | Percent Decline from Amortized Cost | Fair Value | Unrealized Loss | Percent Decline from Amortized Cost |

(Dollars in thousands)

#### December 31, 2024

|                                        |           |              |           |              |                |           |                |           |                |               |           |                |           |                |               |
|----------------------------------------|-----------|--------------|-----------|--------------|----------------|-----------|----------------|-----------|----------------|---------------|-----------|----------------|-----------|----------------|---------------|
| U.S. Government and agency obligations | \$        | —            | \$        | —            | — %            | \$        | 81,579         | \$        | (3,927)        | 4.59 %        | \$        | 81,579         | \$        | (3,927)        | 4.59 %        |
| Corporate bonds                        |           | —            |           | —            | —              |           | 15,846         |           | (1,154)        | 6.79          |           | 15,846         |           | (1,154)        | 6.79          |
| State agency and municipal obligations |           | 7,361        |           | (254)        | (3.33)         |           | 3,802          |           | (836)          | 18.03         |           | 11,163         |           | (1,090)        | 8.89          |
| <b>Total investment securities</b>     | <b>\$</b> | <b>7,361</b> | <b>\$</b> | <b>(254)</b> | <b>(3.33)%</b> | <b>\$</b> | <b>101,227</b> | <b>\$</b> | <b>(5,917)</b> | <b>5.52 %</b> | <b>\$</b> | <b>108,588</b> | <b>\$</b> | <b>(6,171)</b> | <b>5.38 %</b> |

There were thirty-three and thirty-seven available for sale securities or held to maturity securities as of June 30, 2025 and December 31, 2024, respectively, in which the fair value of the security was less than the amortized cost of the security.

The U.S. Government and agency obligations owned are either direct obligations of the U.S. Government or guaranteed by the U.S. Government. Therefore, the contractual cash flows are guaranteed and as a result the unrealized losses in this portfolio are considered to be only temporarily impaired.

The corporate bonds are investments in subordinated debt of federally insured banks, the majority of which are callable after five years of origination. The Company monitors its corporate bond, state agency and municipal bond portfolios and considers them to have minimal default risk.

The Company has the intent and ability to retain its investment securities in an unrealized loss position at June 30, 2025 until the decline in value has recovered or the security has matured.

### 3. Loans Receivable and ACL-Loans

The following table sets forth a summary of the loan portfolio at June 30, 2025 and December 31, 2024:

| <i>(In thousands)</i>               | June 30, 2025              | December 31, 2024          |
|-------------------------------------|----------------------------|----------------------------|
| Real estate loans:                  |                            |                            |
| Residential                         | \$ 34,978                  | \$ 42,766                  |
| Commercial                          | 1,802,224                  | 1,899,134                  |
| Construction                        | 203,758                    | 173,555                    |
|                                     | <u>2,040,960</u>           | <u>2,115,455</u>           |
| Commercial business                 | 559,221                    | 515,125                    |
| Consumer                            | 68,801                     | 75,308                     |
| Total loans                         | <u>2,668,982</u>           | <u>2,705,888</u>           |
| ACL-Loans                           | (29,256)                   | (29,007)                   |
| Deferred loan origination fees, net | (3,984)                    | (3,922)                    |
| <b>Loans receivable, net</b>        | <u><u>\$ 2,635,742</u></u> | <u><u>\$ 2,672,959</u></u> |

Lending activities primarily consist of commercial real estate loans, commercial business loans and, to a lesser degree, consumer loans. Loans may also be granted for the construction of commercial properties. The majority of commercial mortgage loans are collateralized by first or second mortgages on real estate.

#### Risk management

The Company has established credit policies applicable to each type of lending activity in which it engages. The Company evaluates the creditworthiness of each client and extends credit of up to 80% of the market value of the collateral, (85% maximum for owner occupied commercial real estate), depending on the client's creditworthiness and the type of collateral. The client's ability to service the debt is monitored on an ongoing basis. Real estate is the primary form of collateral. Other important forms of collateral are business assets, deposits and marketable securities. While collateral provides assurance as a secondary source of repayment, the Company ordinarily requires the primary source of repayment for commercial loans to be based on the client's ability to generate continuing cash flows. The Company does not provide first or second lien residential mortgage loans secured by residential properties but has a small legacy portfolio which continues to amortize, pay off due to the sale of the collateral, or refinance away from the Company.

#### Credit quality of loans and the ACL-Loans

Management segregates the loan portfolio into defined segments, which are used to develop and document a systematic method for determining the Company's ACL-Loans. The portfolio segments are segregated based on loan types and the underlying risk factors present in each loan type. Such risk factors are periodically reviewed by management and revised as deemed appropriate.

The Company's loan portfolio is segregated into the following portfolio segments:

*Residential Real Estate:* This portfolio segment consists of first mortgage loans secured by one-to-four family owner occupied residential properties for personal use located in the Company's market area. This segment also includes home equity loans and home equity lines of credit secured by owner occupied one-to-four family residential properties. Loans of this type were written at a combined maximum of 80% of the appraised value of the property and the Company requires a first or second lien position on the property. These loans can be affected by economic conditions and the values of the underlying properties.

*Commercial Real Estate:* This portfolio segment includes loans secured by commercial real estate, multi-family dwellings, owner-occupied commercial real estate and investor-owned one-to-four family dwellings. Loans secured by commercial real estate generally have larger loan balances and more credit risk than owner occupied one-to-four family mortgage loans.

*Construction:* This portfolio segment includes commercial construction loans for commercial development projects, including apartment buildings and condominiums, as well as office buildings, retail and other income producing properties and land loans, which are loans made with land as collateral. Construction and land development financing generally involves greater credit risk than long-term financing on improved, owner-occupied or leased real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, the Company may be required to advance additional funds beyond the amount originally committed in order to protect the value of the property. Moreover, if the estimated value of the completed project proves to be inaccurate, the client may hold a property with a value that is insufficient to assure full repayment through sale or refinance. Construction loans also expose the Company to the risks that improvements will not be completed on time in accordance with specifications and projected costs and that repayment will depend on the successful operation or sale of the properties, which may cause some clients to be unable to continue paying debt service, which exposes the Company to greater risk of non-payment and loss.

*Commercial Business:* This portfolio segment includes commercial business loans secured by assignments of corporate assets and personal guarantees of the business owners. Commercial business loans generally have higher interest rates and shorter terms than other loans, and their repayment generally depends on the successful operation of the client's business.

*Consumer:* This portfolio segment includes loans to finance insurance premiums secured by the cash surrender value of life insurance and marketable securities, overdraft lines of credit, and unsecured personal loans to high net worth individuals.

## ACL-Loans

The following tables set forth the activity in the Company's ACL-Loans for the three and six months ended June 30, 2025 and 2024, by portfolio segment:

|                                         | Residential Real<br>Estate | Commercial Real<br>Estate | Construction    | Commercial<br>Business | Consumer        | Total            |
|-----------------------------------------|----------------------------|---------------------------|-----------------|------------------------|-----------------|------------------|
| <i>(In thousands)</i>                   |                            |                           |                 |                        |                 |                  |
| <b>Three Months Ended June 30, 2025</b> |                            |                           |                 |                        |                 |                  |
| Beginning balance                       | \$ 87                      | \$ 20,562                 | \$ 2,216        | \$ 5,244               | \$ 1,376        | \$ 29,485        |
| Charge-offs                             | —                          | —                         | —               | (15)                   | (5)             | (20)             |
| Recoveries                              | —                          | —                         | —               | 112                    | 10              | 122              |
| (Credit) provision for credit losses    | (22)                       | (1,270)                   | 688             | 185                    | 88              | (331)            |
| <b>Ending balance</b>                   | <u>\$ 65</u>               | <u>\$ 19,292</u>          | <u>\$ 2,904</u> | <u>\$ 5,526</u>        | <u>\$ 1,469</u> | <u>\$ 29,256</u> |

|                                         | Residential Real<br>Estate | Commercial Real<br>Estate | Construction    | Commercial<br>Business | Consumer      | Total            |
|-----------------------------------------|----------------------------|---------------------------|-----------------|------------------------|---------------|------------------|
| <i>(In thousands)</i>                   |                            |                           |                 |                        |               |                  |
| <b>Three Months Ended June 30, 2024</b> |                            |                           |                 |                        |               |                  |
| Beginning balance                       | \$ 133                     | \$ 21,666                 | \$ 1,543        | \$ 4,078               | \$ 571        | \$ 27,991        |
| Charge-offs                             | (9)                        | (522)                     | —               | —                      | (12)          | (543)            |
| Recoveries                              | 141                        | 113                       | —               | —                      | 13            | 267              |
| (Credit) provision for credit losses    | (142)                      | 1,216                     | 729             | 6,569                  | (4)           | 8,368            |
| <b>Ending balance</b>                   | <u>\$ 123</u>              | <u>\$ 22,473</u>          | <u>\$ 2,272</u> | <u>\$ 10,647</u>       | <u>\$ 568</u> | <u>\$ 36,083</u> |

|                                       | Residential Real Estate | Commercial Real Estate | Construction    | Commercial Business | Consumer        | Total            |
|---------------------------------------|-------------------------|------------------------|-----------------|---------------------|-----------------|------------------|
| <i>(In thousands)</i>                 |                         |                        |                 |                     |                 |                  |
| <b>Six Months Ended June 30, 2025</b> |                         |                        |                 |                     |                 |                  |
| Beginning balance                     | \$ 94                   | \$ 21,838              | \$ 2,059        | \$ 4,070            | \$ 946          | \$ 29,007        |
| Charge-offs                           | —                       | (67)                   | —               | (15)                | (37)            | (119)            |
| Recoveries                            | —                       | —                      | —               | 116                 | 46              | 162              |
| (Credit) provision for credit losses  | (29)                    | (2,479)                | 845             | 1,355               | 514             | 206              |
| <b>Ending balance</b>                 | <u>\$ 65</u>            | <u>\$ 19,292</u>       | <u>\$ 2,904</u> | <u>\$ 5,526</u>     | <u>\$ 1,469</u> | <u>\$ 29,256</u> |

|                                       | Residential Real Estate | Commercial Real Estate | Construction    | Commercial Business | Consumer      | Total            |
|---------------------------------------|-------------------------|------------------------|-----------------|---------------------|---------------|------------------|
| <i>(In thousands)</i>                 |                         |                        |                 |                     |               |                  |
| <b>Six Months Ended June 30, 2024</b> |                         |                        |                 |                     |               |                  |
| Beginning balance                     | \$ 149                  | \$ 20,950              | \$ 1,699        | \$ 4,562            | \$ 586        | \$ 27,946        |
| Charge-offs                           | (141)                   | (3,828)                | —               | (197)               | (61)          | (4,227)          |
| Recoveries                            | 141                     | 113                    | —               | 27                  | 17            | 298              |
| (Credit) provision for credit losses  | (26)                    | 5,238                  | 573             | 6,255               | 26            | 12,066           |
| <b>Ending balance</b>                 | <u>\$ 123</u>           | <u>\$ 22,473</u>       | <u>\$ 2,272</u> | <u>\$ 10,647</u>    | <u>\$ 568</u> | <u>\$ 36,083</u> |

We evaluate whether a modification, extension or renewal of a loan is a current period origination in accordance with GAAP. Generally, loans up for renewal are subject to a full credit evaluation before the renewal is granted and such loans are considered current period originations for purpose of the tables below. The following tables present loans by origination and risk designation as of June 30, 2025 and December 31, 2024 (dollars in thousands):

**Term Loans**  
**Amortized Cost Balances by Origination Year as of June 30, 2025**

|                                            | 2025              | 2024              | 2023              | 2022              | 2021              | Prior             | Total               |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Residential Real Estate Loans</b>       |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ 31,995         | \$ 31,995           |
| Special Mention                            | —                 | —                 | —                 | —                 | —                 | 295               | 295                 |
| Substandard                                | —                 | —                 | —                 | —                 | —                 | 2,862             | 2,862               |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| <b>Total Residential Real Estate Loans</b> | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ 35,152</b>  | <b>\$ 35,152</b>    |
| <b>Residential Real Estate charge-off</b>  |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —                |
| <b>Commercial Real Estate Loans</b>        |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ 150,968        | \$ 105,752        | \$ 109,288        | \$ 571,848        | \$ 213,840        | \$ 545,609        | \$ 1,697,305        |
| Special Mention                            | —                 | 19,936            | —                 | 70,437            | —                 | 3,851             | 94,224              |
| Substandard                                | —                 | —                 | —                 | 580               | 8,688             | 7,099             | 16,367              |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| <b>Total Commercial Real Estate Loans</b>  | <b>\$ 150,968</b> | <b>\$ 125,688</b> | <b>\$ 109,288</b> | <b>\$ 642,865</b> | <b>\$ 222,528</b> | <b>\$ 556,559</b> | <b>\$ 1,807,896</b> |
| <b>Commercial Real Estate charge-off</b>   |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —              | \$ —              | \$ 67             | \$ —              | \$ 67               |
| <b>Construction Loans</b>                  |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ 25,386         | \$ 26,250         | \$ 49,648         | \$ 36,939         | \$ 47,087         | \$ —              | \$ 185,310          |
| Special Mention                            | —                 | —                 | —                 | 19,415            | —                 | —                 | 19,415              |
| Substandard                                | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| <b>Total Construction Loans</b>            | <b>\$ 25,386</b>  | <b>\$ 26,250</b>  | <b>\$ 49,648</b>  | <b>\$ 56,354</b>  | <b>\$ 47,087</b>  | <b>\$ —</b>       | <b>\$ 204,725</b>   |
| <b>Construction charge-off</b>             |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —                |
| <b>Commercial Business Loans</b>           |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ 133,234        | \$ 103,187        | \$ 87,732         | \$ 154,312        | \$ 43,132         | \$ 25,923         | \$ 547,520          |
| Special Mention                            | —                 | —                 | —                 | 6,618             | 2                 | 216               | 6,836               |
| Substandard                                | —                 | 52                | 114               | —                 | 6,733             | —                 | 6,899               |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | 26                | 26                  |
| <b>Total Commercial Business Loans</b>     | <b>\$ 133,234</b> | <b>\$ 103,239</b> | <b>\$ 87,846</b>  | <b>\$ 160,930</b> | <b>\$ 49,867</b>  | <b>\$ 26,165</b>  | <b>\$ 561,281</b>   |
| <b>Commercial Business charge-off</b>      |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ 15             | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ 15               |
| <b>Consumer Loans</b>                      |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ 8,020          | \$ 22,407         | \$ 10,070         | \$ 27,746         | \$ —              | \$ 47             | \$ 68,290           |
| Special Mention                            | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| Substandard                                | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | —                 | —                   |
| <b>Total Consumer Loans</b>                | <b>\$ 8,020</b>   | <b>\$ 22,407</b>  | <b>\$ 10,070</b>  | <b>\$ 27,746</b>  | <b>\$ —</b>       | <b>\$ 47</b>      | <b>\$ 68,290</b>    |
| <b>Consumer charge-off</b>                 |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ 37             | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ 37               |
| <b>Total Loans</b>                         |                   |                   |                   |                   |                   |                   |                     |
| Pass                                       | \$ 317,608        | \$ 257,596        | \$ 256,738        | \$ 790,845        | \$ 304,059        | \$ 603,574        | \$ 2,530,420        |
| Special Mention                            | —                 | 19,936            | —                 | 96,470            | 2                 | 4,362             | 120,770             |
| Substandard                                | —                 | 52                | 114               | 580               | 15,421            | 9,961             | 26,128              |
| Doubtful                                   | —                 | —                 | —                 | —                 | —                 | 26                | 26                  |
| <b>Total Loans</b>                         | <b>\$ 317,608</b> | <b>\$ 277,584</b> | <b>\$ 256,852</b> | <b>\$ 887,895</b> | <b>\$ 319,482</b> | <b>\$ 617,923</b> | <b>\$ 2,677,344</b> |
| <b>Total charge-off</b>                    |                   |                   |                   |                   |                   |                   |                     |
| Current period charge-offs                 | \$ 52             | \$ —              | \$ —              | \$ —              | \$ 67             | \$ —              | \$ 119              |

**Term Loans**  
**Amortized Cost Balances by Origination Year as of December 31, 2024**

|                                            | 2024              | 2023              | 2022                | 2021              | 2020              | Prior             | Total               |
|--------------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Residential Real Estate Loans</b>       |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ —              | \$ —              | \$ —                | \$ —              | \$ —              | \$ 39,560         | \$ 39,560           |
| Special Mention                            | —                 | —                 | —                   | —                 | —                 | 366               | 366                 |
| Substandard                                | —                 | —                 | —                   | —                 | —                 | 3,069             | 3,069               |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| <b>Total Residential Real Estate Loans</b> | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ —</b>         | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ 42,995</b>  | <b>\$ 42,995</b>    |
| <b>Residential Real Estate charge-off</b>  |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —                | \$ —              | \$ —              | \$ 141            | \$ 141              |
| <b>Commercial Real Estate Loans</b>        |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ 162,303        | \$ 101,201        | \$ 680,359          | \$ 241,000        | \$ 95,277         | \$ 486,897        | \$ 1,767,037        |
| Special Mention                            | —                 | 18,357            | 43,286              | 29,792            | —                 | 1,982             | 93,417              |
| Substandard                                | —                 | —                 | 27,081              | 9,194             | 5,488             | 1,610             | 43,373              |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | 1,400             | 1,400               |
| <b>Total Commercial Real Estate Loans</b>  | <b>\$ 162,303</b> | <b>\$ 119,558</b> | <b>\$ 750,726</b>   | <b>\$ 279,986</b> | <b>\$ 100,765</b> | <b>\$ 491,889</b> | <b>\$ 1,905,227</b> |
| <b>Commercial Real Estate charge-off</b>   |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —                | \$ 522            | \$ 8,184          | \$ 4,405          | \$ 13,111           |
| <b>Construction Loans</b>                  |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ 10,086         | \$ 47,301         | \$ 63,476           | \$ 53,529         | \$ —              | \$ —              | \$ 174,392          |
| Special Mention                            | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| Substandard                                | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| <b>Total Construction Loans</b>            | <b>\$ 10,086</b>  | <b>\$ 47,301</b>  | <b>\$ 63,476</b>    | <b>\$ 53,529</b>  | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ 174,392</b>   |
| <b>Construction charge-off</b>             |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ —                | \$ —              | \$ —              | \$ 1,771          | \$ 1,771            |
| <b>Commercial Business Loans</b>           |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ 143,267        | \$ 98,718         | \$ 179,999          | \$ 49,351         | \$ 5,708          | \$ 26,413         | \$ 503,456          |
| Special Mention                            | —                 | 665               | 3,454               | 1,949             | —                 | 20                | 6,088               |
| Substandard                                | 133               | 344               | 224                 | 6,983             | —                 | —                 | 7,684               |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | 53                | 53                  |
| <b>Total Commercial Business Loans</b>     | <b>\$ 143,400</b> | <b>\$ 99,727</b>  | <b>\$ 183,677</b>   | <b>\$ 58,283</b>  | <b>\$ 5,708</b>   | <b>\$ 26,486</b>  | <b>\$ 517,281</b>   |
| <b>Commercial Business charge-off</b>      |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ —              | \$ —              | \$ 7,664            | \$ 245            | \$ —              | \$ —              | \$ 7,909            |
| <b>Consumer Loans</b>                      |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ 32,295         | \$ 9,051          | \$ 33,369           | \$ —              | \$ —              | \$ 49             | \$ 74,764           |
| Special Mention                            | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| Substandard                                | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | —                 | —                   |
| <b>Total Consumer Loans</b>                | <b>\$ 32,295</b>  | <b>\$ 9,051</b>   | <b>\$ 33,369</b>    | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ 49</b>      | <b>\$ 74,764</b>    |
| <b>Consumer charge-off</b>                 |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ 28             | \$ —              | \$ —                | \$ 56             | \$ —              | \$ —              | \$ 84               |
| <b>Total Loans</b>                         |                   |                   |                     |                   |                   |                   |                     |
| Pass                                       | \$ 347,951        | \$ 256,271        | \$ 957,203          | \$ 343,880        | \$ 100,985        | \$ 552,919        | \$ 2,559,209        |
| Special Mention                            | —                 | 19,022            | 46,740              | 31,741            | —                 | 2,368             | 99,871              |
| Substandard                                | 133               | 344               | 27,305              | 16,177            | 5,488             | 4,679             | 54,126              |
| Doubtful                                   | —                 | —                 | —                   | —                 | —                 | 1,453             | 1,453               |
| <b>Total Loans</b>                         | <b>\$ 348,084</b> | <b>\$ 275,637</b> | <b>\$ 1,031,248</b> | <b>\$ 391,798</b> | <b>\$ 106,473</b> | <b>\$ 561,419</b> | <b>\$ 2,714,659</b> |
| <b>Total charge-off</b>                    |                   |                   |                     |                   |                   |                   |                     |
| Current period charge-offs                 | \$ 28             | \$ —              | \$ 7,664            | \$ 823            | \$ 8,184          | \$ 6,317          | \$ 23,016           |

Loans evaluated for impairment and the related ACL-Loans as of June 30, 2025 and December 31, 2024 were as follows:

|                                              | Portfolio      | ACL-Loans |
|----------------------------------------------|----------------|-----------|
|                                              | (In thousands) |           |
| June 30, 2025                                |                |           |
| Loans individually evaluated for impairment: |                |           |
| Residential real estate                      | \$ 2,846       | \$ —      |
| Commercial real estate                       | 16,387         | —         |
| Construction                                 | —              | —         |
| Commercial business                          | 6,871          | —         |
| Consumer                                     | 37,753         | —         |
| Subtotal                                     | 63,857         | —         |
| Loans collectively evaluated for impairment: |                |           |
| Residential real estate                      | 32,133         | 65        |
| Commercial real estate                       | 1,785,837      | 19,292    |
| Construction                                 | 203,758        | 2,904     |
| Commercial business                          | 552,350        | 5,526     |
| Consumer                                     | 31,047         | 1,469     |
| Subtotal                                     | 2,605,125      | 29,256    |
| Total                                        | \$ 2,668,982   | \$ 29,256 |

|                                              | Portfolio      | ACL-Loans |
|----------------------------------------------|----------------|-----------|
|                                              | (In thousands) |           |
| December 31, 2024                            |                |           |
| Loans individually evaluated for impairment: |                |           |
| Residential real estate                      | \$ 3,052       | \$ —      |
| Commercial real estate                       | 44,814         | —         |
| Construction                                 | —              | —         |
| Commercial business                          | 7,672          | —         |
| Consumer                                     | 58,363         | —         |
| Subtotal                                     | 113,901        | —         |
| Loans collectively evaluated for impairment: |                |           |
| Residential real estate                      | 39,714         | 94        |
| Commercial real estate                       | 1,854,320      | 21,838    |
| Construction                                 | 173,555        | 2,059     |
| Commercial business                          | 507,453        | 4,070     |
| Consumer                                     | 16,945         | 946       |
| Subtotal                                     | 2,591,987      | 29,007    |
| Total                                        | \$ 2,705,888   | \$ 29,007 |

#### Credit quality indicators

To measure credit risk for the loan portfolios, the Company employs a credit risk rating system. This risk rating represents an assessed level of a loan's risk based on the character and creditworthiness of the borrower/guarantor, the capacity of the borrower to adequately service the debt, any credit enhancements or additional sources of repayment, and the quality, value and coverage of the collateral, if any.

The objectives of the Company's risk rating system are to provide the Board of Directors and senior management with an objective assessment of the overall quality of the loan portfolio, to promptly and accurately identify loans with well-defined credit weaknesses so that timely action can be taken to minimize a potential credit loss, to identify relevant trends affecting the collectability of the loan portfolio, to isolate potential problem areas and to provide essential information for determining the adequacy of the ACL-Loans. The Company's credit risk rating system has nine grades, with each grade corresponding to a progressively greater risk of default or non-payment. Risk ratings of (1) through (5) are "pass" categories and risk ratings of (6) through (9) are criticized asset categories as defined by the regulatory agencies.

A "special mention" (6) loan has a potential weakness which, if uncorrected, may result in a deterioration of the repayment prospects or inadequately protect the Company's credit position at some time in the future. "Substandard" (7) loans have a well-defined weakness or weaknesses that jeopardize the full repayment of the debt. A loan rated "doubtful" (8) has all the weaknesses inherent in a substandard loan and which, in addition, make collection or liquidation in full highly questionable and improbable when considering existing facts, conditions, and values. Loans classified as "loss" (9) are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value; rather, it is not practical or desirable to defer charging off this asset even though partial recovery may be made in the future.

Risk ratings are assigned as necessary to differentiate risk within the portfolio. They are reviewed on an ongoing basis through the annual loan review process performed by Company personnel, normal renewal activity, monthly delinquency monitoring, and the quarterly watchlist and watched asset report process. They are revised to reflect changes in the borrower's financial condition and outlook, debt service coverage capability, repayment performance, collateral value and coverage, as well as other considerations. In addition to internal review at multiple points, outsourced loan review opines on risk ratings with regard to the sample of loans their review covers.

The following tables present credit risk ratings by loan segment as of June 30, 2025 and December 31, 2024:

| Commercial Credit Quality Indicators |                     |                     |                   |                     |                        |                   |                     |                     |  |
|--------------------------------------|---------------------|---------------------|-------------------|---------------------|------------------------|-------------------|---------------------|---------------------|--|
| June 30, 2025                        |                     |                     |                   |                     | December 31, 2024      |                   |                     |                     |  |
| Commercial Real Estate               | Construction        | Commercial Business | Total             |                     | Commercial Real Estate | Construction      | Commercial Business | Total               |  |
| (In thousands)                       |                     |                     |                   |                     |                        |                   |                     |                     |  |
| Pass                                 | \$ 1,692,203        | \$ 184,475          | \$ 545,569        | \$ 2,422,247        | \$ 1,767,482           | \$ 173,555        | \$ 501,432          | \$ 2,442,469        |  |
| Special Mention                      | 93,634              | 19,283              | 6,781             | 119,698             | 86,838                 | —                 | 6,020               | 92,858              |  |
| Substandard                          | 16,387              | —                   | 6,845             | 23,232              | 43,413                 | —                 | 7,619               | 51,032              |  |
| Doubtful                             | —                   | —                   | 26                | 26                  | 1,401                  | —                 | 54                  | 1,455               |  |
| Loss                                 | —                   | —                   | —                 | —                   | —                      | —                 | —                   | —                   |  |
| <b>Total loans</b>                   | <b>\$ 1,802,224</b> | <b>\$ 203,758</b>   | <b>\$ 559,221</b> | <b>\$ 2,565,203</b> | <b>\$ 1,899,134</b>    | <b>\$ 173,555</b> | <b>\$ 515,125</b>   | <b>\$ 2,587,814</b> |  |

| Residential and Consumer Credit Quality Indicators |                  |                  |                   |                  |                         |                   |       |  |  |
|----------------------------------------------------|------------------|------------------|-------------------|------------------|-------------------------|-------------------|-------|--|--|
| June 30, 2025                                      |                  |                  |                   |                  | December 31, 2024       |                   |       |  |  |
| Residential Real Estate                            | Consumer         | Total            |                   |                  | Residential Real Estate | Consumer          | Total |  |  |
| (In thousands)                                     |                  |                  |                   |                  |                         |                   |       |  |  |
| Pass                                               | \$ 31,842        | \$ 68,800        | \$ 100,642        | \$ 39,359        | \$ 75,308               | \$ 114,667        |       |  |  |
| Special Mention                                    | 291              | —                | 291               | 356              | —                       | 356               |       |  |  |
| Substandard                                        | 2,846            | —                | 2,846             | 3,051            | —                       | 3,051             |       |  |  |
| Doubtful                                           | —                | —                | —                 | —                | —                       | —                 |       |  |  |
| Loss                                               | —                | —                | —                 | —                | —                       | —                 |       |  |  |
| <b>Total loans</b>                                 | <b>\$ 34,979</b> | <b>\$ 68,800</b> | <b>\$ 103,779</b> | <b>\$ 42,766</b> | <b>\$ 75,308</b>        | <b>\$ 118,074</b> |       |  |  |

## Loan portfolio aging analysis

When a loan is 15 days past due, the Company sends the borrower a late notice. The Company attempts to contact the borrower by phone if the delinquency is not corrected promptly after the notice has been sent. When the loan is 30 days past due, the Company mails the borrower a letter reminding the borrower of the delinquency and attempts to contact the borrower personally to determine the reason for the delinquency and ensure the borrower understands the terms of the loan. If necessary, after the 90th day of delinquency, the Company may take other appropriate legal action. A summary report of all loans 30 days or more past due is provided to the Board of Directors of the Company periodically. Loans greater than 90 days past due are generally put on nonaccrual status. A nonaccrual loan is restored to accrual status when it is no longer delinquent and collectability of interest and principal is no longer in doubt. A loan is considered to be no longer delinquent when timely payments are made for a period of at least six months (one year for loans providing for quarterly or semi-annual payments) by the borrower in accordance with the contractual terms.

The following tables set forth certain information with respect to the Company's loan portfolio delinquencies by portfolio segment as of June 30, 2025 and December 31, 2024:

|                         | June 30, 2025          |                        |                                   |                |              |              |  |
|-------------------------|------------------------|------------------------|-----------------------------------|----------------|--------------|--------------|--|
|                         | 30-59 Days<br>Past Due | 60-89 Days<br>Past Due | 90 Days or<br>Greater Past<br>Due | Total Past Due | Current      | Total Loans  |  |
|                         | <i>(In thousands)</i>  |                        |                                   |                |              |              |  |
| Real estate loans:      |                        |                        |                                   |                |              |              |  |
| Residential real estate | \$ 291                 | \$ —                   | \$ 617                            | \$ 908         | \$ 34,070    | \$ 34,978    |  |
| Commercial real estate  | 145                    | —                      | 16,387                            | 16,532         | 1,785,692    | 1,802,224    |  |
| Construction            | —                      | —                      | —                                 | —              | 203,758      | 203,758      |  |
| Commercial business     | 18                     | 33                     | 6,680                             | 6,731          | 552,490      | 559,221      |  |
| Consumer                | —                      | —                      | —                                 | —              | 68,801       | 68,801       |  |
| Total loans             | \$ 454                 | \$ 33                  | \$ 23,684                         | \$ 24,171      | \$ 2,644,811 | \$ 2,668,982 |  |

|                         | December 31, 2024      |                        |                                   |                |              |              |
|-------------------------|------------------------|------------------------|-----------------------------------|----------------|--------------|--------------|
|                         | 30-59 Days<br>Past Due | 60-89 Days<br>Past Due | 90 Days or<br>Greater Past<br>Due | Total Past Due | Current      | Total Loans  |
|                         | <i>(In thousands)</i>  |                        |                                   |                |              |              |
| Real estate loans:      |                        |                        |                                   |                |              |              |
| Residential real estate | \$ 130                 | \$ 226                 | \$ 652                            | \$ 1,008       | \$ 41,758    | \$ 42,766    |
| Commercial real estate  | 359                    | —                      | 35,585                            | 35,944         | 1,863,190    | 1,899,134    |
| Construction            | —                      | —                      | —                                 | —              | 173,555      | 173,555      |
| Commercial business     | 4                      | 11                     | 7,143                             | 7,158          | 507,967      | 515,125      |
| Consumer                | —                      | —                      | —                                 | —              | 75,308       | 75,308       |
| Total loans             | \$ 493                 | \$ 237                 | \$ 43,380                         | \$ 44,110      | \$ 2,661,778 | \$ 2,705,888 |

There were no loans delinquent greater than 90 days and still accruing interest as of June 30, 2025 or December 31, 2024.

### Loans on nonaccrual status

The following is a summary of nonaccrual loans by portfolio segment as of June 30, 2025 and December 31, 2024:

|                         | June 30, 2025         | December 31, 2024 |
|-------------------------|-----------------------|-------------------|
|                         | <i>(In thousands)</i> |                   |
| Residential real estate | \$ 617                | \$ 791            |
| Commercial real estate  | 16,387                | 44,814            |
| Commercial business     | 6,871                 | 7,672             |
| Construction            | —                     | —                 |
| Consumer                | —                     | —                 |
| <b>Total</b>            | <b>\$ 23,875</b>      | <b>\$ 53,277</b>  |

Interest income on loans that would have been recognized if loans on nonaccrual status had been current in accordance with their original terms for the six months ended June 30, 2025 and 2024 was \$1.1 million and \$1.2 million, respectively.

At June 30, 2025 and December 31, 2024, there were no commitments to lend additional funds to any borrower on nonaccrual status. Nonaccrual loans with no specific reserve totaled \$23.9 million and \$53.3 million at June 30, 2025 and December 31, 2024, respectively, as these loans were deemed to be adequately collateralized.

### Individually evaluated loans

An individually evaluated loan is generally one for which it is probable, based on current information, that the Company will not collect all the amounts due in accordance with the contractual terms of the loan. Individually evaluated loans are individually evaluated for credit losses.

The Company also individually evaluates all insurance premium loans within the Consumer portfolio segment, irrespective of credit risk ratings.

The following table summarizes individually evaluated loans by portfolio segment as of June 30, 2025 and December 31, 2024.

|                                                                  | Carrying Amount  |                   | Unpaid Principal Balance |                   | Associated ACL-Loans |                   |
|------------------------------------------------------------------|------------------|-------------------|--------------------------|-------------------|----------------------|-------------------|
|                                                                  | June 30, 2025    | December 31, 2024 | June 30, 2025            | December 31, 2024 | June 30, 2025        | December 31, 2024 |
| <i>(In thousands)</i>                                            |                  |                   |                          |                   |                      |                   |
| Individually evaluated loans without a valuation allowance:      |                  |                   |                          |                   |                      |                   |
| Residential real estate                                          | \$ 2,846         | \$ 3,052          | \$ 3,145                 | \$ 3,332          | \$ —                 | \$ —              |
| Commercial real estate                                           | 16,387           | 44,814            | 27,047                   | 55,936            | —                    | —                 |
| Construction                                                     | —                | —                 | —                        | —                 | —                    | —                 |
| Commercial business                                              | 6,871            | 7,672             | 7,947                    | 8,782             | —                    | —                 |
| Consumer                                                         | 37,753           | 58,363            | 37,753                   | 58,363            | —                    | —                 |
| Total individually evaluated loans without a valuation allowance | 63,857           | 113,901           | 75,892                   | 126,413           | —                    | —                 |
| Individually evaluated loans with a valuation allowance:         |                  |                   |                          |                   |                      |                   |
| Residential real estate                                          | \$ —             | \$ —              | \$ —                     | \$ —              | \$ —                 | \$ —              |
| Commercial real estate                                           | —                | —                 | —                        | —                 | —                    | —                 |
| Construction                                                     | —                | —                 | —                        | —                 | —                    | —                 |
| Commercial business                                              | —                | —                 | —                        | —                 | —                    | —                 |
| Consumer                                                         | —                | —                 | —                        | —                 | —                    | —                 |
| Total individually evaluated loans with a valuation allowance    | —                | —                 | —                        | —                 | —                    | —                 |
| <b>Total individually evaluated loans</b>                        | <b>\$ 63,857</b> | <b>\$ 113,901</b> | <b>\$ 75,892</b>         | <b>\$ 126,413</b> | <b>\$ —</b>          | <b>\$ —</b>       |

The following tables summarize the average carrying amount of individually evaluated loans and interest income recognized on individually evaluated loans by portfolio segment for the three and six months ended June 30, 2025 and 2024:

|                                                                  | Average Carrying Amount     |                   | Interest Income Recognized  |                 |
|------------------------------------------------------------------|-----------------------------|-------------------|-----------------------------|-----------------|
|                                                                  | Three Months Ended June 30, |                   | Three Months Ended June 30, |                 |
|                                                                  | 2025                        | 2024              | 2025                        | 2024            |
| <i>(In thousands)</i>                                            |                             |                   |                             |                 |
| Individually evaluated loans without a valuation allowance:      |                             |                   |                             |                 |
| Residential real estate                                          | \$ 2,979                    | \$ 3,640          | \$ 43                       | \$ 42           |
| Commercial real estate                                           | 17,371                      | 55,291            | 84                          | 552             |
| Commercial business                                              | 7,000                       | 12,423            | 55                          | 211             |
| Construction                                                     | —                           | —                 | —                           | —               |
| Consumer                                                         | 40,489                      | 26,156            | 382                         | 400             |
| Total individually evaluated loans without a valuation allowance | 67,839                      | 97,510            | 564                         | 1,205           |
| Individually evaluated loans with a valuation allowance:         |                             |                   |                             |                 |
| Residential real estate                                          | \$ —                        | \$ —              | \$ —                        | \$ —            |
| Commercial real estate                                           | —                           | —                 | —                           | —               |
| Commercial business                                              | —                           | 8,516             | —                           | 878             |
| Construction                                                     | —                           | 9,382             | —                           | —               |
| Consumer                                                         | —                           | —                 | —                           | —               |
| Total individually evaluated loans with a valuation allowance    | —                           | 17,898            | —                           | 878             |
| <b>Total individually evaluated loans</b>                        | <b>\$ 67,839</b>            | <b>\$ 115,408</b> | <b>\$ 564</b>               | <b>\$ 2,083</b> |

|                                                                  | Average Carrying Amount   |                   | Interest Income Recognized |                 |
|------------------------------------------------------------------|---------------------------|-------------------|----------------------------|-----------------|
|                                                                  | Six Months Ended June 30, |                   | Six Months Ended June 30,  |                 |
|                                                                  | 2025                      | 2024              | 2025                       | 2024            |
| <i>(In thousands)</i>                                            |                           |                   |                            |                 |
| Individually evaluated loans without a valuation allowance:      |                           |                   |                            |                 |
| Residential real estate                                          | \$ 3,025                  | \$ 3,656          | \$ 103                     | \$ 85           |
| Commercial real estate                                           | 17,766                    | 57,247            | 129                        | 1,094           |
| Commercial business                                              | 7,322                     | 12,745            | 70                         | 618             |
| Construction                                                     | —                         | —                 | —                          | —               |
| Consumer                                                         | 47,369                    | 25,840            | 775                        | 736             |
| Total individually evaluated loans without a valuation allowance | 75,482                    | 99,488            | 1,077                      | 2,533           |
| Individually evaluated loans with a valuation allowance:         |                           |                   |                            |                 |
| Residential real estate                                          | \$ —                      | \$ —              | \$ —                       | \$ —            |
| Commercial real estate                                           | —                         | —                 | —                          | —               |
| Commercial business                                              | —                         | 8,607             | —                          | 1,039           |
| Construction                                                     | —                         | 9,382             | —                          | —               |
| Consumer                                                         | —                         | —                 | —                          | —               |
| Total individually evaluated loans with a valuation allowance    | —                         | 17,989            | —                          | 1,039           |
| <b>Total individually evaluated loans</b>                        | <b>\$ 75,482</b>          | <b>\$ 117,477</b> | <b>\$ 1,077</b>            | <b>\$ 3,572</b> |

#### Loan Modifications

A loan will be considered modified as defined by ASC 326 when both of the following conditions are met: 1) the borrower is experiencing financial difficulties and 2) the modification constitutes a direct change in contractual cash flows for a significant period of time. Modified terms are dependent upon the financial position and needs of the individual borrower.

There were no new loan modifications reportable under ASC 326 at June 30, 2025. There was one new loan modification reportable under ASC 326 for \$4.0 million at December 31, 2024. There were no nonaccrual modified loans at June 30, 2025. There was one nonaccrual modified loan at December 31, 2024. There were no loans modified that re-defaulted at June 30, 2025 and December 31, 2024.

### Allowance for credit losses (ACL)-Unfunded Commitments

The Company has recorded ACL-Unfunded Commitments in Accrued expenses and other liabilities. The provision is recorded within the Provision for credit losses on the Company's Consolidated Statements of Income. The following table presents a roll forward of the ACL-Unfunded Commitments for the three and six months ended June 30, 2025 and June 30, 2024:

|                                                   | Three Months Ended June 30, |               | Six Months Ended June 30, |               |
|---------------------------------------------------|-----------------------------|---------------|---------------------------|---------------|
|                                                   | 2025                        | 2024          | 2025                      | 2024          |
| <i>(In thousands)</i>                             |                             |               |                           |               |
| Balance at beginning of period                    | \$ 681                      | \$ 911        | \$ 756                    | \$ 926        |
| (Credit) for credit losses (unfunded commitments) | (79)                        | (185)         | (154)                     | (200)         |
| Balance at end of period                          | <u>\$ 602</u>               | <u>\$ 726</u> | <u>\$ 602</u>             | <u>\$ 726</u> |

### Components of (Credit) Provision for Credit Losses

The following table summarizes the Provision for credit losses for the three and six months ended June 30, 2025 and June 30, 2024:

|                                                   | Three Months Ended June 30, |                 | Six Months Ended June 30, |                  |
|---------------------------------------------------|-----------------------------|-----------------|---------------------------|------------------|
|                                                   | 2025                        | 2024            | 2025                      | 2024             |
| <i>(In thousands)</i>                             |                             |                 |                           |                  |
| (Credit) provision for credit losses (loans)      | \$ (331)                    | \$ 8,368        | \$ 206                    | \$ 12,066        |
| (Credit) for credit losses (unfunded commitments) | (80)                        | (185)           | (154)                     | (200)            |
| (Credit) provision for credit losses              | <u>\$ (411)</u>             | <u>\$ 8,183</u> | <u>\$ 52</u>              | <u>\$ 11,866</u> |

## **4. Shareholders' Equity**

### **Common Stock**

The Company has 10,000,000 shares authorized and 7,873,387 shares issued and outstanding at June 30, 2025 and 10,000,000 shares authorized and 7,859,873 shares issued and outstanding at December 31, 2024. The Company's stock is traded on the Nasdaq Global Market under the ticker symbol BWFG.

### **Dividends**

The Company's shareholders are entitled to dividends when and if declared by the Board of Directors out of funds legally available. The ability of the Company to pay dividends depends, in part, on the ability of the Bank to pay dividends to the Parent Corporation. In accordance with Connecticut statutes, regulatory approval is required to pay dividends in excess of the Bank's profits retained in the current year plus retained profits from the previous two years. The Bank is also prohibited from paying dividends that would reduce its capital ratios below minimum regulatory requirements.

### **Issuer Purchases of Equity Securities**

On December 19, 2018, the Company's Board of Directors authorized a share repurchase program of up to 400,000 shares of the Company's Common Stock ("Prior Plan") and, on October 27, 2021, the Company's Board of Directors authorized the repurchase of an additional 200,000 shares under the Prior Plan. During the year ended December 31, 2024, the Company purchased 85,990 shares of its Common Stock at a weighted average of \$24.82 per share. The Company purchased 535,802 shares of the Company's common stock pursuant to the Prior Plan.

On October 28, 2024, the Company announced that on October 23, 2024, its Board of Directors authorized a share repurchase plan ("New Plan"). Under the terms of the New Plan, the Company is authorized to buy back up to 250,000 shares of its outstanding common stock. In connection with the authorization of the New Plan, the Company terminated the Prior Plan. During the year ended December 31, 2024, the Company purchased no shares under the New Plan.

The Company intends to accomplish the share repurchases through open market transactions, though the Company could accomplish repurchases through other means, such as privately negotiated transactions. The timing, price and volume of repurchases will be based on market conditions, relevant securities laws and other factors. The share repurchase plan does not obligate the Company to acquire any particular amount of Common Stock, and it may be modified or suspended at any time at the Company's discretion. During the six months ended June 30, 2025, the Company purchased 44,550 shares of its Common Stock at a weighted average price of \$29.93 per share.

## **5. Comprehensive Income**

Comprehensive income represents the sum of net income and items of other comprehensive income or loss, including net unrealized gains or losses on securities available for sale and net unrealized gains or losses on derivatives. The Company's derivative instruments are utilized to manage economic risks, including interest rate risk. Changes in fair value of the Company's cash flow swap derivatives are primarily driven by changes in interest rates and recognized in other comprehensive income. The Company's total comprehensive income or loss for the three and six months ended June 30, 2025 and June 30, 2024 is reported in the Consolidated Statements of Comprehensive Income.

The following tables present the changes in accumulated other comprehensive (loss) income by component, net of tax for the three and six months ended June 30, 2025 and June 30, 2024:

|                                                                              | Net Unrealized Gain (Loss)<br>on Available for Sale<br>Securities | Net Unrealized Gain (Loss)<br>on Interest Rate Swaps | Total           |
|------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|-----------------|
|                                                                              | <i>(In thousands)</i>                                             |                                                      |                 |
| Balance at March 31, 2025                                                    | \$ (2,916)                                                        | \$ 1,720                                             | \$ (1,196)      |
| Other comprehensive income (loss) before reclassifications, net of tax       | 504                                                               | (68)                                                 | 436             |
| Amounts reclassified from accumulated other comprehensive (loss), net of tax | —                                                                 | (143)                                                | (143)           |
| Net other comprehensive income (loss)                                        | 504                                                               | (211)                                                | 293             |
| <b>Balance at June 30, 2025</b>                                              | <b>\$ (2,412)</b>                                                 | <b>\$ 1,509</b>                                      | <b>\$ (903)</b> |

|                                                                              | Net Unrealized Gain (Loss)<br>on Available for Sale<br>Securities | Net Unrealized Gain (Loss)<br>on Interest Rate Swaps | Total             |
|------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|-------------------|
|                                                                              | <i>(In thousands)</i>                                             |                                                      |                   |
| Balance at March 31, 2024                                                    | \$ (5,926)                                                        | \$ 4,207                                             | \$ (1,719)        |
| Other comprehensive income before reclassifications, net of tax              | 304                                                               | 420                                                  | 724               |
| Amounts reclassified from accumulated other comprehensive (loss), net of tax | —                                                                 | (961)                                                | (961)             |
| Net other comprehensive income (loss)                                        | 304                                                               | (541)                                                | (237)             |
| <b>Balance at June 30, 2024</b>                                              | <b>\$ (5,622)</b>                                                 | <b>\$ 3,666</b>                                      | <b>\$ (1,956)</b> |

|                                                                              | Net Unrealized Gain (Loss)<br>on Available for Sale<br>Securities | Net Unrealized Gain (Loss)<br>on Interest Rate Swaps | Total           |
|------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|-----------------|
|                                                                              | <i>(In thousands)</i>                                             |                                                      |                 |
| Balance at December 31, 2024                                                 | \$ (3,832)                                                        | \$ 2,588                                             | \$ (1,244)      |
| Other comprehensive income (loss) before reclassifications, net of tax       | 1,420                                                             | (469)                                                | 951             |
| Amounts reclassified from accumulated other comprehensive (loss), net of tax | —                                                                 | (610)                                                | (610)           |
| Net other comprehensive income (loss)                                        | 1,420                                                             | (1,079)                                              | 341             |
| <b>Balance at June 30, 2025</b>                                              | <b>\$ (2,412)</b>                                                 | <b>\$ 1,509</b>                                      | <b>\$ (903)</b> |

|                                                                              | Net Unrealized Gain (Loss)<br>on Available for Sale<br>Securities | Net Unrealized Gain (Loss)<br>on Interest Rate Swaps | Total             |
|------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|-------------------|
|                                                                              | <i>(In thousands)</i>                                             |                                                      |                   |
| Balance at December 31, 2023                                                 | \$ (5,810)                                                        | \$ 4,146                                             | \$ (1,664)        |
| Other comprehensive income before reclassifications, net of tax              | 188                                                               | 1,695                                                | 1,883             |
| Amounts reclassified from accumulated other comprehensive (loss), net of tax | —                                                                 | (2,175)                                              | (2,175)           |
| Net other comprehensive income (loss)                                        | 188                                                               | (480)                                                | (292)             |
| <b>Balance at June 30, 2024</b>                                              | <b>\$ (5,622)</b>                                                 | <b>\$ 3,666</b>                                      | <b>\$ (1,956)</b> |

The following table provides information for the items reclassified from accumulated other comprehensive income or loss:

| Accumulated Other Comprehensive<br>Income Components | Three Months Ended June 30, |          | Six Months Ended June 30, |          | Associated Line Item in the Consolidated<br>Statements of Income |
|------------------------------------------------------|-----------------------------|----------|---------------------------|----------|------------------------------------------------------------------|
|                                                      | 2025                        | 2024     | 2025                      | 2024     |                                                                  |
| (In thousands)                                       |                             |          |                           |          |                                                                  |
| Derivatives:                                         |                             |          |                           |          |                                                                  |
| Unrealized gains on derivatives                      | \$ 187                      | \$ 1,257 | \$ 799                    | \$ 2,514 | Interest expense on borrowings                                   |
| Tax expense                                          | (44)                        | (296)    | (189)                     | (339)    | Income tax expense                                               |
| Net of tax                                           | \$ 143                      | \$ 961   | \$ 610                    | \$ 2,175 |                                                                  |

## 6. Earnings per share ("EPS")

Unvested restricted stock awards that contain non-forfeitable rights to dividends are participating securities and are included in the computation of EPS pursuant to the two-class method. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. The Company's unvested restricted stock awards qualify as participating securities.

Net income is allocated between the common stock and participating securities pursuant to the two-class method. Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period, excluding participating unvested restricted stock awards.

Diluted EPS is computed in a similar manner, except that the denominator includes the number of additional common shares that would have been outstanding if potentially dilutive common shares were issued using the treasury stock method.

The following table is a reconciliation of earnings available to common shareholders and basic weighted average common shares outstanding to diluted weighted average common shares outstanding, reflecting the application of the two-class method:

|                                                                             | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|-----------------------------------------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                                                             | 2025                           | 2024             | 2025                         | 2024             |
| <i>(In thousands, except per share data)</i>                                |                                |                  |                              |                  |
| Net income                                                                  | \$ 9,088                       | \$ 1,118         | \$ 15,976                    | \$ 4,881         |
| Dividends to participating securities <sup>(1)</sup>                        | 26                             | (40)             | 53                           | (79)             |
| Undistributed earnings allocated to participating securities <sup>(1)</sup> | (125)                          | 14               | (241)                        | (52)             |
| <b>Net income for earnings per share calculation</b>                        | <u>\$ 8,989</u>                | <u>\$ 1,092</u>  | <u>\$ 15,788</u>             | <u>\$ 4,750</u>  |
| Weighted average shares outstanding, basic                                  | 7,777,469                      | 7,747,675        | 7,724,143                    | 7,705,598        |
| Effect of dilutive equity-based awards <sup>(2)</sup>                       | 42,359                         | (23,787)         | 71,677                       | 16,282           |
| <b>Weighted average shares outstanding, diluted</b>                         | <u>7,819,828</u>               | <u>7,723,888</u> | <u>7,795,820</u>             | <u>7,721,880</u> |
| Net earnings per common share:                                              |                                |                  |                              |                  |
| Basic earnings per common share                                             | \$ 1.16                        | \$ 0.14          | \$ 2.04                      | \$ 0.62          |
| Diluted earnings per common share                                           | \$ 1.15                        | \$ 0.14          | \$ 2.03                      | \$ 0.62          |

(1) Represents dividends paid and undistributed earnings allocated to unvested stock-based awards that contain non-forfeitable rights to dividends.

(2) Represents the effect of the assumed exercise of stock options and the vesting of restricted shares, as applicable, utilizing the treasury stock method.

## 7. Regulatory Matters

The Federal Reserve, the FDIC and other federal and state bank regulatory agencies establish regulatory capital guidelines for U.S. banking organizations.

Under the current guidelines, banking organizations must have a minimum total risk-based capital ratio of 8.0%, a minimum Tier 1 risk-based capital ratio of 6.0%, a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, and a minimum leverage ratio of 4.0% in order to be "adequately capitalized." In addition to these requirements, banking organizations must maintain a capital conservation buffer consisting of common equity in an amount above the minimum risk-based capital requirements for "adequately capitalized" institutions equal to 2.5% of total risk-weighted assets, resulting in a requirement for the Bank to effectively maintain Common Equity Tier 1, Tier 1 and total capital ratios of 7.0%, 8.5% and 10.5%, respectively. The Bank must maintain the capital conservation buffer to avoid restrictions on the ability to pay dividends, pay discretionary bonuses, or to engage in share repurchases.

As of June 30, 2023, the Company no longer met the definition of a Small Bank Holding Company as the Company's assets exceeded \$3 billion. Effective March 31, 2024, the Company became subject to the larger company capital requirements as set forth in the Economic Growth Act.

Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

As of June 30, 2025, the Bank and Company met all capital adequacy requirements to which they are subject. There are no conditions or events since then that management believes have changed this conclusion.

The capital amounts and ratios for the Bank and the Company at June 30, 2025 and December 31, 2024 were as follows:

| <i>(Dollars in thousands)</i>                        | Actual Capital |         | Minimum Regulatory Capital<br>Required for Capital<br>Adequacy plus Capital<br>Conservation Buffer |         | Minimum Regulatory Capital<br>to be Well Capitalized Under<br>Prompt Corrective Action<br>Provisions |         |
|------------------------------------------------------|----------------|---------|----------------------------------------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------|---------|
|                                                      | Amount         | Ratio   | Amount                                                                                             | Ratio   | Amount                                                                                               | Ratio   |
| Bankwell Bank                                        |                |         |                                                                                                    |         |                                                                                                      |         |
| <u>June 30, 2025</u>                                 |                |         |                                                                                                    |         |                                                                                                      |         |
| Common Equity Tier 1 Capital to Risk-Weighted Assets | \$ 336,061     | 12.20 % | \$ 192,868                                                                                         | 7.00 %  | \$ 179,091                                                                                           | 6.50 %  |
| Tier I Capital to Risk-Weighted Assets               | 336,061        | 12.20 % | 234,196                                                                                            | 8.50 %  | 220,420                                                                                              | 8.00 %  |
| Total Capital to Risk-Weighted Assets                | 365,917        | 13.28 % | 289,301                                                                                            | 10.50 % | 275,525                                                                                              | 10.00 % |
| Tier I Capital to Average Assets                     | 336,061        | 10.57 % | 127,136                                                                                            | 4.00 %  | 158,920                                                                                              | 5.00 %  |

|                                                      | Actual Capital |         | Minimum Regulatory Capital<br>Required for Capital<br>Adequacy |        | Minimum Regulatory Capital<br>to be Well Capitalized Under<br>Prompt Corrective Action<br>Provisions |         |
|------------------------------------------------------|----------------|---------|----------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------|---------|
|                                                      | Amount         | Ratio   | Amount                                                         | Ratio  | Amount                                                                                               | Ratio   |
| Bankwell Financial Group, Inc.                       |                |         |                                                                |        |                                                                                                      |         |
| <u>June 30, 2025</u>                                 |                |         |                                                                |        |                                                                                                      |         |
| Common Equity Tier 1 Capital to Risk-Weighted Assets | \$ 281,024     | 10.18 % | \$ 124,256                                                     | 4.50 % | \$ 179,481                                                                                           | 6.50 %  |
| Tier I Capital to Risk-Weighted Assets               | 281,024        | 10.18 % | 165,675                                                        | 6.00 % | 220,899                                                                                              | 8.00 %  |
| Total Capital to Risk-Weighted Assets                | 380,454        | 13.78 % | 220,899                                                        | 8.00 % | 276,124                                                                                              | 10.00 % |
| Tier I Capital to Average Assets                     | 281,024        | 8.81 %  | 127,559                                                        | 4.00 % | 159,449                                                                                              | 5.00 %  |

|                                                      | Actual Capital |         | Minimum Regulatory Capital<br>Required for Capital<br>Adequacy plus Capital<br>Conservation Buffer |         | Minimum Regulatory Capital<br>to be Well Capitalized Under<br>Prompt Corrective Action<br>Provisions |         |
|------------------------------------------------------|----------------|---------|----------------------------------------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------|---------|
|                                                      | Amount         | Ratio   | Amount                                                                                             | Ratio   | Amount                                                                                               | Ratio   |
| <i>(Dollars in thousands)</i>                        |                |         |                                                                                                    |         |                                                                                                      |         |
| Bankwell Bank                                        |                |         |                                                                                                    |         |                                                                                                      |         |
| <u>December 31, 2024</u>                             |                |         |                                                                                                    |         |                                                                                                      |         |
| Common Equity Tier 1 Capital to Risk-Weighted Assets | \$ 325,296     | 11.64 % | \$ 195,690                                                                                         | 7.00 %  | \$ 181,712                                                                                           | 6.50 %  |
| Tier I Capital to Risk-Weighted Assets               | 325,296        | 11.64 % | 237,623                                                                                            | 8.50 %  | 223,645                                                                                              | 8.00 %  |
| Total Capital to Risk-Weighted Assets                | 355,058        | 12.70 % | 296,535                                                                                            | 10.50 % | 279,557                                                                                              | 10.00 % |
| Tier I Capital to Average Assets                     | 325,296        | 10.09 % | 128,998                                                                                            | 4.00 %  | 161,248                                                                                              | 5.00 %  |

|                                                      | Actual Capital |         | Minimum Regulatory Capital<br>Required for Capital<br>Adequacy |        | Minimum Regulatory Capital<br>to be Well Capitalized Under<br>Prompt Corrective Action<br>Provisions |         |
|------------------------------------------------------|----------------|---------|----------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------|---------|
|                                                      | Amount         | Ratio   | Amount                                                         | Ratio  | Amount                                                                                               | Ratio   |
| Bankwell Financial Group, Inc.                       |                |         |                                                                |        |                                                                                                      |         |
| <u>December 31, 2024</u>                             |                |         |                                                                |        |                                                                                                      |         |
| Common Equity Tier 1 Capital to Risk-Weighted Assets | \$ 268,733     | 9.60 %  | \$ 126,030                                                     | 4.50 % | \$ 182,043                                                                                           | 6.50 %  |
| Tier I Capital to Risk-Weighted Assets               | 268,733        | 9.60 %  | 168,040                                                        | 6.00 % | 224,053                                                                                              | 8.00 %  |
| Total Capital to Risk-Weighted Assets                | 367,946        | 13.14 % | 224,053                                                        | 8.00 % | 280,066                                                                                              | 10.00 % |
| Tier I Capital to Average Assets                     | 268,733        | 8.34 %  | 128,943                                                        | 4.00 % | 161,179                                                                                              | 5.00 %  |

#### Regulatory Restrictions on Dividends

The ability of the Company to pay dividends depends, in part, on the ability of the Bank to pay dividends to the Parent Corporation. In accordance with Connecticut statutes, regulatory approval is required to pay dividends in excess of the Bank's profits retained in the current year plus retained profits from the previous two years. The Bank is also prohibited from paying dividends that would reduce its capital ratios below minimum regulatory requirements.

#### Reserve Requirements on Cash

The Bank was not required to maintain a minimum reserve balance in the Federal Reserve Bank (FRB) at June 30, 2025 or December 31, 2024.

## 8. Deposits

At June 30, 2025 and December 31, 2024, deposits consisted of the following:

|                                             | June 30, 2025         | December 31, 2024   |
|---------------------------------------------|-----------------------|---------------------|
|                                             | <i>(In thousands)</i> |                     |
| Noninterest bearing demand deposit accounts | \$ 397,195            | \$ 321,875          |
| Interest bearing accounts:                  |                       |                     |
| NOW                                         | 118,019               | 105,090             |
| Money market                                | 875,457               | 899,413             |
| Savings                                     | 91,612                | 90,220              |
| Time certificates of deposit                | 1,276,998             | 1,370,972           |
| Total interest bearing accounts             | 2,362,086             | 2,465,695           |
| <b>Total deposits</b>                       | <b>\$ 2,759,281</b>   | <b>\$ 2,787,570</b> |

Maturities of time certificates of deposit as of June 30, 2025 and December 31, 2024 are summarized below:

|                     | June 30, 2025         | December 31, 2024   |
|---------------------|-----------------------|---------------------|
|                     | <i>(In thousands)</i> |                     |
| 2025                | \$ 691,518            | \$ 1,348,808        |
| 2026                | 583,143               | 4,887               |
| 2027                | 1,523                 | 1,030               |
| 2028                | 756                   | 6,222               |
| 2029 and thereafter | 58                    | 10,025              |
| <b>Total</b>        | <b>\$ 1,276,998</b>   | <b>\$ 1,370,972</b> |

The aggregate amount of individual certificate accounts, with balances of \$250,000 or more, was approximately \$229.2 million at June 30, 2025 and \$232.6 million at December 31, 2024.

Brokered certificates of deposits totaled \$570.2 million at June 30, 2025 and \$651.5 million at December 31, 2024, respectively. Brokered money market accounts totaled \$53.7 million at June 30, 2025 and \$53.5 million at December 31, 2024, respectively. Certificates of deposits from national listing services were \$68.4 million and \$109.1 million as of June 30, 2025 and December 31, 2024, respectively. There were no one-way buy Certificate of Deposit Account Registry Service ("CDARS") or one-way buy Insured Cash Sweep Service ("ICS") at June 30, 2025 or December 31, 2024. Brokered deposits are comprised of Brokered CDs, brokered money market accounts, one-way buy CDARS, and one-way buy ICS.

The following table summarizes interest expense on deposits by account type for the three and six months ended June 30, 2025 and 2024:

|                                           | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|-------------------------------------------|-----------------------------|------------------|---------------------------|------------------|
|                                           | 2025                        | 2024             | 2025                      | 2024             |
|                                           | <i>(In thousands)</i>       |                  |                           |                  |
| NOW                                       | \$ 77                       | \$ 49            | \$ 187                    | \$ 88            |
| Money market                              | 8,579                       | 8,552            | 17,100                    | 17,698           |
| Savings                                   | 667                         | 688              | 1,325                     | 1,402            |
| Time certificates of deposits             | 13,760                      | 15,388           | 29,243                    | 30,851           |
| <b>Total interest expense on deposits</b> | <b>\$ 23,083</b>            | <b>\$ 24,677</b> | <b>\$ 47,855</b>          | <b>\$ 50,039</b> |

## 9. Stock-Based Compensation

### Equity award plans

The Company has unvested restricted stock outstanding under two equity award plans, which are collectively referred to as the “Stock Plans”. The current plan under which any future issuances of equity awards will be made is the 2022 Bankwell Financial Group, Inc. Stock Plan, or the “2022 Plan”. All equity awards made under the 2022 Plan are made by means of an award agreement, which contains the specific terms and conditions of the grant. To date, all equity awards have been in the form of stock options or restricted stock. At June 30, 2025, there were 300,856 shares reserved for future issuance under the 2022 Plan.

*Restricted Stock:* Restricted stock provides grantees with rights to shares of common stock upon completion of a service period. Shares of unvested restricted stock are considered participating securities. Restricted stock awards generally vest over one to five years.

The following table presents the activity for restricted stock for the six months ended June 30, 2025:

|                                  | Six Months Ended June 30, 2025 |                                        |
|----------------------------------|--------------------------------|----------------------------------------|
|                                  | Number of Shares               | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period  | 223,875 <sup>(1)</sup>         | \$ 28.50                               |
| Granted                          | 72,774 <sup>(2)</sup>          | 32.66                                  |
| Vested                           | (96,838) <sup>(3)</sup>        | 32.40                                  |
| Forfeited                        | (14,710)                       | 32.56                                  |
| <b>Unvested at end of period</b> | <b>185,101</b>                 |                                        |

(1) Includes 35,186 shares of performance based restricted stock.

(2) Includes 34,271 shares of performance based restricted stock.

(3) Includes 4,136 shares of performance based restricted stock.

The total fair value of restricted stock awards vested during the six months ended June 30, 2025 was \$3.1 million.

The Company's restricted stock expense for the six months ended June 30, 2025 and June 30, 2024 was \$0.9 million and \$1.7 million, respectively. At June 30, 2025, there was \$4.2 million of unrecognized stock compensation expense for restricted stock, expected to be recognized over a weighted average period of 1.4 years.

*Performance Based Restricted Stock:* The Company has 53,255 shares of performance based restricted stock outstanding as of June 30, 2025 pursuant to the Company's Stock Plans. The awards generally vest over a three year service period, provided certain performance metrics are met. The share quantity that ultimately vests can range between 0% and 200%, (150% for 2024 and subsequent grants), which is dependent on the degree to which the performance metrics are met. The Company records an expense over the vesting period based on (a) the probability that the performance metrics will be met and (b) the fair market value of the Company's stock at the date of the grant.

## 10. Derivative Instruments

The Company manages economic risks, including interest rate, liquidity, and credit risk, by managing the amount, sources, and duration of its funding along with the use of interest rate derivative financial instruments, namely interest rate swaps. The Company does not use derivatives for speculative purposes. As of June 30, 2025, the Company was a party to one cash flow swap, designated as a hedging instrument, to add stability to interest expense and to manage its exposure to the variability of the future cash flows attributable to the contractually specified interest rate. The notional amount for the swap is \$25 million and the Company has entered into a pay-fixed cash flow swap to convert rolling 90-day Federal Home Loan Bank advances or brokered deposits. Cash flow swaps with a positive fair value are recorded as other assets and cash flow swaps with a negative fair value are recorded as other liabilities on the Consolidated Balance Sheets.

The Company has one pay-fixed portfolio layer method fair value swap, designated as a hedging instrument, with a total notional amount of \$150 million. The Company designated the fair value swap under the portfolio layer method (“PLM”). Under this method, the hedged item is designated as a hedged layer of a closed portfolio of financial loans that is anticipated to remain outstanding for the designated hedged period. Adjustments will be made to record the swap at fair value on the Consolidated Balance Sheets, with changes in fair value recognized in interest income. The carrying value of the fair value swap on the Consolidated Balance Sheets will also be adjusted through interest income, based on changes in fair value attributable to changes in the hedged risk.

The following table represents the carrying value of the portfolio layer method hedged asset and the cumulative fair value hedging adjustment included in the carrying value of the hedged asset as of June 30, 2025 and December 31, 2024:

|                                 | June 30, 2025                  |         | December 31, 2024 |         | June 30, 2025 |      | December 31, 2024 |       |
|---------------------------------|--------------------------------|---------|-------------------|---------|---------------|------|-------------------|-------|
|                                 | Carrying Value of Hedged Asset |         |                   |         | Hedged Items  |      |                   |       |
|                                 | (In thousands)                 |         |                   |         |               |      |                   |       |
| Fixed Rate Asset <sup>(1)</sup> | \$                             | 150,230 | \$                | 150,250 | \$            | (20) | \$                | (665) |

(1) These amounts include the amortized cost basis of closed portfolios of fixed rate loans used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolio anticipated to be outstanding for the designated hedged period. As of June 30, 2025 and December 31, 2024, the amortized cost basis of the closed portfolio used in this hedging relationship was \$504.1 million and \$529.6 million, the cumulative basis adjustments associated with this hedging relationships was \$0.1 million and \$2.1 million, respectively. As of June 30, 2025 and December 31, 2024, the amount of the designated hedged item was \$150.0 million, respectively.

As of June 30, 2025, the Company has interest rate swaps not designated as hedging instruments, to minimize interest rate risk exposure with loans to clients.

The Company accounts for all non-client related interest rate swaps as either effective cash flow or fair value swaps. None of the interest rate swap agreements contain any credit risk related contingent features. A hedging instrument is expected at inception to be highly effective at offsetting changes in the hedged transactions attributable to the changes in the hedged risk.

Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain loan clients. The Company executes interest rate swaps with commercial banking clients to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the client derivatives and the offsetting derivatives are recognized directly in earnings.

Information about derivative instruments at June 30, 2025 and December 31, 2024 is as follows:

| As of June 30, 2025                                |                        |              |                          |                                        |            |
|----------------------------------------------------|------------------------|--------------|--------------------------|----------------------------------------|------------|
| Derivative Assets                                  |                        |              | Derivative Liabilities   |                                        |            |
| Original Notional Amount                           | Balance Sheet Location | Fair Value   | Original Notional Amount | Balance Sheet Location                 | Fair Value |
| (In thousands)                                     |                        |              |                          |                                        |            |
| Derivatives designated as hedging instruments:     |                        |              |                          |                                        |            |
| Interest rate swap                                 | \$ 25,000              | Other assets | \$ 1,854                 | Accrued expenses and other liabilities | \$ —       |
| Fair value swap                                    | \$ —                   | Other assets | \$ —                     | Accrued expenses and other liabilities | \$ 242     |
| Derivatives not designated as hedging instruments: |                        |              |                          |                                        |            |
| Interest rate swaps <sup>(1)</sup>                 | \$ 38,500              | Other assets | \$ 3,169                 | Accrued expenses and other liabilities | \$ 3,169   |

(1) Represents interest rate swaps with commercial banking clients, which are offset by derivatives with a third party.

Accrued interest receivables related to interest rate swaps as of June 30, 2025 totaled \$0.1 million and is excluded from the fair value presented in the table above. The fair value of interest rate swaps in a net asset position, including accrued interest, totaled \$1.8 million as of June 30, 2025.

**As of December 31, 2024**

| Derivative Assets        |                        |            | Derivative Liabilities   |                        |            |
|--------------------------|------------------------|------------|--------------------------|------------------------|------------|
| Original Notional Amount | Balance Sheet Location | Fair Value | Original Notional Amount | Balance Sheet Location | Fair Value |

*(In thousands)*

Derivatives designated as hedging instruments:

|                    |           |              |          |            |                                        |        |
|--------------------|-----------|--------------|----------|------------|----------------------------------------|--------|
| Interest rate swap | \$ 75,000 | Other assets | \$ 3,259 | \$ —       | Accrued expenses and other liabilities | \$ —   |
| Fair value swap    | \$ —      | Other assets | \$ —     | \$ 150,000 | Accrued expenses and other liabilities | \$ 259 |

Derivatives not designated as hedging instruments:

|                                    |           |              |          |           |                                        |          |
|------------------------------------|-----------|--------------|----------|-----------|----------------------------------------|----------|
| Interest rate swaps <sup>(1)</sup> | \$ 38,500 | Other assets | \$ 4,213 | \$ 38,500 | Accrued expenses and other liabilities | \$ 4,213 |
|------------------------------------|-----------|--------------|----------|-----------|----------------------------------------|----------|

(1) Represents interest rate swaps with commercial banking clients, which are offset by derivatives with a third party.

Accrued interest receivables related to interest rate swaps as of December 31, 2024 totaled \$0.6 million and is excluded from the fair value presented in the table above. The fair value of interest rate swaps in a net asset position, including accrued interest, totaled \$3.7 million as of December 31, 2024.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. The Company expects to reclassify \$0.3 million to reduce interest expense during the next 12 months.

The Company assesses the cash flow swaps hedge effectiveness of each hedging relationship by comparing the changes in cash flows of the derivative hedging instrument with the changes in cash flows of the designated hedged item or transaction. The Company does not offset derivative assets and derivative liabilities for financial statement presentation purposes.

The Company assesses the effectiveness of the fair value swap hedge with a regression analysis that compares the changes in forward curves to determine the value. The effective portion of changes in the fair value of derivatives designated as fair value hedges is recorded through interest income. The Company does not offset derivative assets and derivative liabilities for financial statement presentation purposes.

Changes in the consolidated statements of comprehensive income (loss) related to interest rate derivatives designated as hedges of cash flows were as follows for the three and six months ended June 30, 2025 and June 30, 2024:

| <i>(In thousands)</i>                                                                                | <b>Three Months Ended June 30,</b> |                 | <b>Six Months Ended June 30,</b> |                 |
|------------------------------------------------------------------------------------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
|                                                                                                      | <b>2025</b>                        | <b>2024</b>     | <b>2025</b>                      | <b>2024</b>     |
| <b>Interest rate swaps designated as cash flow hedges:</b>                                           |                                    |                 |                                  |                 |
| Unrealized (loss) gain recognized in accumulated other comprehensive income before reclassifications | \$ (92)                            | \$ 548          | \$ (614)                         | \$ 1,931        |
| Amounts reclassified from accumulated other comprehensive income                                     | (185)                              | (1,257)         | (797)                            | (2,514)         |
| Income tax benefit on items recognized in accumulated other comprehensive income                     | 66                                 | 168             | 332                              | 102             |
| <b>Other comprehensive (loss)</b>                                                                    | <b>\$ (211)</b>                    | <b>\$ (541)</b> | <b>\$ (1,079)</b>                | <b>\$ (481)</b> |

The above unrealized gains and losses are reflective of market interest rates as of the respective balance sheet dates. Generally, a lower interest rate environment will result in a negative impact to comprehensive income whereas a higher interest rate environment will result in a positive impact to comprehensive income.

The following table summarizes the effect of the fair value hedging relationship recognized in the consolidated statements of income for the three and six months ended June 30, 2025 and June 30, 2024:

| <i>(In thousands)</i>                                                                                          | <b>Three Months Ended June 30,</b> |               | <b>Six Months Ended June 30,</b> |                |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|----------------------------------|----------------|
|                                                                                                                | <b>2025</b>                        | <b>2024</b>   | <b>2025</b>                      | <b>2024</b>    |
| <b>(Loss) gain on fair value hedging relationship:</b>                                                         |                                    |               |                                  |                |
| Hedged asset                                                                                                   | \$ (162)                           | \$ (192)      | \$ (20)                          | \$ (1,860)     |
| Fair value derivative designated as hedging instrument                                                         | 202                                | 610           | 104                              | 1,772          |
| <b>Total gain (loss) recognized in the consolidated statements of income within interest and fees on loans</b> | <b>\$ 40</b>                       | <b>\$ 418</b> | <b>\$ 84</b>                     | <b>\$ (88)</b> |

The following tables summarize gross and net information about derivative instruments that are offset in the Consolidated Balance Sheets at June 30, 2025 and December 31, 2024:

| <b>June 30, 2025</b>  |                                                         |                                                                    |                                                                               |                                                                    |                                 |                   |
|-----------------------|---------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------|-------------------|
| <i>(In thousands)</i> |                                                         |                                                                    |                                                                               |                                                                    |                                 |                   |
|                       | <b>Gross Amounts of Recognized Assets<sup>(1)</sup></b> | <b>Gross Amounts Offset in the Statement of Financial Position</b> | <b>Net Amounts of Assets presented in the Statement of Financial Position</b> | <b>Gross Amounts Not Offset in the Consolidated Balance Sheets</b> |                                 |                   |
|                       |                                                         |                                                                    |                                                                               | <b>Financial Instruments</b>                                       | <b>Cash Collateral Received</b> | <b>Net Amount</b> |
| Derivative assets     | \$ 5,109                                                | \$ —                                                               | \$ 5,109                                                                      | \$ 232                                                             | \$ 4,877                        | \$ —              |

(1) Includes accrued interest receivable totaling \$86 thousand.

June 30, 2025

(In thousands)

|                        | Gross Amounts of<br>Recognized<br>Liabilities <sup>(1)</sup> | Gross Amounts<br>Offset in the<br>Statement of<br>Financial Position | Net Amounts of<br>Liabilities presented<br>in the Statement of<br>Financial Position | Gross Amounts Not Offset in the Consolidated Balance Sheets |                           |            |
|------------------------|--------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------|------------|
|                        |                                                              |                                                                      |                                                                                      | Financial<br>Instruments                                    | Cash Collateral<br>Posted | Net Amount |
| Derivative liabilities | \$ 3,450                                                     | \$ —                                                                 | \$ 3,450                                                                             | \$ 232                                                      | \$ —                      | \$ 3,218   |

(1) Includes accrued interest payable totaling \$39 thousand.

December 31, 2024

(In thousands)

|                   | Gross Amounts of<br>Recognized Assets <sup>(1)</sup> | Gross Amounts<br>Offset in the<br>Statement of<br>Financial Position | Net Amounts of<br>Assets presented in<br>the Statement of<br>Financial Position | Gross Amounts Not Offset in the Consolidated Balance Sheets |                             |            |
|-------------------|------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------|------------|
|                   |                                                      |                                                                      |                                                                                 | Financial<br>Instruments                                    | Cash Collateral<br>Received | Net Amount |
| Derivative assets | \$ 8,040                                             | \$ —                                                                 | \$ 8,040                                                                        | \$ 234                                                      | \$ 7,806                    | \$ —       |

(1) Includes accrued interest receivable totaling \$568 thousand.

December 31, 2024

(In thousands)

|                        | Gross Amounts of<br>Recognized<br>Liabilities <sup>(1)</sup> | Gross Amounts<br>Offset in the<br>Statement of<br>Financial Position | Net Amounts of<br>Liabilities presented<br>in the Statement of<br>Financial Position | Gross Amounts Not Offset in the Consolidated Balance Sheets |                           |            |
|------------------------|--------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------|------------|
|                        |                                                              |                                                                      |                                                                                      | Financial<br>Instruments                                    | Cash Collateral<br>Posted | Net Amount |
| Derivative liabilities | \$ 4,502                                                     | \$ —                                                                 | \$ 4,502                                                                             | \$ 233                                                      | \$ —                      | \$ 4,269   |

(1) Includes net interest payable totaling \$30 thousand.

## 11. Fair Value of Financial Instruments

GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the Consolidated Balance Sheets, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparisons to independent markets and, in many cases, could not be realized in immediate settlement of the instrument.

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction. The estimated fair value amounts have been measured as of the respective period-ends, and have not been reevaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk.

The carrying values, fair values and placement in the fair value hierarchy of the Company's financial instruments at June 30, 2025 and December 31, 2024 were as follows:

| June 30, 2025                               |                |            |            |            |           |
|---------------------------------------------|----------------|------------|------------|------------|-----------|
|                                             | Carrying Value | Fair Value | Level 1    | Level 2    | Level 3   |
| (In thousands)                              |                |            |            |            |           |
| Financial Assets:                           |                |            |            |            |           |
| Cash and due from banks                     | \$ 313,998     | \$ 313,998 | \$ 313,998 | \$ —       | \$ —      |
| Federal funds sold                          | 8,466          | 8,466      | 8,466      | —          | —         |
| Marketable equity securities                | 2,188          | 2,188      | 2,188      | —          | —         |
| Available for sale securities               | 103,930        | 103,930    | 64,223     | 39,707     | —         |
| Held to maturity securities                 | 36,434         | 37,764     | —          | —          | 37,764    |
| Loans receivable, net                       | 2,635,742      | 2,630,786  | —          | —          | 2,630,786 |
| Accrued interest receivable                 | 14,741         | 14,741     | —          | 14,741     | —         |
| FHLB stock                                  | 5,051          | 5,051      | —          | 5,051      | —         |
| Servicing asset, net of valuation allowance | 671            | 671        | —          | —          | 671       |
| Derivative asset                            | 5,024          | 5,024      | —          | 5,024      | —         |
| Other real estate owned                     | 1,284          | 1,284      | —          | —          | 1,284     |
| Financial Liabilities:                      |                |            |            |            |           |
| Noninterest bearing deposits                | \$ 397,195     | \$ 397,195 | \$ —       | \$ 397,195 | \$ —      |
| NOW and money market                        | 993,476        | 993,476    | —          | 993,476    | —         |
| Savings                                     | 91,612         | 91,612     | —          | 91,612     | —         |
| Time deposits                               | 1,276,998      | 1,277,723  | —          | —          | 1,277,723 |
| Accrued interest payable                    | 11,843         | 11,843     | —          | 11,843     | —         |
| Advances from the FHLB                      | 75,000         | 74,958     | —          | —          | 74,958    |
| Subordinated debentures                     | 69,574         | 66,826     | —          | —          | 66,826    |
| Servicing liability                         | —              | —          | —          | —          | —         |
| Derivative liability                        | 3,411          | 3,411      | —          | 3,411      | —         |

|                                             | December 31, 2024 |            |            |            |           |
|---------------------------------------------|-------------------|------------|------------|------------|-----------|
|                                             | Carrying Value    | Fair Value | Level 1    | Level 2    | Level 3   |
|                                             | (In thousands)    |            |            |            |           |
| Financial Assets:                           |                   |            |            |            |           |
| Cash and due from banks                     | \$ 293,552        | \$ 293,552 | \$ 293,552 | \$ —       | \$ —      |
| Federal funds sold                          | 13,972            | 13,972     | 13,972     | —          | —         |
| Marketable equity securities                | 2,118             | 2,118      | 2,118      | —          | —         |
| Available for sale securities               | 107,428           | 107,428    | 63,557     | 43,871     | —         |
| Held to maturity securities                 | 36,553            | 36,691     | —          | 29         | 36,662    |
| Loans receivable, net                       | 2,672,959         | 2,637,922  | —          | —          | 2,637,922 |
| Accrued interest receivable                 | 14,535            | 14,535     | —          | 14,535     | —         |
| FHLB stock                                  | 5,655             | 5,655      | —          | 5,655      | —         |
| Servicing asset, net of valuation allowance | 558               | 558        | —          | —          | 558       |
| Derivative asset                            | 7,472             | 7,472      | —          | 7,472      | —         |
| Other real estate owned                     | 8,299             | 8,299      | —          | —          | 8,299     |
| Financial Liabilities:                      |                   |            |            |            |           |
| Noninterest bearing deposits                | \$ 321,875        | \$ 321,875 | \$ —       | \$ 321,875 | \$ —      |
| NOW and money market                        | 1,004,503         | 1,004,503  | —          | 1,004,503  | —         |
| Savings                                     | 90,220            | 90,220     | —          | 90,220     | —         |
| Time deposits                               | 1,370,972         | 1,374,309  | —          | —          | 1,374,309 |
| Accrued interest payable                    | 13,737            | 13,737     | —          | 13,737     | —         |
| Advances from the FHLB                      | 90,000            | 90,045     | —          | —          | 90,045    |
| Subordinated debentures                     | 69,451            | 66,167     | —          | —          | 66,167    |
| Servicing liability                         | —                 | —          | —          | —          | —         |
| Derivative liability                        | 4,472             | 4,472      | —          | 4,472      | —         |

The following methods and assumptions were used by management in estimating the fair value of its financial instruments:

*Cash and due from banks, federal funds sold, accrued interest receivable and accrued interest payable:* The carrying amount is a reasonable estimate of fair value.

*Marketable equity securities and available for sale securities:* Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The majority of the available for sale securities are considered to be Level 2 as other observable inputs are utilized, such as quoted prices for similar securities. Level 1 investment securities include investments in U.S. Treasury notes and in marketable equity securities for which a quoted price is readily available in the market. Level 3 held to maturity securities represent private placement municipal housing authority bonds for which no quoted market price is available. The fair value for these securities is estimated using a discounted cash flow model, using discount rates ranging from 4.2% to 6.6% as of June 30, 2025 and 5.3% to 7.2% as of December 31, 2024. These securities are CRA eligible investments.

*FHLB stock:* The carrying value of FHLB stock approximates fair value based on the most recent redemption provisions of the FHLB.

*Loans receivable:* For variable rate loans which reprice frequently and have no significant change in credit risk, fair values are based on carrying values. The fair value of fixed rate loans are estimated by discounting the future cash flows using the rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The fair value methodology includes prepayment, default and loss severity assumptions applied by type of loan. The fair value estimate of the loans includes an expected credit loss.

*Derivative asset (liability):* The valuation of the Company's interest rate swaps is obtained from a third-party pricing service and is determined using a discounted cash flow analysis on the expected cash flows of each derivative. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves. The Company also considers the creditworthiness of each counterparty for assets and the creditworthiness of the Company for liabilities.

*Deposits:* The fair value of demand deposits, regular savings and certain money market deposits is the amount payable on demand at the reporting date. The fair value of certificates of deposit and other time deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities on such deposits.

*Borrowings and subordinated debentures:* The fair value of the Company's borrowings and subordinated debentures is estimated using a discounted cash flow calculation that applies discount rates currently offered based on similar maturities. The Company also considers its own creditworthiness in determining the fair value of its borrowings and subordinated debt. Contractual cash flows for the subordinated debt are reduced based on the estimated rates of default, the severity of losses to be incurred on a default, and the rates at which the subordinated debt is expected to prepay after the call date.

*Servicing asset (liability):* Servicing assets and liabilities do not trade in an active, open market with readily observable prices. The Company estimates the fair value of servicing assets and liabilities using discounted cash flow models, incorporating numerous assumptions from the perspective of a market participant, including market discount rates.

*Off-balance-sheet instruments:* Loan commitments on which the committed interest rate is less than the current market rate are insignificant at June 30, 2025 and December 31, 2024.

*Other Real Estate Owned ("OREO"):* OREO is held at the lower of cost or fair value and is measured at fair value when recorded below cost. The fair value of OREO is calculated using independent appraisals or internal valuation methods, less estimated selling costs, and may consider available pricing guides, auction results, price opinions, and other factors that are not observable in an active market when determining fair value. Accordingly, OREO are classified within Level 3 of the fair value hierarchy. At June 30, 2025 and December 31, 2024, the fair value of OREO was \$1.3 million and \$8.3 million, respectively.

## 12. Fair Value Measurements

The Company is required to account for certain assets at fair value on a recurring or non-recurring basis. The Company determines fair value in accordance with GAAP, which defines fair value and establishes a framework for measuring fair value. Fair value is defined as 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. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 as of 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; or 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.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time they are susceptible to material near-term changes.

### Financial instruments measured at fair value on a recurring basis

The following table details the financial instruments carried at fair value on a recurring basis at June 30, 2025 and December 31, 2024, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine the fair value. The Company had no transfers into or out of Levels 1, 2 or 3 during the six months ended June 30, 2025 and for the year ended December 31, 2024.

| (In thousands)                            | Fair Value |         |         |
|-------------------------------------------|------------|---------|---------|
|                                           | Level 1    | Level 2 | Level 3 |
| <b>June 30, 2025:</b>                     |            |         |         |
| Marketable equity securities              | \$ 2,188   | \$ —    | \$ —    |
| Available for sale investment securities: |            |         |         |
| U.S. Government and agency obligations    | 64,223     | 26,486  | —       |
| Corporate bonds                           | —          | 13,221  | —       |
| Derivative asset                          | —          | 5,024   | —       |
| Derivative liability                      | —          | 3,411   | —       |
| <b>December 31, 2024:</b>                 |            |         |         |
| Marketable equity securities              | \$ 2,118   | \$ —    | \$ —    |
| Available for sale investment securities: |            |         |         |
| U.S. Government and agency obligations    | 63,557     | 28,025  | —       |
| Corporate bonds                           | —          | 15,846  | —       |
| Derivative asset                          | —          | 7,472   | —       |
| Derivative liability                      | —          | 4,472   | —       |

*Marketable equity securities and available for sale investment securities:* The fair value of the Company's investment securities is estimated by using pricing models or quoted prices of securities with similar characteristics (i.e., matrix pricing) and is classified within Level 1 or Level 2 of the valuation hierarchy. The pricing is primarily sourced from third-party pricing services overseen by management.

*Derivative assets and liabilities:* The Company's derivative assets and liabilities consist of transactions as part of management's strategy to manage interest rate risk. The valuation of the Company's interest rate swaps is obtained from a third-party pricing service and is determined using a discounted cash flow analysis on the expected cash flows of each derivative. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves. The Company has determined that the majority of the inputs used to value its interest rate derivatives fall within Level 2 of the fair value hierarchy.

### Financial instruments measured at fair value on a nonrecurring basis

Certain assets and liabilities are measured at fair value on a non-recurring basis in accordance with GAAP. These include assets that are measured at the lower-of-cost-or-market that were recognized at fair value below cost at the end of the period as well as assets that are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

The following table details the financial instruments measured at fair value on a nonrecurring basis at June 30, 2025 and December 31, 2024, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine the fair value:

| (In thousands)               | Fair Value |         |            |
|------------------------------|------------|---------|------------|
|                              | Level 1    | Level 2 | Level 3    |
| <b>June 30, 2025:</b>        |            |         |            |
| Individually evaluated loans | \$ —       | \$ —    | \$ 63,857  |
| Servicing asset, net         | —          | —       | 671        |
| <b>December 31, 2024:</b>    |            |         |            |
| Individually evaluated loans | \$ —       | \$ —    | \$ 113,901 |
| Servicing asset, net         | —          | —       | 558        |

The following table presents information about quantitative inputs and assumptions for Level 3 financial instruments carried at fair value on a nonrecurring basis at June 30, 2025 and December 31, 2024:

|                              | Fair Value        | Valuation Methodology                                                                | Unobservable Input                                | Range          |
|------------------------------|-------------------|--------------------------------------------------------------------------------------|---------------------------------------------------|----------------|
| (Dollars in thousands)       |                   |                                                                                      |                                                   |                |
| <b>June 30, 2025:</b>        |                   |                                                                                      |                                                   |                |
| Individually evaluated loans | \$ 23,094         | Appraisals                                                                           | Discount to appraised value                       | —% - 8.00%     |
|                              | 37,753            | Appraisals, cash surrender value life insurance, securities, cash held as collateral | Discounts to appraised value and securities value | —% - 8.00%     |
|                              | 3,010             | Discounted cash flows                                                                | Discount rate                                     | 3.38% - 7.91%  |
|                              | <u>\$ 63,857</u>  |                                                                                      |                                                   |                |
| Servicing asset, net         | \$ 671            | Discounted cash flows                                                                | Discount rate                                     | 10.00%         |
|                              |                   |                                                                                      | Prepayment rate                                   | 3.00% - 18.00% |
| <b>December 31, 2024:</b>    |                   |                                                                                      |                                                   |                |
| Individually evaluated loans | \$ 45,203         | Appraisals                                                                           | Discount to appraised value                       | 8.00%          |
|                              | 58,363            | Appraisals, cash surrender value life insurance, securities, cash held as collateral | Discounts to appraised value and securities value | —% - 8.00%     |
|                              | 10,335            | Discounted cash flows                                                                | Discount rate                                     | 3.38% - 10.25% |
|                              | <u>\$ 113,901</u> |                                                                                      |                                                   |                |
| Servicing asset, net         | \$ 558            | Discounted cash flows                                                                | Discount rate                                     | 10.00%         |
|                              |                   |                                                                                      | Prepayment rate                                   | 3.00% - 18.00% |

*Individually evaluated loans:* Loans are generally not recorded at fair value on a recurring basis. 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 also include certain impairment amounts for collateral-dependent loans calculated in accordance with ASC 310-10 when establishing the ACL-Loans. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Collateral is typically valued using appraisals or other

indications of value based on recent comparable sales of similar properties or other assumptions. Estimates of fair value based on collateral are generally based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3. For those loans where the primary source of repayment is cash flow from operations, adjustments include impairment amounts calculated based on the perceived collectability of interest payments on the basis of a discounted cash flow analysis utilizing a discount rate equivalent to the original note rate.

*Servicing assets and liabilities:* When loans are sold, on a servicing retained basis, servicing rights are initially recorded at fair value. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized. The fair value of servicing assets and liabilities are not measured on an ongoing basis but are subject to fair value adjustments when and if the assets or liabilities are deemed to be impaired.

### **13. Subordinated debentures**

On October 14, 2021, the Company completed a private placement of a \$35.0 million fixed-to-floating rate subordinated note (the “2021 Note”) to an institutional accredited investor. The Company used the net proceeds to repay the outstanding balance of subordinated debt issued in 2015 and for general corporate purposes.

The 2021 Note bears interest at a fixed rate of 3.25% per year until October 14, 2026. Thereafter, the interest rate will reset quarterly at a variable rate equal to the then current three-month term SOFR plus 233 basis points. The 2021 Note has a stated maturity of October 15, 2031 and is non-callable for five years. Beginning October 15, 2026, the Company may redeem the 2021 Note, in whole or in part, at its option. The 2021 Note is not redeemable at the option of the holder. The 2021 Note has been structured to qualify for the Company as Tier 2 capital under regulatory guidelines.

On August 19, 2022, the Company entered into a Subordinated Note Purchase Agreement with certain qualified institutional buyers, pursuant to which the Company issued and sold 6.0% fixed-to-floating rate subordinated notes due 2032 (the “2022 Notes”) in the aggregate principal amount of \$35.0 million. The Company used the net proceeds from the sale of the 2022 Notes for general corporate purposes.

The 2022 Notes bear interest at a fixed rate of 6.0% per year until August 31, 2027. Thereafter, the interest rate will reset quarterly at a variable rate equal to the then current three-month term SOFR plus 326 basis points. The 2022 Notes have a stated maturity of September 1, 2032 and are non-callable for five years. Beginning August 19, 2027, the Company may redeem the 2022 Notes, in whole or in part, at its option. The 2022 Notes are not subject to redemption at the option of the holder. The 2022 Notes have been structured to qualify for the Company as Tier 2 capital under regulatory guidelines.

The Company incurred certain costs associated with the issuance of its subordinated debt. The Company capitalized these costs and they have been presented within subordinated debentures on the consolidated balance sheets. At June 30, 2025 and December 31, 2024, unamortized debt issuance costs were \$0.4 million and \$0.5 million, respectively. Debt issuance costs amortize over the expected life of the related debt. For the three months ended June 30, 2025 and 2024 the amortization expense for debt issuance costs were \$62 thousand and \$62 thousand, respectively, and were recognized as an increase to interest expense on borrowings within the Consolidated Statements of Income. For the six months ended June 30, 2025 and 2024 the amortization expense for debt issuance costs were \$123 thousand and \$123 thousand, respectively.

The Company recognized \$0.8 million and \$0.8 million in interest expense related to its subordinated debt for the three-month periods ended June 30, 2025 and 2024, respectively. The Company recognized \$1.6 million and \$1.6 million in interest expense related to its subordinated debt for the six-month periods ended June 30, 2025 and 2024, respectively.

### **14. Subsequent Events**

On July 4, 2025, President Trump signed H.R. 1, the “One Big Beautiful Bill Act,” into law. The legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses beginning in 2025, including the reinstatement of 100% bonus depreciation and more favorable rules for determining the limitation on business interest expense. The Company is currently evaluating the impact on future periods.

On July 28, 2025, the Company’s Board of Directors declared a \$0.20 per share cash dividend, payable on August 22, 2025, to shareholders of record on August 11, 2025.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This section presents management's perspective on our financial condition and results of operations. The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements and related notes contained elsewhere in this report on Form 10-Q. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the Company's Form 10-K filed for the year ended December 31, 2024 in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward-looking statements.*

### General

Bankwell Financial Group, Inc. is a bank holding company headquartered in New Canaan, Connecticut. Through our wholly-owned subsidiary, Bankwell Bank, or the Bank, we serve small and medium-sized businesses and retail clients. We have a history of building long-term client relationships and attracting new clients through what we believe is our superior service and our ability to deliver a diverse product offering.

The following discussion and analysis presents our results of operations and financial condition on a consolidated basis. However, because we conduct all of our material business operations through the Bank, the discussion and analysis relates to activities primarily conducted at the Bank.

We generate most of our revenue from interest on loans and investments and fee-based revenues. Our primary source of funding for our loans is deposits. Our largest expenses are interest on deposits and salaries and related employee benefits. We measure our performance primarily through our net interest margin, efficiency ratio, ratio of ACL-Loans to total loans, return on average assets and return on average equity, among other metrics, while maintaining appropriate regulatory leverage and risk-based capital ratios.

### Executive Overview

We are focused on being the banking provider of choice and serving as an alternative to our larger competitors. We aim to do this through:

- Responsive, client-centric products and services;
- Organic growth and strategic acquisitions when market opportunities present themselves;
- Utilization of efficient and scalable infrastructure; and
- Disciplined focus on risk management.

### Critical Accounting Policies and Estimates

The discussion and analysis of our results of operations and financial condition are based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from our current estimates, as a result of changing conditions and future events. We believe that accounting estimates related to the measurement of the ACL-Loans, the valuation of derivative instruments, investment securities and deferred income taxes, and the evaluation of investment securities for other than temporary impairment are particularly critical and susceptible to significant near-term change.

## Earnings and Performance Overview

Revenues (net interest income plus noninterest income) for the three months ended June 30, 2025 were \$25.9 million, versus \$21.9 million for the three months ended June 30, 2024. Revenues for the six months ended June 30, 2025 were \$49.5 million, versus \$44.0 million for the six months ended June 30, 2024. The increase in revenues for the three and six months ended June 30, 2024 was attributable to a decrease in interest expense on deposits, higher interest income, and higher gains from loan sales.

Net income available to common shareholders was \$9.1 million, or \$1.15 per diluted share, and \$1.1 million, or \$0.14 per diluted share, for the three months ended June 30, 2025 and 2024, respectively. Net income available to common shareholders was \$16.0 million, or \$2.03 per diluted share, and \$4.9 million, or \$0.62 per diluted share, for the six months ended June 30, 2025 and 2024, respectively. The increase in net income for the quarter and six months ended June 30, 2025 was primarily due to the aforementioned increase in revenues and a decrease in provision for credit losses.

Returns on average shareholders' equity and average assets for the three months ended June 30, 2025 were 12.98% and 1.14%, respectively, compared to 1.65% and 0.14%, respectively, for the three months ended June 30, 2024. Returns on average shareholders' equity and average assets for the six months ended June 30, 2025 were 11.59% and 1.00%, respectively, compared to 3.61% and 0.31%, respectively, for the six months ended June 30, 2024.

## Results of Operations

### *Net Interest Income*

Net interest income is the difference between interest earned on loans and securities and interest paid on deposits and other borrowings, and is the primary source of our operating income. Net interest income is affected by the level of interest rates, changes in interest rates and changes in the amount and composition of interest earning assets and interest bearing liabilities. Included in interest income are certain loan fees, such as deferred origination fees and late charges. We convert tax-exempt income to a fully taxable equivalent ("FTE") basis using the statutory federal income tax rate adjusted for applicable state income taxes net of the related federal tax benefit. The average balances are principally daily averages. Interest income on loans includes the effect of deferred loan fees and costs accounted for as yield adjustments. Premium amortization and discount accretion are included in the respective interest income and interest expense amounts.

FTE net interest income for the three months ended June 30, 2025 and 2024 was \$24.1 million and \$21.3 million, respectively. FTE net interest income for the six months ended June 30, 2025 and 2024 was \$46.3 million and \$42.5 million, respectively.

FTE interest income for the three months ended June 30, 2025 increased by \$1.0 million, or 2.2%, to \$48.8 million, compared to FTE interest income for the three months ended June 30, 2024. FTE interest income for the six months ended June 30, 2025 increased by \$1.3 million, or 1.4%, to \$97.4 million, compared to FTE interest income for the six months ended June 30, 2024. This increase was due to an increase in interest and fees on loans due to higher overall loan yields.

Interest expense for the three months ended June 30, 2025 decreased by \$1.7 million compared to interest expense for the three months ended June 30, 2024. Interest expense for the six months ended June 30, 2025 decreased by \$2.5 million compared to interest expense for the six months ended June 30, 2024. The decrease in interest expense for the three and six months ended June 30, 2025 was driven by a decrease in interest expense on deposits, resulting from a decrease in rates on interest bearing deposits and improved deposit mix.

*Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rates and Interest Differential*

The following tables present the average balances and yields earned on interest earning assets and average balances and weighted average rates paid on our funding liabilities for the three and six months ended June 30, 2025 and 2024.

|                                              | For the Quarter Ended |           |                           |                 |           |                           |
|----------------------------------------------|-----------------------|-----------|---------------------------|-----------------|-----------|---------------------------|
|                                              | June 30, 2025         |           |                           | June 30, 2024   |           |                           |
|                                              | Average Balance       | Interest  | Yield/Rate <sup>(4)</sup> | Average Balance | Interest  | Yield/Rate <sup>(4)</sup> |
| <b>Assets:</b>                               |                       |           |                           |                 |           |                           |
| Cash and Fed funds sold                      | \$ 296,054            | \$ 3,043  | 4.12 %                    | \$ 273,301      | \$ 3,429  | 5.05 %                    |
| Securities <sup>(1)</sup>                    | 149,475               | 1,535     | 4.11                      | 137,360         | 1,139     | 3.32                      |
| <b>Loans:</b>                                |                       |           |                           |                 |           |                           |
| Commercial real estate                       | 1,788,354             | 27,427    | 6.07                      | 1,901,189       | 27,654    | 5.75                      |
| Residential real estate                      | 37,549                | 597       | 6.36                      | 49,046          | 772       | 6.30                      |
| Construction                                 | 196,373               | 3,851     | 7.76                      | 159,184         | 2,871     | 7.14                      |
| Commercial business                          | 558,237               | 11,195    | 7.93                      | 523,382         | 11,028    | 8.34                      |
| Consumer                                     | 72,137                | 1,058     | 5.88                      | 42,335          | 735       | 6.98                      |
| Total loans                                  | 2,652,650             | 44,128    | 6.58                      | 2,675,136       | 43,060    | 6.37                      |
| Federal Home Loan Bank stock                 | 5,000                 | 86        | 6.85                      | 5,655           | 118       | 8.47                      |
| Total earning assets                         | 3,103,179             | \$ 48,792 | 6.22 %                    | 3,091,452       | \$ 47,746 | 6.11 %                    |
| Other assets                                 | 88,967                |           |                           | 95,453          |           |                           |
| Total assets                                 | \$ 3,192,146          |           |                           | \$ 3,186,905    |           |                           |
| <b>Liabilities and shareholders' equity:</b> |                       |           |                           |                 |           |                           |
| <b>Interest bearing liabilities:</b>         |                       |           |                           |                 |           |                           |
| NOW                                          | \$ 107,818            | \$ 77     | 0.29 %                    | \$ 107,310      | \$ 49     | 0.18 %                    |
| Money market                                 | 898,777               | 8,579     | 3.83                      | 833,489         | 8,552     | 4.13                      |
| Savings                                      | 91,415                | 667       | 2.93                      | 90,987          | 688       | 3.04                      |
| Time                                         | 1,273,372             | 13,760    | 4.33                      | 1,291,595       | 15,388    | 4.76                      |
| Total interest bearing deposits              | 2,371,382             | 23,083    | 3.90                      | 2,323,381       | 24,677    | 4.27                      |
| Borrowed Money                               | 138,380               | 1,630     | 4.72                      | 159,288         | 1,783     | 4.50                      |
| Total interest bearing liabilities           | 2,509,762             | \$ 24,713 | 3.95 %                    | 2,482,669       | \$ 26,460 | 4.29 %                    |
| Noninterest bearing deposits                 | 352,623               |           |                           | 368,516         |           |                           |
| Other liabilities                            | 48,956                |           |                           | 63,177          |           |                           |
| Total liabilities                            | 2,911,341             |           |                           | 2,914,362       |           |                           |
| Shareholders' equity                         | 280,805               |           |                           | 272,543         |           |                           |
| Total liabilities and shareholders' equity   | \$ 3,192,146          |           |                           | \$ 3,186,905    |           |                           |
| Net interest income <sup>(2)</sup>           |                       | \$ 24,079 |                           |                 | \$ 21,286 |                           |
| Interest rate spread                         |                       |           | 2.27 %                    |                 |           | 1.82 %                    |
| Net interest margin <sup>(3)</sup>           |                       |           | 3.10 %                    |                 |           | 2.75 %                    |

(1) Average balances and yields for securities are based on amortized cost.

(2) The adjustment for securities and loans taxable equivalency amounted to \$143 thousand and \$67 thousand for the three months ended June 30, 2025 and 2024, respectively.

(3) Annualized net interest income as a percentage of earning assets.

(4) Yields are calculated using the contractual day count convention for each respective product type.

|                                            | For the Six Months Ended |           |                               |                    |           |                               |
|--------------------------------------------|--------------------------|-----------|-------------------------------|--------------------|-----------|-------------------------------|
|                                            | June 30, 2025            |           |                               | June 30, 2024      |           |                               |
|                                            | Average<br>Balance       | Interest  | Yield/<br>Rate <sup>(4)</sup> | Average<br>Balance | Interest  | Yield/<br>Rate <sup>(4)</sup> |
| Assets:                                    |                          |           |                               |                    |           |                               |
| Cash and Fed funds sold                    | \$ 322,498               | \$ 6,600  | 4.13 %                        | \$ 282,981         | \$ 7,255  | 5.16 %                        |
| Securities <sup>(1)</sup>                  | 150,059                  | 3,011     | 4.01                          | 136,049            | 2,199     | 3.23                          |
| Loans:                                     |                          |           |                               |                    |           |                               |
| Commercial real estate                     | 1,818,282                | 55,710    | 6.09                          | 1,911,896          | 56,295    | 5.82                          |
| Residential real estate                    | 39,544                   | 1,230     | 6.22                          | 49,624             | 1,490     | 6.01                          |
| Construction                               | 187,674                  | 7,320     | 7.76                          | 160,080            | 5,844     | 7.22                          |
| Commercial business                        | 533,310                  | 21,204    | 7.91                          | 520,188            | 21,314    | 8.10                          |
| Consumer                                   | 76,784                   | 2,139     | 5.62                          | 41,150             | 1,442     | 7.05                          |
| Total loans                                | 2,655,594                | 87,603    | 6.56                          | 2,682,938          | 86,385    | 6.37                          |
| Federal Home Loan Bank stock               | 4,799                    | 196       | 8.21                          | 5,678              | 239       | 8.49                          |
| Total earning assets                       | 3,132,950                | \$ 97,410 | 6.18 %                        | 3,107,646          | \$ 96,078 | 6.12 %                        |
| Other assets                               | 89,353                   |           |                               | 93,179             |           |                               |
| Total assets                               | \$ 3,222,303             |           |                               | \$ 3,200,825       |           |                               |
| Liabilities and shareholders' equity:      |                          |           |                               |                    |           |                               |
| Interest bearing liabilities:              |                          |           |                               |                    |           |                               |
| NOW                                        | \$ 103,675               | \$ 187    | 0.36 %                        | \$ 99,493          | \$ 88     | 0.18 %                        |
| Money market                               | 896,084                  | 17,100    | 3.85                          | 858,670            | 17,698    | 4.14                          |
| Savings                                    | 89,800                   | 1,325     | 2.98                          | 91,979             | 1,402     | 3.06                          |
| Time                                       | 1,325,630                | 29,243    | 4.45                          | 1,304,332          | 30,851    | 4.76                          |
| Total interest bearing deposits            | 2,415,189                | 47,855    | 4.00                          | 2,354,474          | 50,039    | 4.27                          |
| Borrowed Money                             | 136,161                  | 3,269     | 4.84                          | 159,257            | 3,555     | 4.49                          |
| Total interest bearing liabilities         | 2,551,350                | \$ 51,124 | 4.04 %                        | 2,513,731          | \$ 53,594 | 4.29 %                        |
| Noninterest bearing deposits               | 343,261                  |           |                               | 352,768            |           |                               |
| Other liabilities                          | 49,752                   |           |                               | 62,775             |           |                               |
| Total liabilities                          | 2,944,363                |           |                               | 2,929,274          |           |                               |
| Shareholders' equity                       | 277,940                  |           |                               | 271,551            |           |                               |
| Total liabilities and shareholders' equity | \$ 3,222,303             |           |                               | \$ 3,200,825       |           |                               |
| Net interest income <sup>(2)</sup>         |                          | \$ 46,286 |                               |                    | \$ 42,484 |                               |
| Interest rate spread                       |                          |           | 2.14 %                        |                    |           | 1.83 %                        |
| Net interest margin <sup>(3)</sup>         |                          |           | 2.95 %                        |                    |           | 2.73 %                        |

(1) Average balances and yields for securities are based on amortized cost.

(2) The adjustment for securities and loans taxable equivalency amounted to \$285 thousand and \$118 thousand for the six months ended June 30, 2025 and 2024, respectively.

(3) Annualized net interest income as a percentage of earning assets.

(4) Yields are calculated using the contractual day count convention for each respective product type.

*Effect of changes in interest rates and volume of average earning assets and average interest bearing liabilities*

The following table shows the extent to which changes in interest rates and changes in the volume of average earning assets and average interest bearing liabilities have affected net interest income. For each category of earning assets and interest bearing liabilities, information is provided relating to: changes in volume (changes in average balances multiplied by the prior year's average interest rates); changes in rates (changes in average interest rates multiplied by the prior year's average balances); and the total change. Changes attributable to both volume and rate have been allocated proportionately based on the relationship of the absolute dollar amount of change in each.

| <i>(In thousands)</i>                        | Three Months Ended June 30, 2025 vs 2024<br>Increase (Decrease) |                 |                 | Six Months Ended<br>June 30, 2025 vs 2024<br>Increase (Decrease) |                 |                 |
|----------------------------------------------|-----------------------------------------------------------------|-----------------|-----------------|------------------------------------------------------------------|-----------------|-----------------|
|                                              | Volume                                                          | Rate            | Total           | Volume                                                           | Rate            | Total           |
| Interest and dividend income:                |                                                                 |                 |                 |                                                                  |                 |                 |
| Cash and Fed funds sold                      | \$ 270                                                          | \$ (656)        | \$ (386)        | \$ 933                                                           | \$ (1,587)      | \$ (654)        |
| Securities                                   | 107                                                             | 289             | 396             | 243                                                              | 569             | 812             |
| Loans:                                       |                                                                 |                 |                 |                                                                  |                 |                 |
| Commercial real estate                       | (1,688)                                                         | 1,461           | (227)           | (2,822)                                                          | 2,237           | (585)           |
| Residential real estate                      | (183)                                                           | 8               | (175)           | (312)                                                            | 51              | (261)           |
| Construction                                 | 713                                                             | 267             | 980             | 1,058                                                            | 417             | 1,475           |
| Commercial business                          | 714                                                             | (547)           | 167             | 531                                                              | (640)           | (109)           |
| Consumer                                     | 453                                                             | (129)           | 324             | 1,050                                                            | (353)           | 697             |
| Total loans                                  | 9                                                               | 1,060           | 1,069           | (495)                                                            | 1,712           | 1,217           |
| Federal Home Loan Bank stock                 | (13)                                                            | (21)            | (34)            | (36)                                                             | (8)             | (44)            |
| Total change in interest and dividend income | 373                                                             | 672             | 1,045           | 645                                                              | 686             | 1,331           |
| Interest expense:                            |                                                                 |                 |                 |                                                                  |                 |                 |
| Deposits:                                    |                                                                 |                 |                 |                                                                  |                 |                 |
| NOW                                          | —                                                               | 28              | 28              | 4                                                                | 95              | 99              |
| Money market                                 | 647                                                             | (620)           | 27              | 752                                                              | (1,351)         | (599)           |
| Savings                                      | 3                                                               | (24)            | (21)            | (33)                                                             | (44)            | (77)            |
| Time                                         | (215)                                                           | (1,414)         | (1,629)         | 498                                                              | (2,106)         | (1,608)         |
| Total deposits                               | 435                                                             | (2,030)         | (1,595)         | 1,221                                                            | (3,406)         | (2,185)         |
| Borrowed money                               | (242)                                                           | 89              | (153)           | (545)                                                            | 259             | (286)           |
| Total change in interest expense             | 193                                                             | (1,941)         | (1,748)         | 676                                                              | (3,147)         | (2,471)         |
| <b>Change in net interest income</b>         | <b>\$ 180</b>                                                   | <b>\$ 2,613</b> | <b>\$ 2,793</b> | <b>\$ (31)</b>                                                   | <b>\$ 3,833</b> | <b>\$ 3,802</b> |

*(Credit) Provision for Credit Losses*

The (credit) provision for credit losses is based on management's periodic assessment of the adequacy of our ACL-Loans and ACL-Unfunded Commitments which, in turn, is based on interrelated factors such as the composition of our loan portfolio and its inherent risk characteristics, the level of nonperforming loans and net charge-offs, both current and historic, local economic and credit conditions, the direction of real estate values, and regulatory guidelines. The provision for credit losses is charged against earnings in order to maintain our ACL-Loans and ACL-Unfunded Commitments and reflects management's best estimate of probable losses inherent in our loan portfolio as of the balance sheet date.

The credit for credit losses for the three months ended June 30, 2025 was \$0.4 million compared to a provision for credit losses of \$8.2 million for the three months ended June 30, 2024. The provision for credit losses for the six months ended June 30, 2025 was \$0.1 million compared to a provision for credit losses of \$11.9 million for the six months ended June 30, 2024.

### Noninterest Income

Noninterest income is a component of our revenue and is comprised primarily of fees generated from deposit relationships with our clients, fees generated from sales and referrals of loans, and income earned on bank-owned life insurance.

The following tables compare noninterest income for the three and six months ended June 30, 2025 and 2024:

| <i>(Dollars in thousands)</i>      | Three Months Ended<br>June 30, |               | Change          |                  |
|------------------------------------|--------------------------------|---------------|-----------------|------------------|
|                                    | 2025                           | 2024          | \$              | %                |
| Gains and fees from sales of loans | \$ 1,080                       | \$ 45         | \$ 1,035        | Favorable        |
| Bank-owned life insurance          | 352                            | 333           | 19              | 5.7              |
| Service charges and fees           | 674                            | 495           | 179             | 36.2             |
| Other                              | (94)                           | (190)         | 96              | Favorable        |
| <b>Total noninterest income</b>    | <b>\$ 2,012</b>                | <b>\$ 683</b> | <b>\$ 1,329</b> | <b>Favorable</b> |

| <i>(Dollars in thousands)</i>      | Six Months Ended<br>June 30, |                 | Change          |                  |
|------------------------------------|------------------------------|-----------------|-----------------|------------------|
|                                    | 2025                         | 2024            | \$              | %                |
| Gains and fees from sales of loans | \$ 1,522                     | \$ 366          | \$ 1,156        | Favorable        |
| Bank-owned life insurance          | 696                          | 662             | 34              | 5.1              |
| Service charges and fees           | 1,276                        | 799             | 477             | 59.7             |
| Other                              | 23                           | (229)           | 252             | Favorable        |
| <b>Total noninterest income</b>    | <b>\$ 3,517</b>              | <b>\$ 1,598</b> | <b>\$ 1,919</b> | <b>Favorable</b> |

Noninterest income increased by \$1.3 million for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Noninterest income increased by \$1.9 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase in noninterest income for the three and six months ended June 30, 2025 was driven by higher gains from loan sales.

## Noninterest Expense

The following tables compare noninterest expense for the three and six months ended June 30, 2025 and 2024:

| <i>(Dollars in thousands)</i>    | Three Months Ended<br>June 30, |                  | Change          |               |
|----------------------------------|--------------------------------|------------------|-----------------|---------------|
|                                  | 2025                           | 2024             | \$              | %             |
| Salaries and employee benefits   | \$ 7,521                       | \$ 6,176         | \$ 1,345        | 21.8 %        |
| Occupancy and equipment          | 2,505                          | 2,238            | 267             | 11.9          |
| Professional services            | 1,632                          | 989              | 643             | 65.0          |
| Data processing                  | 712                            | 755              | (43)            | (5.7)         |
| Director fees                    | 333                            | 306              | 27              | 8.8           |
| FDIC insurance                   | 684                            | 705              | (21)            | (3.0)         |
| Marketing                        | 218                            | 90               | 128             | 142.2         |
| Other                            | 941                            | 986              | (45)            | (4.6)         |
| <b>Total noninterest expense</b> | <b>\$ 14,546</b>               | <b>\$ 12,245</b> | <b>\$ 2,301</b> | <b>18.8 %</b> |

| <i>(Dollars in thousands)</i>    | Six Months Ended<br>June 30, |                  | Change          |               |
|----------------------------------|------------------------------|------------------|-----------------|---------------|
|                                  | 2025                         | 2024             | \$              | %             |
| Salaries and employee benefits   | \$ 14,573                    | \$ 12,467        | \$ 2,106        | 16.9 %        |
| Occupancy and equipment          | 5,080                        | 4,561            | 519             | 11.4          |
| Professional services            | 3,161                        | 2,054            | 1,107           | 53.9          |
| Data processing                  | 1,597                        | 1,495            | 102             | 6.8           |
| Director fees                    | 681                          | 1,206            | (525)           | (43.5)        |
| FDIC insurance                   | 1,463                        | 1,635            | (172)           | (10.5)        |
| Marketing                        | 360                          | 203              | 157             | 77.3          |
| Other                            | 1,772                        | 1,921            | (149)           | (7.8)         |
| <b>Total noninterest expense</b> | <b>\$ 28,687</b>             | <b>\$ 25,542</b> | <b>\$ 3,145</b> | <b>12.3 %</b> |

Noninterest expense increased by \$2.3 million to \$14.5 million for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Noninterest expense increased by \$3.1 million to \$28.7 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase in noninterest expense was primarily driven by an increase in salaries and employee benefits mainly related to additional new hires. Additionally, professional services increased as a result of new initiatives including recruiting costs.

## Income Taxes

Income tax expense for the three months ended June 30, 2025 and 2024 totaled \$2.7 million and \$0.4 million, respectively. The effective tax rates for the three months ended June 30, 2025 and 2024 were 23.1% and 24.2%, respectively. Income tax expense for the six months ended June 30, 2025 and 2024 totaled \$4.8 million and \$1.7 million, respectively. The effective tax rates for the six months ended June 30, 2025 and 2024 were 23.1% and 25.5%, respectively.

## Financial Condition

### Summary

Assets totaled \$3.2 billion at June 30, 2025 a decrease of \$31.9 million or 1.0% compared to December 31, 2024. Gross loans totaled \$2.7 billion at June 30, 2025, a decrease of \$36.9 million or 1.4% compared to December 31, 2024. Deposits totaled \$2.8 billion at June 30, 2025, a decrease of \$28.3 million, or 1.0% compared to December 31, 2024.

Shareholders' equity totaled \$283.3 million as of June 30, 2025, an increase of \$1.2 million compared to December 31, 2024, primarily a result of net income of \$16.0 million for the six months ended June 30, 2025. The increase was partially offset by dividends paid of \$3.1 million and share repurchases of \$1.3 million.

## Loan Portfolio

We originate commercial real estate loans, construction loans, commercial business loans and consumer loans in our market. We also pursue certain types of commercial lending opportunities outside our market, particularly where we have strong business relationships. Our loan portfolio is the largest category of our earning assets.

Total loans before deferred loan fees and the ACL-Loans were \$2.7 billion at June 30, 2025 and \$2.7 billion at December 31, 2024. Total gross loans decreased \$36.9 million as of June 30, 2025 compared to the year ended December 31, 2024.

The following table compares the composition of our loan portfolio for the dates indicated:

| <i>(In thousands)</i> | At June 30, 2025    | At December 31, 2024 | Change             |
|-----------------------|---------------------|----------------------|--------------------|
| Real estate loans:    |                     |                      |                    |
| Residential           | \$ 34,978           | \$ 42,766            | \$ (7,788)         |
| Commercial            | 1,802,224           | 1,899,134            | (96,910)           |
| Construction          | 203,758             | 173,555              | 30,203             |
|                       | 2,040,960           | 2,115,455            | (74,495)           |
| Commercial business   | 559,221             | 515,125              | 44,096             |
| Consumer              | 68,801              | 75,308               | (6,507)            |
| <b>Total loans</b>    | <b>\$ 2,668,982</b> | <b>\$ 2,705,888</b>  | <b>\$ (36,906)</b> |

The following table compares the composition of our commercial real estate loan portfolio by non-owner occupied and owner occupied loans at June 30, 2025 and December 31, 2024:

|                                                         | At June 30, 2025    |                 | At December 31, 2024 |                 | Change             |
|---------------------------------------------------------|---------------------|-----------------|----------------------|-----------------|--------------------|
|                                                         | Total               | %               | Total                | %               | Total              |
| <i>(Dollars in thousands)</i>                           |                     |                 |                      |                 |                    |
| Commercial real estate loans:                           |                     |                 |                      |                 |                    |
| Non-owner occupied                                      | \$ 1,077,313        | 59.78 %         | \$ 1,174,712         | 61.86 %         | \$ (97,399)        |
| Owner occupied                                          | 724,701             | 40.22           | 724,203              | 38.14           | 498                |
| <b>Total commercial real estate loans<sup>(1)</sup></b> | <b>\$ 1,802,014</b> | <b>100.00 %</b> | <b>\$ 1,898,915</b>  | <b>100.00 %</b> | <b>\$ (96,901)</b> |

(1) Excludes the positive fair value effect of the portfolio layer swap of \$210 thousand and the positive fair value effective of the portfolio layer swap of \$219 thousand for Commercial Real Estate at June 30, 2025 and December 31, 2024, respectively.

The following table compares the composition of our commercial real estate loan portfolio by property type, and collateral location as of June 30, 2025:

| Commercial Real Estate          | CT                | All Other NY      | NYC               | NJ               | FL                | PA               | OH               | All Other         | Total <sup>(1)</sup> |
|---------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|----------------------|
| <i>(Dollars in thousands)</i>   |                   |                   |                   |                  |                   |                  |                  |                   |                      |
| Residential care <sup>(2)</sup> | \$ —              | \$ 64,539         | \$ 57,973         | \$ 4,800         | \$ 235,296        | \$ 22,554        | \$ 64,398        | \$ 201,284        | \$ 650,844           |
| Retail                          | 97,486            | 73,044            | 7,303             | 15,540           | 8,399             | 33,481           | 3,364            | 84,506            | 323,123              |
| Multifamily                     | 136,915           | 30,843            | 50,031            | 7,069            | —                 | 19,920           | —                | —                 | 244,778              |
| Office                          | 46,680            | 10,128            | 2,966             | 29,304           | 2,204             | —                | —                | 58,405            | 149,687              |
| Industrial / warehouse          | 66,407            | 19,296            | 19,399            | 16,899           | 2,675             | —                | —                | 15,135            | 139,811              |
| Mixed use                       | 41,709            | 19,046            | 49,386            | —                | —                 | —                | —                | —                 | 110,141              |
| Medical office                  | 40,495            | 12,130            | 1,382             | —                | —                 | 3,900            | 4,735            | 18,847            | 81,489               |
| 1-4 family investment           | 11,243            | 1,580             | 1,860             | 2,114            | 17,031            | —                | —                | —                 | 33,828               |
| All other <sup>(3)</sup>        | 19,752            | 25,661            | 22,900            | —                | —                 | —                | —                | —                 | 68,313               |
|                                 | <u>\$ 460,687</u> | <u>\$ 256,267</u> | <u>\$ 213,200</u> | <u>\$ 75,726</u> | <u>\$ 265,605</u> | <u>\$ 79,855</u> | <u>\$ 72,497</u> | <u>\$ 378,177</u> | <u>\$ 1,802,014</u>  |

(1) Excludes the positive fair value effect of the portfolio layer swap of \$210 thousand for Commercial Real Estate at June 30, 2025.

(2) Primarily consists of skilled nursing and assisted living facilities.

(3) Includes Special use, self storage, and land.

As of June 30, 2025, the Bank had \$149.7 million of loans collateralized by offices, which represented 8.3% of the total loan portfolio. Most of the properties in this portfolio are in suburban locations. 95.2% of this portfolio was pass rated, and there was one relationship totaling \$5.5 million on nonaccrual status. As of June 30, 2025, the Bank had \$244.8 million of loans collateralized by multifamily properties, which represented 9.2% of the total loan portfolio. 89.0% of this portfolio is pass rated and current; these properties are all located in Connecticut, New York, or New Jersey, with eight properties, totaling \$50.0 million, located in New York City. 78.3% of the New York City exposure is located in Brooklyn, 11.9% in Manhattan and the remaining 9.8% in Queens.

The following table presents an analysis of the commercial real estate portfolio's loan to value at origination and by property type as of June 30, 2025.

| Commercial Real Estate          | Total CRE Portfolio <sup>(1)</sup> | Percentage of Total CRE Portfolio | Loan to Value % |
|---------------------------------|------------------------------------|-----------------------------------|-----------------|
| <i>(Dollars in thousands)</i>   |                                    |                                   |                 |
| Property Type                   |                                    |                                   |                 |
| Residential care <sup>(2)</sup> | \$ 650,844                         | 36.1 %                            | 65.8 %          |
| Retail                          | 323,123                            | 17.9                              | 62.9            |
| Multifamily                     | 244,778                            | 13.6                              | 61.5            |
| Office                          | 149,687                            | 8.3                               | 63.8            |
| Industrial / warehouse          | 139,811                            | 7.8                               | 63.3            |
| Mixed use                       | 110,141                            | 6.1                               | 60.4            |
| Medical office                  | 81,489                             | 4.5                               | 62.8            |
| 1-4 family investment           | 33,828                             | 1.9                               | 61.1            |
| All other                       | 68,313                             | 3.8                               | 53.7            |
| Total                           | <u>\$ 1,802,014</u>                | <u>100.0 %</u>                    | <u>63.3 %</u>   |

(1) Excludes the positive fair value effect of the portfolio layer swap of \$210 thousand for Commercial Real Estate at June 30, 2025.

(2) Primarily consists of skilled nursing and assisted living facilities.

## Asset Quality

We actively manage asset quality through our underwriting practices and collection operations. Our Board of Directors monitors credit risk management. The Directors Loan Committee ("DLC") has primary oversight responsibility for the credit-granting function including approval authority for credit-granting policies, review of management's credit-granting activities and approval of large exposure credit requests, as well as loan review and problem loan management and resolution. The committee reports the results of its respective oversight functions to our Board of Directors. In addition, our Board of Directors receives information concerning asset quality measurements and trends on a monthly basis. While we continue to adhere to prudent underwriting standards, our loan portfolio is not immune to potential negative consequences as a result of general economic weakness, such as a prolonged downturn in the housing market or commercial real estate market on a national scale. Decreases in real estate values could adversely affect the value of property used as collateral for loans. In addition, adverse changes in the economy could have a negative effect on the ability of borrowers to make scheduled loan payments, which would likely have an adverse impact on earnings.

The Company has established credit policies applicable to each type of lending activity in which it engages. The Company evaluates the creditworthiness of each client and extends credit of up to 80% of the market value of the collateral, (85% maximum for owner occupied commercial real estate), depending on the client's creditworthiness and the type of collateral. The client's ability to service the debt is monitored on an ongoing basis. Real estate is the primary form of collateral. Other important forms of collateral are business assets, time deposits and marketable securities. While collateral provides assurance as a secondary source of repayment, the Company ordinarily requires the primary source of repayment for commercial loans to be based on the client's ability to generate continuing cash flows. The Company does not provide first or second consumer mortgage loans secured by residential properties but has a small legacy portfolio which continues to amortize, pay off due to the sale of the collateral, or refinance away from the Company.

*Credit quality indicators.* To measure credit risk for the loan portfolios, the Company employs a credit risk rating system. This risk rating represents an assessed level of a loan's risk based on the character and creditworthiness of the borrower/guarantor, the capacity of the borrower to adequately service the debt, any credit enhancements or additional sources of repayment, and the quality, value and coverage of the collateral, if any. The following table presents credit risk ratings as of June 30, 2025 and December 31, 2024:

|                                | Credit Risk Ratings   |                     |
|--------------------------------|-----------------------|---------------------|
|                                | June 30, 2025         | December 31, 2024   |
|                                | <i>(In thousands)</i> |                     |
| Pass                           | \$ 2,522,889          | \$ 2,557,136        |
| Special Mention <sup>(1)</sup> | 119,989               | 93,214              |
| Substandard                    | 26,078                | 54,083              |
| Doubtful                       | 26                    | 1,455               |
| Loss                           | —                     | —                   |
| <b>Total loans</b>             | <b>\$ 2,668,982</b>   | <b>\$ 2,705,888</b> |

(1) 99.6% and 99.6% of Risk Rated 6 loans are current on payments, 96.5% and 93.0% are guaranteed by ultra-high net worth sponsors as of June 30, 2025 and December 31, 2024, respectively.

Credit risk management involves a partnership between our relationship managers and our credit approval, portfolio management, credit administration and collections teams. Disciplined underwriting, portfolio monitoring and early problem recognition are important aspects of maintaining our high credit quality standards.

*Nonperforming assets.* Nonperforming assets include nonaccrual loans and property acquired through foreclosures or repossession. The following table presents nonperforming assets and additional asset quality data for the dates indicated:

| <i>(In thousands)</i>                   | At June 30, 2025 | At December 31, 2024 |
|-----------------------------------------|------------------|----------------------|
| Nonaccrual loans:                       |                  |                      |
| Real estate loans:                      |                  |                      |
| Residential                             | \$ 617           | \$ 791               |
| Commercial                              | 16,387           | 44,814               |
| Commercial business                     | 6,871            | 7,672                |
| Construction                            | —                | —                    |
| Consumer                                | —                | —                    |
| Total nonaccrual loans                  | 23,875           | 53,277               |
| Other real estate owned                 | 1,284            | 8,299                |
| <b>Total nonperforming assets</b>       | <b>\$ 25,159</b> | <b>\$ 61,576</b>     |
| Nonperforming assets to total assets    | 0.78 %           | 1.88 %               |
| Nonaccrual loans to total loans         | 0.89 %           | 1.97 %               |
| ACL-loans as a % of total loans         | 1.10 %           | 1.07 %               |
| ACL-loans as a % of nonperforming loans | 122.54 %         | 54.45 %              |
| Total past due loans to total loans     | 0.91 %           | 1.63 %               |

Nonaccrual loans totaled \$23.9 million at June 30, 2025 and \$53.3 million at December 31, 2024. In the first quarter of 2025, the Company sold a \$27.1 million multifamily commercial real estate loan on nonperforming status at par value.

There was \$1.3 million Other Real Estate Owned ("OREO") at June 30, 2025 and \$8.3 million of OREO at December 31, 2024. During the first quarter of 2025, the Company sold a property that it had acquired during the fourth quarter of 2024 and held as an OREO asset. The OREO asset had previously secured a nonperforming construction loan. The Company received net proceeds from the sale of such OREO in the amount of \$8.3 million. In the second quarter of 2025, the Company took title to an industrial property, resulting in an OREO asset of \$1.3 million. Efforts to market the property for sale are ongoing.

#### *Allowance for Credit Losses - Loans ("ACL-Loans")*

Our Board of Directors has adopted an Allowance for Credit Losses policy designed to provide management with a methodology for determining and documenting the allowance for credit losses for each reporting period. We evaluate the adequacy of the ACL-Loans at least quarterly, and in determining our ACL-Loans, we estimate losses on specific loans, or groups of loans, where the probable loss can be identified and reasonably determined. The balance of our ACL-Loans is based on internally assigned risk classifications of loans, the Bank's and peer banks' historical loss experience, changes in the nature of the loan portfolio, overall portfolio quality, industry concentrations, delinquency trends, current economic factors and the estimated impact of current economic conditions on certain historical loan loss rates.

Our general practice is to identify problem credits early and recognize full or partial charge-offs as promptly as practicable when it is determined that it is probable that the loan will not be repaid according to its original contractual terms, including principal and interest. Full or partial charge-offs on collateral dependent loans are recognized when the collateral is deemed to be insufficient to support the carrying value of the loan. We do not recognize a recovery when an updated appraisal indicates a subsequent increase in value of the collateral.

Our charge-off policies, which comply with standards established by our banking regulators, are consistently applied from period to period. Charge-offs are recorded on a monthly basis, as incurred. Partially charged-off loans continue to be evaluated on a monthly basis and additional charge-offs or provisions for credit losses may be recorded on the remaining loan balance based on the same criteria.

The following table presents the activity in our ACL-Loans and related ratios for the dates indicated:

| <i>(Dollars in thousands)</i>                | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|----------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                              | 2025                           | 2024             | 2025                         | 2024             |
| Balance at beginning of period               | \$ 29,485                      | \$ 27,991        | \$ 29,007                    | \$ 27,946        |
| Charge-offs:                                 |                                |                  |                              |                  |
| Residential real estate                      | —                              | (9)              | —                            | (141)            |
| Commercial real estate                       | —                              | (522)            | (67)                         | (3,828)          |
| Commercial business                          | (15)                           | —                | (15)                         | (197)            |
| Consumer                                     | (5)                            | (12)             | (38)                         | (61)             |
| Total charge-offs                            | (20)                           | (543)            | (120)                        | (4,227)          |
| Recoveries:                                  |                                |                  |                              |                  |
| Residential real estate                      | —                              | 141              | —                            | 141              |
| Commercial real estate                       | —                              | 113              | —                            | 113              |
| Commercial business                          | 112                            | —                | 116                          | 27               |
| Consumer                                     | 10                             | 13               | 46                           | 17               |
| Total recoveries                             | 122                            | 267              | 162                          | 298              |
| Net recoveries (charge-offs)                 | 102                            | (276)            | 42                           | (3,929)          |
| (Credit) provision for credit losses - loans | (331)                          | 8,368            | 207                          | 12,066           |
| <b>Balance at end of period</b>              | <b>\$ 29,256</b>               | <b>\$ 36,083</b> | <b>\$ 29,256</b>             | <b>\$ 36,083</b> |
| Net charge-offs to average loans             | — %                            | 0.01 %           | — %                          | 0.15 %           |
| ACL-Loans to total loans                     | 1.10 %                         | 1.36 %           | 1.10 %                       | 1.36 %           |

At June 30, 2025, our ACL-Loans was \$29.3 million and represented 1.10% of total gross loans, compared to \$29.0 million or 1.07% of total gross loans, at December 31, 2024.

The following table presents the allocation of the ACL-Loans balance and the related allocation percentage of these loans across the total loan portfolio:

| <i>(Dollars in thousands)</i> | June 30, 2025       |                         |                                              | December 31, 2024   |                         |                                              |
|-------------------------------|---------------------|-------------------------|----------------------------------------------|---------------------|-------------------------|----------------------------------------------|
|                               | ACL-Loans<br>Amount | ACL-Loans<br>Percentage | Loan Segment to<br>Total Loans<br>Percentage | ACL-Loans<br>Amount | ACL-Loans<br>Percentage | Loan Segment to<br>Total Loans<br>Percentage |
| Residential real estate       | \$ 65               | 0.2 %                   | 1.3 %                                        | \$ 94               | 0.3 %                   | 1.6 %                                        |
| Commercial real estate        | 19,292              | 66.0                    | 67.5                                         | 21,838              | 75.3                    | 70.2                                         |
| Construction                  | 2,904               | 9.9                     | 7.6                                          | 2,059               | 7.1                     | 6.4                                          |
| Commercial business           | 5,526               | 18.9                    | 21.0                                         | 4,070               | 14.0                    | 19.0                                         |
| Consumer                      | 1,469               | 5.0                     | 2.6                                          | 946                 | 3.3                     | 2.8                                          |
| <b>Total ACL-Loans</b>        | <b>\$ 29,256</b>    | <b>100.0 %</b>          | <b>100.0 %</b>                               | <b>\$ 29,007</b>    | <b>100.0 %</b>          | <b>100.0 %</b>                               |

The allocation of the ACL-Loans at June 30, 2025 reflects our assessment of credit risk and probable loss within each portfolio. We believe that the level of the ACL-Loans at June 30, 2025 is appropriate to cover probable losses.

#### ***ACL- Unfunded Commitments***

The ACL-Unfunded Commitments provision is based on "forward looking" losses inherent with funding the unused portion of legal commitments to lend. The reserve for unfunded credit commitments is included within other liabilities in the accompanying Consolidated Balance Sheets. Changes in the ACL-Unfunded Commitments are reported as a component of the Provision for credit losses in the accompanying Consolidated Statements of Income.

### Investment Securities

At June 30, 2025, the carrying value of our investment securities portfolio totaled \$142.6 million and represented 4.4% of total assets, compared to \$146.1 million, or 4.5% of total assets, at December 31, 2024.

The net unrealized loss position on our investment portfolio at June 30, 2025 was \$1.8 million and included gross unrealized gains of \$1.8 million. The net unrealized loss position on our investment portfolio at December 31, 2024 was \$4.9 million and included gross unrealized gains of \$1.3 million.

### Deposit Activities and Other Sources of Funds

| (Dollars in thousands)     | June 30, 2025       |                | December 31, 2024   |                |
|----------------------------|---------------------|----------------|---------------------|----------------|
|                            | Amount              | Percent        | Amount              | Percent        |
| Noninterest bearing demand | \$ 397,195          | 14.4 %         | \$ 321,875          | 11.5 %         |
| NOW                        | 118,019             | 4.3            | 105,090             | 3.8            |
| Money market               | 875,457             | 31.7           | 899,413             | 32.3           |
| Savings                    | 91,612              | 3.3            | 90,220              | 3.2            |
| Time                       | 1,276,998           | 46.3           | 1,370,972           | 49.2           |
| <b>Total deposits</b>      | <b>\$ 2,759,281</b> | <b>100.0 %</b> | <b>\$ 2,787,570</b> | <b>100.0 %</b> |

Total deposits were \$2.8 billion at June 30, 2025, a decrease of \$28.3 million, from the balance at December 31, 2024.

Brokered certificates of deposits totaled \$570.2 million at June 30, 2025 and \$651.5 million at December 31, 2024, respectively. Brokered money market accounts totaled \$53.7 million at June 30, 2025 and \$53.5 million at December 31, 2024, respectively. Certificates of deposits from national listing services were \$68.4 million and \$109.1 million as of June 30, 2025 and December 31, 2024, respectively. There were no one-way buy CDARS or one-way buy ICS at June 30, 2025 or December 31, 2024. Brokered deposits are comprised of Brokered CDs, brokered money market accounts, one-way buy CDARS, and one-way buy ICS.

As of June 30, 2025, our FDIC insured deposits were \$1,903.8 million, or 69% of total deposits. Additionally, deposits totaling \$120.0 million, or 4% of total deposits, are secured by standby letters of credit with the Federal Home Loan Bank of Boston.

At June 30, 2025 and December 31, 2024, time deposits with a denomination of \$100 thousand or more, including CDARS and brokered deposits, totaled \$1.1 billion and \$1.2 billion, respectively, maturing during the periods indicated in the table below:

| (Dollars in thousands)           | June 30, 2025       | December 31, 2024   |
|----------------------------------|---------------------|---------------------|
| Maturing:                        |                     |                     |
| Within 3 months                  | \$ 307,865          | \$ 421,808          |
| After 3 but within 6 months      | 279,705             | 326,115             |
| After 6 months but within 1 year | 507,416             | 419,098             |
| After 1 year                     | 2,643               | 19,429              |
| <b>Total</b>                     | <b>\$ 1,097,629</b> | <b>\$ 1,186,450</b> |

We utilize advances from the Federal Home Loan Bank of Boston, or FHLB, as part of our overall funding strategy and to meet short-term liquidity needs, and to a lesser degree, manage interest rate risk arising from the difference in asset and liability maturities. Total FHLB advances were \$75.0 million and \$90.0 million June 30, 2025 and December 31, 2024, respectively.

The Bank has additional borrowing capacity at the FHLB up to a certain percentage of the value of qualified collateral. In accordance with agreements with the FHLB, the qualified collateral must be free and clear of liens, pledges and encumbrances. At June 30, 2025, the Bank had pledged \$795.0 million of eligible loans as collateral to support borrowing capacity at the FHLB. As of June 30, 2025, the Bank had immediate availability to borrow an additional \$329.6 million from the FHLB based on qualified collateral.

At June 30, 2025, the Bank had a secured borrowing line with the FRB, a letter of credit with the FHLB, and unsecured lines of credit with Zions Bank, Pacific Coast Bankers Bank ("PCBB"), and Atlantic Community Bankers Bank ("ACBB"). The total borrowing line, letter, or line of credit and the amount outstanding at June 30, 2025 is summarized below:

|              | June 30, 2025                  |                   |
|--------------|--------------------------------|-------------------|
|              | Total Letter or Line of Credit | Total Outstanding |
|              | <i>(Dollars in thousands)</i>  |                   |
| FRB          | \$ 656,492                     | \$ —              |
| FHLB         | 514,338                        | 184,726           |
| Zions Bank   | 45,000                         | —                 |
| PCBB         | 38,000                         | —                 |
| ACBB         | 12,000                         | —                 |
| <b>Total</b> | <b>\$ 1,265,830</b>            | <b>\$ 184,726</b> |

## Liquidity and Capital Resources

### Liquidity Management

Liquidity is defined as the ability to generate sufficient cash flows to meet all present and future funding requirements at reasonable costs. Our primary source of liquidity is deposits. While our generally preferred funding strategy is to attract and retain low cost deposits, our ability to do so is affected by competitive interest rates and terms in the marketplace. Other sources of funding include discretionary use of purchased liabilities (e.g., FHLB term advances and other borrowings), cash flows from our investment securities portfolios, loan sales, loan repayments and earnings. Investment securities designated as Available for sale may also be sold in response to short-term or long-term liquidity needs.

The Bank's liquidity positions are monitored daily by management. The Asset Liability Committee ("ALCO") establishes guidelines to ensure maintenance of prudent levels of liquidity. ALCO reports to the Company's Board of Directors.

The Bank has a detailed liquidity funding policy and a contingency funding plan that provide for the prompt and comprehensive response to unexpected demands for liquidity. We employ a stress testing methodology to estimate needs for contingent funding that could result from unexpected outflows of funds in excess of "business as usual" cash flows. The Bank has established unsecured borrowing capacity with Zions Bank, PCBB, and ACBB. The Bank also maintains additional collateralized borrowing capacity with the FRB and the FHLB in excess of levels used in the ordinary course of business. Our sources of liquidity include cash, unpledged investment securities, borrowings from the FRB, FHLB, lines of credit from Zions Bank, PCBB, and ACBB, the brokered deposit market and national CD listing services.

### Capital Resources

Shareholders' equity totaled \$283.3 million as of June 30, 2025, an increase of \$12.8 million compared to December 31, 2024, primarily a result of net income of \$16.0 million for the six months ended June 30, 2025. The increase was partially offset by dividends paid of \$3.1 million and share repurchases of \$1.3 million.

The Bank and Company are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. At June 30, 2025, the Bank met all capital adequacy requirements to which it was subject and exceeded the regulatory minimum capital levels to be considered well-capitalized under the regulatory framework for prompt corrective action. At June 30, 2025, the Bank's ratio of Common Equity Tier 1 capital to risk-weighted assets was 12.20%, total capital to risk-weighted assets was 12.20%, Tier 1 capital to risk-weighted assets was 13.28% and Tier 1 capital to average assets was 10.57%. At June 30, 2025, the Company met all capital adequacy requirements to which it was subject and exceeded the regulatory minimum capital levels to be considered well-capitalized under the regulatory framework for prompt corrective action. At June 30, 2025, the Company's ratio of Common Equity Tier 1 capital to risk-weighted assets was 10.18%, total capital to risk-weighted assets was 10.18%, Tier 1 capital to risk-weighted assets was 13.78% and Tier 1 capital to average assets was 8.81%.

Under the current guidelines, banking organizations must have a minimum total risk-based capital ratio of 8.0%, a minimum Tier 1 risk-based capital ratio of 6.0%, a minimum common equity Tier 1 risk-based capital ratio of 4.5%, and a minimum

leverage ratio of 4.0% in order to be "adequately capitalized." In addition to these requirements, banking organizations must maintain a capital conservation buffer consisting of common Tier 1 equity in an amount above the minimum risk-based capital requirements for "adequately capitalized" institutions equal to 2.5% of total risk-weighted assets, resulting in a requirement for the Company and the Bank to effectively maintain common equity Tier 1, Tier 1 and total capital ratios of 7.0%, 8.5% and 10.5%, respectively. The Company and the Bank must maintain the capital conservation buffer to avoid restrictions on the ability to pay dividends, pay discretionary bonuses, or to engage in share repurchases.

#### **Asset/Liability Management and Interest Rate Risk**

We measure interest rate risk using simulation analysis to calculate earnings and equity at risk. These risk measures are quantified using simulation software from one of the leading firms in the field of asset/liability modeling. Key assumptions relate to the behavior of interest rates and spreads, prepayment speeds and the run-off of deposits. From such simulations, interest rate risk, or IRR, is quantified and appropriate strategies are formulated and implemented. We model IRR by using two primary risk measurement techniques: simulation of net interest income and simulation of economic value of equity. These two measurements are complementary and provide both short-term and long-term risk profiles for the Company. Because both baseline simulations assume that our balance sheet will remain static over the simulation horizon, the results do not reflect adjustments in strategy that ALCO could implement in response to rate shifts. The simulation analyses are updated quarterly.

We use a net interest income at risk simulation to measure the sensitivity of net interest income to changes in market rates. This simulation captures underlying product behaviors, such as asset and liability repricing dates, balloon dates, interest rate indices and spreads, rate caps and floors, as well as other behavioral attributes. The simulation of net interest income also requires a number of key assumptions such as: (i) prepayment projections for loans and securities that are projected under each interest rate scenario using internal and external mortgage analytics; (ii) new business loan rates that are based on recent new business origination experience; and (iii) deposit pricing assumptions for non-maturity deposits reflecting the Bank's history, management judgment and core deposit studies. Combined, these assumptions can be inherently uncertain, and as a result, actual results may differ from simulation forecasts due to the timing, magnitude and frequency of interest rate changes, future business conditions, as well as unanticipated changes in management strategies.

We use two sets of standard scenarios to measure net interest income at risk. For the Parallel Ramp Scenarios, rate changes are ramped over a twelve-month horizon based upon a parallel yield curve shift and then maintained at those levels over the remainder of the simulation horizon. Parallel Shock Scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Simulation analysis involves projecting a future balance sheet structure and interest income and expense under the various rate scenarios. Internal policy regarding internal rate risk simulations currently specifies that for instantaneous parallel shifts of the yield curve, estimated net interest income at risk for the subsequent one-year period should not decline by more than: 6% for a 100 basis point shift; 12% for a 200 basis point shift; and 18% for a 300 basis point shift. Per Company policy, the Bank should not be outside these limits for twelve consecutive months unless the Bank's forecasted capital ratios are considered to be "well capitalized". As of June 30, 2025, the Bank has met all minimum regulatory capital requirements to be considered "well capitalized".

The following tables set forth the estimated percentage change in our net interest income at risk over one-year simulation periods beginning June 30, 2025 and December 31, 2024:

**Parallel Ramp**

| <u>Rate Changes (basis points)</u> | <b>Estimated Percent Change in Net Interest Income</b> |                          |
|------------------------------------|--------------------------------------------------------|--------------------------|
|                                    | <b>June 30, 2025</b>                                   | <b>December 31, 2024</b> |
| -100                               | (1.10)%                                                | 0.40 %                   |
| +200                               | 2.00                                                   | (1.00)                   |

**Parallel Shock**

| <u>Rate Changes (basis points)</u> | <b>Estimated Percent Change in Net Interest Income</b> |                          |
|------------------------------------|--------------------------------------------------------|--------------------------|
|                                    | <b>June 30, 2025</b>                                   | <b>December 31, 2024</b> |
| -100                               | (3.90)%                                                | (1.00)%                  |
| +100                               | 3.70                                                   | 0.60                     |
| +200                               | 7.00                                                   | 0.80                     |
| +300                               | 10.70                                                  | 1.40                     |

The net interest income at risk simulation results indicate that, as of June 30, 2025, we remain liability sensitive. The liability sensitivity is due to the fact that there are more liabilities than assets subject to repricing as market rates change.

We conduct an economic value of equity at risk simulation in tandem with net interest income simulations, to ascertain a longer term view of our interest rate risk position by capturing longer-term repricing risk and options risk embedded in the balance sheet. It measures the sensitivity of economic value of equity to changes in interest rates. The economic value of equity at risk simulation values only the current balance sheet and does not incorporate the growth assumptions used in one of the income simulations. As with the net interest income simulation, this simulation captures product characteristics such as loan resets, repricing terms, maturity dates, rate caps and floors. Key assumptions include loan prepayment speeds, deposit pricing elasticity and non-maturity deposit attrition rates. These assumptions can have significant impacts on valuation results as the assumptions remain in effect for the entire life of each asset and liability. All key assumptions are subject to a periodic review.

Base case economic value of equity at risk is calculated by estimating the net present value of all future cash flows from existing assets and liabilities using current interest rates. The base case scenario assumes that future interest rates remain unchanged.

The following table sets forth the estimated percentage change in our economic value of equity at risk, assuming various shifts in interest rates:

| <u>Rate Changes (basis points)</u> | <b>Estimated Percent Change in Economic Value of Equity ("EVE")</b> |                          |
|------------------------------------|---------------------------------------------------------------------|--------------------------|
|                                    | <b>June 30, 2025</b>                                                | <b>December 31, 2024</b> |
| -100                               | (0.30)%                                                             | 0.40 %                   |
| +100                               | (0.50)                                                              | (1.30)                   |
| +200                               | (1.70)                                                              | (3.60)                   |
| +300                               | (2.30)                                                              | (4.70)                   |

While ALCO reviews and updates simulation assumptions and also periodically back-tests the simulation results to ensure that the assumptions are reasonable and current, income simulation may not always prove to be an accurate indicator of interest rate risk or future net interest margin. Over time, the repricing, maturity and prepayment characteristics of financial instruments and the composition of our balance sheet may change to a different degree than estimated. ALCO recognizes that deposit balances could shift into higher yielding alternatives as market rates change. ALCO has modeled increased costs of deposits in the rising rate simulation scenarios presented above.

It should be noted that the static balance sheet assumption does not necessarily reflect our expectation for future balance sheet growth, which is a function of the business environment and client behavior. Another significant simulation assumption is the sensitivity of core deposits to fluctuations in interest rates. Income simulation results assume that changes in both core savings

deposit rates and balances are related to changes in short-term interest rates. Lastly, mortgage-backed securities and mortgage loans involve a level of risk that unforeseen changes in prepayment speeds may cause related cash flows to vary significantly in differing rate environments. Such changes could affect the level of reinvestment risk associated with cash flow from these instruments, as well as their market value. Changes in prepayment speeds could also increase or decrease the amortization of premium or accretion of discounts related to such instruments, thereby affecting interest income.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Interest Rate Risk Management**

Interest rate risk management is our primary market risk. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Asset/Liability Management and Interest Rate Risk” herein for a discussion of our management of our interest rate risk.

#### **Impact of Inflation**

Our financial statements and related data contained in this quarterly report have been prepared in accordance with GAAP, which requires the measure of financial position and operating results in terms of historic dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Inflation generally increases the costs of funds and operating overhead, and to the extent loans and other assets bear variable rates, the yields on such assets. Unlike the assets and liabilities of most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant effect on the performance of a financial institution than the effects of general levels of inflation. In addition, inflation affects a financial institution’s cost of goods and services purchased, the cost of salaries and benefits, occupancy expense and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings and shareholders’ equity.

### **Item 4. Controls and Procedures**

(a) Evaluation of disclosure controls and procedures:

The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period reported on in this report, the Company’s disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiary) required to be included in the Company’s periodic SEC filings.

(b) Change in internal controls:

There has been no change in the Company’s internal control over financial reporting during the quarter ended June 30, 2025 that has materially affected, or is reasonably likely to affect, the Company’s internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

The Company and the Bank are periodically involved in various legal proceedings as normal incident to their businesses. In the opinion of management, no material loss is expected from any such pending lawsuit.

### Item 1A. Risk Factors

There were no material changes in risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### *Issuer Purchases of Equity Securities*

The following table includes information with respect to repurchases of the Company's Common Stock during the three-month period ended June 30, 2025 under the Company's share repurchase program.

| Issuer Purchases of Equity Securities |                                                 |                                            |                                                                                                 |                                                                                                                                            |
|---------------------------------------|-------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Period                                | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup> |
| April 1, 2025 - April 30, 2025        | 14,626                                          | \$ 28.86                                   | 14,626                                                                                          | 205,450                                                                                                                                    |
| May 1, 2025 - May 31, 2025            | —                                               | —                                          | —                                                                                               | 205,450                                                                                                                                    |
| June 1, 2025 - June 30, 2025          | —                                               | —                                          | —                                                                                               | 205,450                                                                                                                                    |
| Total                                 | 14,626                                          | \$ 28.86                                   | 14,626                                                                                          |                                                                                                                                            |

(1) On December 19, 2018, the Company's Board of Directors authorized a share repurchase program of up to 400,000 shares of the Company's Common Stock (the "Prior Plan"). On October 27, 2021, the Company's Board of Directors authorized the repurchase of an additional 200,000 shares under the Prior Plan. To date, the Company has purchased 535,802 shares of the Company's common stock pursuant to the Prior Plan.

On October 28, 2024, the Company announced that on October 23, 2024, its Board of Directors authorized a share repurchase plan ("New Plan"). Under the terms of the New Plan, the Company is authorized to purchase up to 250,000 shares of its outstanding common stock. In connection with the authorization of the New Plan, the Company terminated the Prior Plan.

The Company intends to accomplish the share repurchases through open market transactions, although the Company could accomplish repurchases through other means, such as privately negotiated transactions. The timing, price and volume of repurchases will be based on market conditions, relevant securities laws (such as 10b-18 and 10b5-1 rules under the Securities Exchange Act of 1934) and other factors. The New Plan does not obligate the Company to acquire any particular amount of common stock, and it may be modified or suspended at any time at the Company's discretion. The Company expects to fund any repurchases from cash on hand.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The following exhibits are filed herewith:

31.1 [Certification of Christopher R. Gruseke pursuant to Rule 13a-14\(a\)](#)

31.2 [Certification of Courtney E. Sacchetti pursuant to Rule 13a-14\(a\)](#)

32 [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

101 The following materials from Bankwell Financial Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2025, formatted in Inline eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.

104 Cover Page Interactive Data File (formatting in Inline XBRL and contained in Exhibit 101)

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 6, 2025

Bankwell Financial Group, Inc.

/s/ Christopher R. Gruseke

Christopher R. Gruseke

Chief Executive Officer

Date: August 6, 2025

/s/ Courtney E. Sacchetti

Courtney E. Sacchetti

Executive Vice President and Chief  
Financial Officer

(Principal Financial Officer)

**Exhibit 31.1**

**CERTIFICATIONS**

I, Christopher R. Gruseke certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bankwell Financial Group, Inc.
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 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 13a-15(f) and 15d-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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) 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
  - (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.
5. The Registrant's other certifying officer 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.

Date: August 6, 2025

/s/ Christopher R. Gruseke

Christopher R. Gruseke  
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATIONS**

I, Courtney E. Sacchetti certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bankwell Financial Group, Inc.
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 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 13a-15(f) and 15d-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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) 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
  - (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.
5. The Registrant's other certifying officer 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.

Date: August 6, 2025

/s/ Courtney E. Sacchetti

Courtney E. Sacchetti

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**Exhibit 32**

**CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Christopher R. Gruseke and Courtney E. Sacchetti hereby jointly certify as follows:

They are the Chief Executive Officer and the Chief Financial Officer, respectively, of Bankwell Financial Group, Inc. (the “Company”);

To the best of their knowledge, the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the “Report”) complies in all material respects with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

To the best of their knowledge, based upon a review of the Report, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher R. Gruseke

---

**Christopher R. Gruseke**

Chief Executive Officer

Date: August 6, 2025

/s/ Courtney E. Sacchetti

---

**Courtney E. Sacchetti**

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: August 6, 2025

The foregoing certification is being furnished solely pursuant to 12 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.