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# 4Q22 Investor Presentation

January 25<sup>th</sup>, 2023

This presentation may contain certain forward-looking statements about Bankwell Financial Group, Inc. (the “Company”). Forward-looking statements include statements regarding anticipated future events and can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believe,” “expect,” “would,” “should,” “could,” or “may.” Forward-looking statements, by their nature, are subject to risks and uncertainties. Certain factors that could cause actual results to differ materially from expected results include increased competitive pressures, changes in the interest rate environment, general economic conditions or conditions within the securities markets, and legislative and regulatory changes that could adversely affect the business in which the Company and its subsidiaries are engaged. The COVID-19 pandemic continues to affect Bankwell Financial Group, its customers, counterparties, employees, and third party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is unknown.



- 4Q22 & 2022 Performance
- Trends
- Credit Quality & ALLL
- Loan Portfolio
- Capital
- Bankwell History & Overview





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# 4Q22 & 2022 Performance

- Reported Net Income of \$8.02 million, or \$1.04 earnings per share (EPS) for the quarter, and \$37.43 million, or \$4.79 earnings per share for the full year
  - Full year Operating EPS of \$4.29 excludes previously reported items of elevated fees associated with loan prepayments (\$0.25 EPS) and changes in the allowance for loan loss (\$0.25 EPS)
- Reported Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were 1.07% and 13.38%, respectively for the quarter, and 1.44% and 16.72% for the full year
  - Full year Operating ROAA and ROAE were 1.29% and 14.98%, respectively, excluding the previously reported items above
- Reported Pre-tax, Pre-provision Net Revenue (“PPNR”)<sup>1</sup> of \$14.87 million, or 1.98% PPNR ROAA for the quarter, and \$53.42 million, or 2.05% PPNR ROAA for the full year
  - Full year Operating PPNR of \$50.92 million, or 1.96% PPNR ROAA, excluding the previously reported elevated fees
- Record loan growth of \$389 million in the quarter, with year-to-date loan growth of \$781 million, or 41%
  - Loans funded at a weighted average yield of 7.23% during the quarter
- Quarterly Net Interest Margin (“NIM”) of 3.70%, year-to-date NIM of 3.78%

<sup>1</sup> Pre-tax, pre-provision net revenue per share is a non-GAAP metric & excludes provision for loan losses and income tax expense

<sup>2</sup> Core deposit (Commercial and Consumer checking, savings and money market accounts) growth from 9/30/2022 through 01/10/2023



## Profitability

	4Q22	Total Year 2022
• Net Income	\$8.0 million	\$37.4 million
• PPNR	\$14.9 million	\$53.4 million
• Return on Average Assets	1.07%	1.44%
• PPNR / Average Assets	1.98%	2.05%
• Return on Average Equity	13.38%	16.72%

## Balance Sheet

- \$2.7 billion of gross loans
- \$2.8 billion of deposits
- 0.84% ALLL (non-CECL); CECL adoption in January 2023

## Capital

- Dividend of \$0.20 per share paid
- \$30.51 Fully Diluted Tangible Book Value
- Well Capitalized<sup>1,2</sup>

<i>Tier 1 Leverage</i>	<i>9.88%</i>
<i>Tier1/CET1 / RWA</i>	<i>10.28%</i>
<i>Total Capital / RWA</i>	<i>11.07%</i>

<sup>1</sup> Ratios presented represent Bank ratios; presented ratios are preliminary, subject to finalization of the FDIC Call Report

<sup>2</sup> Bankwell meets Adequate + buffer standard, which exceeds Well Capitalized thresholds



Dollars in millions, except per share data

Income Statement	4Q22	3Q22	Var <sup>1</sup>	Balance Sheet	4Q22	3Q22	Var <sup>1</sup>
Total Interest Income	\$39.6	\$29.7	\$9.9	Cash & Cash Equivalents	\$356	\$223	\$133
Total Interest Expense	\$12.8	\$5.1	\$(7.7)	Investment Securities	\$122	\$113	\$9
<i>Net Interest Income</i>	<i>\$26.8</i>	<i>\$24.6</i>	<i>\$2.2</i>	Loans Receivable, net	\$2,646	\$2,263	\$383
Non-Interest Income	\$0.5	\$0.4	\$0.1	All Other Assets	\$129	\$123	\$6
Non-Interest Expense	\$12.5	\$11.0	\$(1.4)	<b>Total Assets</b>	<b>\$3,252</b>	<b>\$2,723</b>	<b>\$529</b>
<b>Pre-Tax, Pre-Provision Net Revenue</b>	<b>\$14.9</b>	<b>\$14.0</b>	<b>\$0.9</b>	Total Deposits	\$2,801	\$2,287	\$514
Provision for Loan Losses	\$4.3	\$2.4	\$(1.9)	Total Borrowings	\$159	\$159	\$0
Pre-Tax Income	\$10.6	\$11.6	\$(1.0)	Other Liabilities	\$55	\$46	\$9
Income Tax Expense	\$2.6	\$2.4	\$(0.2)	<b>Total Liabilities</b>	<b>\$3,014</b>	<b>\$2,491</b>	<b>\$523</b>
<b>Reported Net Income</b>	<b>\$8.0</b>	<b>\$9.2</b>	<b>\$(1.2)</b>	Equity	\$238	\$231	\$7
EPS	\$1.04	\$1.18	\$(0.14)	<b>Total Liabilities &amp; Equity</b>	<b>\$3,252</b>	<b>\$2,723</b>	<b>\$529</b>
<i>Pre-Tax, Pre-Provision Net Revenue per share<sup>2</sup></i>	<i>\$1.97</i>	<i>\$1.84</i>	<i>\$0.13</i>				

<sup>1</sup> Variances are rounded based on actual whole dollar amounts

<sup>2</sup> Pre-tax, pre-provision net revenue per share is a non-GAAP metric & excludes provision for loan losses and income tax expense



Dollars in millions, except per share data

Income Statement	2022	2021	Var <sup>1</sup>
Total Interest Income	\$117.9	\$81.4	\$36.6
Total Interest Expense	\$23.2	\$13.5	\$(9.7)
<i>Net Interest Income</i>	<i>\$94.7</i>	<i>\$67.9</i>	<i>\$26.9</i>
Non-Interest Income <sup>2</sup>	\$3.0	\$5.7	\$(2.6)
Non-Interest Expense	\$44.4	\$39.7	\$(4.6)
<b>Pre-Tax, Pre-Provision Net Revenue</b>	<b>\$53.4</b>	<b>\$33.8</b>	<b>\$19.6</b>
Provision/(Credit) for Loan Losses	\$5.4	\$(0.1)	\$(5.5)
Pre-Tax Income	\$48.0	\$33.9	\$14.1
Income Tax Expense	\$10.6	\$7.3	\$(3.3)
<b>Reported Net Income</b>	<b>\$37.4</b>	<b>\$26.6</b>	<b>\$10.8</b>
EPS	\$4.79	\$3.36	\$1.43
<i>Pre-Tax, Pre-Provision Net Revenue per share<sup>3</sup></i>	<i>\$6.99</i>	<i>\$4.36</i>	<i>\$2.64</i>

<sup>1</sup> Variances are rounded based on actual whole dollar amounts

<sup>2</sup> 2021 includes the one-time benefit for the federal payroll tax credit for COVID-19-impacted small businesses

<sup>3</sup> Pre-tax, pre-provision net revenue per share is a non-GAAP metric & excludes provision for loan losses and income tax expense



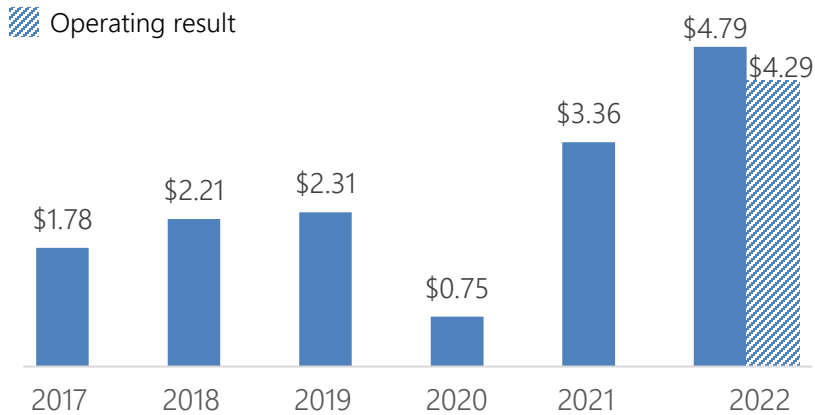




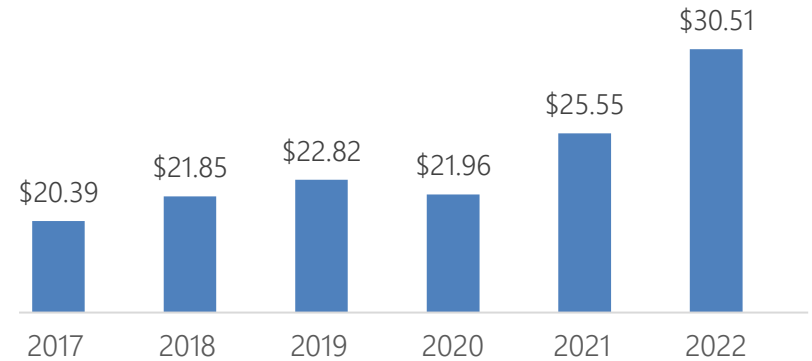
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# Trends

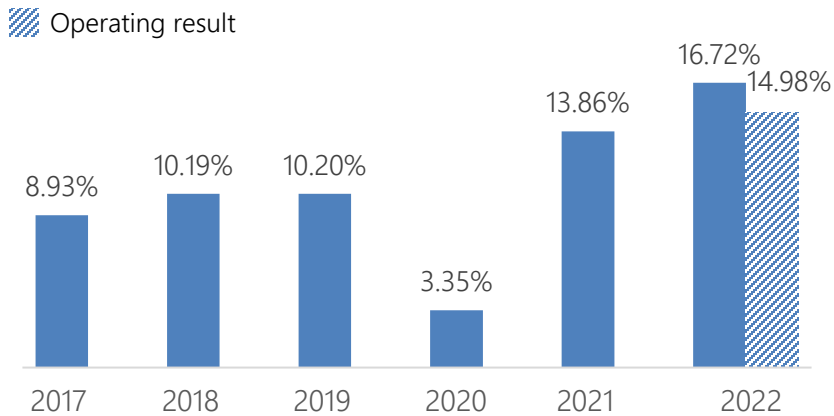
## Diluted EPS



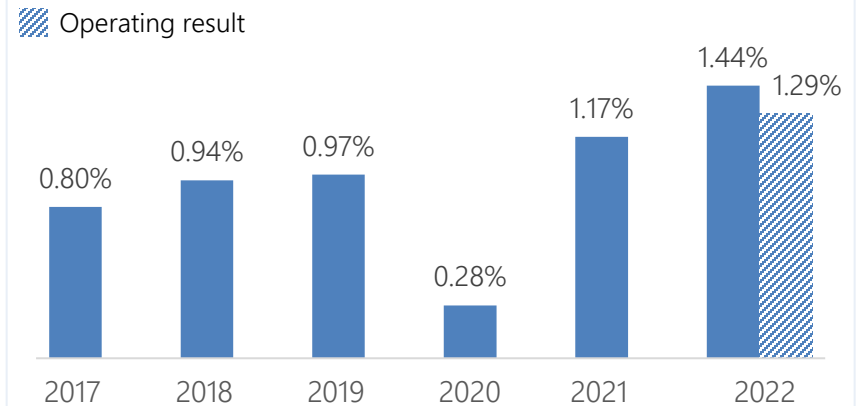
## Fully Diluted Tangible Book Value



## Return on Average Equity

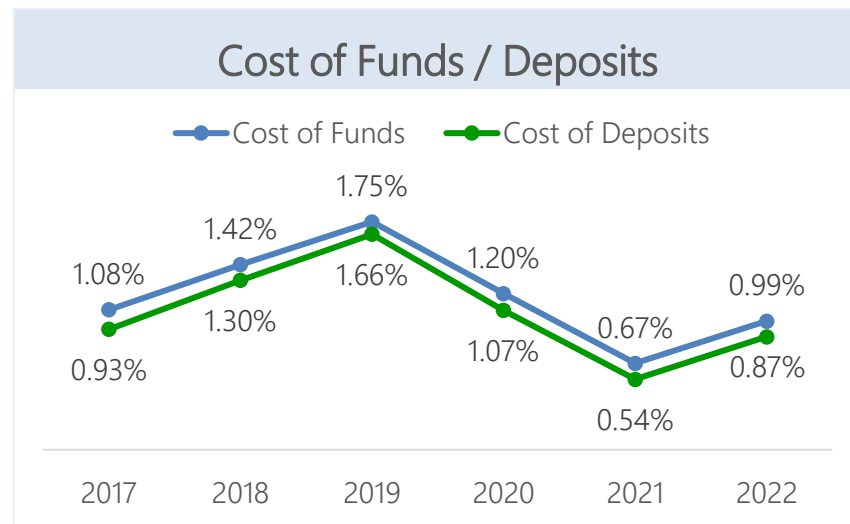
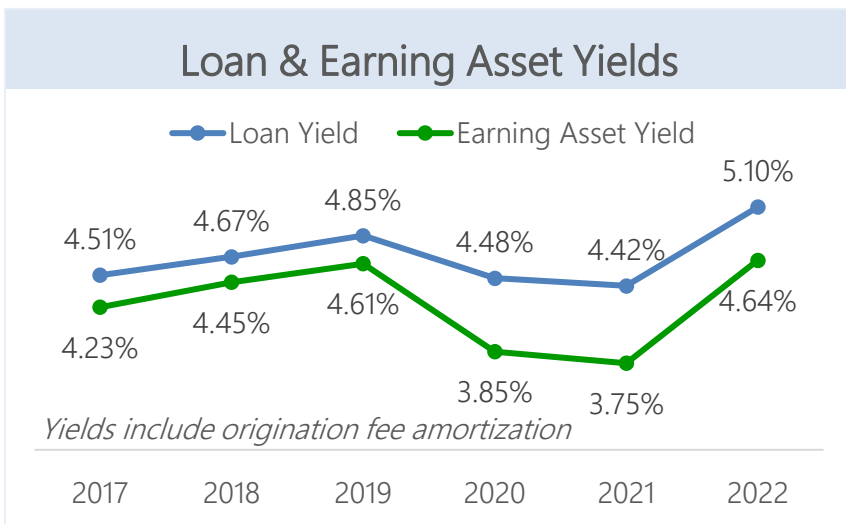
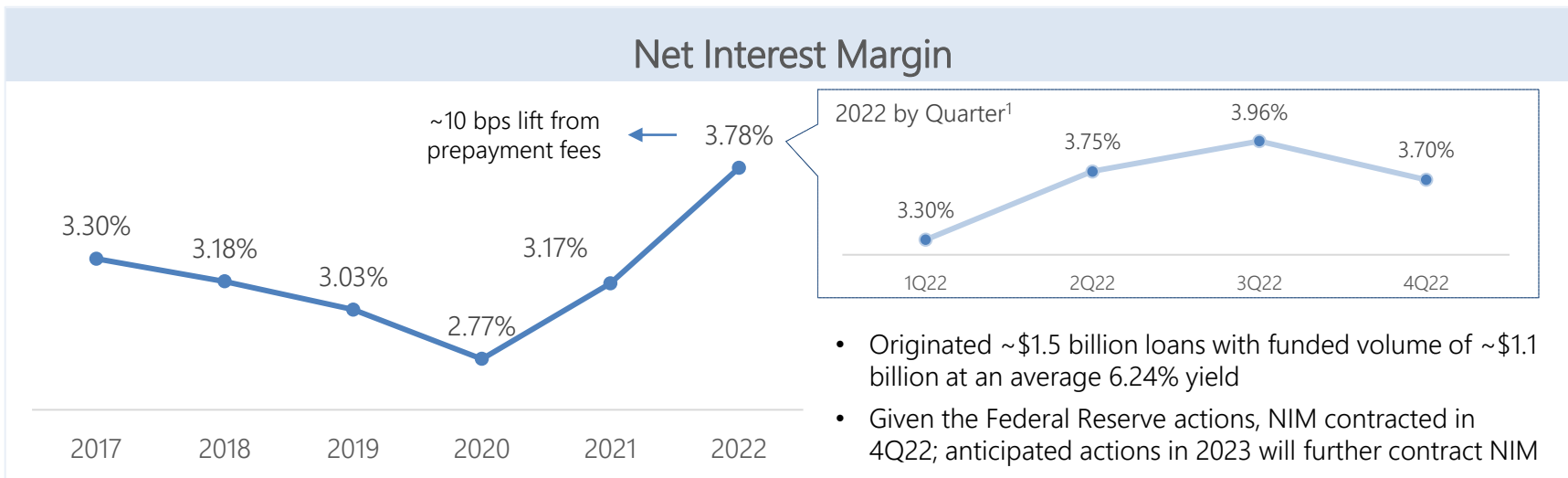


## Return on Average Assets



Positive performance trends reflect successful strategy execution





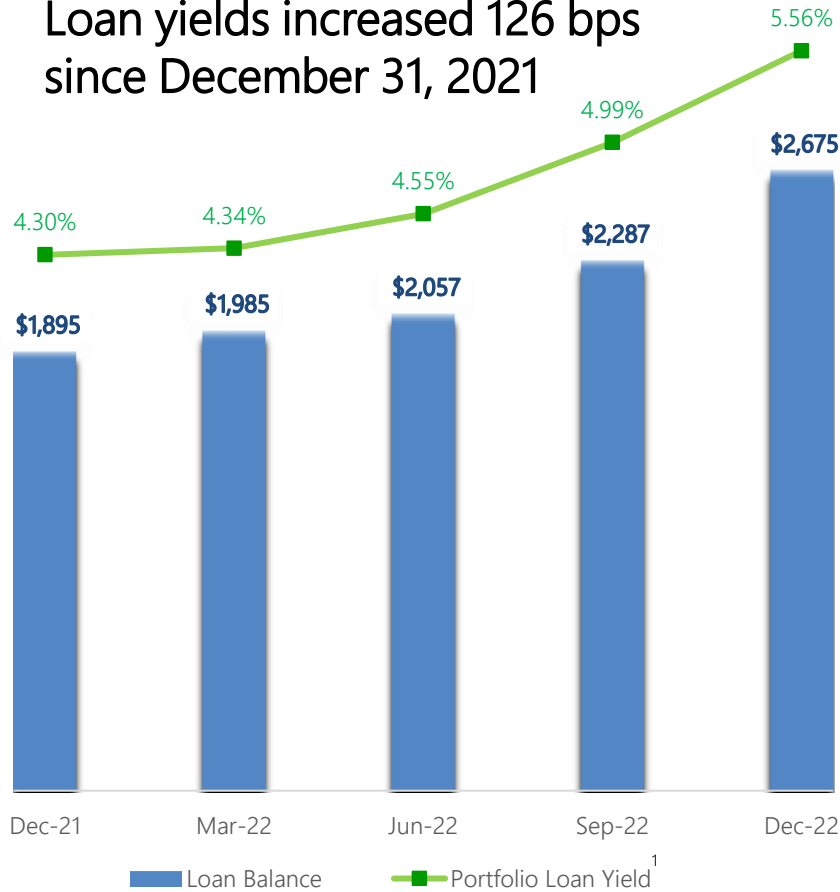
<sup>1</sup> 2Q22, 3Q22 exclude one-time elevated loan prepayment fees





Dollars in millions

Loan yields increased 126 bps since December 31, 2021



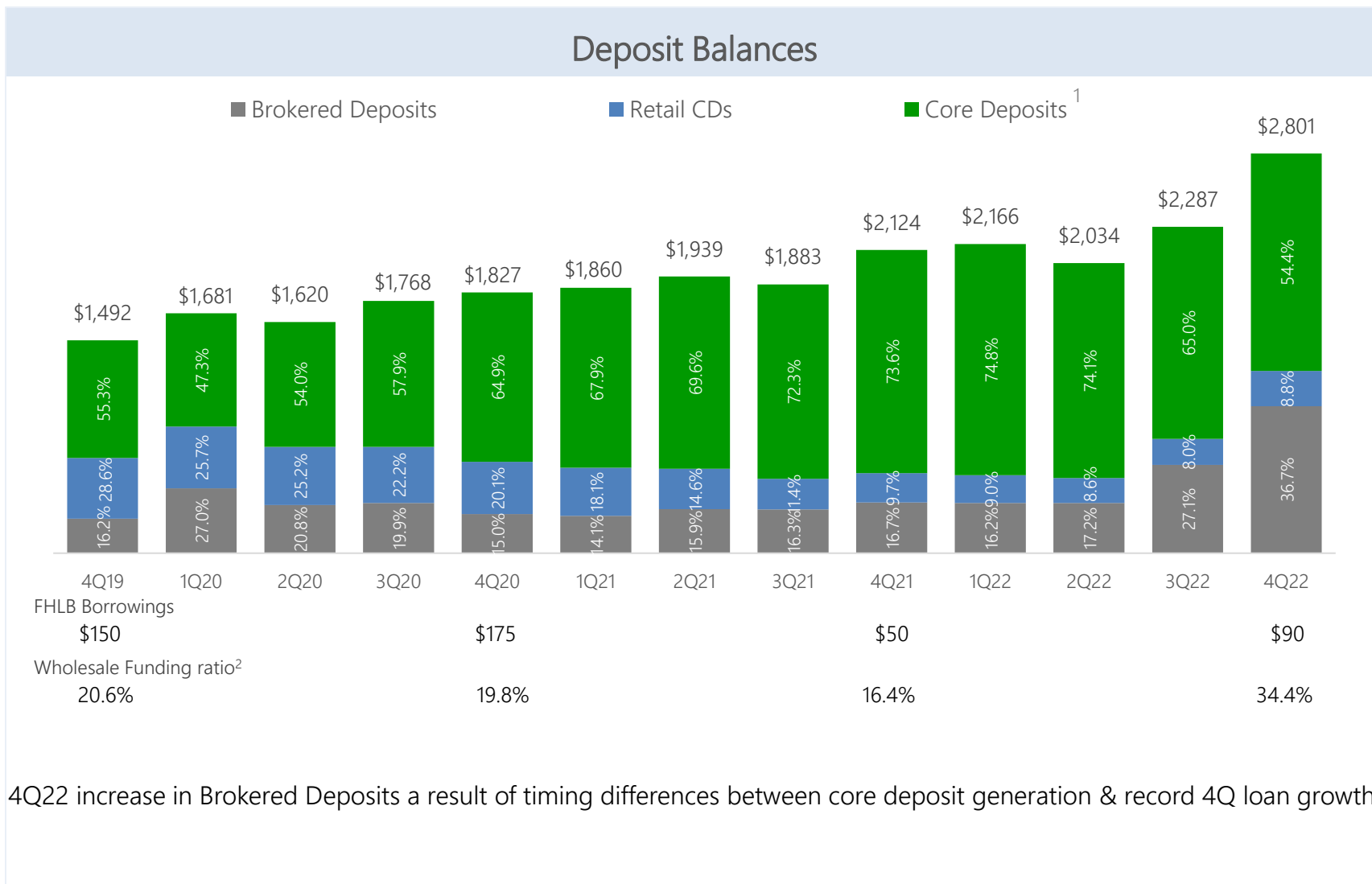
### 2022 Vintage Yields by Quarter

1Q22	5.19%
2Q22	5.55%
3Q22	6.00%
4Q22	7.23%
<b>Total</b>	<b>6.24%</b>

<sup>1</sup> Weighted average yield based on active loans as of each date, a "spot" rate



Dollars in millions



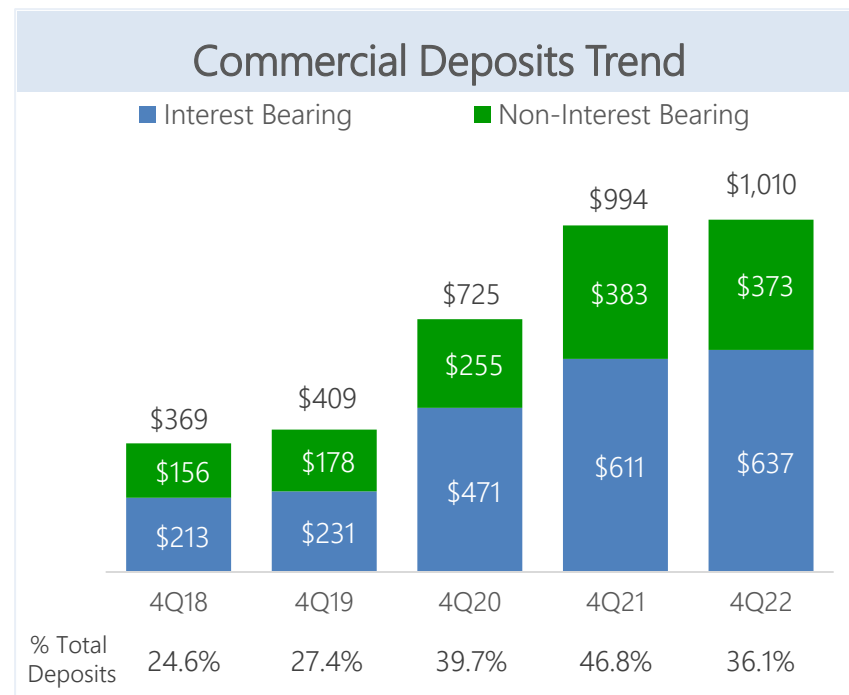
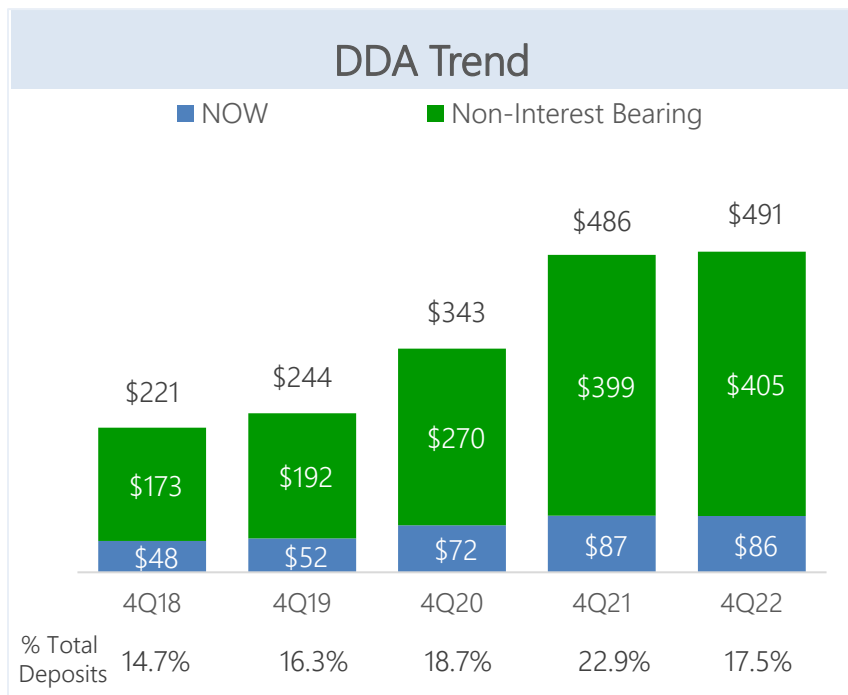
4Q22 increase in Brokered Deposits a result of timing differences between core deposit generation & record 4Q loan growth

<sup>1</sup> Core Deposits include Commercial and Consumer checking, savings and money market accounts

<sup>2</sup> Wholesale Funding ratio defined as brokered deposits and FHLB borrowings to total assets



Dollars in millions



- From year-end 2018 to 12/31/2022, total Non-Interest Bearing deposits CAGR of **24%**
- \$641 million growth in Commercial Deposits since year-end 2018, a CAGR of **29%**
  - Within Core deposits, Commercial mix at ~70%, vs. 45% at year-end 2018

Investment in Treasury Management improving Core deposit mix

<sup>1</sup> Average cost on 4Q22 NOW deposits less than 15 basis points; these accounts not sensitive to Fed Funds rate changes





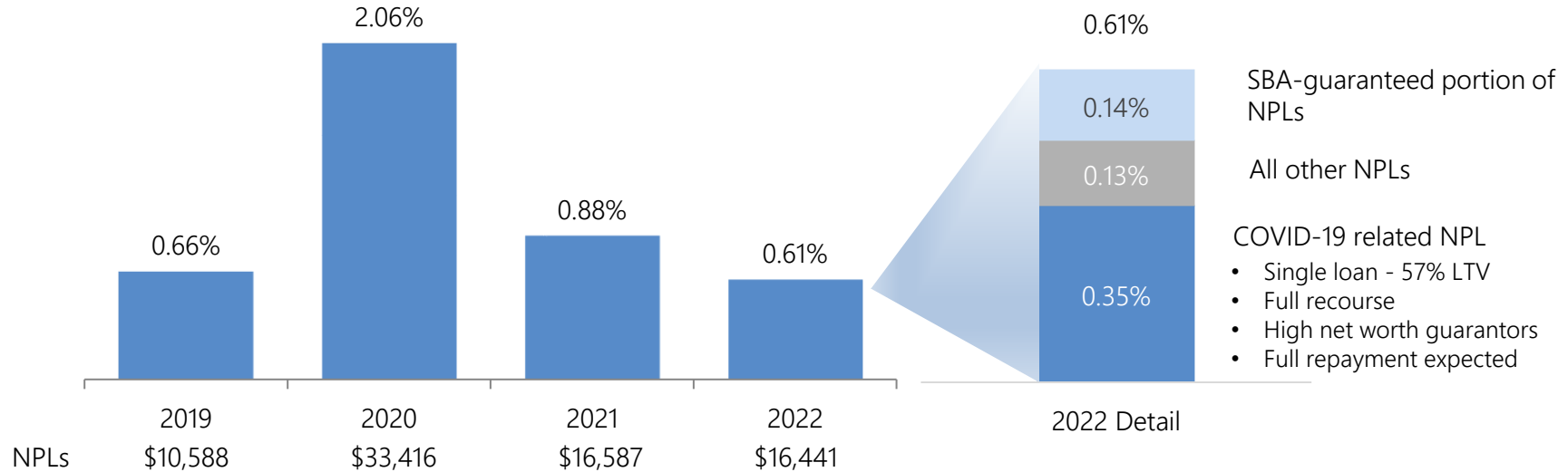
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# Credit Quality & ALLL



Dollars in thousands

## Non Performing Loans / Gross Loans



		Rated Asset Balances – Total Loans							
		Dollars in millions							
Risk Rating (RR)	1-5	\$1,555	96.9%	\$1,563	96.1%	\$1,827	96.4%	\$2,632	98.4%
	6	\$27	1.7%	\$15	0.9%	\$21	1.1%	\$1	0.0%
	7	\$19	1.2%	\$46	2.8%	\$45	2.4%	\$43	1.6%
	8	\$4	0.2%	\$2	0.1%	\$2	0.1%	\$0	0.0%
	Total	\$1,604		\$1,626		\$1,895		\$2,675	

### Risk Rating Meanings

1	Secured by Cash	6	Special Mention
2	Superior	7	Substandard
3	Desirable	8	Doubtful
4	Pass	9	Loss
5	Bankable with Care	NR	Not Rated

Credit quality remains strong



## Allowance for Loan Loss ("ALLL") Walk



- ALLL coverage of NPLs is 136%
- Excluding the COVID-19-related NPL, coverage would be 318%
- CECL adoption in Jan-23; ~ range of \$3.4 million to \$4.2 million increase to ALLL

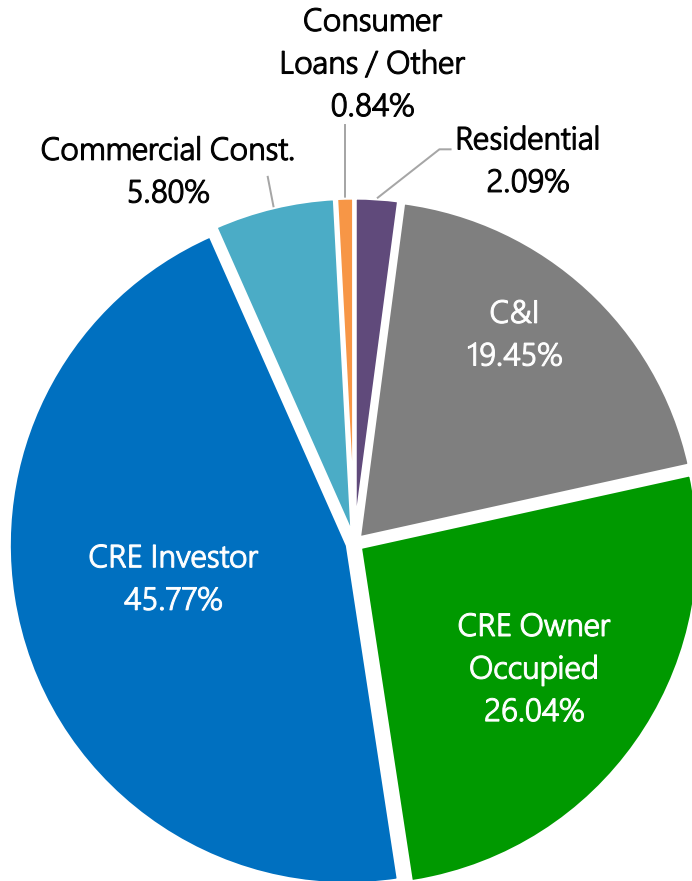




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# Loan Portfolio

# Loan Portfolio Composition



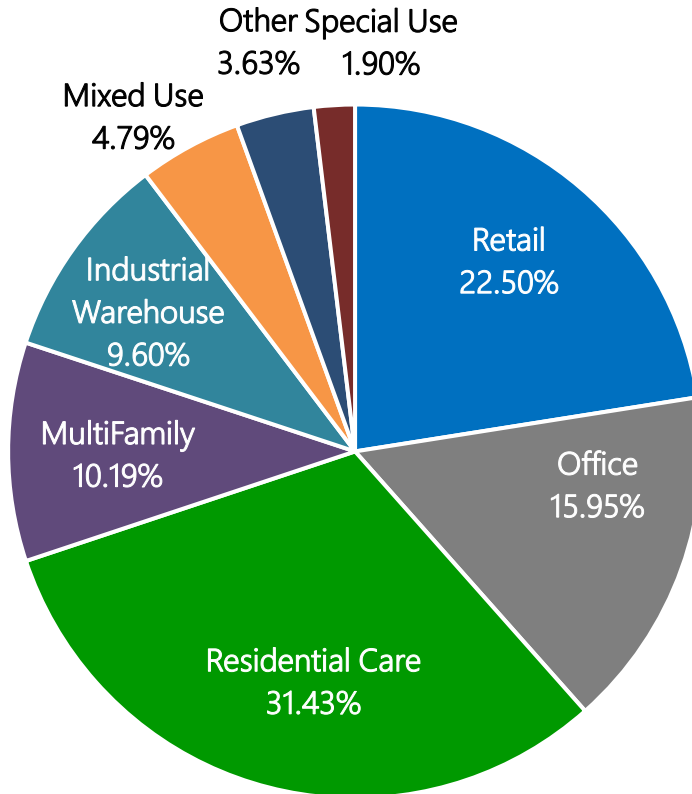
**Total Loan Portfolio = \$2,675 million**

- No single relationship represents more than 5% of total loans, as of December 31, 2022
- Increasingly diversified commercial loan portfolio mix:

	4Q19	4Q20	4Q21	4Q22
CRE Investor	59.8%	60.5%	55.2%	45.8%
CRE O/O + C&I	24.9%	27.1%	34.9%	45.5%

Diversifying portfolio, reducing reliance on Investor CRE





Total CRE Portfolio = \$1,921 million

- Property Type mix continues to show well diversified exposure
- Residential Care consists primarily of skilled nursing and/or assisted living facilities located across eastern US
- ~ 64% of all CRE loan balances have recourse
  - Non recourse loans require lower LTV and higher DSCR

<sup>1</sup> Includes Owner Occupied CRE, does not include Construction



Dollars in millions

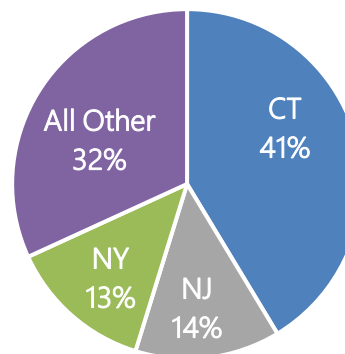
## Retail Segment Detail

Type	Count	\$	%	LTV <sup>3</sup>
Retail <sup>2</sup>	75	\$243	56%	69.5%
Grocery	12	\$106	25%	64.0%
Restaurant	25	\$36	8%	60.0%
Gas / Auto Services	16	\$27	6%	75.8%
Pharmacy	7	\$21	5%	65.1%
<b>Total Retail</b>	<b>135</b>	<b>\$432</b>	<b>100%</b>	<b>67.5%</b>

- No significant exposure to any one retailer
- No exposure to bankrupt retailers

## Office Segment Detail

Type	Count	\$	%	LTV <sup>3</sup>
Office (primarily suburban)	69	\$220	72%	59.1%
Medical	37	\$86	28%	64.3%
Condo	4	\$1	0%	66.0%
<b>Total Office</b>	<b>110</b>	<b>\$306</b>	<b>100%</b>	<b>60.6%</b>



- ~68% Office loans located in Bankwell's primary lending area, mostly in suburban area, not NYC
- Out of primary market loans are generally either GSA-leased, credit tenants, owner-occupied or medical office

<sup>1</sup> Includes Owner Occupied CRE, does not include Construction

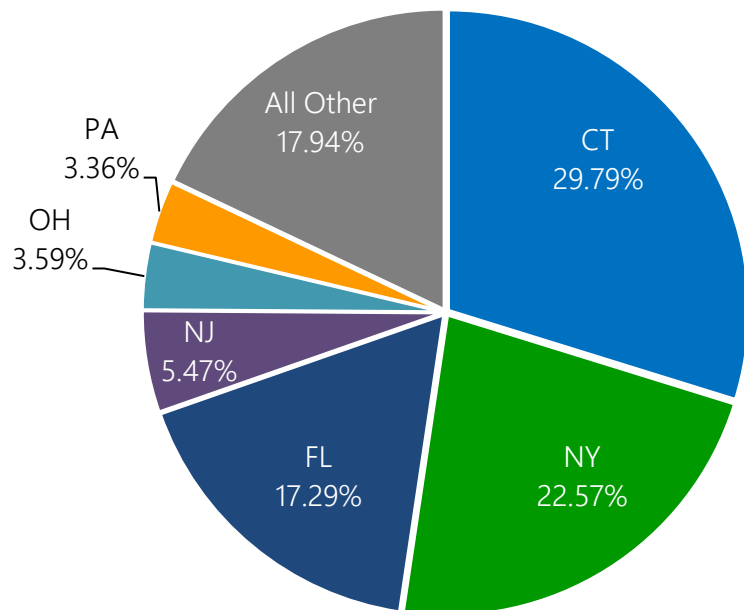
<sup>2</sup> Comprised primarily of neighborhood and convenience centers, typically characterized by: size up to 125,000 sq. ft.; convenience and service oriented

<sup>3</sup> LTVs based on original LTV values, at origination



Dollars in millions

## Geography Distribution



- Greater geographic diversity attributed to growth in Residential Care<sup>4</sup> sector
- Continued diversification by following strongest customers to growth or stable markets
- **Of the CT-based loans, 50% are in Fairfield County<sup>2</sup>**

<sup>1</sup> Includes Owner Occupied CRE, does not include Construction

<sup>2</sup> Based on dollar volume

<sup>3</sup> LTVs based on original LTV values, at origination

<sup>4</sup> Consists primarily of skilled nursing and/or assisted living facilities

<sup>5</sup> **Special Use** includes Country Clubs, Tennis Facilities, Catering

<sup>6</sup> **Other** includes Hotel, NFP/Social, Mobile Home & Worship

## Loan To Value

Property Type	\$	LTV <sup>3</sup>
Residential Care <sup>4</sup>	\$603.9	64.5%
Retail	\$432.3	67.5%
Office	\$306.5	60.6%
Multifamily	\$195.9	61.6%
Industrial/Warehouse	\$184.5	60.8%
Mixed Use	\$92.0	45.1%
Special Use <sup>5</sup>	\$36.6	66.7%
1 - 4 Family Investment	\$35.7	57.7%
Other <sup>6</sup>	\$28.9	48.9%
Land	\$5.1	30.2%
Self Storage	\$0.0	55.0%
<b>Total</b>	<b>\$1,921.3</b>	<b>62.6%</b>

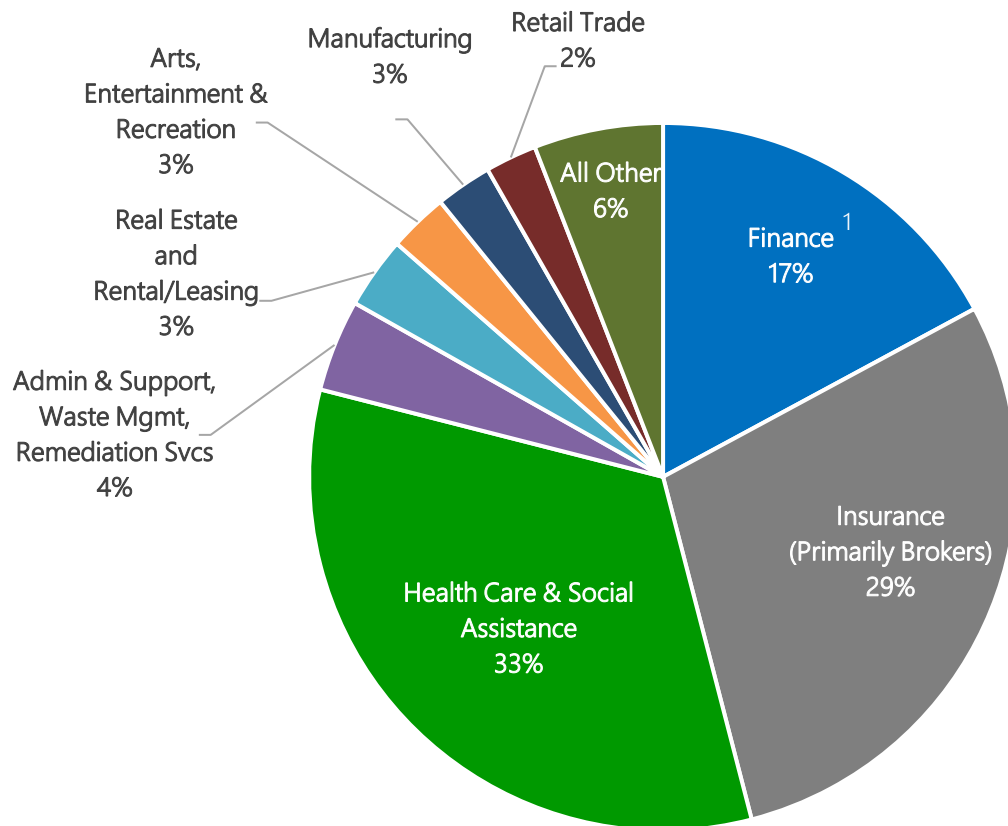
## Vintage

Year	\$	Distribution
Pre 2019	\$509.9	27%
2019	\$142.2	7%
2020	\$102.2	5%
2021	\$374.5	19%
2022	\$792.5	41%
<b>Total</b>	<b>\$1,921.3</b>	<b>100%</b>



## Loans by Industry Type

Total C&I Portfolio = \$520 million



- Limited leverage loan exposure of \$6 million as of 12/31/22, less than 1% of total loans

<sup>1</sup> Includes luxury auto leasing and financing

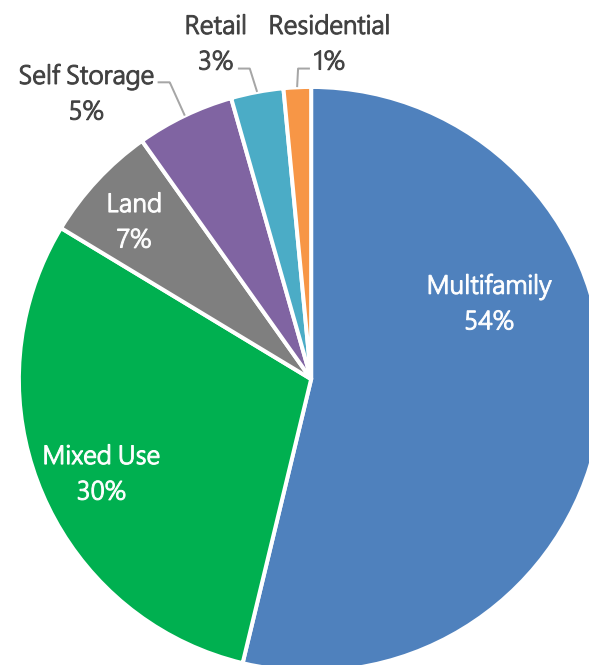




- Commercial construction loans comprise ~6% of total loan portfolio (~\$155 million)
- \$157 million of unfunded commitments, committed construction draws are subject to various terms and conditions, including completion of work verified by third party professional inspection

Dollars in millions	# Loans	\$ Committed	% Unfunded	\$ Unfunded
3Q22 Balance	32	\$242	55%	\$134
Closures in 4Q22	(2)	(\$21)		
3Q22 Loans @ 4Q22	30	\$221	50%	\$110
New 4Q22 Loans	5	\$86		
4Q22 Balance	32	\$306	51%	\$157

By Property Type



- \$61 million Residential portfolio comprised of:
  - \$56 million residential mortgages, with an average LTV of 67.3%<sup>1</sup> and an average size of \$483 thousand
  - \$5 million HELOCs
- 86% (\$48 million) of residential mortgages secured by residences in Fairfield County, CT
  - Of the Fairfield County mortgages, 65% are secured by residences in New Canaan, Westport & Fairfield

## *Loan Vintage*

Year	\$ Millions	Distribution
Pre 2014	\$25.3	42%
2014	\$6.2	10%
2015	\$9.9	16%
2016	\$7.8	13%
2017	\$11.2	19%
2018	\$0.2	0%
<b>Total</b>	<b>\$60.6</b>	<b>100%</b>

Bankwell stopped originating residential mortgages at the end of 2017

<sup>1</sup> LTVs based on original LTV values, at origination





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# Capital

# Fully Diluted Tangible Book Value

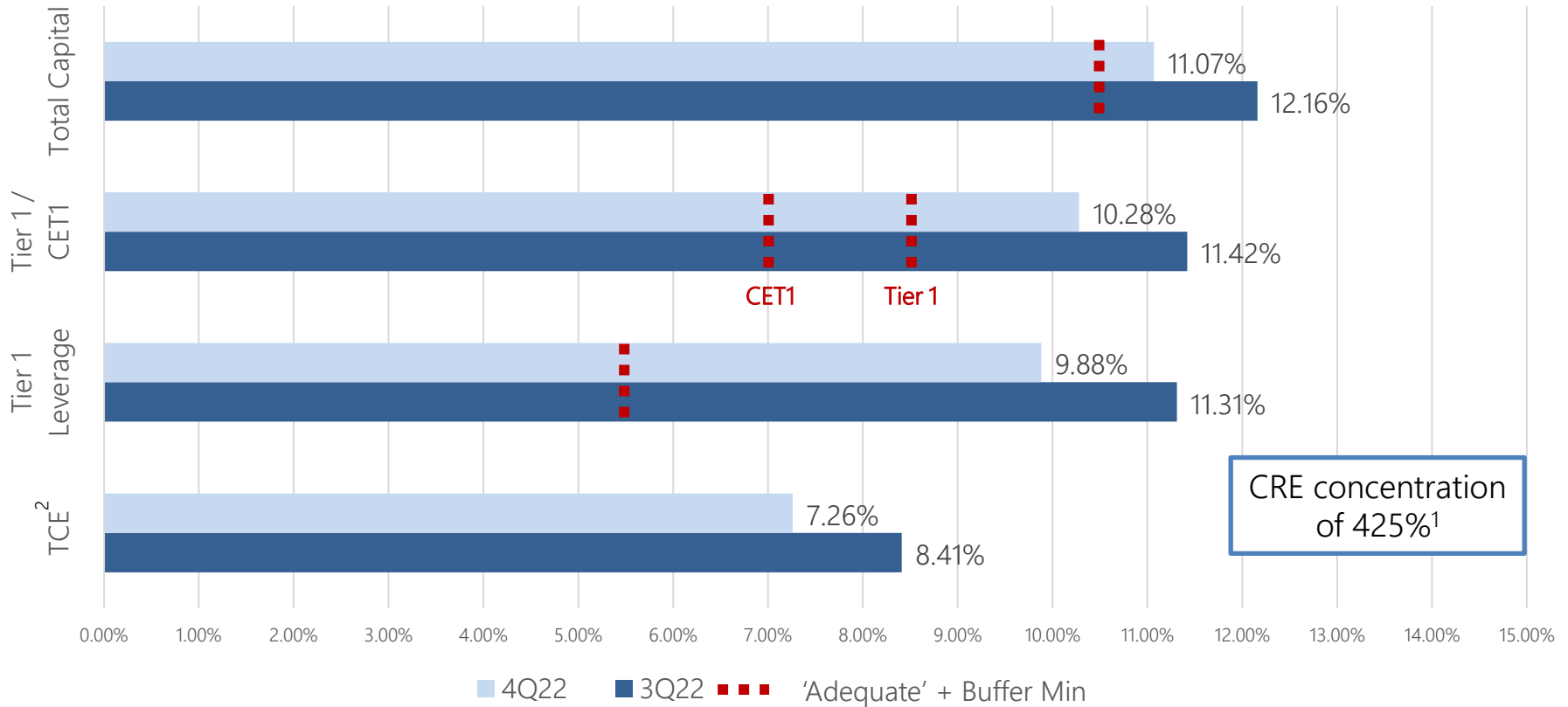


- **19% TBV growth in 2022**
- \$1.08 unfavorable change from AFS investment portfolio more than offset by \$2.15 favorable change from mark-to-market on long-dated interest rate swaps
- Repurchased 166,375 shares at an average price of \$33.30 in 2022

<sup>1</sup> Misc includes items such as, but not limited to, changes related to stock grants and share count



## Key Bank Capital Ratios<sup>1</sup>



Capital ratios reflect strong earnings and double-digit loan growth

<sup>1</sup> Current period Bank capital ratios are preliminary, subject to finalization of the FDIC Call Report

<sup>2</sup> TCE calculation is a consolidated BWFG ratio



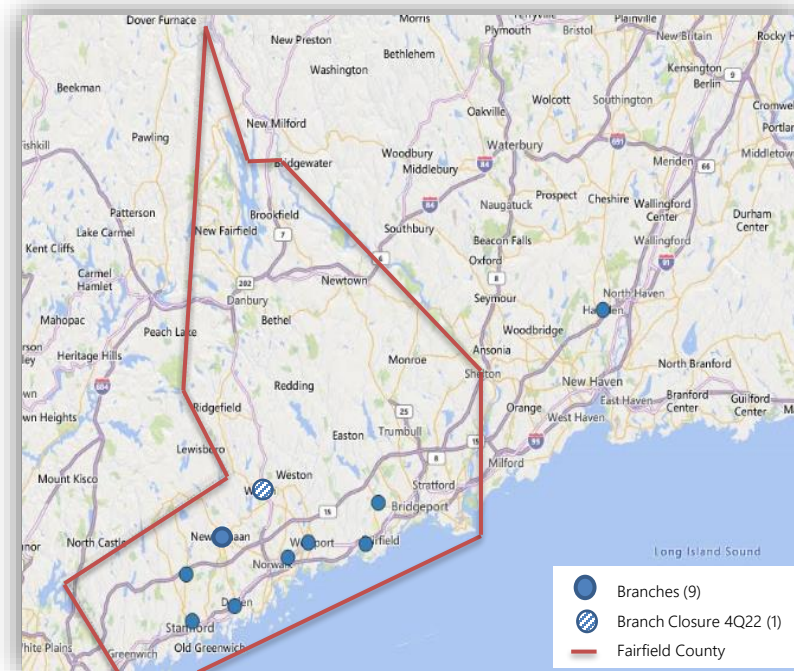


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# History & Overview

Bankwell operates in an attractive core market:

- Third most affluent MSA in the Nation in per capita personal income (PCPI)<sup>2</sup>
- 4 of the top 25 wealthiest towns in the U.S.<sup>3</sup>
- MSA ranked 11<sup>th</sup> most educated overall, tied for 5<sup>th</sup> with the highest percentage of bachelors degree holders<sup>4</sup>
- Headquarters of 9 Fortune 500 companies<sup>5</sup>
- Home to two of the largest hedge funds in the U.S.
- \$27 billion total AUM managed by 68 firms with \$1 billion or less in AUM<sup>6</sup>
- 381 thousand housing units with a median value of owner-occupied units of \$433 thousand<sup>7</sup>
  - In addition, New Haven County has 371 thousand housing units with a median value of owner-occupied units of \$252 thousand<sup>7</sup>



- Connecticut-based \$3.3 billion commercial bank
- 9 branches in Fairfield & New Haven Counties
- \$204 million deposits per branch; one of the highest in Fairfield & New Haven Counties<sup>1</sup>

<sup>1</sup> Source: S&P Global Market Intelligence's *Branch Competitors & Pricing Report* as of 6/30/22, excluding global money center banks (tickers BAC, WFC, JPM, TD & C)

<sup>2</sup> Source: Bureau of Economic Analysis' *Metropolitan Area Table*, contained within the *Personal Income by County & Metropolitan Area, 2020* news release 11/16/21

<sup>3</sup> Source: Bloomberg: *2020 Richest Places*

<sup>4</sup> Source: WalletHub: *Most & Least Educated Cities in America, 7/18/22*

<sup>5</sup> Source: Fortune.com: *2022 Fortune 500*

<sup>6</sup> Source: US News and World Report

<sup>7</sup> Source: US Census Bureau QuickFacts (2021 data)



Dollars in thousands, except per share data

	2017 <sup>1</sup>	2018	2019	2020	2021	2022
Total assets	\$1,796,607	\$1,873,665	\$1,882,182	\$2,253,747	\$2,456,264	\$3,252,449
Net loans	\$1,520,879	\$1,586,775	\$1,588,840	\$1,601,672	\$1,875,167	\$2,646,384
Loan-to-deposit ratio	110.1%	106.4%	107.1%	87.9%	88.8%	95.2%
Efficiency ratio <sup>2</sup>	54.9%	59.2%	60.2%	73.9%	53.9%	45.4%
Non-interest expense / avg. assets	1.88%	1.93%	1.90%	2.03%	1.75%	1.71%
Net interest margin	3.30%	3.18%	3.03%	2.77%	3.17%	3.78%
Total capital to risk weighted assets	12.19%	12.50%	13.35%	12.28%	12.00%	11.07%
Tangible common equity ratio <sup>2</sup>	8.81%	9.16%	9.56%	7.73%	8.13%	7.26%
Return on average equity	8.93%	10.19%	10.20%	3.35%	13.86%	16.72%
Fully diluted tangible book value per share <sup>2</sup>	\$20.39	\$21.85	\$22.82	\$21.96	\$25.55	\$30.51
Net interest income	\$54,364	\$56,326	\$53,761	\$54,835	\$67,886	\$94,743
Pre-tax, pre-provision net revenue <sup>2</sup>	\$26,470	\$24,593	\$23,379	\$14,907	\$33,803	\$53,420
Net income	\$13,830	\$17,433	\$18,216	\$5,904	\$26,586	\$37,429
EPS (fully diluted)	\$1.78	\$2.21	\$2.31	\$0.75	\$3.36	\$4.79

<sup>1</sup> Values are based on reported earnings / performance, which were impacted primarily as a result of the *Tax Cut and Jobs Act* passed in December 2017 along with several other smaller items. Please refer to BWFG's 4Q'17 Earnings Release for further detail

<sup>2</sup> A non-GAAP metric





Name	Years Experience	Selected Professional Biography
Christopher Gruseke Chief Executive Officer Director (since 2015)	30+	Mr. Gruseke was a founding investor and director of Bankwell Financial Group’s predecessors, BNC Financial Group, Inc., and The Bank of New Canaan. He brings more than 25 years of capital markets, operations, sales and finance experience to his role at the Company. Most recently, he was a member of the Executive Committee at CRT Capital, a Stamford, Connecticut-based broker/dealer. He also served as Co-Chief Operating Officer and a member of the Board of Greenwich Capital Markets. Mr. Gruseke earned a B.A. from Williams College and an M.S. from the Stern School of Business at New York University.
Christine A. Chivily Chief Credit Officer (since 2013)	40+	Ms. Chivily has over 40 years of experience in banking and real estate finance. She previously served in a risk management role for the CRE and C&I loan portfolios at People's United Bank. Her prior experience also includes five years as Director of Freddie Mac’s New England region for multifamily properties and 11 years as Senior Credit Officer at RBS Greenwich Capital. She also has over 10 years of combined experience in lending, loan administration and workouts at other various banking institutions. Ms. Chivily received her B.A. from Mt. Holyoke College.
Matthew McNeill Chief Banking Officer (since 2020)	20+	Mr. McNeill has more than 20 years of experience in Commercial Banking. He most recently served as Head of Commercial Lending at Metropolitan Commercial Bank. During his 8 years at Metropolitan Commercial Bank the bank grew its lending assets from \$400 million to over \$3 billion. Mr. McNeill has additionally held lending roles at HSBC Bank US and Banco Santander. Mr. McNeill has also served as Managing Partner at American Real Estate Lending; a Commercial Real Estate finance company.
Courtney E. Sacchetti Chief Financial Officer (since 2023)	20+	Ms. Sacchetti has more than 20 years experience in Financial Services. She most recently served as Director of Financial Planning & Analysis for the Company for 6 years. She began her career at GE Capital in the Financial Management Program (FMP) and held various finance and regulatory positions of increasing responsibility over her 18-year career at GE Capital. Ms. Sacchetti earned a B.A. and an M.B.A. from Union College.
Laura J. Waitz Chief Operating Officer (since 2017)	35+	Ms. Waitz has over 35 years of experience for various businesses and previously was Senior Managing Director, Global Head of Human Resources at The Blackstone Group. She also served as Managing Director and Global Head of Compensation at Citi Alternative Investments and as Head of Compensation (Americas) for Deutsche Bank. Prior to that she served as Global Compensation Manager for private equity and investment banks. Ms. Waitz received her B.S. from Penn State University.





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Thank You & Questions