Bankwell Financial Group, Inc.
Form 424B4
May 16, 2014
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-195080
PROSPECTUS
2,702,703 Shares

Common Stock
This prospectus relates to the initial public offering and sale of Bankwell Financial Group, Inc.'s common stock. We are offering 2,702,703 shares of our common stock.
Prior to this offering, there has been no established public market for our common stock. The common stock has been approved for listing on the Nasdaq Global Market under the symbol "BWFG."
The Secretary of the United States Treasury, our Series C preferred shareholder, may, from time to time, offer and sell up to 10,980 shares of our Series C preferred stock. The Series C preferred shareholder is not offering any shares of Series C preferred stock in connection with this offering of our common stock. If and when any sales occur, we will not receive any proceeds from the sale of Series C preferred stock by the U.S. Treasury. There is no established public market for our Series C preferred stock. We will use reasonable best efforts to list, or make available for quotation, our Series C preferred stock, if and when any shares of Series C preferred stock are offered and sold.
We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.
Please see "Risk Factors" beginning on page 19, for a discussion of certain risks that you should consider before making an investment decision to purchase our common stock.

	Per Share	Total
Initial public offering price of common stock	$ 18.00	$ 48,648,654
Underwriting discount (1)	$ 1.08	$ 2,918,919
Proceeds to us, before expenses	$ 17.08	$ 46,163,255

(1)

- The Underwriting Discount for shares sold to our directors and executive officers, including through the Directed Share Program, is $0.18 per share. See "Underwriting" for additional information regarding the underwriting discounts and certain expenses payable to the underwriters by us.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
The shares of our common stock and our preferred stock are not savings accounts, deposits, or other obligations of our bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation, or the FDIC, or any other

governmental agency.

The underwriters expect to deliver the shares of our common stock against payment on May 20, 2014.

SANDLER O'NEILL + PARTNERS, L.P.	Keefe, Bruyette & Woods A Stifel Company

Prospectus dated May 15, 2014

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ABOUT THIS PROSPECTUS

We, and the underwriters have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus by or on behalf of us to which we have referred you. We, and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our securities or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to the offering and the distribution of this prospectus applicable to those jurisdictions.

For further information, please see the section of this prospectus entitled "Where You Can Find More Information."

Industry and Market Data

Industry and market data used in this prospectus has been obtained from independent industry sources and publications available to the public, sometimes with a subscription fee, as well as from research reports prepared for other purposes. We did not commission the preparation of any of the sources or publications referred to in this prospectus. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus. Trademarks used in this prospectus are the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks.

Implications of Being an Emerging Growth Company

Under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, as a company with less than $1.0 billion in revenues during our last fiscal year, we qualify as an "emerging growth company." An emerging growth company may take advantage of reduced regulatory and reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations;
- we are exempt from the requirement to obtain an attestation and report from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions for up to five years unless we earlier cease to be an emerging growth company. We will cease to be an emerging growth company if we have more than $1.0 billion in annual gross revenues, have more than $700.0 million in market value of our common stock held by non-affiliates as of any June 30 before that time, or issue more than $1.0 billion of non-convertible debt in a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have elected in this prospectus to take advantage of scaled disclosure relating to executive compensation arrangements.

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The JOBS Act also permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. However, we have "opted out" of this provision. As a result, we will comply with new or revised accounting standards to the same extent that compliance is required for non-emerging growth companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision to purchase our securities in this offering. You should read the entire prospectus carefully, including the section entitled "Risk Factors," our consolidated financial statements, and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus, before making an investment decision to purchase our securities. Unless we state otherwise or the context otherwise requires, references in this prospectus to "we," "our," "us," "Bankwell" and the "Company" refer to Bankwell Financial Group, Inc., a Connecticut corporation, and its consolidated subsidiaries.

Company Overview

We are a bank holding company, headquartered in New Canaan, Connecticut and offer a broad range of financial services through our banking subsidiary, Bankwell Bank, or the Bank, a Connecticut state commercial bank founded in 2002. Our primary market is the greater Fairfield County, Connecticut area, which we serve from our main banking office located in New Canaan, Connecticut and five other branch offices located throughout the Fairfield County area. According to the U.S. Department of Commerce Bureau of Economic Analysis data for 2012, Fairfield County is located in the second wealthiest metropolitan statistical area in the United States. As of December 31, 2013, on a consolidated basis, we had total assets of approximately $779.6 million, total loans of approximately $632.0 million, total deposits of approximately $661.5 million, and shareholders' equity of approximately $69.5 million.

We are committed to becoming the premier "Hometown" bank in Fairfield County and its surrounding areas. In 2011, the Commercial Record's Annual Readers Poll named us the No. 1 community bank in Connecticut. We believe that our market exhibits highly attractive demographic attributes and presents favorable competitive dynamics, thereby offering long-term opportunities for growth. We have a history of building long-term customer relationships and attracting new customers through what we believe is our superior customer service and our ability to deliver a diverse product offering. In addition, we believe that our strong capital position and extensive local ownership, coupled with a highly respected and experienced executive management team and board of directors, give us instant credibility with our customers and potential customers in our market. Our focus is on building a franchise with meaningful market share and consistent revenue growth complemented by operational efficiencies that we believe will produce attractive risk-adjusted returns for our shareholders.

Our History and Growth

Bankwell Bank was originally chartered as two separate banks, The Bank of New Canaan (including a separate division, Stamford First Bank) and The Bank of Fairfield, which were subsequently merged and rebranded as "Bankwell Bank." It was chartered with a commitment to building the premier community bank in the markets we serve. We began operations in April 2002 with an initial capitalization of $8.6 million. Our net interest margin was 3.94% at December 31, 2013, compared to a high of 4.27% for the year ended December 31, 2011, in spite of industry-wide downward pressure driven by loan volume and a historically low interest rate environment. In November 2013, we acquired The Wilton Bank, and it was merged into Bankwell Bank.

Our financial and operational highlights include the following:

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- Growing our total assets to approximately $779.6 million at December 31, 2013, from $247.0 million at December 31, 2008, representing a 26% compound annual growth rate; our noninterest bearing deposits to approximately $118.6 million at December 31, 2013 from $36.9 million at December 31, 2008, representing a compound annual growth rate of 26%; and our total deposits to approximately $661.5 million at December 31, 2013 from $170.7 million at December 31, 2008, representing a compound annual growth rate of 31%;

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- Growing our total loans outstanding to approximately $632.0 million at December 31, 2013 from $197.8 million at December 31, 2008, representing a 26% compound annual growth rate; and at December 31, 2013, commercial real estate loans comprised 50% of the total loan portfolio compared to 22% at December 31, 2008, representing a 49% compound annual growth rate;

- Maintaining high credit quality in our loan portfolio as a result of our disciplined underwriting. Our highest annual rate of net loan charge-offs to average loans over the past five years was 0.18% in 2009, and our average annual rate of net loan charge-offs to average loans from December 31, 2008 to December 31, 2013 was 0.08%. Additionally, our average ratio of nonperforming assets to total assets was 0.63% for the five years ended December 31, 2013 and was 0.23% at December 31, 2013. The ratio of total past due loans to total loans at December 31, 2013 was 0.73%;

- Making continued progress in revenue improvements and operational efficiencies by entering new lines of business with commercial mortgage loan sales, merging the banks together and completing a core system conversion and reducing our efficiency ratio year-over-year from 82.76% for the year ended December 31, 2012 to 75.72% for the year ended December 31, 2013;

- Achieving revenue momentum including an increase in our noninterest income from $345 thousand for the year ended December 31, 2012 to $4.7 million for the year ended December 31, 2013, which represents 16% of total revenue compared to 2% for the year ended December 31, 2012;

- Expanding our footprint and solidifying our presence in Fairfield County, with the acquisition of The Wilton Bank, complementing our full branch offices in New Canaan, Fairfield and Stamford, Connecticut and plans to establish a new branch in Norwalk, Connecticut in the second quarter of 2014, and expansion into Bridgeport, Connecticut, with a loan production office; and

- Launching Bankwell Investment Services, a new wealth management services division in October 2013. Through an agreement with an investment brokerage firm, we are providing on-site wealth management specialists to provide advice and support to individuals and businesses, which we expect will also increase our fee income.

Our Competitive Strengths

We believe that we are especially well-positioned to create value for our shareholders as a result of the following competitive strengths:

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- Our Market. Our current market is defined as the greater Fairfield County area, which is part of the fourth most affluent metropolitan statistical area in the United States, the Bridgeport-Stamford-Norwalk, Connecticut Metropolitan Statistical Area, or MSA, according to the U.S. Department of Commerce. The Stamford market area includes numerous affluent suburban communities of professionals who work at the 16 Fortune 500 companies headquartered in Connecticut or commute into New York City, approximately 50 miles from our headquarters, and many small to mid-sized businesses which support these communities. Fairfield County is the wealthiest county in Connecticut, with a 2008 – 2012 median household income of $82,614 according to estimates from United States Census Bureau. We believe that this market has economic and competitive dynamics that are favorable to executing our growth strategy.

- Experienced and Respected Management Team with a Proven and Successful Track Record. Our executive management team, led by Peyton R. Patterson, is comprised of seasoned professionals with significant banking experience, a history of high performance at local financial institutions and success in identifying, acquiring and integrating financial institutions. Ms. Patterson has over 25 years of commercial banking experience, previously serving as Chairman, President and Chief Executive Officer at NewAlliance Bancshares, an approximately $9 billion asset bank headquartered in New Haven, Connecticut which was acquired by First Niagara Financial Group, Inc. in 2011. Our senior management team also includes Heidi S. DeWyngaert, Executive Vice President, Chief Lending Officer (nine years with us), Ernest J. Verrico, Sr., Executive Vice President, Chief Financial Officer (four years with us), Gail E.D. Brathwaite, Executive Vice

President, Chief Operating Officer (formerly worked with Ms. Patterson for nine years at NewAlliance, one year with us), Diane Knetzger, Senior Vice President, Director of Marketing (nine years with us) and Christine A. Chivily, our Chief Credit Officer designee (one year with us).

- Dedicated Board of Directors with Strong Community Involvement. Our board of directors is comprised of a group of local business leaders who understand the need for strong community banks that focus on serving the financial needs of their customers. One of our directors, Frederick R. Afragola, was instrumental in our organization and growth. Mr. Afragola was the Chief Executive Officer and President of The Bank of New Canaan from its opening in 2002 until his retirement in 2008 and played an integral role in building our foundation and guiding our growth. The interests of our executive management team and directors are aligned with those of our shareholders through common stock ownership. At May 12, 2014, our directors and officers beneficially owned approximately 49% of our common stock. Certain of our directors and executive officers have purchased an aggregate of $7.8 million in shares of our common stock in this offering. At the initial public offering price of $18.00 per share, our directors and executive officers purchased an aggregate of 434,611 of the 2,702,703 shares in this offering and will own approximately 36% of our outstanding common stock following this offering. By capitalizing on the close community ties and business relationships of our executive management team and directors, we are positioned to continue taking advantage of the market opportunity present in our primary market.

- Strong Capital Position. At December 31, 2013, we had a 7.45% tangible common equity ratio, and the Bank had a 7.91% Tier 1 leverage ratio and a 9.49% Tier 1 risk-based ratio. We believe that our ability to attract capital has facilitated our growth and is an integral component to the execution of our business plan. See "Non-GAAP Financial Measures."

- Scalable Operating Platform. We provide banking technology, including remote deposit capture, internet banking and mobile banking, to provide our customers with the most choices and to create a scalable platform to accommodate our future growth aspirations. We believe that our advanced technology combined with responsive and personal service provides our customers with a superior banking experience.

Our Business Strategy

We seek to position ourselves as the "Hometown" bank and the banking provider of choice in our highly attractive market area, and to serve as a locally based alternative to our larger competitors through:

- Responsive, Customer-Centric Products and Services and a Community Focus. We offer a broad array of products and services which we customize to allow us to focus on building long-term relationships with our customers through high-quality, responsive and personal customer service. By focusing on the entire customer relationship, we build the trust of our customers which leads to long-term relationships and generates our organic growth. In addition, we are committed to meeting the needs of the communities that we serve. Our employees are involved in many civic and community organizations which we support through sponsorships. As a result, customers and potential customers within our market know about us and frequently interact with our employees which allows us to develop long-term customer relationships without extensive advertising.

- Strategic Acquisitions. To complement our organic growth, we focus on strategic acquisitions in or around our existing markets that further our objectives. We believe there are many banking institutions that continue to face credit challenges, capital constraints and liquidity issues and that lack the scale and management expertise to manage the increasing regulatory burden and will likely need to partner with an institution like ours. On March 31, 2014, we entered into a merger agreement with Quinnipiac Bank & Trust Company, or Quinnipiac. Total consideration for the acquisition is expected to be comprised of our common stock (75%) and cash (25%). Quinnipiac has one branch located in Hamden, Connecticut, and has applied for a second branch in the neighboring town of North Haven. We expect the transaction to close in the third quarter of 2014, subject to the requisite approval of the shareholders of Quinnipiac, required regulatory approvals (including approval of Quinnipiac's branch application for a branch in North Haven), and

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satisfaction of other customary closing conditions. We intend to continue to seek and evaluate other potential acquisitions that can provide meaningful financial benefits, long-term organic growth opportunities and expense reductions, without compromising our risk profile.

- Utilization of Efficient and Scalable Infrastructure. We employ a systematic and calculated approach to increasing our profitability and improving our efficiencies. We have recently improved our operating infrastructure particularly in the areas of technology, data processing, compliance and personnel. We believe that our scalable infrastructure provides us with an efficient operating platform from which to grow in the near term and without incurring significant incremental noninterest expenses, while continuing to deliver our high-quality, responsive customer service, which will enhance our ability to grow and increase our returns.

- Disciplined Focus on Risk Management. Effective risk management is a key component of our strong corporate culture. We use our strong risk management infrastructure to monitor our existing loan and investment securities portfolios, support operational decision-making and improve our ability to generate earning assets with strong credit quality. To maintain our strong credit quality, we use a comprehensive underwriting process and we seek to maintain a diversified loan portfolio and a conservative investment securities portfolio. Board-approved policies contain approval authorities, as appropriate, and are reviewed at least annually. We have a Risk Management Steering Committee comprised of executive officers who oversee new business initiatives and other activities that warrant oversight of risk and related mitigants. Internal review procedures are performed regarding anti-money laundering and consumer compliance requirements. We have a Chief Risk Officer who reports directly to the Chair of our Audit Committee.

Recent Developments

Financial Highlights for the First Quarter of 2014. The following is a discussion of certain unaudited financial information as of and for the three months ended March 31, 2014, all of which is preliminary in nature and based upon currently available information. The following quarterly results are also subject to revision based upon actual results, the review of those results by our independent auditors and an audit by our independent auditors of our annual results for the year ending December 31, 2014. Accordingly, we cannot assure you that upon completion of our review and the review of our independent auditors, we will not report materially different financial results than those set forth below. In addition, you should not assume that our operating results for the three months ended March 31, 2014 will be indicative of our operating results for the entire year ending December 31, 2014.

At March 31, 2014, total assets were $812.1 million, a $32.4 million or 4% increase over December 31, 2013. Total loans outstanding and total deposits continued to show momentum during the first quarter and totaled $657.2 million and $679.2 million, respectively at March 31, 2014. Our credit quality remained strong, with nonperforming assets to total assets of 0.36% and the allowance for loan losses to total loans was 1.31%. Total shareholders' equity at March 31, 2014 and December 31, 2013 was $71.1 million and $69.5 million, respectively. Tangible book value was $15.79 per share at March 31, 2014 compared to $15.46 per share at December 31, 2013 and the ratio of tangible common equity was 7.35% and 7.45%, respectively, at March 31, 2014 and December 31, 2013.

Net income was $1.1 million for the first quarter of 2014, compared to $1.0 million for the first quarter of 2013 and $1.4 million for the fourth quarter of 2013. The quarters ended March 31, 2014 and December 31, 2013 included the following merger and acquisition related items:

- In the first quarter of 2014, merger and acquisition related expenses of $141 thousand, or $93 thousand net of tax, were recorded, primarily reflecting costs related to our agreement to purchase Quinnipiac Bank and Trust Company signed on March 31, 2014. Exclusive of these expenses, net income for the first quarter of 2014 would have been $1.2 million.

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- In the fourth quarter of 2013, in connection with The Wilton Bank acquisition on November 5, 2013, a bargain purchase gain of $1.3 million and merger and acquisition related expenses of $844 thousand, or $776 thousand net of tax, were realized. Exclusive of these items, net income for the fourth quarter of 2013 would have been $585 thousand.

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For the three months ended March 31, 2014, we had net interest income of $7.1 million, an increase of $1.1 million, or 17%, over the three months ended March 31, 2013. Our net interest margin for the three months ended March 31, 2014 and 2013 was 3.97% and 4.16%, respectively. Included in the net interest margin for the quarters ended March 31, 2014 and 2013 was income related to the payoff of loans, which contributed five basis points and ten basis points, respectively. We also experienced growth in our non-interest income, which totaled $769 thousand for the three months ended March 31, 2014 representing 10% of our total revenue (sum of net interest income and noninterest income), up from $284 thousand, or 4% of total revenue, for the three months ended March 31, 2013.

Expansion Activities.   On March 31, 2014, we entered into a merger agreement with Quinnipiac. Quinnipiac has one branch located in Hamden, Connecticut, and has applied for a second branch in the neighboring town of North Haven. Both towns are in New Haven County, Connecticut, which will represent a new market for us. At December 31, 2013, Quinnipiac had approximately $100 million in assets, $87 million in deposits and loans of $83 million.

Total consideration for the acquisition is expected to be comprised of our common stock (75%) and cash (25%). The total consideration to be paid to Quinnipiac shareholders, based on the closing price of a share of our common stock on the OTC Bulletin Board, or OTCBB, on March 31, 2014, is approximately $15 million. Pursuant to the merger agreement, each outstanding share of Quinnipiac will be converted at the election of the holder into the right to receive 0.56 shares of our common stock, or $12.00 in cash, subject to pro rata adjustments to meet the proportion of stock and cash consideration described above. Outstanding options to purchase Quinnipiac shares, totaling 109,000 as of March 31, 2014, will be exchanged for options in our common stock adjusted for the 0.56 fixed exchange ratio. The exercise price per share of our common stock under the new option shall be equal to the exercise price per share of Quinnipiac common stock subject to the Quinnipiac stock option divided by the 0.56 fixed exchange ratio. Outstanding warrants held by founders of Quinnipiac, totaling 122,500 as of March 31, 2014, will be automatically converted into a warrant to purchase 0.56 shares of our common stock for $17.86. Upon consummation of the transaction, Quinnipiac will be merged into Bankwell Bank.

Upon effectiveness of the merger, we have agreed to increase the number of our directors and of the directors of Bankwell Bank by one to add one director from the Quinnipiac board of directors, who will be selected by our board of directors after consulting with Quinnipiac. Additionally, upon consummation of the transaction, we agreed to make change of control payments to Quinnipiac’s President and Chief Executive Officer, Mark A. Candido, in an amount equal to $331,021, and to Quinnipiac’s Chief Lending Officer and Executive Vice President, Richard R. Barredo, in an amount equal to $300,425. We intend to file a Form S-4 Registration Statement in connection with the proposed transaction and issuance of our common stock to Quinnipiac shareholders. We expect the transaction to close in the third quarter of 2014, subject to the requisite approval of the shareholders of Quinnipiac, required regulatory approvals (including approval of Quinnipiac’s branch application for the branch in North Haven), and satisfaction of other customary closing conditions.

On November 5, 2013, we acquired The Wilton Bank for approximately $5.0 million in cash, and merged The Wilton Bank into Bankwell Bank. The acquisition added one branch, approximately $25.1 million in loans, $64.2 million in deposits and expanded our presence in Fairfield County. In addition, we plan to open a new branch in Norwalk, Connecticut in the second quarter of 2014, which will further expand our footprint in Fairfield County.

Capital Raising Activities.   In the third quarter of 2013, we raised approximately $6.2 million in additional capital through the sale of 370,000 shares, approximately 9.5% of our issued shares of common stock, to an institutional investor, or the Institutional Investor. In connection with this private placement, we granted the Institutional Investor a preemptive right to participate in any private or public offering of shares of our common stock by us, including this offering, until September 30, 2016. We have provided the Institutional Investor with notice of its ability to exercise its preemptive rights in connection with this offering in accordance with the relevant agreement.

Series C Preferred Stock Piggyback Registration.   We are a participant in the United States Treasury’s Small Business Lending Fund Program, or SBLF. As part of the SBLF, we issued to the Secretary of the United States Treasury, or the Treasury, 10,980 shares of our Senior Non-Cumulative Perpetual Preferred

Stock, Series C, no par value, or Series C preferred stock. We agreed to provide the holders of our Series C preferred stock, currently only the Treasury, or the Selling Shareholder, with “piggyback” registration rights to certain offerings of our securities, including this offering. On April 3, 2014, the Treasury exercised its piggyback registration rights and, as a result, we have included the Treasury’s Series C preferred stock in this registration statement.

Risk Factors

There are a number of risks that should be considered before making an investment in this offering. These risks are discussed more fully in the section entitled “Risk Factors” beginning on page 19 of this prospectus. These risks include but are not limited to the following:

- Our business may be adversely affected by general business and economic conditions.
- We rely heavily on our management team and could be adversely affected by the unexpected loss of key officers.
- At December 31, 2013, approximately 75%, or $332 million, of our commercial loans, were originated in the last four years. As such, our loan portfolio is relatively unseasoned and could increase risk of credit defaults in the future. Our limited experience with these loans does not provide us with a significant payment history pattern with which to judge future collectability. As a result, it may be difficult to predict the future performance of our loan portfolio.
- The success of acquisition transactions, including the acquisition of Quinnipiac, if it is consummated, and of The Wilton Bank, will depend on our ability to successfully combine the target banking institution’s business with our business, and, if we experience difficulties with the integration process, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.
- The additional capital raised in this offering will be deployed to support our growth plans. There is no guarantee that our growth initiatives will be as successful as our historic organic growth has been.
- Our interest rate sensitivity profile was liability sensitive as of December 31, 2013, which will result in our income decreasing more in a rising rate environment than a falling rate environment.
- We operate in a highly regulated environment, which could restrain our growth and profitability.

Additional Information

Our principal executive office is located at 220 Elm Street, New Canaan, Connecticut 06840, and our telephone number is (203) 652-6300. Our website address is www.mybankwell.com. The information contained on or accessible through our website is not a part of or incorporated by reference into this prospectus.

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THE OFFERING

Securities offered
2,702,703 shares of common stock.
Securities offered as a percentage of outstanding shares of common stock
70%.
Common stock outstanding after closing of this offering
6,579,096 shares of common stock.
Use of proceeds
We intend to use the net proceeds of this offering for general corporate purposes which may include maintaining liquidity at the holding company, supporting organic growth and funding future asset growth and continued expansion of our business through acquisitions of branches, whole financial institutions and related lines of business (including the acquisition of Quinnipiac). For additional information, see "Use of Proceeds."
We will not receive any proceeds from the sale of our shares of Series C preferred stock by the Selling Shareholder.
Dividend policy — Common Stock
We have never paid cash dividends to holders of our common stock. We believe payment of dividends on a regular basis is an appropriate way to enhance shareholder value in the long term. Any future determinations relating to our dividend policy will be made at the discretion of our board of directors depending upon our capital needs, dividend-paying capacity, our results of operations, financial condition, liquidity needs, regulatory restrictions, restrictions imposed by our preferred stock and other factors that our board of directors deems relevant. In addition, we are subject to certain restrictions on the payment of cash dividends as a result of banking laws, regulations and policies. For additional information, see "Dividend Policy."
Dividend policy — Preferred Stock
The Series C preferred stock is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate was subject to fluctuation on a quarterly basis during the first ten quarters during which the Series C preferred stock was outstanding, based upon changes in the level of Qualified Small Business Lending or QSBL of the Bank. The current dividend rate is 1%. For additional information, see "Description of Our Capital Stock — Preferred Stock — Series C Preferred Stock — Dividends."
Listing
We have been approved to list our common stock on the Nasdaq Global Market under the trading symbol "BWFG."

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Purchases by Officers and Directors

Certain of our directors and executive officers have purchased an aggregate of $7.8 million in shares of our common stock in this offering. At the initial public offering price of $18.00 per share, our directors and executive officers purchased an aggregate of 434,611 of the 2,702,703 shares in this offering. Shares so purchased by our directors and officers in this offering will be subject to the lock-up provisions described in "Underwriting — Lock-Up Agreements." Collectively, our directors and executive officers own 1,916,147 shares of our common stock, or 49% of our outstanding common stock, as of May 12, 2014. Beneficial ownership by directors and officers after this offering will be 2,350,758 shares, or 36% of our outstanding common stock following this offering.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the common stock offered hereby for sale to our employees, business associates and related persons. We have offered these shares to the extent permitted under applicable regulations in the United States through a directed share program. The number of shares of our common stock available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. Any directed shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered hereby. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act of 1933, as amended, in connection with the sale of shares through the directed share program.

Risk factors

An investment in our securities involves risks. See "Risk Factors" beginning on page 19, for a discussion of factors that you should carefully consider before making an investment decision.

The number of shares of common stock to be outstanding after this offering is based on 3,876,393 shares of common stock outstanding as of December 31, 2013 and excludes the following:

- 208,568 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2013, at a weighted average exercise price of $16.67 per share (of which 188,852 shares subject to options have vested);
- 304,460 shares of our common stock issuable upon the exercise of outstanding warrants with a fixed exercise price of $14.00 as of December 31, 2013; and
- 49,840 shares of our common stock reserved for issuance in connection with stock awards that remain available for issuance under our stock incentive plans as of December 31, 2013.

Unless expressly indicated or the context requires otherwise, all information in this prospectus:

- does not attribute to any director, officer, or principal shareholder any purchases of shares of our common stock in this offering.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF BANKWELL FINANCIAL GROUP, INC.

You should read the selected historical consolidated financial and operating data set forth below in conjunction with the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Capitalization,” as well as the consolidated financial statements and the related notes included elsewhere in this prospectus. The selected historical financial data as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011, except for the selected ratios, has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical financial data as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009, except for the selected ratios, has been derived from our audited consolidated financial statements not included in this prospectus. Our results of operations are not necessarily indicative of our results of operations that may be expected for future performance. Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications only changed the reporting categories but did not affect our results of operations or financial position. The performance, asset quality and capital ratios are unaudited and derived from the financial statements as of and for the periods presented. Average balances have been computed using daily averages.

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(Dollars in thousands, except per share data)	At or For the Years Ended December 31, 2013	2012	2011	2010	2009
Statements of Income:					
Interest and dividend income	$ 28,092	$ 24,397	$ 20,587	$ 16,877	$ 13,950
Interest expense	2,765	3,192	2,870	3,209	3,651
Net interest income	25,327	21,205	17,717	13,668	10,299
Provision for loan losses	585	1,821	1,049	1,311	1,741
Net interest income after provision for loan losses	24,742	19,384	16,668	12,357	8,558
Noninterest income	4,722	345	1,134	1,695	896
Noninterest expense	22,119	17,858	14,601	13,331	10,555
Income (loss) before income tax	7,345	1,871	3,201	721	(1,101)
Income tax expense (benefit)	2,184	657	997	214	(271)
Net income (loss)	5,161	1,214	2,204	507	(830)
Preferred stock dividends and net accretion	111	132	206	261	427
Net income (loss) available to common shareholders	$ 5,050	$ 1,082	$ 1,998	$ 246	$ (1,257)
Per Share Data:					
Basic earnings (loss) per share	$ 1.46	$ 0.39	$ 0.72	$ 0.10	$ (0.51)
Diluted earnings (loss) per share	1.44	0.38	0.71	0.09	(0.50)
Book value per share (end of	15.58	14.50	13.85	12.81	12.51

	At or For the Years Ended December 31,				
period) (a)					
Tangible book value per share (end of period) (a) (b)	15.46	14.50	13.85	12.81	12.51
Shares outstanding (end of period) (a)	3,754,253	2,797,200	2,758,200	2,756,200	2,450,349
Weighted average shares outstanding – basic	3,395,779	2,768,000	2,757,000	2,531,000	2,447,000
Weighted average shares outstanding – diluted	3,451,393	2,865,000	2,811,000	2,588,000	2,492,000
Performance Ratios:					
Return on average assets (c)	0.77 %	0.22 %	0.50 %	0.14 %	(0.29)%
Return on average common shareholders' equity (b) (c)	9.89 %	3.07 %	6.70 %	0.75 %	(4.04)%
Return on average shareholders' equity (c)	8.17 %	2.40 %	5.03 %	1.33 %	(2.47)%
Average shareholders' equity to average assets	9.32 %	9.34 %	10.01 %	10.37 %	11.70 %
Net interest margin	3.94 %	4.11 %	4.27 %	4.12 %	3.73 %
Efficiency ratio (b)	75.72 %	82.76 %	78.50 %	84.93 %	94.28 %
Asset Quality Ratios:					
Total past due loans to total loans (d)	0.73 %	0.75 %	1.01 %	0.79 %	2.68 %
Nonperforming loans to total loans (d) (e)	0.16 %	0.75 %	1.01 %	0.79 %	0.96 %
Nonperforming assets to total assets (e)	0.23 %	0.81 %	0.78 %	0.57 %	0.75 %

	At or For the Years Ended December 31,				
Allowance for loan losses to nonperforming loans	835.69 %	200.84 %	171.88 %	239.23 %	177.83 %
Allowance for loan losses to total loans (d)	1.33 %	1.50 %	1.74 %	1.87 %	1.70 %
Net charge-off's to average loans (d)	0.03 %	0.07 %	0.02 %	0.09 %	0.18 %
Statements of Financial Condition:					
Total assets	$ 779,618	$ 610,016	$ 477,355	$ 395,708	$ 328,160
Gross portfolio loans (d)	632,012	530,050	369,294	288,425	257,268
Investment securities	42,413	46,412	94,972	58,152	34,060
Deposits	661,545	462,081	367,115	309,137	244,215
Borrowings	44,000	91,000	58,000	44,000	46,000
Total equity	69,485	51,534	49,188	40,354	35,695
Capital Ratios:					
Tier 1 capital to average assets (f)					
Bankwell Bank	7.91 %	— %	— %	— %	— %
The Bank of New Canaan	— %	7.88 %	8.71 %	8.15 %	8.48 %
The Bank of Fairfield	— %	8.39 %	11.30 %	13.25 %	16.54 %
Tier 1 capital to risk-weighted assets (f)					
Bankwell Bank	9.49 %	— %	— %	— %	— %
The Bank of New Canaan	— %	9.09 %	11.07 %	11.86 %	12.24 %
The Bank of Fairfield	— %	10.80 %	13.66 %	16.41 %	22.46 %
Total capital to risk-weighted assets (f)					
Bankwell Bank	10.74 %	— %	— %	— %	— %
The Bank of New Canaan	— %	10.34 %	12.33 %	13.12 %	13.50 %
The Bank of Fairfield	— %	12.05 %	14.91 %	17.10 %	23.26 %

	At or For the Years Ended December 31,									
Total shareholders' equity to total assets	8.91	%	8.45	%	10.30	%	10.20	%	10.88	%
Tangible common equity ratio (b)	7.45	%	6.65	%	8.00	%	8.93	%	9.34	%

(a)

- Excludes preferred stock and unvested restricted stock awards.

(b)

- This measure is not a measure recognized under GAAP and is therefore considered to be a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a description of this measure and a reconciliation of this measure to its most directly comparable GAAP measure.

(c)

- Calculated based on net income before preferred stock dividends and net accretion.

(d)

- Calculated using the principal amounts outstanding on loans.

(e)

- Nonperforming assets consist of nonperforming loans and other real estate owned.

(f)

- Represents bank ratios. During 2013, The Bank of New Canaan and The Bank of Fairfield were merged into Bankwell Bank.

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SELECTED HISTORICAL FINANCIAL DATA OF THE WILTON BANK

You should read the selected historical financial and operating data set forth below in conjunction with the financial statements and the related notes included elsewhere in this prospectus. The selected historical financial data as of and for the years ended December 31, 2012 and 2011, except for the selected ratios, has been derived from The Wilton Bank's audited financial statements included elsewhere in this prospectus. The selected historical financial data for the years ended December 31, 2010 and 2009, except for the selected ratios, has been derived from The Wilton Bank's audited financial statements not included in this prospectus. The selected historical earnings data for the nine months ended September 30, 2013 and 2012 and the selected historical financial condition data as of September 30, 2013, has been derived from The Wilton Bank's unaudited financial statements included elsewhere in this prospectus, and The Wilton Bank's selected historical financial condition data as of September 30, 2012, has been derived from unaudited financial statements not included in this prospectus. The selected historical financial data for the nine months ended September 30, 2013 and 2012 has not been audited but, in the opinion of management, contains all adjustments (consisting of only normal or recurring adjustments) necessary to present fairly The Wilton Bank's financial position and results of operations for such periods in accordance with GAAP. The Wilton Bank's results of operations for the nine months ended September 30, 2013 are not necessarily indicative of future results of operations or performance. The performance, asset quality and capital ratios are unaudited and derived from the financial statements as of and for the periods presented. Average balances have been computed using daily averages.

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(Dollars in thousands, except per share data)	At or For the Nine Months Ended September 30, 2013	2012	At or For the Years Ended December 31, 2012	2011	2010	2009
Statements of Income:						
Interest and dividend income	$1,278	$1,497	$1,954	$2,034	$2,619	$4,364
Interest expense	106	133	177	244	397	807
Net interest income	1,172	1,364	1,777	1,790	2,222	3,557
Provision for loan losses	—	-	—	900	560	3,200
Net interest income after provision for loan losses	1,172	1,364				