REFINITIV

DELTA REPORT

10-K

BWBBP - BRIDGEWATER BANCSHARES IN

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	8965
CHANGES	498
DELETIONS	5675
ADDITIONS	2792

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022 2023.

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 001-38412

BRIDGEWATER BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Minnesota	**26-0113412**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
4450 Excelsior Boulevard, Suite 100 **St. Louis Park, Minnesota**	**55416**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code **(952) 893-6868**

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

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common Stock, $0.01 Par Value	BWB	The Nasdaq Stock Market LLC
Depositary Shares, each representing a 1/100th interest in a share of 5.875% Non-Cumulative Perpetual Preferred Stock, Series A, par value $0.01 per share	BWBBP	The Nasdaq Stock Market LLC

Securities registered under Section 12(g) of the Act:

None.

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 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 ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☒ ☐

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

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

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

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

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

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

The aggregate market value of the Common Stock held by non-affiliates of the Registrant on June 30, 2022 June 30, 2023, based on the closing price of $16.14 $9.85 of such shares on that date, was $342,969,738. $220,829,455.

The number of shares of the Common Stock issued and outstanding as of February 20, 2023 February 19, 2024 was 27,756,170. 27,709,819.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III is incorporated by reference to portions of the definitive proxy statement to be filed within 120 days after December 31, 2022 December 31, 2023, pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the annual meeting of stockholders to be held on April 25, 2023 April 23, 2024.

Table of Contents

Table of Contents

	Page
PART I	
Item 1. Business	4
Item 1A. Risk Factors	20 21
Item 1B. Unresolved Staff Comments	46 45
Item 1C. Cybersecurity	45
Item 2. Properties	47 46
Item 3. Legal Proceedings	47 46
Item 4. Mine Safety Disclosures	47 46
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47 46
Item 6. [Reserved]	50 49
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	50 49
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	80 78
Item 8. Financial Statements and Supplementary Data	82 81
Reports of Independent Registered Public Accounting Firm (CliftonLarsonAllen LLP, Auditor Firm ID: 655)	81
Reports of Independent Registered Public Accounting Firm (Auditor (RSM US LLP, Auditor Firm ID: 655) 49)	82
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	132 137
Item 9A. Controls and Procedures	132 137

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Item 9B. Other Information 133 138

Item 9C. 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections 133 138

PART III

Item 10. Directors, Executive Officers and Corporate Governance 133 138

Item 11. Executive Compensation 133 138

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 134 139

Item 13. Certain Relationships and Related Transactions, and Director Independence 134 139

Item 14. Principal Accountant Fees and Services 134 139

PART IV

Item 15. Exhibits and Financial Statement Schedules 135 140

Item 16: Form 10-K Summary 138 144

Signatures 139

Table of Contents

Signatures 145

Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements concerning plans, estimates, calculations, forecasts and projections with respect to the anticipated future performance of the Company. These statements are often, but not always, identified by words such as “may”, “might”, “should”, “could”, “predict”, “potential”, “believe”, “expect”, “continue”, “will”, “anticipate”, “seek”, “estimate”, “intend”, “plan”, “projection”, “would”, “annualized”, “target” and “outlook”, or the negative version of those words or other comparable words of a future or forward-looking nature. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- interest rate risk, including the effects of recent and anticipated potential additional rate increases by the Federal Reserve;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

- fluctuations in the values of the securities held in our securities portfolio, or the values of derivative instruments held in our derivatives portfolio, including as the result of rising changes in interest rates, which has resulted in unrealized losses in our securities portfolios; rates;
- business and economic conditions generally and in the financial services industry, nationally and within our market area, including rising rates of inflation; inflation and possible recession;
- the effects of developments and events in the financial service industry, including the large-scale deposit withdrawals over a short period of time at Silicon Valley Bank, Signature Bank and First Republic Bank that resulted in the failure of those institutions;
- loan concentrations in our loan portfolio;
- the overall health of the local and national real estate market;
- the ability to successfully manage credit risk;
- the ability to maintain an adequate level of allowance for loan losses; credit losses on loans;
- new or revised accounting standards, including as a result of the implementation of the new Current Expected Credit Loss standard; standards;
- the concentration of large loans to certain borrowers;
- the concentration of large deposits from certain clients; clients, who have balances above current FDIC insurance limits;
- the ability to successfully manage liquidity risk, which may increase the dependence on non-core funding sources such as brokered deposits, and negatively impact our cost of funds;
- the ability to raise additional capital to implement our business plan;
- the ability to implement our growth strategy and manage costs effectively;
- developments and uncertainty related to the future use and availability of some reference rates, such as the expected discontinuation of the London Interbank Offered Rate, as well as other alternative reference rates;
- the composition of the Company's senior leadership team and the ability to attract and retain key personnel;
- talent and labor shortages and high rates of employee turnover;
- the occurrence of fraudulent activity, breaches or failures of our or our third party vendors' information security controls or cybersecurity-related incidents; incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools;
- interruptions involving our information technology and telecommunications systems or third-party servicers;
- competition in the financial services industry, including from nonbank competitors such as credit unions and "fintech" companies;
- the effectiveness of the risk management framework;

Table of Contents

- the effectiveness of the risk management framework;
- the commencement and outcome of litigation and other legal proceedings and regulatory actions against us;
- the impact of recent and future legislative and regulatory changes, including changes in response to federal the failures of Silicon Valley Bank, Signature Bank and state corporate tax rates; First Republic Bank in 2023;
- risks related to climate change and the negative impact it may have on our customers clients and their businesses;
- the imposition of other governmental policies impacting the value of products produced by our commercial borrowers;
- severe weather, natural disasters, widespread disease or pandemics, (including the COVID-19 pandemic), acts of war or terrorism civil unrest or other adverse external events, including the Israeli-Palestinian conflict and the Russian invasion of Ukraine;
- potential impairment to the goodwill the Company recorded in connection with a past acquisition;
- changes to U.S. or state tax laws, regulations and guidance, including the new 1% excise tax on stock buybacks by publicly traded companies;
- the success at managing the risks involved in the foregoing items; and
- any other risk factors described in the "Risk Factors" "Risk Factors" section of this report and in other reports filed by Bridgewater Bancshares, Inc. with the Securities and Exchange Commission ("SEC").

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this report. In addition, past results of operations are not necessarily indicative of future results. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

PART I

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

ITEM 1. BUSINESS

Company Overview and History

Bridgewater Bancshares, Inc. (the "Company") is a Minnesota corporation and financial holding company with two one wholly-owned subsidiaries, subsidiary: Bridgewater Bank (the "Bank") and Bridgewater Risk Management, Inc., a captive insurance entity. . The Bank has two wholly-owned subsidiaries: BWB Holdings, LLC, which was formed for the purpose of holding repossessed property; and Bridgewater Investment Management, Inc., which was formed for the purposes of holding certain municipal securities and engaging in municipal lending activities. The Bank has seven full-service offices located in Bloomington, Greenwood, Minneapolis (2), St. Louis Park, Orono, and St. Paul, Minnesota.

The Company previously had a second wholly-owned subsidiary, Bridgewater Risk Management, Inc., a Nevada corporation (the "Captive"). The Captive insured the Company and its subsidiaries against certain risks unique to the operations of the Company and for which insurance was not available or economically feasible in the insurance marketplace. The Captive pooled resources with several other insurance company subsidiaries of financial institutions to spread a limited amount of risk among themselves. Effective December 15, 2023, the Captive was dissolved and is no longer active.

The Company is headquartered in St. Louis Park, Minnesota, a suburb located approximately 5 miles southwest of downtown Minneapolis. The Company and Bank were established in 2005 as a *de novo* bank by a group of industry veterans and local business leaders committed to serving the diverse needs of commercial real estate investors, small entrepreneurs, business entrepreneurs, clients, and high net worth successful individuals.

Since inception, the Company has grown significantly and profitably, with a focus on organic growth, driven primarily by commercial real estate lending. Assets have grown at a compounded annual growth rate of 32.8% 31.1% since 2005, surpassing total asset milestones of $500 million in 2013, $1.0 billion in 2016, $2.0 billion in 2019, $3.0 billion in 2021, and $4.0 billion in 2022. While this growth has been almost entirely organic, in 2016 the Company completed a

---

Table of Contents

complementary small bank acquisition that added approximately $76.1 million in assets, $66.7 million in seasoned core deposits and two branch locations within its market area.

As of December 31, 2022 December 31, 2023, total assets were $4.35 billion $4.61 billion, total gross loans were $3.57 billion $3.72 billion, total deposits were $3.42 billion $3.71 billion, and total shareholders' equity was $394.1 million $425.5 million.

Table of Contents

The principal sources of funds for loans and investments are transaction, savings, time, and other deposits, and short-term and long-term borrowings. The Company's principal sources of income are interest and fees collected on loans, interest and dividends earned on investment securities and service charges. The Company's principal expenses are interest paid on deposit accounts and borrowings, employee compensation and other overhead expenses. The Company's simple, highly efficient business model of providing responsive support and simple solutions to clients continues to be the underlying principle that drives the Company's profitable growth.

Market Area and Competition

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The Company operates in the Twin Cities Metropolitan Statistical Area, or MSA, which had total deposits of $232.4 $237.6 billion as of June 30, 2022 June 30, 2023, and ranks as the 16th 14th largest metropolitan statistical area in the United States in total deposits, and the third largest metropolitan statistical area in the Midwest in total deposits, based on Federal Deposit Insurance Corporation, or FDIC, data. This area is commonly known as the "Twin Cities" after its two largest cities, Minneapolis, the city with the largest population in the state, and St. Paul, the state capital.

The Twin Cities MSA is defined by attractive market demographics, including strong household incomes, dense populations, a resilient employee base and the presence of a diverse group of large and small businesses. As of December 31, 2022 December 31, 2023, the Company's market ranked second first in median household income in the Midwest and eighth seventh in the nation, when compared to the top 20 MSAs by population size in each area, based on data available on S&P Global Market Intelligence. According to the U.S. Bureau of Labor Statistics, the population in the Twin Cities MSA was approximately 3.7 million as of December 31, 2022 December 31, 2023, making it the third largest MSA in the Midwest and 16th largest MSA in the United States. The Twin Cities MSA had an unemployment rate of 2.6% 2.4%, which was lower than the national average of 3.5% 3.7%, as of December 31, 2022 December 31, 2023. These strong labor market fundamentals can be attributed to the significant presence of national and international businesses across diverse industries operating within the Twin Cities MSA.

The Company operates in a competitive market area and competes with other, often much larger, retail and commercial banks and financial institutions. Two large, national banking chains, Wells Fargo and US Bank, together controlled 62.3% 61.2% of the deposit market share in the Twin Cities MSA as of June 30, 2022 June 30, 2023, based on FDIC data and as displayed in the table below. By comparison, as of the same date, the Company had a deposit market share of

Table of Contents

approximately 1.4% 1.5%, which ranked the Company ninth tenth in the Twin Cities MSA overall and fourth in the Twin Cities MSA among banks headquartered in Minnesota.

Rank	Institution	State Headquarters	Branch Count	Total Deposits ($000)	Market Share (%)	Institution	State Headquarters	Branch Count	Total Deposits ($000)	Marke Share (%)
1	U.S. Bancorp	MN	84	87,543,495	37.67	U.S. Bancorp	MN	83	95,115,907	40.02
2	Wells Fargo & Co	CA	90	57,229,459	24.63	Wells Fargo & Co	CA	88	50,360,064	21.19
3	Ameriprise Financial, Inc.	MN	2	15,520,975	6.68	Ameriprise Financial, Inc.	MN	2	20,933,401	8.81
4	Bank of Montreal	N/A	26	8,275,300	3.56	Huntington Bancshares, Inc.	OH	69	6,565,049	2.76
5	Huntington Bancshares, Inc.	OH	76	6,522,793	2.81	Bank of Montreal	N/A	30	6,479,589	2.73
6	Otto Bremer Trust	MN	20	5,352,754	2.30	Otto Bremer Trust	MN	19	5,301,745	2.23
7	Bank of America Corp.	NC	15	5,206,487	2.24	Bank of America Corp.	NC	17	4,520,617	1.90
8	Old National Bancorp	IN	29	3,864,487	1.66	State Bankshares, Inc.	ND	7	3,957,691	1.67
9	**Bridgewater Bancshares, Inc.**	**MN**	**8**	**3,244,121**	**1.40**	Old National Bancorp	IN	29	3,631,394	1.53
10	State Bankshares, Inc.	ND	7	3,142,811	1.35	**Bridgewater Bancshares, Inc.**	**MN**	**8**	**3,608,662**	**1.52**
	Top 10 Institutions		**357**	**195,902,682**	**84.30**	**Top 10 Institutions**		**352**	**200,474,119**	**84.36**
	Total Bank Deposits		**750**	**232,367,426**		**Total Bank Deposits**		**751**	**237,642,506**	

The market has experienced disruption in recent years due to acquisitions of local institutions by larger regional banks headquartered outside of the market. The disruption has created significant opportunities for the Company to add both talent and clients. In addition, the Company has developed a local banking advantage in the market with only four of the ten largest banks by deposit market share being headquartered in Minnesota.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Products and Services

The Company offers a full array of simple, quality loan and deposit products primarily for commercial clients. While the Company provides products and services that compete with those offered by large national and regional competitors, the Company additionally offers responsive support and personalized solutions tailored for each client. The Company emphasizes customer client service and believes in providing distinguishing levels of client service through the experience of employees, the responsiveness and certainty of the credit process and the efficiency with which business is conducted. The Company believes that clients notice a difference in service compared to the much larger institutions in the market. The Company has built a strong referral network that continually provides opportunities with new client relationships. At this time, the Company does not operate any non-depository business lines such as mortgage, wealth management or trust.

Lending. The Bank focuses primarily on commercial lending, consisting of loans secured by nonfarm, nonresidential properties, loans secured by multifamily residential properties, nonowner occupied single family residential properties, construction loans, land development loans and commercial and industrial loans. The Bank has a particular expertise in multifamily financing which has historically represented a large portion of the loan portfolio. This asset class has performed extremely well and has lower historical loss rates when compared to other loan types. Commercial real estate loans (excluding multifamily and construction) consist of owner and nonowner occupied properties. This portfolio segment is well diversified with loans secured by office buildings, retail strip centers, industrial properties, senior housing and hospitality properties and mixed-use properties. In addition to loans secured by improved commercial real estate properties, the Bank engages in construction lending, which includes single family residential construction loans, land development, finished lots and raw land loans, and commercial and multifamily construction.

In recent years, the Bank has increased its focus on commercial and industrial lending. This portfolio includes a mix of term equipment loans and revolving lines of credit to support the needs of local businesses. Additionally, the Bank has a niche within the tax credit investment market whereby it bridges equity capital receivables on various tax credit projects.

The Bank focuses on lending to borrowers located or investing in the Twin Cities MSA across a diverse range of industries and property types, however, as a relationship lender, it will from time to time finance properties located outside of Minnesota for its existing local clients in select situations. As of December 31, 2022 December 31, 2023, over 80% of the Bank's real estate loan balances were secured by properties located in the Twin Cities market.

Robust and consistent growth over the last several years has been attributable to the Bank's strengthening brand and service model in the Twin Cities, client and banker acquisitions resulting from M&A-related market disruption and the expansion of talented lending and business service teams. As a result, the Bank's ability to cultivate relationships with certain individuals and businesses has resulted in a concentration of large loans to a small number of borrowers. The Bank has established an informal, internal limit on a single loan to finance one transaction, but may, under certain circumstances, consider going above this internal limit in situations where management's understanding of the industry, the borrower's financial condition, overall credit quality and property fundamentals are commensurate with the increased size of the relationship. Loan The Bank's pace of loan growth slowed in 2023 from historical levels as market loan demand remained high for most of 2022, but in late 2022, the Bank began seeing a reduction in overall loan demand declined due to the rising interest rate environment.

Deposits. The Bank has developed a suite of deposit products targeted at commercial clients, including a variety of remote deposit and cash management products, along with commercial transaction accounts. The Bank also offers consumers traditional retail deposit products through its branch network, along with online, mobile and direct banking channels. Many of the deposits do not require a branch visit, creating efficiencies across the Bank's branch network.

Deposits continue to be the primary funding source for the Bank's lending activities, both core and non-core deposits. Deposit Core deposit growth has been positively impacted by new client and bank acquisition opportunities was more of a challenge across the industry in 2023, primarily due to M&A-related market disruption the higher interest rate environment and fallout from several bank failures early in the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Twin Cities and the expansion of the treasury management team. As interest rates increased sharply in 2022, generating core deposit growth became difficult, especially with the emergence of

Table of Contents

unprecedented competition from the Treasury markets. year. As a result, the Bank utilized additional brokered deposits and wholesale funding sources to supplement core deposits.

While the Bank remains committed to growing core deposits, brokered deposits have remained a strategic component of the funding strategy and interest rate risk management. The Bank's Asset Liability Management, or ALM, Committee monitors the size of this portfolio, and ongoing opportunities.

The Bank has developed relationships with certain individuals and businesses that have resulted in a concentration of large deposits from a small number of clients. As of December 31, 2022 December 31, 2023, the 10 largest depositor relationships accounted for approximately 15.0% 13.0% of total deposits. This high concentration of depositors, which declined from 15.0% as of December 31, 2022, presents a risk to liquidity if one or more of them decides to change its relationship with the Bank and to withdraw all or a significant portion of their accounts.

Competitive Strengths

As the Company seeks to continue to grow the business, management believes the following strengths provide a competitive advantage over other financial institutions operating in its market area:

Commercial Banking Expertise. Management believes the Company has earned the reputation as one of the prominent commercial real estate lenders in the Twin Cities MSA due in large part to the strength of the lending team. The Company has an experienced, professional team of 25 lenders, and believes the ability to drive quality commercial loan growth is a result of being able to provide each client with access to a knowledgeable, experienced, responsive and dedicated banker. Due to their market knowledge and understanding of clients' businesses, the lenders are well positioned to provide timely and relevant feedback to clients. Management believes the responsive credit culture separates the Company from its competitors.

Multifamily Lending Expertise. The Company specializes in multifamily lending, which has historically represented a large portion of the total loan portfolio. The Company believes this lending niche lowers the risk profile of the overall loan portfolio due to its lower historical loss rates when compared to other loan types. In fact, the multifamily portfolio has experienced no net charge-offs over the past five years and only $62,000 of net charge-offs since inception.

Table of Contents

As a result of the Company's segment expertise and strong portfolio performance, the Company has been comfortable continuing to grow the multifamily portfolio.

Engaged and Experienced Board of Directors and Management Team. The Company's board of directors consists of highly accomplished individuals with strong industry and business experience in the market area. The combined expertise of the board of directors and the significant banking and regulatory experience of the strategic leadership team help execute the Company's growth strategy.

The Company's seven-person strategic leadership team has a strong balance of extensive banking and regulatory experience, drive and talent. The team has over 130 years of combined banking and financial services experience and more than 20 years of regulatory

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

experience. Three members of the team have been leading the Company since its formation, and with an average age of 50, 51, the strategic leadership team can drive growth and strategy for years to come.

In addition to the strategic leadership team, the Company has demonstrated an ability to grow through the recruitment of high performing individuals. The Company seeks to hire people with significant in-market experience who fit the Company's hard-working, entrepreneurial culture. Through targeted hiring and internal development efforts, the Company has established a deep bench of talent to continue to grow and manage the business. The Company has structured its team to prepare for long-term growth and stability by combining the experienced strategic leadership and commercial lending teams with its next generation of leaders.

Efficiency. The Company operates as a highly efficient organization based on a simple business model. By focusing on commercial real estate lending, employee overhead is low due to its lenders maintaining larger loan portfolio sizes compared to other types of commercial lending. In addition, the Company serves its clients through a

---

Table of Contents

strategically positioned "branch-light" model of just seven branches, as well as through online, mobile and direct banking channels, and is not dependent on a traditional branch network with a large number of locations.

Hard-Working and Entrepreneurial Culture. The Company has developed a hard-working and entrepreneurial culture, which is a critical component for attracting and retaining experienced and talented bankers, as well as clients. The Company has established a set of core values, based on characteristics that describe and inspire the culture—Unconventional, Responsive, Dedicated, Growth and Accurate. To maintain the culture, all potential and current personnel evaluations include an assessment of these attributes. Clients notice the unconventional environment with dedicated employees who feel like they are part of building a high performing bank.

Solid Asset Quality Metrics. A risk-management focused business model has contributed to solid asset quality during a period of strong loan growth and economic uncertainty. The Company diligently monitors and routinely stress tests the loan portfolio. The strong credit metrics are the result of measured risk selection, consistent underwriting standards, active credit oversight and experienced lending and credit teams.

Proactive Enterprise Risk Management. The Company's enterprise risk management practices provide an enhanced level of oversight allowing management to be proactive rather than reactive. The Company has been focused on scaling its enterprise risk management function to address emerging risks and support growth plans. The management-level enterprise risk management committee, comprised of the strategic leadership team, the Chief Risk Officer and senior representatives from all departments, meets quarterly to identify, assess, measure, monitor, and manage the Company's overall enterprise risk position and to discuss how the Company's strategic initiatives may impact the Company's risk profile. Enterprise risk management reports are provided to the full Company board on a quarterly basis. Furthermore, in 2016, Bridgewater Risk Management, Inc. was formed as a captive insurance subsidiary to provide supplemental insurance coverage to the Company and its subsidiaries for risk management purposes.

The Company also has a comprehensive Commercial Real Estate Portfolio Risk Management Policy which implements formal processes and procedures designed to manage and mitigate risk within the commercial real estate portfolio. This policy addresses regulatory guidelines for institutions, such as the Bank, that exhibit higher levels of commercial real estate concentrations. These processes and procedures include board and management oversight, commercial real estate exposure limits, portfolio monitoring tools, management information systems, market reports,

---

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

underwriting standards, a credit risk review function and periodic stress testing to evaluate potential credit risk and the subsequent impacts on capital and earnings.

Strategies for Growth

The Company had a track record of generating consistent, robust growth over the past seventeen eighteen years. Given the current interest rate environment, which has resulted in increased funding pressure and reduced loan demand, the Company intends to continue growing the balance sheet, albeit at a slower more moderate pace over the near-term. To generate future growth, the Company intends to continue to execute the proven strategies that it has used in prior years to achieve some of the strongest performance results in the community banking industry. These strategies include the following:

Focus on Organic Growth in the Market Area. The Company intends to continue to grow its business organically in a focused and strategic manner by leveraging its competitive strengths, including commercial banking expertise, an experienced management team, an efficient business model and strong branding, to capitalize on the opportunities in the Company's market area. As a publicly traded but locally-headquartered bank, the Company can go beyond what small banks can provide by offering sophisticated products and services similar to those offered by the much larger, out-of-state banks, but in a manner that is tailored to the needs of local clients in a more efficient, responsive and flexible way. Although the growth potential of the current market is substantial and provides the ability to continue to grow organically in the market, the Company will continue to consider opportunistic acquisitions that complement the current business and support the potential for longer term growth and returns for shareholders.

The Company plans to increase core deposits over time to support loan growth and build market share by expanding existing client relationships and by developing new deposit-focused clients. The Company plans to continue to expand its footprint through marketing and networking efforts focused on generating deposits. Although the Company

---

Table of Contents

is committed to growing core deposits, growth will continue to be supplemented, when necessary, with non-core, wholesale funding sources. On the lending side, the Company intends to rely on the expertise of the lenders, and believes the Company is well-positioned to continue to organically grow commercial loans based on the favorable market demographics in the Twin Cities MSA.

Leverage Entrepreneurial Culture and Talent. The Company has built a team of bankers that is hard-working, passionate and energized by the opportunities to continue to grow the Company's business and develop its brand in the Twin Cities MSA. With an experienced strategic leadership team and a strong layer of talented middle managers, the Company is well positioned for future growth. The Company aggressively recruits qualified personnel and develops talent internally and believes the culture, which empowers employees to be entrepreneurs for the business, will allow the Company to attract and develop the talent needed to drive growth.

Consider Opportunistic Acquisitions. In addition to organic growth, from time to time, the Company may consider additional acquisition opportunities that fit with the organization. Specifically, the Company will evaluate acquisitions that would be complementary to its existing business. The Company will continue to seek acquisitions that will bolster its balance sheet in areas where the Company would like to grow or diversify, without compromising the Company's risk profile or culture. While pursuing potential acquisitions, the Company intends to be disciplined in its approach to pricing, new business lines and new markets. In the future, the Company may evaluate and act upon acquisition opportunities that would produce attractive returns for shareholders. Management believes that there will be further bank consolidation in the Twin Cities MSA and that the Company is well positioned to be a preferred partner for smaller institutions looking to exit through a sale to an in-market a strong buyer.

Human Capital Resources

The Company believes that its growth and success are dependent on its ability to attract, develop, and retain a high-performing and diverse team of people. The Company's unconventional corporate culture is a key differentiator and meaningful driver in achieving this objective. As of December 31, 2022 December 31, 2023, the Company had 246 255 full-time equivalent employees, most of which are full-time employees, an increase of 12% 4% from December 31, 2021 December 31, 2022. None of the Company's employees are a party to a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

collective bargaining agreement. The Company considers the relationship with its employees to be good and has not experienced interruptions of operations due to labor disagreements.

Table of Contents

The Company believes embracing and understanding diversity, equity and inclusion has and will continue to make the Company stronger. In 2019, the Company established a Diversity, Equity and Inclusion Committee that focuses on building an inclusive culture that encourages, supports and celebrates the diversity of the Company's employees and the communities in which it serves. The Company recognizes that different perspectives enhance its thinking and improve its employees' experience by bringing together unique backgrounds, beliefs, cultures, and experiences at the Company. As of December 31, 2022 December 31, 2023, women and people of color comprised 52% and 18% 20% of the Company's total workforce, respectively. Similarly, women and people of color made up 54% 52% and 11% 9% of manager roles, respectively.

Employee retention helps the Company operate efficiently and carry out its mission of being the finest entrepreneurial bank. The Company believes its commitment to its core values (Unconventional, Responsive, Dedicated, Growth and Accurate), as well as prioritizing concern for its employees' well-being, supporting its employees' career goals and offering competitive wages and benefits aid in the retention of its employees. For example, in 2021, the Company became one of the few local Minnesota companies to establish a $20 per hour minimum wage.

The Company believes developing employees' leadership skills is a critical factor for the long-term future success of the Company. In 2023, the Company debuted an updated Leadership Development Program focused on delivering meaningful content to leaders that support development and growth in areas of crucial conversations, empowering team members, and navigating change. The Company also has a Mentorship Program that gives employees the opportunity to open the door to professional advice and constructive communication from leaders at all levels within the organization. The program provides participants with ways to build leadership skills, learn from others outside of their normal area of activity, and continue to grow both personally and professionally.

The Company strives to give back to the communities in which it operates by encouraging employees to be engaged in the communities where they live and work. To help remove roadblocks to volunteering, the Company offers

---

Table of Contents

a program that provides employees paid time off to volunteer at non-profit organizations (up to 16 hours per year). The Company is proud to support many local community organizations through financial contributions and employee-driven volunteerism.

The safety, health and wellness of employees is a top priority. The Company's Health and Wellness Committee is focused on promoting both physical and mental health across the organization, with events including skiing, climbing, paddleboarding pickleball, disc golf, a cooking class, and step challenge, just to name a step challenge. few. The Health and Wellness Committee also hosted a series of mental health-related educational events, focused on managing mental health and identifying early warning signs and symptoms. Over including two meditation sessions.

The Company has been very open to providing workplace flexibility for team members in light of the past few years, post-COVID-19 landscape. The Company returned to office in June 2021, but in a hybrid model, with most team members having the COVID-19 pandemic created new challenges for flexibility to work remotely. The Company recognizes the Company and its team members. In a short period importance of time, having this flexibility while also emphasizing the Company was able benefits of the in-person workplace culture that is unique to adapt in the uncertain environment by utilizing the Company's technology, electronic banking and other digital platforms to

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

minimize interruption to both employees and clients. In an effort to keep employees safe during the COVID-19 pandemic, the Company implemented a number of health-related measures, including protocols governing the use of face masks, enhanced cleaning procedures at the corporate and branch offices, social-distancing protocols, and the opportunity for remote and flexible work schedules. Bridgewater.

Environmental, Social and Governance (ESG)

The Company is committed to establishing and advancing impactful initiatives that support its corporate responsibility as a growing, local bank in the Twin Cities, while regularly sharing progress with stakeholders. In 2021, the The Company created has a management-level ESG Committee with the role of developing, implementing and growing a formal ESG program. Oversight of the Company's ESG strategy is provided by the Nominating and ESG Committee of the Board of Directors.

The Company's ESG priorities are to:

1) Leverage its unconventional corporate culture to leave a positive, lasting impact on its team members, clients and communities;
2) Create a diverse, equitable and inclusive work environment and community;

Table of Contents

3) Ensure strong corporate governance oversight including an effective risk management framework to support a growing organization; and
4) Contribute to a healthier natural environment in the communities in which employees live and work.

In an effort to increase communication with stakeholders regarding ESG, the Company launched an ESG webpage in March 2022 to share a summary of the actions being taken to support the ESG priorities. The webpage is updated periodically to highlight ongoing efforts to support ESG-related initiatives. For more information on the Company's ESG commitment, please visit the Company's ESG webpage at www.BWBMN.com/about-bridgewater/esg.

Corporate Available Information

The Company's principal executive office is located at 4450 Excelsior Blvd., Suite 100, St. Louis Park, Minnesota 55416, and the telephone number at that address is (952) 893-6868. The website address is investors.bridgewaterbankmn.com. investors.bridgewaterbankmn.com. The information contained on the website is not a part of, nor incorporated by reference into, this report.

All filings made by the Company with the SEC may be copied or read at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, as the Company does. The website is www.sec.gov. The Company provides access to its SEC filings through its website at investors.bridgewaterbankmn.com. After accessing the website, the filings are available free of charge upon selecting "Investor Relations/SEC Filings/Documents." Reports available include the Company's proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after the documents and reports are electronically filed with or furnished to the SEC.

Table of Contents

SUPERVISION AND REGULATION

General

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

FDIC-insured institutions, their holding companies and their affiliates are extensively regulated under federal and state law. As a result, the Company's growth and earnings performance may be affected not only by management decisions and general economic conditions, but also by the requirements of federal and state statutes and by the regulations and policies of various bank regulatory agencies, including the Company's primary regulator, the Federal Reserve, and the Bank's primary federal regulator, the FDIC and primary state regulator, the Minnesota Department of Commerce, Financial Institutions Division, or MDOC, and the Consumer Financial Protection Bureau, or CFPB, as the regulator of consumer financial services and their providers. Furthermore, taxation laws administered by the Internal Revenue Service, or IRS, and state taxing authorities, accounting rules developed by the Financial Accounting Standards Board, or FASB, securities laws administered by the SEC and state securities authorities, and anti-money laundering laws enforced by the U.S. Department of the Treasury, or Treasury, have an impact on the Company's business. The effect of these statutes, regulations, regulatory policies and accounting rules are significant to the Company's operations and results.

Federal and state banking laws impose a comprehensive system of supervision, regulation and enforcement on the operations of FDIC-insured institutions, their holding companies and affiliates that is intended primarily for the protection of the FDIC-insured deposits and depositors of banks, rather than shareholders. These laws, and the regulations of the bank regulatory agencies issued under them, affect, among other things, the scope of the Company's business, the kinds and amounts of investments the Company and the Bank may make, reserve requirements, required capital levels relative to assets, the nature and amount of collateral for loans, the establishment of branches, the ability to merge, consolidate and acquire, dealings with the Company's and the Bank's insiders and affiliates and the Company's payment of dividends. In reaction to the global financial crisis and particularly following the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, the Company experienced heightened regulatory requirements and scrutiny. Although the reforms primarily targeted systemically important financial service providers, their influence filtered down in varying degrees to community banks over time and caused the Company's compliance

Table of Contents

and risk management processes, and the costs thereof, to increase. The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018, or Regulatory Relief Act, eliminated questions about the applicability of certain Dodd-Frank Act reforms to community bank systems, including relieving the Company of any requirement to engage in mandatory stress tests, maintain a risk committee or comply with the Volcker Rule's complicated prohibitions on proprietary trading and ownership of private funds. The Company believes these reforms have been favorable to the Company's operations.

The supervisory framework for U.S. banking organizations subjects banks and bank holding companies to regular examination by their respective regulatory agencies, which results in examination reports and ratings that are not publicly available and that can impact the conduct and growth of their business. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management ability and performance, earnings, liquidity, and various other factors. The regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations.

The following is a summary of the material elements of the supervisory and regulatory framework applicable to the Company and the Bank. It does not describe all of the statutes, regulations and regulatory policies that apply, nor does it restate all of the requirements of those that are described. The descriptions are qualified in their entirety by reference to the particular statutory and regulatory provision.

The Role of Capital

Regulatory capital represents the net assets of a banking organization available to absorb losses. Because of the risks attendant to their business, FDIC-insured institutions generally are required to hold more capital than other businesses, which directly affects the Company's earnings capabilities. Although capital has historically been one of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

key measures of the financial health of both bank holding companies and banks, its role became fundamentally more important in the wake of the global financial crisis, as the banking regulators recognized that the amount and quality of capital held by banks prior to the crisis was insufficient to absorb losses during periods of severe stress.

Capital Levels. Banks have been required to hold minimum levels of capital based on guidelines established by the bank regulatory agencies since 1983. The minimums have been expressed in terms of ratios of "capital" divided by "total assets". The capital guidelines for U.S. banks beginning in 1989 have been based upon international capital accords (known as "Basel" rules) adopted by the Basel Committee on Banking Supervision, a committee of central banks and bank supervisors that acts as the primary global standard-setter for prudential regulation, as implemented by the U.S. bank regulatory agencies on an interagency basis. The accords recognized that bank assets for the purpose of the capital ratio calculations needed to be risk weighted (the theory being that riskier assets should require more capital) and that off-balance sheet exposures needed to be factored in the calculations. Following the global financial crisis, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced agreement on a strengthened set of capital requirements for banking organizations around the world, known as Basel III, to address deficiencies recognized in connection with the global financial crisis.

The Basel III Rule. The United States bank regulatory agencies adopted the Basel III regulatory capital reforms, and, at the same time, effected changes required by the Dodd-Frank Act, in regulations that were effective (with certain phase-ins) in 2015. Basel III, or the Basel III Rule, established capital standards for banks and bank holding companies that are meaningfully more stringent than those in place previously: it increased the required quantity and quality of capital; and it required a more complex, detailed and calibrated assessment of risk in the calculation of risk weightings. The Basel III Rule is applicable to all banking organizations that are subject to minimum capital requirements, including federal and state banks and savings and loan associations, as well as to most bank and savings and loan holding companies. The Company and the Bank are each subject to the Basel III Rule as described below.

Not only did the Basel III Rule increase most of the required minimum capital ratios in effect prior to January 1, 2015, but, in requiring that forms of capital be of higher quality to absorb loss, it introduced the concept of Common Equity Tier 1 Capital, which consists primarily of common stock, related surplus (net of Treasury stock), retained

---

earnings, and Common Equity Tier 1 minority interests subject to certain regulatory adjustments. The Basel III Rule also changed the definition of capital by establishing more stringent criteria that instruments must meet to be considered Additional Tier 1 Capital (primarily non-cumulative perpetual preferred stock that meets certain requirements) and Tier 2 Capital (primarily other types of preferred stock and subordinated debt, subject to limitations). The Basel III Rule also constrained the inclusion of minority interests, mortgage-servicing assets, and deferred tax assets in capital and required deductions from Common Equity Tier 1 Capital in the event that if such assets exceeded a percentage of a banking institution's Common Equity Tier 1 Capital.

The Basel III Rule requires **minimum** capital ratios as follows:

- A ratio of Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets;
- A ratio of Tier 1 Capital equal to 6% of risk-weighted assets;
- A continuation of the minimum required amount of Total Capital (Tier 1 plus Tier 2) at 8% of risk-weighted assets; and
- A leverage ratio of Tier 1 Capital to total quarterly average assets equal to 4% in all circumstances.

In addition, institutions that seek the freedom want to make capital distributions (including for dividends and repurchases of stock) and pay discretionary bonuses to executive officers without restriction must also maintain 2.5% in Common Equity Tier 1 Capital attributable to a capital conservation buffer. The purpose of the conservation buffer is to ensure that banking institutions maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. Factoring in the conservation buffer increases the minimum ratios depicted above to 7% for Common Equity Tier 1 Capital, 8.5% for Tier 1 Capital and 10.5% for Total Capital.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Well-Capitalized Requirements. The ratios described above are minimum standards for banking organizations to be considered "adequately capitalized." Bank regulatory agencies uniformly encourage banks to hold more capital and

Table of Contents

be "well-capitalized" and, to that end, federal law and regulations provide various incentives for banking organizations to maintain regulatory capital at levels in excess of minimum regulatory requirements. For example, a banking organization that is well-capitalized may: (i) qualify for exemptions from prior notice or application requirements otherwise applicable to certain types of activities; (ii) qualify for expedited processing of other required notices or applications; and (iii) accept, roll-over or renew brokered deposits. Higher capital levels could also be required if warranted by the particular circumstances or risk profiles of individual banking organizations. For example, the Federal Reserve's capital guidelines contemplate that additional capital may be required to take adequate account of, among other things, interest rate risk, or the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Further, any banking organization experiencing or anticipating significant growth would be expected to maintain capital ratios, including tangible capital positions (*i.e.*, Tier 1 Capital less all intangible assets), well above the minimum levels.

Under the capital regulations of the Federal Reserve for the Company and the FDIC for the Bank, in order to be well-capitalized, a banking organization must maintain:

- A Common Equity Tier 1 Capital ratio to risk-weighted assets of 6.5% or more;
- A ratio of Tier 1 Capital to total risk-weighted assets of 8% or more;
- A ratio of Total Capital to total risk-weighted assets of 10% or more; and
- A leverage ratio of Tier 1 Capital to total adjusted average quarterly assets of 5% or greater.

It is possible under the Basel III Rule to be well-capitalized while remaining out of compliance with the capital conservation buffer discussed above.

As of December 31, 2022 December 31, 2023: (i) the Bank was not subject to a directive from MDOC or FDIC to increase its capital and (ii) the Bank was well-capitalized, as defined by FDIC regulations. As of December 31, 2022 December 31, 2023, the Company had regulatory capital in excess of the Federal Reserve's requirements and met the Basel III Rule requirements to be well-capitalized. The Company was also in compliance with the capital conservation buffer as of December 31, 2022 December 31, 2023.

Table of Contents

Prompt Corrective Action. The concept of an institution being "well-capitalized" is part of a regulatory enforcement regime that provides the federal banking regulators with broad power to take "prompt corrective action" to resolve the problems of undercapitalized depository institutions based on the capital level of each particular institution. The extent of the regulators' powers depends on whether the institution in question is "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized," in each case as defined by regulation. Depending upon the capital category to which an institution is assigned, the regulators' corrective powers include: (i) requiring the institution to submit a capital restoration plan; (ii) limiting the institution's asset growth and restricting its activities; (iii) requiring the institution to issue additional capital stock (including additional voting stock) or to sell itself; (iv) restricting transactions between the institution and its affiliates; (v) restricting the interest rate that the institution may pay on deposits; (vi) ordering a new election of directors of the institution; (vii) requiring that senior executive officers or directors be dismissed; (viii) prohibiting the institution from accepting deposits from correspondent banks; (ix) requiring the institution to divest certain subsidiaries; (x) prohibiting the payment of principal or interest on subordinated debt; and (xi) ultimately, appointing a receiver for the institution.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Community Bank Capital Simplification. Community banks have long raised concerns with bank regulators about the regulatory burden, complexity, and costs associated with certain provisions of the Basel III Rule. In response, Congress provided an "off-ramp" for institutions, like the Company, with total consolidated assets of less than $10 billion. Section 201 of the Regulatory Relief Act instructed the federal banking regulators to establish a single "Community Bank Leverage Ratio", or CBLR, of between 8 and 10%. Under the final rule, a community banking organization is eligible to elect the new framework if it has less than $10 billion in total consolidated assets, limited amounts of certain assets and off-balance sheet exposures, and a CBLR greater than 9%. The Company may elect Bank has not elected to use the CBLR framework at any time but has not currently determined to do so. this time.

Supervision and Regulation of the Company

Table of Contents

General. The Company, as the sole shareholder of the Bank, is a bank holding company that has elected financial holding company status. As a bank holding company, the Company is registered with, and is subject to regulation supervision and enforcement by, the Federal Reserve under the BHCA. The Company is legally obligated to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances where the Company might not otherwise do so. Under the BHCA, the Company is subject to periodic examination by the Federal Reserve. The Company is required to file with the Federal Reserve periodic reports of the Company's operations and such additional information regarding the Company and its subsidiaries as the Federal Reserve may require.

Acquisitions, Activities and Financial Holding Company Election. The primary purpose of a bank holding company is to control and manage banks. The BHCA generally requires the prior approval of the Federal Reserve for any merger involving a bank holding company or any acquisition by a bank holding company of another bank or bank holding company. Subject to certain conditions (including deposit concentration limits established by the BHCA), the Federal Reserve may allow a bank holding company to acquire banks located in any state of the United States. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its FDIC-insured institution affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state institutions or their holding companies) and state laws that require that the target bank have been in existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company. Furthermore, in accordance with the Dodd-Frank Act, bank holding companies must be well-capitalized and well-managed in order to effect interstate mergers or acquisitions. For a discussion of the capital requirements, see "—The Role of Capital" above.

The BHCA generally prohibits the Company from acquiring direct or indirect ownership or control of more than 5% of a class of the voting shares of any company that is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to banks and their subsidiaries. This general prohibition is subject to a number of exceptions. The principal exception allows bank holding companies to engage in, and to own shares of companies engaged in, certain businesses found by the Federal Reserve prior to November 11, 1999 to be "so closely related to banking ... as to be a proper incident thereto." This authority permits the Company to engage in a variety of banking-related businesses, including the ownership and operation of a savings association, or any

---

Table of Contents

entity engaged in consumer finance, equipment leasing, the operation of a computer service bureau (including software development) and mortgage banking and brokerage services. The BHCA does not place territorial restrictions on the domestic activities of nonbank subsidiaries of bank holding companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of nonbanking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the Federal Reserve determines by order to be complementary to any such financial activity, as long as the activity does not pose a substantial risk to the safety or soundness of FDIC-insured institutions or the financial system generally. The Company has elected to operate as a financial holding company. In order to maintain its status as a financial holding company, the Company and the Bank must be well-capitalized, well-managed, and the Bank must have a least a satisfactory CRA rating. If the Federal Reserve determines that a financial holding company or any bank subsidiary is not well-capitalized or well-managed, the Federal Reserve will provide a period of time in which to achieve compliance, but, during the period of noncompliance, the Federal Reserve may place any limitations on the Company that it deems appropriate. Furthermore, if non-compliance is based on the failure of the Bank to achieve a satisfactory CRA rating, the Company would not be able to commence any new financial activities or acquire a company that engages in such activities.

Change in Control. Federal law prohibits any person or company from acquiring "control" of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. "Control" is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 10% and 24.99% ownership.

Table of Contents

Capital Requirements. The Company is subject to the complex consolidated capital requirements of the Basel III Rule, see "—the Role of Capital" above.

Dividend Payments. The Company's ability to pay dividends to its shareholders may be affected by both general corporate law considerations and policies of the Federal Reserve applicable to bank holding companies. As a Minnesota corporation, the Company is subject to the Minnesota Business Corporation Act, as amended, which prohibits the Company from paying a dividend if, after giving effect to the dividend the Company would not be able to pay its debts as the debts become due in the ordinary course of business, or the Company's total assets would be less than the sum of its total liabilities plus, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should eliminate, defer or significantly reduce dividends to shareholders if: (i) the company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention is inconsistent with the company's capital needs and overall current and prospective financial condition; or (iii) the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their nonbank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. In addition, under the Basel III Rule, institutions that seek the freedom want to pay dividends have to maintain 2.5% in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See "—The Role of Capital" above.

Monetary Policy. The monetary policy of the Federal Reserve has a significant effect on the operating results of financial or bank holding companies and their subsidiaries, and this is evidenced in its increases in the targeted federal funds rate throughout 2022. 2022 and 2023. Among the tools available to the Federal Reserve to affect the money supply are open market transactions in U.S. government securities and changes in the discount rate on bank borrowings. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Federal Securities Regulation. The Company's common stock is registered with the SEC under the Exchange Act. Consequently, the Company is subject to the information, proxy solicitation, insider trading and other restrictions and requirements of the SEC under the Exchange Act.

Corporate Governance. The Dodd-Frank Act addressed many investor protection, corporate governance and executive compensation matters that will affect most U.S. publicly traded companies. It increased shareholder influence over boards of directors by requiring companies to give shareholders a nonbinding vote on executive compensation and so-called "golden parachute" payments, and authorizing the SEC to promulgate rules that would allow shareholders to nominate and solicit voters for their own candidates using a company's proxy materials. The legislation also directed the Federal Reserve to promulgate rules prohibiting excessive compensation paid to executives of bank holding companies, regardless of whether such companies are publicly traded.

Supervision and Regulation of the Bank

General. The Bank is a Minnesota-chartered bank. The deposit accounts of the Bank are insured by the FDIC's Deposit Insurance Fund, or DIF, to the maximum extent provided under federal law and FDIC regulations, currently $250,000 per insured depositor category. As a Minnesota-chartered FDIC-insured bank, the Bank is subject to the examination, supervision, reporting and enforcement requirements of the MDOC, the chartering authority for Minnesota banks, and the FDIC, designated by federal law as the primary federal regulator of insured state banks that, like the Bank, are not members of the Federal Reserve.

Deposit Insurance. As an FDIC-insured institution, the Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system whereby FDIC-insured institutions pay

insurance premiums at rates based on their risk classification. For institutions like the Bank that are not considered large and highly complex banking organizations, assessments are now based on examination ratings and financial ratios. The total base assessment rates currently range from 1.5 2.5 basis points to 30 32 basis points.

At least semi-annually, the FDIC updates its loss and income projections for the DIF and, if needed, increases or decreases the assessment rates, following notice and comment on proposed rulemaking.

The For this purpose, the reserve ratio is the DIF balance divided by estimated insured deposits. In response to the global financial crisis, the Dodd-Frank Act increased the minimum reserve ratio from 1.15% to 1.35% of the estimated amount of total insured deposits. Prior to In the COVID-19 pandemic, semiannual update in June 2022, the FDIC projected that the reserve ratio briefly exceeded was at risk of not reaching the statutory threshold, but, because minimum of extraordinary insured deposit growth caused by an unprecedented inflow of deposits during the pandemic, the reserve ratio fell below 1.35% and continues to be below the threshold. The FDIC staff closely monitors the factors that affect the reserve ratio, and, in order to raise the reserve ratio to 1.35% by September 30, 2028, the statutory deadline. Based on this update, the FDIC increased the approved an increase in initial base deposit insurance rates assessment rate schedules by two basis points, applicable to all insured depository institutions. The increase was effective on January 1, 2023, applicable to the first quarterly assessment period of the 2023 assessment (January 1 through March 31, 2023).

In addition, because the total cost of the failures of Silicon Valley Bank and Signature Bank was approximately $16.3 billion, the FDIC adopted a special assessment for banks having deposits above $5 billion, at an annual rate of 13.4 basis points beginning with the first quarterly assessment period of 2024 (January 1 through March 31, 2024) with an invoice payment date of June 28, 2024, and will continue to collect special assessments for an anticipated total of eight quarterly assessment periods. The base for the 2023 assessment. As a result of this change, special assessment is equal to an insured depository institution's estimated uninsured deposits for the December 31, 2022 reporting period, adjusted to exclude the first $5 billion in estimated uninsured deposits. Because the Bank's FDIC insurance uninsured deposits at December 31, 2023 were less than $5 billion, this special assessment will increase beginning in 2023. does not apply.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Supervisory Assessments. All Minnesota-chartered banks are required to pay supervisory assessments to the MDOC to fund the operations of that agency. The amount of the assessment is calculated on the basis of the Bank's total assets. During the year ended December 31, 2022 December 31, 2023, the Bank paid supervisory assessments to the MDOC totaling approximately $84,400. $150,800.

Capital Requirements. Banks are generally required to maintain capital levels in excess of other businesses. For a discussion of capital requirements, see "—The Role of Capital" above.

Table of Contents

Liquidity Requirements. Liquidity is a measure of the ability and ease with which bank assets may be converted to cash. Liquid meet financial obligations such as deposits or other funding sources. Banks are required to implement liquidity risk management frameworks that ensure they maintain sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, are those that can be converted to cash quickly if needed withstand a range of stress events. The level and speed of deposit outflows contributing to the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in the first half of 2023 was unprecedented and contributed to acute liquidity and funding strain. These events have further underscored the importance of liquidity risk management and contingency funding planning by insured depository institutions like the Bank.

The primary role of liquidity risk management is to: (i) prospectively assess the need for funds to meet financial obligations. To remain viable, FDIC-insured institutions must have enough liquid assets obligations; and (ii) ensure the availability of cash or collateral to meet their near-term obligations, such as withdrawals fulfill those needs at the appropriate time by depositors. Because coordinating the global financial crisis was in part a liquidity crisis, various sources of funds available to the institution under normal and stressed conditions. Basel III also includes a liquidity framework that requires FDIC-insured the largest insured institutions to measure their liquidity against specific liquidity tests. One test, referred to as the liquidity coverage ratio, Liquidity Coverage Ratio, or LCR, is designed to ensure that the banking entity has an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet liquidity needs for a 30-calendar day liquidity stress scenario. The other test, known as the net stable funding ratio, Net Stable Funding Ratio, or NSFR, is designed to promote more medium- and long-term funding of the assets and activities of FDIC-insured institutions over a one-year horizon. These tests provide an incentive for banks and holding companies to increase their holdings in Treasury securities and other sovereign debt as a component of assets, increase the use of long-term debt as a funding source and rely on stable funding like core deposits (in lieu of brokered deposits).

In addition to liquidity guidelines already in place, the federal bank regulatory agencies implemented the Basel III LCR in 2014, and in 2016 proposed implementation of the NSFR. While

Although these rules tests do not, and will not, apply to the Bank, it the Company continues to review its liquidity risk management policies. policies in light of regulatory requirements and industry developments.

Dividend Payments. The primary source of funds for the Company is dividends from the Bank. Under Minnesota law, the Bank cannot declare or pay a cash dividend or dividend in kind unless it will have a surplus amounting to not less than 20% of its capital after payment of the dividend. Once this surplus amount reaches 50% of the Bank's capital, the Bank may pay dividends out of net profits if the dividends will not reduce the Bank's capital, undivided profits and reserves below requirements established by the MDOC. Further, the Bank may not declare or pay a dividend until cumulative dividends on preferred stock, if any, are paid in full.

The payment of dividends by any FDIC-insured institution is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and an FDIC-insured institution generally is prohibited from paying any dividends if, following payment thereof, the institution would be undercapitalized. As described above, the Bank exceeded its capital requirements under applicable guidelines as of December 31, 2022 December 31, 2023. Notwithstanding the availability of funds for dividends, however, the FDIC and the MDOC may prohibit the payment of dividends by the Bank if either or both determine such payment would constitute an unsafe or unsound practice. In

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

addition, under the Basel III Rule, institutions that seek the freedom want to pay unrestricted dividends have to maintain 2.5% in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See "—The Role of Capital" above.

State Bank Investments and Activities. The Bank is permitted to make investments and engage in activities directly or through subsidiaries as authorized by Minnesota law. However, under federal law and FDIC regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. Federal law and FDIC regulations also prohibit FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as principal in any activity that is not permitted for a national bank unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines that the activity would not pose a significant risk to the DIF. These restrictions have not had, and are not currently expected to have, a material impact on the operations of the Bank.

Insider Transactions. The Bank is subject to certain restrictions imposed by federal law on "covered transactions" between the Bank and its "affiliates." The Company is an affiliate of the Bank for purposes of these restrictions, and covered transactions subject to the restrictions include extensions of credit to the Company, investments in the stock or other securities of the Company and the acceptance of the stock or other securities of the Company as collateral for loans made by the Bank. The Dodd-Frank Act enhanced the requirements for certain transactions with

affiliates, including an expansion of the definition of "covered transactions" and an increase in the amount of time for which collateral requirements regarding covered transactions must be maintained.

Certain limitations and reporting requirements are also placed on extensions of credit by the Bank to its directors and officers, to directors and officers of the Company and its subsidiaries, to principal shareholders of the Company and to "related interests" of such directors, officers and principal shareholders. In addition, federal law and regulations may affect the terms on which any person who is a director or officer of the Company or the Bank, or a principal shareholder of the Company, may obtain credit from banks with which the Bank maintains a correspondent relationship.

Safety and Soundness Standards/Risk Management. FDIC-insured institutions are expected to operate in a safe and sound manner. The federal banking agencies have adopted operational and managerial standards to promote the safety and soundness of such institutions that address internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

In general, the safety and soundness standards prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. If an institution fails to operate in a safe and sound manner, the FDIC-insured institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If an FDIC-insured institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the regulator is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the regulator's order is cured, the regulator may restrict the FDIC-insured institution's rate of growth, require the FDIC-insured institution to increase its capital, restrict the rates that the institution pays on deposits or require the institution to take any action that the regulator deems appropriate under the circumstances. Operating in an unsafe or unsound manner will also constitute grounds for other enforcement action by the federal bank regulatory agencies, including cease and desist orders and civil money penalty assessments.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the FDIC-insured institutions that they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, operational, legal and reputational risk. The key risk themes identified for 2023 2024 are discussed under "—Risk Factors."

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

The Bank is expected to have active board and senior management oversight; adequate policies, procedures and limits; adequate risk measurement, monitoring and management information systems; and comprehensive internal controls.

Privacy and Cybersecurity. The Bank is subject to many U.S. federal and state laws and regulations governing requirements for maintaining policies and procedures to protect non-public confidential information of their customers. These laws require the Bank to periodically disclose its privacy policies and practices relating to sharing such information and permit consumers to opt out of their ability to share information with unaffiliated third parties under certain circumstances. They also impact the Bank's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. In addition, as a part of its operational risk mitigation, the Bank is required to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information and to require the same of its service providers. These security and privacy policies and procedures are in effect across all business lines and geographic locations.

Branching Authority. Minnesota banks, such as the Bank, have the authority under Minnesota law to establish branches anywhere in the State of Minnesota, subject to receipt of all required regulatory approvals. The Dodd-Frank Act permits well-capitalized and well-managed banks to establish new interstate branches or acquire individual branches

Table of Contents

of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) without impediments. Federal law permits state and national banks to merge with banks in other states subject to: (i) regulatory approval; (ii) federal and state deposit concentration limits; and (iii) state law limitations requiring the merging bank to have been in existence for a minimum period of time (not to exceed five years) prior to the merger.

Transaction Account Reserves. Federal law requires FDIC-insured institutions to maintain reserves against their transaction accounts (primarily NOW and regular checking accounts) to provide liquidity. The amount of reserves is established by the Federal Reserve based on tranches of zero, three and ten percent of a bank's transaction account deposits. However, in March 2020, in an unprecedented move, the Federal Reserve announced that the banking system had ample reserves, and, as reserve requirements no longer played a significant role in this regime, it reduced all reserve tranches to zero percent, thereby freeing banks from the legally mandated reserve maintenance requirement. The action permits the Bank to loan or invest funds that were previously unavailable. The Federal Reserve has indicated that it expects to continue to operate in an ample reserves regime for the foreseeable future.

Community Reinvestment Act Requirements. The CRA requires the Bank to have a continuing and affirmative obligation in a safe and sound manner to help meet the credit needs of the entire community, including low- and moderate-income neighborhoods. Federal regulators regularly assess the Bank's record of meeting the credit needs of its communities. Applications for acquisitions would be affected by the evaluation of the Bank's effectiveness in meeting its CRA requirements. In May 2022,

On October 24, 2023, the bank regulatory agencies issued a notice of proposed rulemaking called final rule to strengthen and modernize the Joint Proposal to Strengthen and Modernize Community Reinvestment Act Regulations CRA regulations (the "CRA Proposal" Rule"), some of which is effective on April 1, 2024. The CRA Proposal Rule is designed to update how CRA activities qualify for consideration, where CRA activities are considered, and how CRA activities are evaluated. More specifically, the bank regulatory agencies described the goals of the CRA Proposal Rule as follows: (i) to expand access to credit, investment, and basic banking services in low and moderate income communities; (ii) to adapt to changes in the banking industry, including mobile and internet banking by modernizing assessment areas while maintaining a focus on branch based areas; (iii) to provide greater clarity, consistency, and transparency in the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

application of the regulations through the use of standardized metrics as part of CRA evaluation and clarifying eligible CRA activities focused on low and moderate income communities and underserved rural communities; (iv) to tailor CRA rules and data collection to bank size and business model; and (v) to maintain a unified approach among the regulators. A final rule has not yet been issued. Management of the Bank is assessing the impact of the CRA Rule on its CRA lending and investment activities in its markets.

Anti-Money Laundering. The USA PATRIOT Act, the Bank Secrecy Act ("BSA") is the common name for a series of laws and other similar laws regulations enacted in the United States to combat money laundering and the financing of terrorism. They are designed to deny terrorists and criminals the ability to obtain access to the U.S. financial system and have significant implications for FDIC-insured institutions and other businesses involved in the transfer of money. These The so-called Anti-Money Laundering/Countering the Financing of Terrorism ("AML/CFT") regime under the BSA provides a foundation to promote financial transparency and deter and detect those who seek to misuse the U.S. financial system to launder criminal proceeds, finance terrorist acts, or move funds for other illicit purposes.

The laws mandate financial services companies to have policies and procedures with respect to measures designed to address the following matters: address: (i) customer identification programs; (ii) money laundering; (iii) terrorist financing; (iv) identifying and reporting

---

Table of Contents

suspicious activities and currency transactions; (v) currency crimes; and (vi) cooperation between FDIC-insured institutions and law enforcement authorities.

Concentrations in Commercial Real Estate. Concentration risk exists when FDIC-insured institutions deploy too many assets to any one industry or segment. A concentration in commercial real estate, or CRE, is one example of regulatory concern. The interagency Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance, or CRE Guidance, provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) CRE loans exceeding 300% of capital and increasing 50% or more in the preceding three years; or (ii) construction and land development loans exceeding 100% of capital. The CRE Guidance does not limit banks' levels of CRE lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their CRE concentrations. On December 18, 2015, the federal banking agencies issued a statement to reinforce prudent risk-management practices related to CRE lending, having observed substantial growth in many CRE asset and lending markets, increased competitive pressures, rising CRE concentrations in banks, and an easing of CRE underwriting standards. The federal bank agencies reminded FDIC-insured institutions to maintain underwriting discipline and exercise prudent risk-management practices to identify, measure, monitor, and manage the risks arising from CRE lending. In addition, FDIC-insured institutions must maintain capital commensurate with the level and nature of their CRE concentration risk.

As of December 31, 2022 December 31, 2023, the Bank's total loans secured by multifamily and CRE nonowner occupied properties plus total construction and land development loans represented more than 514.9% 482.4% of its total risk-based

---

Table of Contents

capital. Thus, the Bank is deemed to have a concentration in CRE lending. Accordingly, pursuant to the Policy Guidance, the Bank is required to have heightened risk management practices in place to account for the heightened degree of risk associated with CRE lending.

Consumer Financial Services. The historical structure of federal consumer protection regulation applicable to all providers of consumer financial products and services changed significantly on July 21, 2011, when the CFPB commenced operations to supervise and enforce consumer protection laws. The CFPB has broad rulemaking authority for a wide range of consumer protection laws that apply to all

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

providers of consumer products and services, including the Bank, as well as the authority to prohibit “unfair, deceptive or abusive” acts and practices. The CFPB has examination and enforcement authority over providers with more than $10 billion in assets. FDIC-insured institutions with $10 billion or less in assets, like the Bank, continue to be examined by their applicable bank regulators.

Because abuses in connection with residential mortgages were a significant factor contributing to the global financial crisis, many rules issued by the CFPB, as required by the Dodd-Frank Act, addressed mortgage and mortgage-related products, their underwriting, origination, servicing and sales. The Dodd-Frank Act significantly expanded underwriting requirements applicable to loans secured by 1-4 family residential real property and augmented federal law combating predatory lending practices. In addition to numerous disclosure requirements, the Dodd-Frank Act and the CFPB’s enabling rules imposed new standards for mortgage loan originations on all lenders, including banks and savings associations, in an effort to strongly encourage lenders to verify a borrower’s ability to repay, while also establishing a presumption of compliance for certain “qualified mortgages.” The CFPB’s rules have not had a significant impact on the Bank’s operations, except for higher compliance costs.

Table of Contents

ITEM 1.A. 1A. RISK FACTORS

Investing in the Company’s common stock involves various risks, many of which are specific to the Company’s business. Before making an investment decision, you should carefully read and consider the risk factors described below as well as the other information included in this report and other documents we file with the SEC. The discussion below addresses the material risks and uncertainties, of which the Company is currently aware, that could have a material adverse effect on the Company’s business, results of operations, financial condition, and growth prospects. Other risks that the Company does not know about now, or that the Company does not currently believe are significant, could negatively impact the Company’s business or the trading price of the Company’s securities.

Summary

This is a summary of some of the material risks and uncertainties that management believes affects us. the Company. The list is not exhaustive, but provides a high-level summary of some of the material risks that are further described in this Item 1.A. 1A. We encourage you to read Item 1A in its entirety.

Credit Risks

- Loan concentrations in our loan portfolio;
- the overall health of the local and national real estate market;
- business and economic conditions generally, and in the financial services industry, nationally and within our market area, including rising rates of inflation;
- the ability to successfully manage credit risk; risk, including in the commercial real estate portfolio;
- the ability to maintain an adequate level of allowance for loan credit losses;
- new or revised accounting standards, including as a result of the implementation of the new Current Expected Credit Loss standard; and
- the concentration of large loans to certain borrowers.

Liquidity and Funding Risks

- The ability to successfully manage liquidity risk, especially in light including the Bank’s need to access higher cost sources of recent funding pressures at the Bank; funds, such as brokered deposits and FHLB advances;
- the dependence on non-core funding sources and our cost of funds;
- the concentration of large depositors who may have deposits from certain clients; above the FDIC insurance limit; and
- the ability to raise additional capital to implement our business plan.

Operational, Strategic and Reputational Risks

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

- The ability to implement the Company's growth strategy and manage costs effectively;
- the ability to attract and retain key personnel, including the strategic leadership team;
- talent and labor shortages and high rates of employee turnover;
- the occurrence of fraudulent activity, breaches or failures of our or our third party vendors' information security controls or cybersecurity-related incidents; incidents, including those employing artificial intelligence;
- interruptions involving critical systems or third-party servicers;
- competition in the financial services industry, including from nonbank competitors such as credit unions and "fintech" companies; and
- severe weather, natural disasters, effects of climate change, widespread disease or pandemics, (including the COVID-19 pandemic), acts of war or terrorism civil unrest or other adverse external events, including the Israeli-Palestinian conflict and the Russian invasion of Ukraine; and Ukraine.

Table of Contents

- developments and uncertainty related to the future use and availability of some reference rates, such as the expected discontinuation of the London Interbank Offered Rate, as well as other alternative reference rates.

Legal, Accounting and Compliance Risks

- The effectiveness of the our risk management framework and programs;
- the imposition of governmental policies impacting the value of products produced by our commercial borrowers;
- potential impairment to the goodwill recorded in connection with a past acquisition; strategic acquisitions;
- the commencement and outcome of litigation and other legal proceedings and regulatory actions against us;
- the impact of recent and future legislative and regulatory changes, including changes in response to federal and state corporate tax rates; the bank failures in 2023; and
- changes to U.S. or state tax laws, regulations and guidance, including the new 1% excise tax on stock buybacks by publicly traded companies; and
- risks related to climate change and the negative impact it may have on our customers clients and their businesses. businesses, as well as the stability of our deposit base.

Market and Interest Rate Risks

- Interest rate risk, including the effects of anticipated interest rate volatility; and
- fluctuations in the values of the securities held in our securities portfolio or the values of derivative instruments held in our derivatives portfolio.

Credit Risks

Our loan portfolio has a concentration of commercial real estate loans, which involve risks specific to real estate values and the health and market dynamics of the real estate market generally.

As of December 31, 2022 December 31, 2023, we had $2.62 billion $2.67 billion of commercial real estate loans, consisting of $947.0 $987.3 million of loans secured by nonowner occupied nonfarm nonresidential properties, $1.31 $1.39 billion of loans secured by multifamily residential properties, $65.1 million of 1-4 family construction loans and $365.8 million $232.8 million of construction and land development loans. Additionally, we had $176.4 million $199.0 million in loans whose purpose was to finance commercial real estate projects, but were secured by other types of collateral. Commercial real estate secured loans represented 73.4% 71.8% of our total gross loan portfolio and 514.9% 482.4% of the Bank's total risk-based capital at December 31, 2022 December 31, 2023. The market value of real estate securing our commercial real estate loans can fluctuate in a short period of time as a result of interest rates and market conditions. Adverse developments affecting real estate values in our market area could increase the credit risk associated with our loan portfolio. Additionally, the repayment of commercial real estate loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events, including changes in interest rates, decreases in office occupancy due to the shift to remote work environments following the COVID-19 pandemic, or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, then we may not be able to realize the full value

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

of the collateral that we anticipated at the time of originating the loan, which could force us to take charge-offs or require us to increase our provision for loan credit losses, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity, as well as environmental factors, could impair the value of collateral securing our real estate loans and result in loan and other losses.

At December 31, 2022 December 31, 2023, approximately 87.6% 87.3% of our total gross loan portfolio was comprised of loans with real estate as a primary component of collateral. As a result, adverse developments affecting real estate values in our market

---

Table of Contents

area could increase the credit risk associated with our real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of interest rates and market conditions in the area in which the

---

Table of Contents

real estate is located. Adverse changes affecting real estate values, such as decreases in office occupancy, and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses, which could result in losses that would adversely affect our profitability. Such declines and losses would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition, if hazardous or toxic substances are found on properties pledged as collateral, the value of the real estate could be impaired. If we foreclose on and take title to such properties, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

A decline in the business and economic conditions in our market could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Unlike larger banks that are more geographically diversified, we conduct our operations almost exclusively in the Twin Cities MSA. Because of the geographic concentration of our operations in the Twin Cities MSA, if the local economy weakens, our growth and profitability could be constrained. Weak economic conditions are characterized by, among other indicators, deflation, elevated levels of unemployment, fluctuations in debt and equity capital markets and lower home sales and commercial activity. These factors could negatively affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosures and reduce the value of the properties securing our loans. Any regional or local economic downturn that affects the Twin Cities MSA may affect us and our profitability more significantly and more adversely than those of our competitors whose operations are less geographically focused.

Our business depends on our ability to manage credit risk.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

As a bank, our business requires us to manage credit risk. risk; however, default risk may arise from events or circumstances that are difficult to detect, such as fraud, or difficult to predict, such as catastrophic events affecting certain industries. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers, including the risk that a borrower may not provide information to us about its business in a timely manner, or may present inaccurate or incomplete information to us, as well as risks relating to the value of collateral. To manage our credit risk, we must, among other actions, maintain disciplined and prudent underwriting standards and ensure that our lenders follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans or our inability to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and charge-offs and may necessitate that we significantly increase our allowance for loan credit losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our allowance for loan credit losses may prove to be insufficient to absorb potential credit losses in our loan portfolio.

We establish and maintain our allowance for loan credit losses at a level that management considers adequate to absorb probable loan expected credit losses based on an analysis of our loan portfolio and current market environment. The allowance for loan credit losses represents our estimate of probable expected credit losses in the portfolio at each balance sheet date and is based upon relevant information available to us at such time. The allowance contains provisions for probable expected credit losses that have been

---

Table of Contents

have been identified relating to specific borrowing relationships, as well as probable expected credit losses inherent in the loan portfolio that are not specifically identified. Additions to the allowance for loan credit losses, which are charged to earnings through the provision for loan losses, (or recovery of) credit loss expense, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience, a reasonable and supportable forecast and an evaluation of current economic conditions in our market area. conditions. The actual amount of loan credit losses is affected by, among other things, changes in economic, operating and other conditions within our market, which may be beyond our control, and such losses may exceed current estimates.

As of December 31, 2022 December 31, 2023, our allowance for loan credit losses as a percentage of total gross loans was 1.34% 1.36% and as a percentage of total nonperforming loans was 7,511.11% 5,494.45%. Although management believes that the allowance for loan credit losses was adequate on such date to absorb probable expected losses on existing loans that may become uncollectible, losses in excess of the existing allowance will reduce our net income and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We may also be required to take additional provisions for loan credit losses in the future to further supplement the allowance for loan credit losses, either due to management's assessment that the allowance is inadequate or as required by our banking regulators. Our banking regulators periodically review our allowance for loan credit losses and the value attributed to impaired loans loan segments and may require us to adjust our determination of the value for these items. These adjustments may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The Current Expected Credit Loss accounting standard could require us to increase our allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

The new accounting standard for establishing the allowance for loan losses, referred to as Current Expected Credit Loss, or CECL, requires financial institutions to determine periodic estimates of lifetime expected credit losses on loans and recognize the expected credit losses as allowances for loan losses. This standard became applicable to us on January 1, 2023. Under the revised methodology, credit losses are measured based on past events, current conditions and reasonable and supportable forecasts of future conditions that affect the collectability of financial assets. The new standard requires the application of the revised methodology to existing financial assets through a one-time adjustment to retained earnings upon initial effectiveness. The change will also likely greatly increase the types of data we will need to collect and analyze to determine the appropriate level of the allowance for loan losses. Actual losses are difficult to forecast, especially if those

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

losses stem from factors beyond the Company's historical experience or are otherwise inconsistent with its credit quality assessments. If our assumptions are inaccurate, our current allowance may not be sufficient to cover potential credit losses, and additional provisions may be necessary, which would negatively impact our results of operations and financial condition. Moreover, the CECL model may create more volatility in our level of allowance for loan losses and could result in the need for additional capital.

Continued elevated levels of inflation could adversely impact our business, financial condition, results of operations and growth prospects.

The United States has experienced elevated levels of inflation, with an annual increase in the consumer price index of approximately 6.5% 3.4% as of the end of 2022. 2023. These elevated levels of inflation which are currently expected to persist into 2023, could have complex effects on our business, financial condition, results of operations and growth prospects, some of which could be materially adverse. For example, inflation-related increases in our interest expense may not be offset by corresponding increases in our interest income, while inflation-driven increases in our levels of noninterest expense could negatively impact our results of operations. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect loan demand and our clients' ability to repay indebtedness. It is also possible that governmental responses to the current inflation environment, could adversely affect our business, such as changes to monetary and fiscal policy that are too strict, or the imposition or threatened imposition of price controls. controls, could adversely affect our business. The duration and severity of the current inflationary period cannot be estimated with precision.

Many of our loans are to commercial borrowers, which have a higher degree of risk than other types of loans.

Commercial loans represented 12.2% of our total gross loan portfolio at December 31, 2022. Because payments on such loans are often dependent on the successful operation of the business involved, repayment of such loans is often

---

Table of Contents

more sensitive than other types of loans to the general business climate and economy. Accordingly, a challenging business and economic environment may increase our risk related to commercial loans. In the current economic environment, the cumulative effects of rising inflation, labor shortages and supply chain constraints and the threat of a recession may adversely affect the collectability of commercial loans, especially if general economic conditions worsen. Unlike residential mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the commercial venture. Our commercial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Construction and land development loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and we may be exposed to significant losses on loans for these projects.

Construction and land development loans comprised approximately 10.3% 8.0% of our total loan portfolio as of December 31, 2022 December 31, 2023. Such lending involves additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to accurately evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, construction and land development loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, we may have inadequate security for the repayment of the loan upon completion of construction of the project. If we are forced to foreclose on a project prior to or at completion due to a default, we may not be able to recover all of the unpaid balance of, and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

accrued interest on, the loan as well as related foreclosure and holding costs. In addition, we may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while we attempt to dispose of it.

Table of Contents

Our high concentration of large loans to certain borrowers may increase our credit risk.

Our growth over the last several years has been partially attributable to our ability to cultivate relationships with certain individuals and businesses that have resulted in a concentration of large loans to a small number of borrowers. As of December 31, 2022 December 31, 2023, our 10 largest borrowing relationships accounted for approximately 19.4% 20.2% of our total gross loan portfolio. We have established an informal, internal limit on a single loan to finance one transaction, but we may, under certain circumstances, consider going above this internal limit in situations where management's understanding of the industry, the borrower's financial condition, overall credit quality and property fundamentals are commensurate with the increased size of the loan. Along with other risks inherent in these loans, such as the deterioration of the underlying businesses or property securing these loans, this high concentration of borrowers presents a risk to our lending operations. If any one of these borrowers becomes unable to repay its loan obligations as a result of business, economic or market conditions, or personal circumstances, such as divorce or death, our nonaccruing loans and our provision for loan credit losses could increase significantly, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The small to midsized businesses that we lend to may have fewer resources to weather adverse business developments, which may impair their ability to repay their loans.

We lend to small to midsized businesses, which generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, frequently have smaller market share than their competition, may be more

Table of Contents

vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair their ability to repay their loans. In addition, the success of a small and midsized business often depends on the management talents and efforts of one or two people or a small group number of people, and the death, disability or resignation of one or more of these people could have a material adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which we operate and small to midsized businesses are adversely affected or our borrowers are otherwise affected by adverse business developments, our business, financial condition, results of operations and growth prospects may be materially adversely affected.

Greater seasoning of our loan portfolio could increase risk of credit defaults in the future.

As a result of our rapid growth, a significant portion of our loan portfolio at any given time is of relatively recent origin. Typically, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time (which varies by loan duration and loan type), a process referred to as "seasoning." As a result, a portfolio of more seasoned loans may more predictably follow a bank's historical default or credit deterioration patterns than a newer portfolio. Because 72.3% 65.3% of the dollar amount of our portfolio has been originated in the past three years, the current level of delinquencies and defaults may not represent the level that may prevail as the portfolio becomes more seasoned. If delinquencies and defaults increase, we may be required to increase our provision for loan credit losses, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Nonperforming assets take significant time and resources to resolve and adversely affect our net interest income.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

As of December 31, 2022 December 31, 2023, our nonperforming loans (which consist of nonaccrual loans and loans past due 90 days or more) totaled $639,000, $919,000, or 0.02% of our total gross loan portfolio, and our nonperforming assets totaled $639,000, $919,000, or 0.01% 0.02% of total assets. In addition, we had $186,000 $15.1 million in accruing loans that were 30-89 days delinquent as of December 31, 2022 December 31, 2023.

Our nonperforming assets adversely affect our net interest income in various ways. We do not record interest income on nonaccrual loans or foreclosed assets, thereby adversely affecting our net income and returns on assets and equity. When we take collateral in foreclosure and similar proceedings, we are required to mark the collateral to its then-fair market value, which may result in a loss. These nonperforming loans and foreclosed assets also increase our risk profile and the level of capital our regulators believe is appropriate for us to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management, which increases our loan

Table of Contents

administration costs and adversely affects our efficiency ratio and can be detrimental to the performance of their other responsibilities. responsibilities, and may also involve additional financial resources. If we experience increases in nonperforming loans and nonperforming assets, our net interest income may be negatively impacted and our loan administration costs could increase, each of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Liquidity and Funding Risks

Liquidity risks could affect our operations and jeopardize our business, financial condition, results of operations and growth prospects.

Liquidity is essential to our business. Liquidity risk is the risk that we will be unable to meet our obligations as they come due because of an inability to liquidate assets or obtain adequate funding, or the potential that we cannot easily unwind or offset specific exposures without significantly adjusting market prices because of inadequate market depth or market disruptions. An inability to raise funds through deposits, borrowings, the sale of loans or investment securities and from other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of our client deposits, which can decrease for a variety of reasons, including when clients perceive alternative investments, such as bonds, treasuries or stocks, as providing a better risk/return tradeoff. If clients move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds, which would require us to seek other funding alternatives, including increasing our dependence on wholesale funding sources, in order

Table of Contents

to continue to grow, thereby potentially increasing our funding costs and reducing our net interest income and net income.

Additionally, uninsured deposits have historically been viewed by the FDIC as less stable than insured deposits. According to statements made by the FDIC staff and the leadership of the federal banking agencies, clients with larger uninsured deposit account balances often are small- to mid-sized businesses that rely upon deposit funds for payment of operational expenses and, as a result, are more likely to closely monitor the financial condition and performance of their depository institutions. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, the Company may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of higher prevailing interest rates, such as the present period. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

borrowings generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. In addition, because our available for sale securities lose value when interest rates rise, after-tax proceeds resulting from the sale of such assets may be diminished during periods when interest rates are elevated. Under such circumstances, we may be required to access funding from sources such as the Federal Reserve's discount window in order to manage our liquidity risk.

Additionally, we access collateralized public funds, which are bank deposits of state and local municipalities. These deposits are required to be secured by certain investment grade securities or other sources permitted by law to ensure repayment. If we are unable to pledge sufficient qualifying collateral to secure public funding, we may lose access to this source of liquidity that we have historically utilized. In addition, the availability of and fluctuations in these funds depends on the individual municipality's fiscal policies and cash flow needs.

Other primary sources of funds consist of cash from operations, investment security maturities and sales and proceeds from the issuance and sale of our equity and debt securities to investors. Additional liquidity is provided by brokered deposits and the ability to borrow from the Federal Reserve and the Federal Home Loan Bank of Des Moines, or FHLB. Additionally, the Federal Reserve established the Bank Term Funding Program, or BTFP, on March 12, 2023, offering qualifying banks loans of up to one year in length collateralized by qualifying assets, including U.S. securities valued at par, to serve as a source of additional liquidity against high-quality securities and reducing an institution's need to quickly sell high-quality securities to meet liquidity needs. The Federal Reserve has announced that it is ending the BTFP and will cease making new loans under this program on March 11, 2024. We may also borrow from third-party lenders from time to time. Our access to funding sources in amounts adequate to finance or capitalize our activities or on

Table of Contents

terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Economic conditions and a loss of confidence in financial institutions may increase our cost of funding and limit access to certain customary sources of capital, including inter-bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve.

Any decline in available funding could adversely impact our ability to continue to implement our strategic plan, including originating loans and investing in securities, or to fulfill obligations such as paying our expenses, repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We depend on non-core funding sources, which causes our cost of funds to be higher when compared to other financial institutions.

We use certain non-core, wholesale funding sources, including brokered deposits, federal funds purchased, and FHLB advances. As of December 31, 2022 December 31, 2023, we had approximately $776.2 million $1.02 billion of brokered deposits, which represented approximately 22.7% 27.6% of our total deposits $97.0 and $319.5 million of FHLB advances and $287.0 million of federal funds purchased. advances. Unlike traditional deposits from our local clients, there is a higher likelihood that the wholesale deposits will not remain with us after maturity. For example, depositors who have deposited funds with us through brokers are a less stable source of funding than typical relationship deposit clients. Although we are increasing our efforts to reduce our reliance on non-core funding sources, we may not be able to increase maintain our market share of core-deposit funding in our highly competitive market area. If we are unable to do so, we may be forced to increase the amounts of wholesale funding sources. The cost of these funds can be volatile and may exceed the cost of core deposits in our market area, which could have a material adverse effect on our net interest income. In addition, our maximum borrowing capacity from the FHLB is based on the amount of mortgage and commercial loans we can pledge. As of December 31, 2022 December 31, 2023, our advances from the FHLB were collateralized by $1.20 $1.45 billion of real estate and commercial loans. If we are unable to pledge sufficient collateral to secure funding from the FHLB, we may lose access to this source of liquidity that we have historically relied upon. If we are unable to access any of these types of funding sources or if our costs related to them increases, our liquidity and ability to support demand for loans could be materially adversely affected.

Our high concentration of large depositors may increase our liquidity risk, and the loss of any large depositor may negatively impact our net interest margin.

We have developed relationships with certain individuals and businesses that have resulted in a concentration of large deposits from a small number of clients. As of December 31, 2022 December 31, 2023, our 10 largest depositor relationships accounted for approximately

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

15.0% 13.0% of our total deposits. This high concentration of depositors presents a risk to our liquidity if one or more of them decides to change its relationship with us and to withdraw all or a significant portion of their deposits. deposits, for example as a result of deposits above the FDIC insurance limit. If such an event occurs, we may need to seek out alternative sources of funding that may not be on the same terms as the deposits being replaced, which could negatively impact our net interest margin if the alternative source of funding is at a

---

Table of Contents

higher rate and have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our liquidity is dependent on dividends from the Bank.

The Company is a legal entity separate and distinct from the Bank, whose primary source of funds consists of dividends from the Bank. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. For example, Minnesota law only permits banks a bank to pay dividends if a bank it has established a surplus fund equal to or more than 20% of the bank's capital stock and if the dividends will not reduce the bank's capital, undivided profits and reserves below specific requirements. As of December 31, 2022 December 31, 2023, the Bank had the capacity to pay the Company a dividend of up to $24.3 $28.1 million without the need to obtain prior regulatory approval. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. In the event the Bank is unable to pay dividends to us, we may not be able to service any debt we may incur, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Table of Contents

We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our business, as well as our ability to maintain regulatory compliance, would be adversely affected.

We face significant capital and other regulatory requirements as a financial institution. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions. In addition, the Company, on a consolidated basis, and the Bank, on a stand-alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity. Importantly, regulatory capital requirements could increase from current levels, which could require us to raise additional capital or contract our operations. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. In particular, if we need to raise additional capital in the current interest rate environment, we believe the pricing and other terms investors may require in such an offering may not be attractive to us. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital to meet regulatory requirements, or are unable to raise capital to meet our business needs, our business, financial condition, results of operations and growth prospects would be materially and adversely affected.

We may be adversely affected by changes in the actual or perceived soundness or condition of other financial institutions.

Financial services institutions that deal with each other are interconnected as a result of trading, investment, liquidity management, clearing, counterparty and other relationships. relationships, as well as reputational connections. Concerns about, or a default by, one institution could lead to significant liquidity problems and losses or defaults by other institutions, as the commercial and financial soundness of many financial institutions is closely related as a result of these credit, trading, clearing and other relationships. Even the perceived lack of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by various institutions. For example, certain community banks experienced deposit outflows following the bank failures in early 2023. This systemic risk may adversely affect financial intermediaries with which we interact on a daily basis or key funding providers such as the FHLB, which could have a material adverse effect on our access to liquidity. In addition, our credit risk may increase when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to us. Any such losses could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Table of Contents Additionally, negative news about us or the banking industry in general could negatively impact market and/or client perceptions of our company, which could lead to a loss of depositor confidence and an increase in deposit withdrawals, particularly among those with uninsured deposits. Furthermore, as we and other regional banking organizations experienced in 2023, the failure of other financial institutions may cause deposit outflows as clients spread deposits among several different banks so as to maximize their amount of FDIC insurance, move deposits to banks deemed “too big to fail” or remove deposits from the banking system entirely. As of December 31, 2023, approximately 24% of our deposits were uninsured and we rely on these deposits for liquidity. A failure to maintain adequate liquidity could have a material adverse effect on our business, financial condition and results of operations.

Operational, Strategic and Reputational Risks

We may not be able to implement our growth strategy or manage costs effectively, resulting in lower earnings or profitability.

Our strategy focuses on organic growth, supplemented by opportunistic acquisitions, but we may not be able to continue to grow and increase our earnings in the future. Our growth requires that we increase our loans and deposits while managing risks by following prudent loan underwriting standards without increasing interest rate risk or compressing our net interest margin, hiring and retaining qualified employees and successfully implementing strategic projects and initiatives. Even if we are able to increase our interest income, our earnings may nonetheless be reduced by

---

Table of Contents

increased expenses, such as additional employee compensation or other general and administrative expenses and increased interest expense on any liabilities incurred or deposits solicited to fund increases in assets.

Additionally, if our competitors extend credit on terms we find to pose excessive risks, or at interest rates which we believe do not warrant the credit exposure, we may not be able to maintain our lending volume and could experience deteriorating financial performance. Our inability to manage our growth successfully could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are highly dependent on our strategic leadership team, and the loss of any of our senior executive officers or other key employees, or our inability to attract and retain qualified personnel, could harm our ability to implement our strategic plan and impair our relationships with clients.

Our success is dependent, to a large degree, upon the continued service and skills of our strategic leadership team. Our business and growth strategies are built primarily upon our ability to retain employees with experience and business relationships within our market area. The loss of any of the members of our strategic leadership team or any of our other key personnel could have an adverse impact on our business and growth because of their skills, years of industry experience, knowledge of our market area, the difficulty of finding qualified replacement personnel and any difficulties associated with transitioning of responsibilities to any new members of the strategic leadership team. As such, we need to continue to attract and retain key personnel and to recruit qualified individuals who fit our culture to succeed existing key personnel to ensure the continued growth and successful operation of our business. Leadership changes may occur from time to time, and we cannot predict whether significant retirements or resignations will occur or whether we will be able to recruit additional qualified personnel.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Competition for senior executives and skilled personnel in the financial services and banking industry is intense, which means the cost of hiring, incentivizing and retaining skilled personnel may continue to increase. In addition, our ability to effectively compete for senior executives and other qualified personnel by offering competitive compensation and benefit arrangements may be restricted by our financial condition, and applicable banking laws and regulations. The loss of the services of any senior executive or other key personnel, the inability to recruit and retain qualified personnel in the future or the failure to develop and implement a viable succession plan could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Labor shortages and a failure to attract and retain qualified employees could negatively impact our business, financial condition, results of operations and growth prospects.

A number of factors may adversely affect the labor force available to us or increase labor costs, including the high employment levels and decreased changes in labor force size and participation rates in recent periods. rates. Although we have not experienced any material labor shortage to date, we have recently observed continue to observe an overall tightening of and increasingly competitive increase in competition in local labor markets. A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased compensation expense to attract and retain employees. employees, as well as decreased efficiency.

In addition, if we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we take to respond to a decrease in labor availability have unintended negative effects, our business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by

---

Table of Contents

general macroeconomic factors, could have a material adverse impact on our business, financial condition, results of operations and growth prospects.

Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our business and the value of our stock.

We rely, in part, on our reputation to attract clients and retain our client relationships. Damage to our reputation could undermine the confidence of our current and potential clients in our ability to provide high-quality financial services. Such damage could also impair the confidence of our counterparties and vendors and ultimately affect our ability to effect transactions. Maintenance of our reputation depends not only on our success in maintaining our service-focused culture and controlling and mitigating the various risks described in this report, but also on our success

---

Table of Contents

in identifying and appropriately addressing issues that may arise in areas such as potential conflicts of interest, anti-money laundering, client personal information and privacy issues, client and other third party fraud, record-keeping, regulatory investigations and any litigation that may arise from the failure or perceived failure of us to comply with legal and regulatory requirements. Maintaining our reputation also depends on our ability to successfully prevent third parties from infringing on the “Bridgewater Bank” brand and associated trademarks and our other intellectual property. Defense of our reputation, trademarks and other intellectual property, including through litigation, could result in costs that could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Additionally, our reputation is connected to that of the financial services and banking industry as a whole, and may be adversely affected by changes in the condition and reputation of the industry; for example, certain community banks experienced deposit outflows following some bank failures in early 2023.

The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

As a bank, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us, third-parties and their subservicers, or our clients, which may result in financial losses or increased costs to us, our third party partners or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation or damage to our reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us or our clients, denial or degradation of service attacks and malware, ransomware, or other cyber-attacks.

There In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyber-attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts. accounts and as a result of increasingly sophisticated methods of conducting cyber attacks, including those employing artificial intelligence. Moreover, in recent periods, several large corporations, including financial institutions, third party partners specializing in providing services to financial institutions, and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our clients may have been affected by these breaches, which could increase their risks of identity theft and other fraudulent activity that could involve their accounts with us.

Information pertaining to us and our clients is maintained, and transactions are executed, on networks and systems maintained by us and certain third party partners, such as our online banking, mobile banking or accounting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our clients against fraud and security breaches and to maintain the confidence of our clients. Breaches of information security also may occur through intentional or unintentional acts by those having access to our systems or the confidential information of our clients, including employees. In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our clients and underlying transactions, as well as the technology used by our clients to access our systems. Our third party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could result in a number of negative events, including losses to us or our clients, loss of business or clients, damage to our reputation, the incurrence of additional expenses, disruption to our business, additional regulatory scrutiny or penalties or our exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Table of Contents

Issues with the use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect our business.

Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into our products or those developed by our third party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Artificial intelligence algorithms may be flawed, for example datasets may contain biased information or otherwise be insufficient, and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and result in burdensome new regulations. If the analyses that products incorporating artificial intelligence assist in producing for us or our third party partners are deficient, biased or inaccurate, we could be subject to competitive harm, potential legal liability and brand or reputational harm. The use of artificial intelligence may also present ethical issues. If we or our third party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

other issues, we may experience competitive harm, potential legal liability and brand or reputational harm. In addition, we expect that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of our products and services and those developed by our third party partners.

We depend on critical systems of third parties, and any systems failures, interruptions or data breaches involving these systems could adversely affect our operations and financial condition.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems, third party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. We outsource to third parties many of our major systems, such as data processing and mobile and online banking. The failure of these systems, or the termination of a third party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third party systems, we could experience service denials if demand for such services exceeds capacity or such third party systems fail or experience interruptions. A system failure or service denial could result in a deterioration of our ability to process loans or gather deposits and provide customer service, compromise our ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage our reputation, result in a loss of customer business or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on business, financial condition, results of operations and growth prospects. In addition, failures of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt our operations or adversely affect our reputation.

It may be difficult for us to replace some of our third party vendors, particularly vendors providing our core banking and information services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason and even if we are able to replace them, it may be at higher cost or result in the loss of clients. Any such events could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our operations rely heavily on the secure processing, storage and transmission of information and the monitoring of a large number of transactions on a minute-by-minute basis, and even a short interruption in service could have significant consequences. We also interact with and rely on retailers, for whom we process transactions, as well as financial counterparties and regulators. Each of these third parties may be targets of the same types of fraudulent activity, computer break-ins and other cybersecurity breaches described above, including those employing artificial intelligence, and the cybersecurity measures that they maintain to mitigate the risk of such activity may be different than our own and may be inadequate.

As a result of financial entities and technology systems becoming more interdependent and complex, a cyber incident, information breach or loss, or technology failure that compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including ourselves. As a result of the foregoing, our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact.

Table of Contents

Our use of third party vendors and our other ongoing third party business relationships is subject to increasing regulatory requirements and attention.

Our use of third party vendors for certain information systems is subject to increasingly demanding regulatory requirements and attention by our federal bank regulators. Regulations require us to enhance our due diligence, ongoing monitoring and control over our third party vendors and other ongoing third party business relationships. In certain cases we may be required to renegotiate our agreements with these vendors to meet these enhanced requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines, as well as requirements for customer remediation, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

We have a continuing need for technological change, and we may not have the resources to effectively implement new technology or we may experience operational challenges when implementing new technology.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving clients, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability and the ability of our third party partners to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience as well as to create additional efficiencies in our operations as we continue to grow. The widespread adoption of new technologies, including mobile banking services, artificial intelligence, cryptocurrencies and payment systems, could require us in the future to make substantial expenditures to modify or adapt our existing products and services as we grow and develop new products to satisfy our customers' expectations, remain competitive and comply with regulatory guidance. We may experience operational challenges as we implement these new technology enhancements, which could result in us not fully realizing the anticipated benefits from such new technology or require us to incur significant costs to remedy any such challenges in a timely manner.

Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, a risk exists that we will not be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our clients.

In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. We expect that new technologies and business processes applicable to the banking industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. Because the pace of technological change is high and our industry is intensely competitive, we may not be able to sustain our investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to successfully keep pace with technological change affecting the financial services industry and failure to avoid interruptions, errors and delays could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We depend on the accuracy and completeness of information about clients and counterparties.

In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring our loan and deposit portfolios on an ongoing basis, we may rely on information furnished by or on behalf of clients and counterparties, including financial statements, credit reports and other financial information. We may also rely on representations of those clients or counterparties or of other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial statements, credit reports or other financial or business information, or the failure to receive such information on a timely

Table of Contents

basis, could result in loan losses, reputational damage or other effects that could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

If we pursue additional strategic acquisitions, it may expose us to financial, execution and operational risks.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

We plan to grow our business organically but remain open to considering potential bank or other acquisition opportunities that fit within our overall strategy and that we believe make financial and strategic sense. In the event that we pursue additional strategic acquisitions, we may have difficulty completing them and may not realize the anticipated benefits of any transaction we complete. For example, we may not be successful in realizing anticipated cost savings and we may not be successful or in preventing disruptions in service to existing client relationships of the acquired institution. Our potential acquisition activities could require us to use deploy a substantial amount of cash, other liquid assets or incur additional debt. In addition, if goodwill recorded in connection with our potential future acquisitions were determined to be impaired, then we would be required to recognize a charge against our earnings, which could materially and adversely affect our results of operations during the period in which the impairment was recognized.

Table of Contents

In addition to the foregoing, we may face additional risks in acquisitions to the extent we acquire new lines of business or new products, or enter new geographic areas, in which we have little or no current experience, especially if we lose key employees of the acquired operations. We may not be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Our inability to overcome risks associated with acquisitions could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

New lines of business, products, product enhancements or services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products and product enhancements as well as new services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances in which the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources, although we may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also affect the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service or system conversion could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have a material adverse effect on our business, financial condition, results of operations, growth prospects and reputation.

The COVID-19 pandemic could continue to have adverse effects on our business.

The COVID-19 pandemic has had a significant economic impact on the communities in which we operate, our borrowers and depositors, and the national economy generally. These effects have diminished in the past year, but future developments and uncertainties will be difficult to predict, such as the potential emergence of a new variant, the course of the pandemic in China and other major economies, the persistence of pandemic-related work and lifestyle changes, changes in consumer preferences associated with the emergence of the pandemic, and other market disruptions. Any such developments could have a complex and negative effect on our business, including with respect to the prevailing economic environment, our lending and investment activities, and our business operations.

We operate in a highly competitive and changing industry and market area and compete with both banks and non-banks.

We operate in the highly competitive financial services industry and face significant competition for clients from financial institutions located both within and beyond our market area. We compete with national commercial banks, regional banks, private banks, savings banks, credit unions, non-bank financial services companies and other financial institutions operating within or near the areas we serve, many of whom target the same clients we do in the Twin Cities MSA. As client preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for banks to expand their geographic reach by providing services over the internet and for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. The banking industry is experiencing rapid changes in technology, and, as a result, our future success will depend in part on our ability to address our clients' needs by using technology. Client loyalty can be influenced by a competitor's new products, especially offerings that could provide cost savings or a higher return to the client. Increased lending activity of competing banks has also led to increased competitive pressures on loan

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

rates and terms for high-quality credits. We may not be able to compete successfully with other financial institutions in our markets, particularly with larger financial institutions that have significantly greater resources than us, and we may have to pay

---

Table of Contents

higher interest rates to attract deposits, accept lower yields to attract loans and pay higher wages for new employees, resulting in lower net interest margins and reduced profitability. Many of our non-bank competitors are not subject to the same extensive regulations that govern our activities and may have greater flexibility in competing for business. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. In addition, some of our current commercial banking clients may seek alternative

---

Table of Contents

banking sources as they develop needs for credit larger than we may be able to accommodate or more expansive product mixes offered by larger institutions.

While we do not offer products relating to digital assets, including cryptocurrencies, stablecoins and other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers—many of which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and other financial institutions—are becoming active competitors to more traditional financial institutions.

The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer client deposits and the related income generated from deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on our business, financial condition and results of operations. Potential partnerships with digital asset companies, moreover, could also entail significant investment.

Severe weather, natural disasters, widespread disease or pandemics, (including the COVID-19 pandemic), acts of war or terrorism civil unrest or other adverse external events could significantly impact our business.

Severe weather, natural disasters, effects of climate change, widespread disease or pandemics, (including the COVID-19 pandemic), acts of war or terrorism, civil unrest or other adverse external events could have a significant impact on our ability to conduct business. In addition, such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue or cause us to incur additional expenses. The occurrence of any of these events in the future could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

A transition away from the London Inter-Bank Offered Rate, or LIBOR, as a reference rate for financial contracts could negatively affect our income and expenses and the value of various financial contracts.

LIBOR is used extensively in the United States and globally as a benchmark for various commercial and financial contracts, including adjustable rate mortgages, corporate debt and interest rate swaps. LIBOR is set based on interest rate information reported by certain banks, which will stop reporting such information starting after December 31, 2021 through June 30, 2023. It is not certain at this time the extent to

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

which those entering into commercial or financial contracts will transition to any particular new benchmark. Other benchmarks may perform differently than LIBOR or alternative benchmarks have performed in the past or have other consequences that cannot currently be anticipated. It is also uncertain what will happen with instruments that rely on LIBOR for future interest rate adjustments and which remain outstanding if LIBOR ceases to exist.

While there is no consensus on what rate or rates may become accepted alternatives to LIBOR, the Alternative Reference Rates Committee, a steering committee comprised of U.S. financial market participants, selected by the Federal Reserve Bank of New York, started in May 2018 to publish the Secured Overnight Financing Rate, or SOFR, as an alternative to LIBOR. SOFR is a broad measure of the cost of overnight borrowings collateralized by Treasury securities that was selected by the Alternative Reference Rates Committee due to the depth and robustness of the Treasury repurchase market. At this time, it is impossible to predict whether SOFR will become an accepted alternative to LIBOR.

We have loans, available for sale securities, derivative contracts, and subordinated debentures with terms that are either directly or indirectly dependent on LIBOR. The transition from LIBOR to alternative rates such as SOFR, could create considerable costs and additional risk. Any such transition could: (i) adversely affect the interest rates paid or received on, the revenue and expenses associated with, and the value of our floating-rate obligations, loans, deposits, derivatives, and other financial instruments tied to LIBOR rates, or other securities or financial arrangements given LIBOR's role in determining market interest rates globally; (ii) prompt inquiries or other actions from regulators in

Table of Contents

respect of our preparation and readiness for the replacement of LIBOR with an alternative reference rate; (iii) result in disputes, litigation or other actions with counterparties regarding the interpretation and enforceability of certain fallback language in LIBOR-based securities; and (iv) require the transition to or development of appropriate systems and analytics to effectively transition our risk management processes from LIBOR-based products to those based on the applicable alternative pricing benchmark, such as SOFR. Since proposed alternative rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. The transition will change our market risk profile, requiring changes to risk and pricing models, valuation tools, product design and hedging strategies. Further, a failure to adequately manage this transition process with our customers could adversely affect our reputation. Although we are currently unable to assess the ultimate impact of the transition from LIBOR, a failure to adequately manage the transition could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Legal, Accounting and Compliance Risks

We are subject to commercial real estate lending guidance issued by the federal banking regulators that impacts our operations and capital requirements.

The federal banking regulators have issued guidance regarding concentrations in commercial real estate lending directed at institutions that have particularly high concentrations of commercial real estate loans within their lending portfolios. This guidance suggests that institutions whose commercial real estate loans exceed certain percentages of capital should implement heightened risk management practices appropriate to their concentration risk and may be required to maintain higher capital ratios than institutions with lower concentrations in commercial real estate lending. As of December 31, 2022 December 31, 2023, our commercial real estate secured loans represented 514.9% 482.4% of the Bank's total risk-based capital. As a result, we are deemed to have a concentration in commercial real estate lending under applicable regulatory guidelines. Accordingly, pursuant to guidance issued by the federal bank regulatory agencies, we are required to have heightened risk management practices in place to account for the heightened degree of risk associated with commercial real estate lending and may be required to maintain capital in excess of regulatory minimums. We cannot guarantee that the risk management practices we have implemented will be effective to prevent losses relating to our commercial real estate portfolio. In addition, increased capital requirements could limit our ability to leverage our capital, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Our risk management framework and programs may not be effective in mitigating risks or losses to us.

Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, strategic, operational, reputational, credit, capital, market, liquidity, interest rate and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances and it may not adequately mitigate any risk or loss to us. If our framework is not effective, we could suffer unexpected losses and our business, financial condition, results of operations and growth prospects could be materially and adversely affected. We may also be subject to potentially adverse regulatory consequences, which may adversely affect our reputation.

Our accounting estimates, risk management processes and controls rely on analytical and forecasting techniques and models and assumptions, which may not accurately predict future events.

Our accounting policies and methods are fundamental to the manner in which we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management's judgment of the most appropriate manner to report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in our reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting our financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. These critical accounting policies include policies related to the allowance for loan credit losses, investment securities impairment, fair value of financial instruments and deferred tax assets. See "Note 1 – Description of the Business and Summary of Significant Accounting Policies" of the Company's Consolidated Financial Statements included as part of this Annual Report on Form 10-K for further information. Because of the uncertainty of estimates involved in these matters, we may be required to do one or more of the following: significantly increase the allowance for loan credit losses or sustain loan credit losses that are significantly higher than the reserve provided, experience additional impairment in our securities portfolio, change the carrying value of our financial instruments and the amount of revenue or loss recorded, or record a valuation allowance against our deferred tax assets. Any of these could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our risk management processes, internal controls, disclosure controls and corporate governance policies and procedures are based in part on certain assumptions and can provide only reasonable (not absolute) assurances that the objectives of the system are met. Any failure or circumvention of our controls, processes and procedures or failure to comply with regulations related to controls, processes and procedures could necessitate changes in those controls, processes and procedures, which may increase our compliance costs, divert management attention from our business or subject us to regulatory actions and increased regulatory scrutiny. Any of these could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Changes in accounting policies or standards could materially impact our financial statements.

From time to time, the FASB, the Public Accounting Oversight Board, or PCAOB, or the SEC, may change the financial accounting and reporting standards that govern the preparation of our financial statements. Such changes may result in us being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. In addition, trends in financial and business reporting, including ESG related disclosures, could require us to incur additional reporting expense. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

cases, we could be required to apply a new or revised standard retroactively, or apply an existing standard differently, in each case resulting in our needing to revise or restate prior period financial statements.

Table of Contents

The obligations associated with being a public company require significant resources and management attention, which may divert time and attention from our business operations.

As a public company, we are required to file periodic reports containing our consolidated financial statements with the SEC within a specified time following the completion of quarterly and annual periods. As a public company, we also incur significant legal, accounting, insurance, and other expenses. Compliance with these reporting requirements and other rules and regulations, including periodic revisions to and additional rules and regulations, of the SEC could increase our legal and financial compliance costs and make some activities more time consuming and costly, which could negatively affect our efficiency ratio. Furthermore, the need to establish and maintain the corporate infrastructure demanded of a public company may divert management's attention from implementing our strategic plan, which could prevent us from successfully implementing our growth initiatives and improving our business, financial condition and results of operations.

As Furthermore, beginning January 1, 2024 the Company is no longer considered an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, Act. Therefore, we are taking no longer able to take advantage of certain temporary exemptions from various reporting requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and an exemption from the requirement to obtain an attestation from our auditors on management's assessment of our internal control over financial reporting. When these exemptions cease to apply, As a result of this change in our reporting and disclosure requirements, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. in comparison to prior years.

Table of Contents

Litigation and regulatory actions, including possible enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

Our business is subject to increased litigation and regulatory risks as a result of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. This focus has only intensified since the financial crisis, with regulators and prosecutors focusing on a variety of financial institution practices and requirements, including foreclosure practices, compliance with applicable consumer protection laws, classification of "held for sale" assets and compliance with anti-money laundering statutes, the Bank Secrecy Act and sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury. Treasury, or OFAC.

In the normal course of business, from time to time, we have in the past and may in the future be named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our current or prior business activities. Legal actions could include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. We may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our current or prior business activities. Any such legal or regulatory actions may subject us to substantial compensatory or punitive damages, significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. Our involvement in any such matters, whether tangential or otherwise and even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation and divert management attention from the operation of our business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are subject to extensive regulation, and the regulatory framework that applies to us, together with any future legislative or regulatory changes, may significantly affect our operations.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, clients, federal deposit insurance funds and the banking system as a whole, not for the protection of our business or our shareholders. The Company is subject to regulation and supervision by the Federal Reserve, and the Bank is subject to regulation and supervision by the FDIC and the Minnesota Department MDOC.

The laws and regulations applicable to us govern a variety of matters, including permissible types, amounts and terms of loans and investments we may make, the maximum interest rate that may be charged, the amount of reserves we must hold against deposits we take, the types of deposits we may accept, maintenance of adequate capital and liquidity, changes in the control of us and our bank, restrictions on dividends and establishment of new offices. We must obtain approval from our regulators before engaging in certain activities, and there is the risk that such approvals may not be obtained, either in a timely manner or at all. Our regulators also have the ability to compel us to take certain actions, or restrict us from taking certain actions entirely, such as actions that our regulators deem to constitute an unsafe or unsound banking practice. Our failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in sanctions by regulatory agencies, civil money penalties or damage to our reputation, all of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Since the financial crisis, federal and state banking laws and regulations, as well as interpretations and implementations of these laws and regulations, have undergone substantial review and change. In particular, the Dodd-Frank Act drastically revised the laws and regulations under which we operate. As an institution with less than $10 billion in assets, certain elements of the Dodd-Frank Act have not been applied to us and provisions of the Regulatory Relief Act are intended to result in meaningful regulatory relief for community banks and their holding companies. While we endeavor to maintain safe banking practices and controls beyond the regulatory requirements applicable to us, our internal controls may not match those of larger banking institutions that are subject to increased regulatory oversight.

Financial institutions generally have also been subjected to increased scrutiny from regulatory authorities. authorities, including in the wake of the bank failures in early 2023. This increased regulatory burden has resulted and may continue to result in increased costs of doing business and may in the future result in decreased revenues and net income, reduce our ability to compete effectively to attract and retain clients, or make it less attractive for us to continue providing certain products and services. Any future changes in federal and state laws and regulations, as well as the interpretation and implementation of such laws and regulations, could affect us in substantial and unpredictable ways, including those listed above or other ways that could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In addition, political developments, including recent

There is uncertainty surrounding potential legal, regulatory and policy changes in law introduced by the Biden administration new presidential administrations in the United States add uncertainty that may directly affect financial institutions and the global economy.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

2024 is a presidential election year. Changes in federal policy and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry. The nature, timing and economic and political effects of potential changes to the implementation, scope current legal and timing regulatory framework affecting financial institutions remain highly uncertain. Uncertainty surrounding future changes may adversely affect our operating environment and therefore our business, financial condition, results of regulatory reforms. operations and growth prospects.

Changes in tax laws and regulations, or changes in the interpretation of existing tax laws and regulations, may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We operate in an environment that imposes income taxes on our operations at both the federal and state levels to varying degrees. We engage in certain strategies to minimize the impact of these taxes. Consequently, any change in tax laws or regulations, or new interpretation of an existing law or regulation, could significantly alter the effectiveness of these strategies.

The net deferred tax asset reported on our balance sheet generally represents the tax benefit of future deductions from taxable income for items that have already been recognized for financial reporting purposes. The bulk of the deferred tax asset consists of deferred loan loss deductions. The net deferred tax asset is measured by applying currently-enacted income tax rates to the accounting period during which the tax benefit is expected to be realized. As of December 31, 2022 December 31, 2023, our net deferred tax asset was $22.9 $23.9 million.

We also face risk based on actions 37

Table of the U.S. Treasury and the IRS. In November 2016, these agencies issued a notice making captive insurance company activities "transactions of interest" due to the potential for tax avoidance or evasion. We have a captive insurance company, which is a wholly-owned subsidiary of the Company that provides insurance coverage to the Company and its subsidiaries for risk management purposes or where commercial insurance may not be available or economically feasible. It is not certain at this point how the notice may impact us or the continued operation of the captive insurance company as a risk management tool, but if the activity is deemed by the IRS to be an abusive tax structure, we may become subject to significant penalties and interest. Contents

In addition, in February of 2018, we formed Bridgewater Investment Management, Inc., a Minnesota corporation and a subsidiary of the Bank, to hold holds certain municipal securities and to engage engages in municipal lending activities. Based on current tax regulations and guidance, we believe that municipal securities and loans held by a non-bank subsidiary of a financial institution are eligible to receive favorable federal income tax treatment. Like our captive insurance company, there There is a risk that the IRS may investigate these types of arrangements and issue new guidance eliminating the tax benefit to such a structure.

There is uncertainty surrounding potential legal, regulatory and policy changes by the Biden administration in the United States that may directly affect financial institutions and the global economy.

Changes in federal policy and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain. Uncertainty surrounding future changes may adversely affect our operating environment and therefore our business, financial condition, results of operations and growth prospects.

We are subject to more stringent capital requirements.

Banking institutions are required to hold more capital as a percentage of assets than most industries. In the wake of the global financial crisis, our capital requirements increased, both in the amount of capital we must hold and in the quality of the capital to absorb losses. Holding high amounts of capital compresses our earnings and constrains growth. In addition, the failure to meet applicable regulatory capital requirements could result in one or more of our regulators

---

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

placing limitations or conditions on our activities, including our growth initiatives, or restricting the commencement of new activities, and could affect client and investor confidence, our cost of funds and FDIC insurance costs and our ability to make acquisitions and ultimately result in a material adverse effect on our business, financial condition, results of operations and growth prospects.

Federal and state regulators periodically examine our business, and we may be required to remediate adverse examination findings.

The Federal Reserve, the FDIC and the Minnesota Department of Commerce MDOC periodically examine us, including our operations and our compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin “unsafe or unsound” practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and place us into receivership or conservatorship. Any regulatory action against us could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The CRA requires the Bank, consistent with safe and sound operations, to ascertain and meet the credit needs of its entire community, including low and moderate income areas. Our failure to comply with the CRA could, among other things, result in the denial or delay of certain corporate applications filed by us, including applications for branch openings or relocations and applications to acquire, merge or consolidate with another banking institution or holding company. In addition, the CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations prohibit discriminatory lending practices by financial institutions. The U.S. Department of Justice, bank regulatory agencies and other federal agencies are responsible for enforcing these laws and regulations. A challenge to an institution’s compliance with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion and restrictions on entering new business lines. Private parties may also challenge an institution’s performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations could result in fines or sanctions against us.

The Bank Secrecy Act the USA Patriot Act and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and to file reports such as suspicious activity reports and currency transaction reports. We are required to comply with these and other anti-money laundering requirements.

Table of Contents

The bank regulatory agencies and Financial Crimes Enforcement Network are authorized to impose significant civil money penalties for violations of those requirements and have recently engaged in coordinated enforcement efforts against banks and other financial services providers with the U.S. Department of Justice, Drug Enforcement Administration and IRS. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control. OFAC. If our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans.

Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively affected by these laws. For example, our business is subject to the Gramm-Leach-Bliley Act which, among other things (i) imposes certain limitations on our ability to share nonpublic personal information about our clients with nonaffiliated third parties, (ii) requires that we provide certain disclosures to clients about our information collection, sharing and security practices and afford clients the right to "opt out" of any information sharing by us with nonaffiliated third parties (with certain exceptions) and (iii) requires that we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities and the sensitivity of client information we process, as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Moreover, legislators and regulators in the United States are increasingly adopting or revising privacy, information security and data protection laws, including with respect to the use of artificial intelligence by financial institutions and their service providers, that potentially could have a significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer or employee information and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. This includes increased privacy-related enforcement activity at the federal level, by the Federal Trade Commission and the CFPB, as well as at the state level, such as with regard to mobile applications.

Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting client or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions and damage to our reputation, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The Federal Reserve may require us to commit capital resources to support the Bank.

As a matter of policy, the Federal Reserve expects a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. The Dodd-Frank Act codified the Federal Reserve's policy on serving as a source of financial strength. Under the "source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the holding company may not have the resources to provide it and therefore may be required to borrow the funds or raise capital. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any

Table of Contents

commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution's general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by the Company to make a required

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

capital injection becomes more difficult and expensive and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are an emerging growth company within the meaning of the Securities Act and because we have decided to take advantage of certain exemptions from various reporting and other requirements applicable to emerging growth companies, our common stock could be less attractive to investors.

For as long as we remain an emerging growth company, as defined in the JOBS Act, we will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation

---

Table of Contents

requirements of Section 404(b) of the Sarbanes-Oxley Act, being permitted to have an extended transition period for adopting any new or revised accounting standards that may be issued by the FASB or the SEC, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We have elected to, and expect to continue to, take advantage of certain of these and other exemptions until we are no longer an emerging growth company. Further, the JOBS Act allows us to 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 and provide less than five years of selected financial data.

We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of $1.235 billion or more, (ii) the end of the fiscal year following the fifth anniversary of the completion of our initial public offering, (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt and (iv) the end of the first fiscal year in which (A) the market value of our equity securities that are held by non-affiliates exceeds $700 million as of June 30 of that year, (B) we have been a public reporting company under the Exchange Act for at least twelve calendar months and (C) we have filed at least one annual report on Form 10-K.

Because we have elected to use the extended transition period for complying with new or revised accounting standards for an emerging growth company, our financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 7(a)(2)(B) of the Securities Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, financial results or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common stock. We cannot predict if investors will find our common stock less attractive because we plan to rely on this exemption. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

The financial reporting resources we have put in place may not be sufficient to ensure the accuracy of the additional information we are required to disclose as a publicly listed company.

As a result of being a publicly listed company, we are subject to the heightened financial reporting standards under GAAP and SEC rules, including more extensive levels of disclosure. Complying with these standards required enhancements to the design and operation of our internal control over financial reporting as well as additional financial reporting and accounting staff with appropriate training and experience in GAAP and SEC rules and regulations.

If we are unable to meet the demands that are placed upon us as a public company, including the requirements of Sarbanes-Oxley, we may be unable to report our financial results accurately, or report them within the timeframes required by law or stock exchange regulations.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Failure to comply with Sarbanes-Oxley, when and as applicable, could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. If material weaknesses or other deficiencies occur, our ability to report our financial results accurately and timely could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our consolidated financial statements, a decline in our stock price, suspension or delisting of our common stock from the Nasdaq Stock Market, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Even if we are able to report our financial statements accurately and in a timely manner, any failure in our efforts to implement the improvements or disclosure of material weaknesses in our future filings with the SEC could cause our reputation to be harmed and our stock price to decline significantly.

We did not engage our independent registered public accounting firm to perform an audit of our internal control over financial reporting, as contemplated by Section 404 of Sarbanes-Oxley, under the standards of the PCAOB as of

---

Table of Contents

any balance sheet date reported in our financial statements as of December 31, 2022. If we had our independent registered public accounting firm perform an audit of our internal control over financial reporting under the standards of the PCAOB, material weaknesses may have been identified. In addition, the JOBS Act provides that, so long as we qualify as an emerging growth company, we will be exempt from the provisions of Section 404(b) of Sarbanes-Oxley, which would require that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting under the standards of the PCAOB. We may take advantage of this exemption so long as we qualify as an emerging growth company.

The recent change in our independent registered public accounting firm could materially impact our financial statements.

On December 20, 2022, the Audit Committee of the Board of Directors of the Company approved the dismissal of CliftonLarsonAllen LLP ("CLA") as the Company's independent registered public accounting firm because CLA indicated that it would not stand for reappointment following completion of the audit of the Company's consolidated financial statements for the year-ending December 31, 2022. On December 20, 2022, the Audit Committee approved the appointment of RSM, LLP ("RSM") to serve as the Company's independent registered public accounting firm for the year ending December 31, 2023. RSM's future audits of the Company's financial statements may identify errors or omissions in our historical financial statements that were not previously identified and that could require us to restate previously issued financial statements or materially impact how we report our financial condition and results of operations going forward. If we have to restate any historical financial statements it could have a material adverse effect on our financial condition and results of operations.

Certain banking laws and certain provisions of our second third amended and restated articles of incorporation may have an anti-takeover effect.

Provisions of federal banking laws, including regulatory approval requirements, could make it difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. Acquisition of 10% or more of any class of voting stock of a bank holding company or depository institution, including shares of our common stock, generally creates a rebuttable presumption that the acquirer "controls" the bank holding company or depository institution. Also, a bank holding company must obtain the prior approval of the Federal Reserve before, among other things, acquiring direct or indirect ownership or control of more than 5% of the voting shares of any bank, including the Bank.

There are also provisions in our second third amended and restated articles of incorporation and second amended and restated bylaws, such as the classification of our board of directors and limitations on the ability to call a special meeting of our shareholders, that may be used to delay or block a takeover attempt. In addition, our board of directors is authorized under our second third amended and restated articles of incorporation to issue shares of preferred stock, and determine the rights, terms conditions and privileges of such preferred stock, without shareholder approval. These provisions may effectively inhibit a non-negotiated merger or other business combination, which, in turn, could have a material adverse effect on the market price of our common stock.

Our second amended and restated bylaws have an exclusive forum provision, which could limit a shareholder's ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Our second amended and restated bylaws have an exclusive forum provision providing that, unless we consent in writing to an alternative forum, the state or federal courts in Hennepin County, Minnesota shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or agent of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Minnesota Business Corporation Act, the articles or the bylaws of the Company, or (iv) any action asserting a claim governed by

Table of Contents

the internal affairs doctrine, in each case subject to said courts having personal jurisdiction over the indispensable parties named as defendants therein. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our bylaws. The exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our

Table of Contents

directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Market and Interest Rate Risks

Our business is subject to interest rate risk, and fluctuations in interest rates may adversely affect our earnings.

Fluctuations in interest rates may negatively affect our business and may weaken demand for some of our products. Our earnings and cash flows are largely dependent on our net interest income, which is the difference between the interest income that we earn on interest earning assets, such as loans and investment securities, and the interest expense that we pay on interest bearing liabilities, such as deposits and borrowings. Additionally, changes in interest rates also affect our ability to fund our operations with client deposits and the fair value of securities in our investment portfolio and derivatives portfolio. Therefore, any change in general market interest rates, including changes in federal fiscal and monetary policies, can have a significant effect on our net interest income and results of operations.

Our interest earning assets and interest bearing liabilities may react in different degrees to changes in market interest rates. Interest rates on some types of assets and liabilities may fluctuate prior to changes in broader market interest rates, while rates on other types of assets and liabilities may lag behind. The result of these changes to rates may cause differing spreads on interest earning assets and interest bearing liabilities. We cannot control or accurately predict changes in market rates of interest.

It is currently expected that during 2023, and perhaps beyond, 2024, the Federal Open Market Committee of the Federal Reserve, or FOMC, will could continue to increase maintain elevated levels of interest rates to reduce the rate of inflation. In inflation to its target level. Since 2022, the FOMC increased at various dates throughout the year the target range for the federal funds rate from 0.00% to 0.25% to a range of 4.25% 5.25% to 4.50% 5.50%. All of these increases were expressly made in response to inflationary pressures, which are currently expected however there is a possibility that due to continue into 2023. In February moderating levels of 2023, inflation, the FOMC increased rates again by 0.25%. If may reduce the target fed funds range at some point during 2024. Although the FOMC further increases may decide to decrease the targeted federal funds rates, overall interest rates will likely rise, may behave differently, which may negatively impact the entire national economy. In addition, our net interest income could be adversely affected if the rates we pay on deposits and borrowings increase more rapidly than the rates we earn on loans and other interest earning assets. Rising remain elevated. Elevated interest rates also may

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

reduce the demand for loans and the value of fixed-rate investment securities. These effects from interest rate changes or from other sustained economic stress or a recession, among other matters, could have a material adverse effect on our business, financial condition, liquidity, results of operations, and growth prospects.

We seek to mitigate our interest rate risk by entering into interest rate swaps and other interest rate derivative contracts from time to time with counterparties. Our hedging strategies rely on assumptions and projections regarding interest rates, asset levels, and general market factors and subject us to counterparty risk. There is no assurance that our interest rate mitigation strategies will be successful, and if our assumptions and projections prove to be incorrect or our hedging strategies do not adequately mitigate the impact of changes in interest rates, we may incur losses that could adversely affect our earnings.

As of December 31, 2022 December 31, 2023, we had $884.3 $757.0 million of noninterest bearing deposit accounts and $2.53 $2.95 billion of interest bearing deposit accounts. We do not know what future market rates will be, and based on recent guidance from the Federal Reserve, we expect some level of moderation or perhaps a decrease in interest rates to remain elevated in 2023. If 2024. In 2023, we need to offer higher substantially increased the interest rates on these accounts interest bearing products to maintain current clients or and attract new clients, clients. As a result, our interest expense will increased and may increase perhaps materially. further if rates stay at current levels or increase. Furthermore, if we fail to offer interest in a sufficient amount to keep these demand deposits, our core deposits may be reduced, which would require us to obtain funding in other ways or risk slowing our future asset growth.

Table of Contents

We could recognize losses on securities held in our securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate.

As of December 31, 2022 December 31, 2023, the fair value of our securities portfolio was approximately $548.6 $604.1 million, or 12.6% 13.1% of our total assets. Factors beyond our control can significantly influence the fair value of securities in our portfolio and

---

Table of Contents

can cause potential adverse changes to the fair value of these securities. For example, fixed-rate securities acquired by us are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, the intent to sell the security, rating agency downgrades of the securities or our own analysis of the value of the security, defaults by the issuer or individual mortgagors with respect to the underlying securities and instability in the credit markets. Any of the foregoing factors could cause an other than temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other than temporary usually requires difficult, subjective judgments about the future financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, we may recognize realized or unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

A large percentage of our investment securities classified as available-for-sale have fixed interest rates. As is the case with many financial institutions, our emphasis on increasing the development of core non-maturity deposits has resulted in our interest-bearing liabilities having a shorter duration than our interest-earning assets. This imbalance can create significant earnings volatility because interest rates change over time. As interest rates have increased, our cost of funds has increased more rapidly than the yields on a substantial portion of our interest-earning assets. In addition, the market value of our fixed-rate assets, for example, our investment securities, has declined in recent periods. In line with the foregoing, we have experienced and may continue to experience an increase in the cost of interest-bearing liabilities

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

primarily due to raising the rates we pay on some of our deposit products to stay competitive within our market and an increase in borrowing costs from increases in the federal funds rate.

At December 31, 2022 December 31, 2023, we had $34.1 million $31.7 million of unrealized losses, net of tax, in our securities portfolio. If we are forced to liquidate any of those investments prior to maturity, including because of a lack of liquidity, we would recognize as a charge to earnings the losses attributable to those securities.

Monetary policies of the Federal Reserve could adversely affect our financial condition and results of operations.

In the current environment, economic and business conditions are significantly affected by U.S. monetary policy, particularly the actions of the Federal Reserve in its effort to fight elevated levels of inflation. The Federal Reserve is mandated to pursue the goals of maximum employment and price stability, and beginning in March throughout 2022 it and 2023 made a series of significant increases to the target Federal Funds rate as part of an effort to combat elevated levels of inflation affecting the U.S. economy, which is expected to may continue in 2023. 2024. This has helped drive resulted in a significant increase and structure change in prevailing interest rates and, while this will have had a positive negative effect on our net interest income, it also harmed the value of our securities portfolio, which had $34.1 million $31.7 million in unrealized losses, net of tax, in our available-for-sale available for sale investment securities portfolio at December 31, 2022 December 31, 2023. This decline in value has negatively affected our tangible book value. Higher interest rates can also negatively affect our customers' clients' businesses and financial condition, and the value of collateral securing loans in our portfolio.

Given the complex factors affecting the strength of the U.S. economy, including uncertainties regarding the persistence of inflation, geopolitical developments such as the war in current conflicts between Israel and Palestine and between Russia and Ukraine and resulting disruptions in the global energy market, the effects of the pandemic in China, and tight labor market conditions and supply chain issues, there is a meaningful risk that the Federal Reserve and other central banks may raise keep interest rates too much, elevated, thereby limiting economic growth and potentially causing an economic recession. recession or other political instability. As noted above, this could decrease loan demand, harm the credit characteristics of our existing loan portfolio and decrease the value of collateral securing loans in the portfolio.

Our stock is relatively thinly traded.

Although our common stock is traded on the Nasdaq Stock Market, the average daily trading volume of our common stock is relatively low compared to many public companies. The desired market characteristics of depth, liquidity, and orderliness require the substantial presence of willing buyers and sellers in the marketplace at any given

---

Table of Contents

time. In our case, this presence depends on the individual decisions of a relatively small number of investors and general economic and market conditions over which we have no control. Due to the relatively low trading volume of our

---

Table of Contents

common stock, significant sales of our common stock, or the expectation of these sales, could cause the stock price to fall more than would be justified by the inherent worth of the Company. Conversely, attempts to purchase a significant amount of our stock could cause the market price to rise above the reasonable inherent worth of the Company.

The price of our common stock could be volatile and other factors could cause our stock price to decline.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. The market price of our common stock may be volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include, among other things:

- actual Actual or anticipated variations in our quarterly results of operations;
- recommendations or research reports about us or the financial services industry in general published by securities analysts;
- the failure of securities analysts to cover, or continue to cover us;
- operating and stock price performance of other companies in the industry or that investors or analysts deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace regarding us, our competitors or other financial institutions;
- future sales of our common stock;
- departure of members of our strategic leadership team or other key personnel;
- new technology used, or services offered, by competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- changes or proposed changes in laws or regulations, or differing interpretations of existing laws and regulations, affecting our business, or enforcement of these laws and regulations;
- litigation and governmental investigations; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition, results of operations or growth prospects. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

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

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

Our ability to pay dividends may be limited, and we We do not intend to pay cash dividends on our common stock in the foreseeable future. Consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

Holders of our common stock are entitled to receive only such dividends as our board of directors may declare out of funds legally available for such payments. We expect that we will retain all earnings, if any, for operating capital, and we do not expect our board of directors to declare any dividends on our common stock in the foreseeable future.

Table of Contents

Even if we have earnings in an amount sufficient to pay cash dividends, our board of directors may decide to retain

---

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

earnings for the purpose of funding growth. We cannot assure you that cash dividends on our common stock will ever be paid. You should not purchase shares of common stock offered hereby if you need or desire dividend income from this investment.

In addition, we are a financial holding company, and our ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. It is the policy of the Federal Reserve that bank and financial holding companies should generally pay dividends on capital stock only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality and financial condition.

Further, if we are unable to satisfy the capital requirements applicable to us for any reason, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock in the event we decide to declare dividends. Any change in the level of our dividends or the suspension of the payment thereof could have a material adverse effect on the market price of our common stock.

Future issuances of common stock could result in dilution, which could cause our common stock price to decline.

We are generally not restricted from issuing additional shares of our common stock, up to the 75,000,000 shares of common stock authorized in our second amended and restated articles of incorporation, which could be increased by a vote of the holders of a majority of our shares of common stock. We may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, or in connection with future acquisitions or financings. If we choose to raise capital by issuing and selling shares of our common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

The holders of our debt obligations and preferred stock will have priority over our common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest and dividends.

In any liquidation, dissolution or winding up of the Company, our common stock would rank below all claims of debt holders against us and claims of all of our outstanding shares of preferred stock. As of December 31, 2022 December 31, 2023, we had $80.0 million of subordinated debentures outstanding and $69.0 million of preferred stock outstanding. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of the Company until after all of our obligations to our debt holders have been satisfied and holders of senior equity securities, including the preferred shares, have received any payment or distribution due to them.

We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term shareholder value.

On August 17, 2022, the Company's board of directors approved a new stock repurchase program which authorizes the Company to repurchase up to $25.0 million of its common stock, subject to certain limitations and conditions. The new stock repurchase program replaced and superseded the previous $40.0 million stock repurchase program, under which approximately $1.6 million remained. The new stock repurchase program will expire on August 16, 2024. The repurchase program does not obligate the Company to repurchase any shares of its common stock, and other than repurchases that have been completed to date, there is no assurance that the Company will do so or that the Company will repurchase shares at favorable prices. The repurchase program may be suspended or terminated at any time and, even if fully implemented, the repurchase program may not enhance long-term shareholder value.

Table of Contents

ITEM 1.B. 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Cybersecurity risk management is an important and continuously evolving focus for the Company. Resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices, and other technology assets. The Company's security efforts are designed and tested to protect against, among other things, cybersecurity attacks by unauthorized parties attempting to obtain access to confidential information, destroy data, disrupt, or degrade service, sabotage systems or cause other damage. The Company has implemented precautionary measures and controls reasonably designed to address this increased risk, such as enhanced threat monitoring. The Company continues to make investments and partner with qualified third parties to enhance its cyber defense capabilities to monitor the evolving spectrum of cybersecurity risks in the operating environment, enhance defenses and improve resiliency against cybersecurity threats. The Company actively participates in discussions and simulations of cybersecurity risks and has engaged in efforts to educate all employees on the topic of cybersecurity risks.

The Company acknowledges that third parties and clients may also be sources of cybersecurity risk for the Company. As a result, the Company engages in regular and ongoing reviews and discussions with vendors and clients regarding cybersecurity risks and opportunities to improve the Company's cybersecurity posture. The Company maintains a vendor risk management program to identify and help manage any third party cybersecurity risks.

Additionally, the Company maintains an Information Security Program designed to prevent, detect, and respond to cyberattacks, and maintains a cybersecurity incident response plan designed to enable the Company to respond to cybersecurity incidents, coordinate such responses with law enforcement and other government agencies, and notify clients and customers, as applicable. The Company's risk and technology teams, led by the Company's CRO and CTO, respectively, are responsible for leading the incident response team, identifying technology and cybersecurity risks, utilizing management's expertise in assessing the materiality of cybersecurity events, and are responsible for the controls to manage threats. The Company's risk team in conjunction with the broader incident response team conduct periodic tabletop exercises and business continuity simulations to train and align on best practices and assessment of potential cyber events. Management utilizes the incident response plan and incident response team to assesses materiality of any cyber event through a qualitative and quantitative assessment. The information security program and overall cybersecurity risk management processes are aligned and integrated into the Company's overall risk profile and appetite through the Company's Enterprise Risk Management Committee.

The Company's governance structure is designed to identify, escalate, and mitigate information security risks. Management utilizes its Enterprise Risk Management Committee and IT Steering Committee, comprised of senior leaders including the Company's CRO, CTO, CFO, and other leaders with cybersecurity expertise, to disseminate information and monitor information security efforts throughout the Company. Each committee's charter, in addition to the Information Security Policy, establishes roles and responsibilities related the Company's cybersecurity governance and program. The risk team provides oversight of the Company's activities designed to identify, assess, measure, and mitigate cybersecurity risk. The Company's Information Security Program includes training that reinforces the Company's Information Security Program policies, standards, and practices, as well as the expectation employees comply with these policies. The technology team engages employees through training on how to identify potential cybersecurity risks and protect the Company's resources and information. This training is mandatory for all employees, and is supplemented by various testing initiatives, including social engineering testing. Finally, the Company provides specialized security training for certain employee roles such as system administrators and all information security training is monitored and reported on by the risk team as well as the Company's learning and development function.

The Company's management team is responsible for the day-to-day management of cybersecurity risks faced by the Company. In addition, our Board, as a whole and through its Audit Committee, is responsible for the oversight of cybersecurity risks. In that role, the Board and Audit Committee are responsible for ensuring that the risk management processes designed and implemented by management are adequate and functioning as designed. To carry out those duties, Board and Audit Committee receive periodic updates on the Company's Information Security Program,

---

Table of Contents

cybersecurity policies and practices, ongoing efforts to improve security, as well as the Company's efforts to prevent, detect, mitigate, and remediate significant cybersecurity incidents.

Risks from cybersecurity threats, including any previous cybersecurity events, have not materially affected the Company or its business strategy, results of operations or financial condition. Notwithstanding the comprehensive approach that the Company takes to address

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

cybersecurity risk, the Company may not be successful in preventing or mitigating a future cybersecurity incident that could have a material adverse effect on the Company or its business strategy, results of operations or financial condition.

ITEM 2. PROPERTIES

Our corporate headquarters is located at 4450 Excelsior Boulevard, Suite 100, St. Louis Park, Minnesota 55416. Including our corporate headquarters, we operate seven full-service branch offices located in the Twin Cities MSA. We currently own three of our branch offices located in Orono, St. Louis Park and Minneapolis (Hennepin Avenue), and lease the remaining four locations. In February 2023, the Company purchased a parcel of land in Lake Elmo, Minnesota, upon which it intends to construct a branch office. Additional information regarding our locations is set forth below:

Address	Owned/Leased
Headquarters and St. Louis Park Branch:	
4450 Excelsior Boulevard, Suite 100, St. Louis Park, Minnesota 55416	Owned
Other Branch Locations:	
21500 Highway 7, Greenwood, Minnesota 55331	Leased
Northstar Center West, 625 Marquette Avenue, 60 South Sixth Street, Suite #W0100, 285, Minneapolis, Minnesota 55402	Leased
2445 Shadywood Road, Orono, Minnesota 55331	Owned
3100 Hennepin Avenue, Minneapolis, Minnesota 55408(1)	Owned
370 Wabasha Street N., St. Paul, Minnesota 55102	Leased
7831 East Bush Lake Road, Suite 300, Bloomington, Minnesota 55439	Leased

(1) Does not include the leased drive-up property located adjacent to the branch.

ITEM 3. LEGAL PROCEEDINGS

Neither the Company nor any of its subsidiaries is a party, and no property of these entities is subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to the Bank's business. The Company does not know of any proceeding contemplated by a governmental authority against the Company or any of its subsidiaries.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the Nasdaq Stock Market ("Nasdaq") under the symbol "BWB." Our depository shares, each representing a 1/100th ownership interest in a share of our 5.875% Non-Cumulative Perpetual Preferred Stock, Series A, $0.01 par value per share ("Series A Preferred Stock"), trade on Nasdaq under the symbol "BWBBP".

Table of Contents

Holders of Record

As of February 27, 2023 February 26, 2024, the Company had 97 58 holders of record of the Company's common stock and an estimated 4,343 4,552 additional beneficial holders of the Company's common stock whose stock was held in street name by brokerages or fiduciaries.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

Issuer Purchases of Equity Securities

The following table presents stock purchases made during the fourth quarter of 2022: 2023:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - 31, 2022	—	$ —	—	$ 25,000,000				
November 1 - 30, 2022	—	—	—	25,000,000				
December 1 - 31, 2022	37,639	18.48	—	25,000,000				
October 1 - 31, 2023					18,435	$ 9.70	18,435	$ 24,821,204
November 1 - 30, 2023					230,314	10.43	230,314	22,418,051
December 1 - 31, 2023					223,412	11.24	175,000	20,458,801
Total	37,639	$ 18.48	—	$ 25,000,000	472,161	$ 10.79	423,749	$ 20,458,801

(1) The total number of shares repurchased during the periods indicated includes shares repurchased as part of the Company's stock repurchase program and shares withheld for income tax purposes in connection with vesting of restricted stock and stock options. The shares were purchased or otherwise valued at the closing price of the Company's common stock on the date of purchase and/or withholding.

(2) On August 17, 2022, the Company's board of directors approved a stock repurchase program which authorizes the Company to repurchase up to $25.0 million of its common stock, subject to certain limitations and conditions. The stock repurchase program replaced and superseded the previous $40.0 million stock repurchase program which expired on October 27, 2022, under which approximately $1.6 million remained. The stock repurchase program will expire on August 16, 2024. The stock repurchase program does not obligate the Company to repurchase any shares of its common stock, and other than repurchases that have been completed to date, there is no assurance that the Company will do so. Under the stock repurchase program, the Company may repurchase shares of common stock from time to time in open market or privately negotiated transactions. The extent to which the Company repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including general market and economic conditions, regulatory requirements, availability of funds, and other relevant considerations, as determined by the Company. The Company may, in its discretion, begin, suspend or terminate repurchases at any time prior to the Program's expiration, without any prior notice.

Table of Contents

Performance Graph

The following graph compares the percentage change in the cumulative shareholder return of the Company's common stock during the period from the date of our initial public offering between December 31, 2018 and listing on Nasdaq through December 31, 2022 December 31, 2023, with the cumulative return of the Nasdaq Composite Index and the total return of the Nasdaq Bank Index. This comparison assumes $100.00 was invested on March 14, 2018 December 31, 2018 and assumes the reinvestment of all cash dividends, if any, prior to any tax effect and retention of all stock dividends. There is no assurance that the Company's common stock performance will continue in the future with the same or similar results as shown in the graph.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Dividend Policy

The Company has not historically declared or paid dividends on its common stock and does not intend to declare or pay dividends on its common stock in the foreseeable future. Instead, the Company anticipates that future earnings will be retained to support its operations and to finance the growth and development of its business. Any future determination relating to the Company's common stock dividend policy will be made by the board of directors and will depend on a number of factors, including historic and projected financial condition, liquidity and results of operations, capital levels and needs, tax considerations, any acquisitions or potential acquisitions that may be pursued, statutory and regulatory prohibitions and other limitations, the terms of any credit agreements or other borrowing arrangements that restrict the ability to pay cash dividends, general economic conditions and other factors deemed relevant by the board of

Table of Contents

directors. The Company is not obligated to pay dividends on its common stock and is subject to restrictions on paying dividends on its common stock.

Table of Contents

Although the Company intends to pay dividends on the Series A Preferred Stock, dividends on the Series A Preferred Stock are not cumulative or mandatory. If the board of directors does not declare a dividend on the Series A Preferred Stock or if the board of directors authorizes and declares less than a full dividend in respect of any dividend period, the holders of the Series A Preferred Stock will have no right

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

to receive any dividend or a full dividend and the Company will have no obligation to pay a dividend or to pay full dividends for that dividend period at any time, whether or not dividends on the Series A Preferred Stock or common stock are declared for any future dividend period.

Dividend Restrictions

As a Minnesota corporation, the Company is subject to certain restrictions on dividends under the Minnesota Business Corporation Act, as amended. Generally, a Minnesota corporation is prohibited from paying a dividend if, after giving effect to the dividend the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities, plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

In addition, the Company is subject to certain restrictions on the payment of cash dividends as a result of banking laws, regulations and policies. See "Supervision "Supervision and Regulation—Supervision and Regulation of the Company—Dividend Payments."" Because the Company is a financial holding company and does not engage directly in business activities of a material nature, the ability to pay dividends to shareholders depends, in large part, upon receipt of dividends from the Bank, which is also subject to numerous limitations on the payment of dividends under federal and state banking laws, regulations and policies. See "Supervision "Supervision and Regulation—Supervision and Regulation of the Bank—Dividend Payments."."

Under the terms of a loan agreement with a third party correspondent lender which the Company entered into in March of 2021 and amended in each of July 2021 and September of 2022, the Company cannot declare or pay any cash dividend or make any other distribution in respect to capital stock, except in accordance with past practices and dividends paid on its preferred stock and so long as no default has occurred and is continuing. In addition, under the terms of the subordinated notes issued in June of 2020 and July of 2021, and the related subordinated note purchase agreements, the Company is not permitted to declare or pay any dividends on capital stock if an event of default occurs under the terms of the subordinated notes, excluding any dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, any class of our common stock and any declaration of a non-cash dividend in connection with the implementation of a shareholders' rights plan.

ITEM 6.[RESERVED]

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion and analysis of the Company's results of operations and financial condition should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere in this report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Certain risks, uncertainties and other factors, including but not limited to those set forth under "Forward-Looking Statements," "Risk Factors" and elsewhere in this report, may cause actual results to differ materially from those projected in the forward-looking statements. The Company assumes no obligation to update any of these forward-looking statements. Readers of the Company's Annual Report on Form 10-K should consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on forward-looking statements.

Table of Contents

The following consolidated selected financial data is derived from the Company's audited consolidated financial statements as of and for the five years ended December 31, 2022 December 31, 2023. This information should be read in connection with our audited consolidated financial statements and related notes appearing elsewhere in this report.

	As of and for the year ended December 31,				
(dollars in thousands, except per share data)	2023	2022	2021	2020	2019

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Income Statement					
Net Interest Income	$ 105,174	$ 129,698	$ 109,509	$ 87,964	$ 74,132
Provision for (Recovery of) Credit Losses	(175)	7,700	5,150	12,750	2,700
Noninterest Income	6,493	6,332	5,309	5,839	3,826
Noninterest Expense	59,320	56,620	48,095	45,387	36,932
Net Income	39,960	53,392	45,687	27,194	31,403
Net Income Available to Common Shareholders	35,906	49,338	44,516	27,194	31,403
Per Common Share Data					
Basic Earnings Per Share	$ 1.29	$ 1.78	$ 1.59	$ 0.95	$ 1.07
Diluted Earnings Per Share	1.27	1.72	1.54	0.93	1.05
Book Value Per Share	12.94	11.80	11.09	9.43	8.45
Tangible Book Value Per Share (1)	12.84	11.69	10.98	9.31	8.33
Basic Weighted Average Shares Outstanding	27,857,420	27,758,336	28,027,454	28,582,064	29,358,644
Diluted Weighted Average Shares Outstanding	28,315,587	28,668,177	28,968,286	29,170,220	29,996,776
Shares Outstanding at Period End	27,748,965	27,751,950	28,206,566	28,143,493	28,973,572
Selected Performance Ratios					
Return on Average Assets (ROA)	0.89 %	1.38 %	1.43 %	1.04 %	1.49 %
Pre-Provision Net Revenue Return on Average Assets (PPNR ROA) (2)	1.15	2.06	2.10	2.09	2.07
Return on Average Shareholders' Equity (ROE)	9.73	13.90	14.45	10.51	13.50
Return on Average Tangible Common Equity (1)	10.53	15.69	15.45	10.65	13.72
Average Shareholders' Equity to Average Assets	9.14	9.93	9.91	9.88	11.00
Net Interest Margin (3)	2.42	3.45	3.54	3.46	3.59
Core Net Interest Margin (1)(3)	2.34	3.27	3.28	3.25	3.37
Yield on Interest Earning Assets	5.08	4.35	4.16	4.51	5.01
Yield on Total Loans, Gross	5.21	4.60	4.60	4.90	5.31
Cost of Interest Bearing Liabilities	3.61	1.34	0.93	1.53	2.03
Cost of Total Deposits	2.73	0.75	0.51	0.93	1.42
Cost of Funds	2.92	0.99	0.68	1.15	1.58
Efficiency Ratio (1)	53.0	41.5	42.0	49.0	47.4
Noninterest Expense to Average Assets	1.32	1.46	1.51	1.73	1.75
Balance Sheet					
Total Assets	$ 4,611,990	$ 4,345,662	$ 3,477,659	$ 2,927,345	$ 2,268,830
Total Loans, Gross	3,724,282	3,569,446	2,819,472	2,326,428	1,912,038
Deposits	3,709,948	3,416,543	2,946,237	2,501,636	1,823,310
Total Shareholders' Equity	425,515	394,064	379,272	265,405	244,794
Loan to Deposit Ratio	100.4 %	104.5 %	95.7 %	93.0 %	104.9 %
Core Deposits to Total Deposits (5)	68.7	74.6	85.4	78.1	80.7
Uninsured Deposits to Total Deposits	24.3	38.5	41.2	43.3	38.6
Capital Ratios (Consolidated)					
Tier 1 Leverage Ratio	9.57 %	9.55 %	10.82 %	9.28 %	10.69 %
Common Equity Tier 1 Risk-based Capital Ratio	9.16	8.40	9.36	10.35	11.39
Tier 1 Risk-based Capital Ratio	10.79	10.03	11.43	10.35	11.39
Total Risk-based Capital Ratio	13.97	13.15	15.55	14.58	12.98
Tangible Common Equity to Tangible Assets (1)	7.73	7.48	8.91	8.96	10.65
Growth Ratios					
Percentage Change in Total Assets	6.1 %	25.0 %	18.8 %	29.0 %	15.0 %
Percentage Change in Total Loans, Gross	4.3	26.6	21.2	21.7	14.8
Percentage Change in Total Deposits	8.6	16.0	17.8	37.2	16.8

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Percentage Change in Shareholders' Equity	8.0	3.9	42.9	8.4	10.8
Percentage Change in Net Income	(25.2)	16.9	68.0	(13.4)	16.7
Percentage Change in Diluted Earnings Per Share	(26.3)	12.0	64.8	(10.9)	14.5
Percentage Change in Tangible Book Value Per Share (1)	9.8	6.5	17.9	11.8	15.3

Table of Contents

	As of and for the year ended December 31,				
(dollars in thousands, except per share data)	**2022**	**2021**	**2020**	**2019**	**2018**
Per Common Share Data (1)					
Basic Earnings Per Share	$ 1.78	$ 1.59	$ 0.95	$ 1.07	$ 0.93
Diluted Earnings Per Share	1.72	1.54	0.93	1.05	0.91
Adjusted Diluted Earnings Per Share (2)	1.72	1.55	1.12	N/A	N/A
Book Value Per Share	11.80	11.09	9.43	8.45	7.34
Tangible Book Value Per Share (2)	11.69	10.98	9.31	8.33	7.22
Basic Weighted Average Shares Outstanding	27,758,336	28,027,454	28,582,064	29,358,644	29,001,393
Diluted Weighted Average Shares Outstanding	28,668,177	28,968,286	29,170,220	29,996,776	29,436,214
Shares Outstanding at Period End	27,751,950	28,206,566	28,143,493	28,973,572	30,097,274
Selected Performance Ratios					
Return on Average Assets (ROA)	1.38 %	1.43 %	1.04 %	1.49 %	1.51 %
Pre-Provision Net Revenue Return on Average Assets (PPNR ROA) (3)	2.06	2.10	2.09	2.07	2.20
Return on Average Shareholders' Equity (ROE)	13.90	14.45	10.51	13.50	13.87
Return on Average Tangible Common Equity (2)	15.69	15.45	10.65	13.72	14.15
Average Shareholders' Equity to Average Assets	9.93	9.91	9.88	11.00	10.92
Yield on Interest Earning Assets	4.35	4.16	4.51	5.01	4.88
Yield on Total Loans, Gross	4.60	4.60	4.90	5.31	5.23
Cost of Interest Bearing Liabilities	1.34	0.93	1.53	2.03	1.65
Cost of Total Deposits	0.75	0.51	0.93	1.42	1.12
Net Interest Margin (4)	3.45	3.54	3.46	3.59	3.72
Core Net Interest Margin (2)(4)	3.27	3.28	3.25	3.37	3.40
Efficiency Ratio (2)	41.5	42.0	49.0	47.4	46.5
Adjusted Efficiency Ratio (3)	41.2	41.0	40.5	43.3	41.7
Noninterest Expense to Average Assets	1.46	1.51	1.73	1.75	1.78
Adjusted Noninterest Expense to Average Assets (3)	1.45	1.47	1.44	1.59	1.59
Loan to Deposit Ratio	104.5	95.7	93.0	104.9	106.7
Core Deposits to Total Deposits (6)	74.6	85.4	78.1	80.7	74.2
Tangible Common Equity to Tangible Assets (2)	7.48	8.91	8.96	10.65	11.03
Selected Asset Quality Data					
Loans 30-89 Days Past Due	$ 186	$ 49	$ 13	$ 403	$ 311
Loans 30-89 Days Past Due to Total Loans	0.01 %	— %	— %	0.02 %	0.02 %
Nonperforming Loans	$ 639	$ 722	$ 775	$ 461	$ 581
Nonperforming Loans to Total Loans	0.02 %	0.03 %	0.03 %	0.02 %	0.03 %
Foreclosed Assets	$ —	$ —	$ —	$ —	$ —
Nonaccrual Loans to Total Loans	0.02 %	0.03 %	0.03 %	0.02 %	0.03 %
Nonaccrual Loans and Loans Past Due 90 Days and Still Accruing to Total Loans	0.02	0.03	0.03	0.02	0.03
Nonperforming Assets (5)	$ 639	$ 722	$ 775	$ 461	$ 581

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Nonperforming Assets to Total Assets (5)	0.01 %	0.02 %	0.03 %	0.02 %	0.03 %
Allowance for Loan Losses to Total Loans	1.34	1.42	1.50	1.18	1.20
Allowance for Loan Losses to Total Loans, Excluding PPP Loans	1.35	1.43	1.59	N/A	N/A
Allowance for Loans Losses to Nonaccrual Loans	7,511.11	5,542.94	4,495.61	4,886.33	3,447.68
Net Loan Charge-Offs to Average Loans	(0.01)	0.00	0.02	0.01	0.00
Capital Ratios (Bank Only)					
Tier 1 Leverage Ratio	10.76 %	11.09 %	10.89 %	11.01 %	10.82 %
Common Equity Tier 1 Risk-based Capital Ratio	11.29	11.69	12.12	11.72	11.63
Tier 1 Risk-based Capital Ratio	11.29	11.69	12.12	11.72	11.63
Total Risk-based Capital Ratio	12.47	12.94	13.37	12.16	12.76
Capital Ratios (Consolidated)					
Tier 1 Leverage Ratio	9.55 %	10.82 %	9.28 %	10.69 %	11.23 %
Common Equity Tier 1 Risk-based Capital Ratio	8.40	9.36	10.35	11.39	12.07
Tier 1 Risk-based Capital Ratio	10.03	11.43	10.35	11.39	12.07
Total Risk-based Capital Ratio	13.15	15.55	14.58	12.98	14.55
Growth Ratios					
Percentage Change in Total Assets	25.0 %	18.8 %	29.0 %	15.0 %	22.1 %
Percentage Change in Total Loans, Gross	26.6	21.2	21.7	14.8	23.6
Percentage Change in Total Deposits	16.0	17.8	37.2	16.8	16.5
Percentage Change in Shareholders' Equity	3.9	42.9	8.4	10.8	61.1
Percentage Change in Net Income	16.9	68.0	(13.4)	16.7	59.4
Percentage Change in Diluted Earnings Per Share	12.0	64.8	(10.9)	14.5	35.5
Percentage Change in Tangible Book Value Per Share (2)	6.5	17.9	11.8	15.3	33.7

Table of Contents

(1) Includes shares of common stock and non-voting common stock. On October 25, 2018, the Company exchanged shares of common stock for all of the outstanding shares of non-voting common stock. Following the exchange, no shares of non-voting common stock were outstanding.

(2) Represents a non-GAAP financial measure. See "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" for further details.

(3) Ratio excludes the amortization of tax credit investments, debt prepayment fees and represents a non-GAAP financial measure. See "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" for further details.

(4) Amounts calculated on a tax-equivalent basis using the statutory federal tax rate of 21%.

(5) Nonperforming assets are defined as nonaccrual loans plus loans 90 days past due plus foreclosed assets.

(6) Core deposits are defined as total deposits less brokered deposits and certificates of deposit greater than $250,000.

	As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**
Selected Balance Sheet Data					
Total Assets	$ 4,345,662	$ 3,477,659	$ 2,927,345	$ 2,268,830	$ 1,973,741
Total Loans, Gross	3,569,446	2,819,472	2,326,428	1,912,038	1,664,931
Allowance for Loan Losses	47,996	40,020	34,841	22,526	20,031
Securities Available for Sale	548,613	439,362	390,629	289,877	253,378
Goodwill and Other Intangibles	2,914	3,105	3,296	3,487	3,678
Deposits	3,416,543	2,946,237	2,501,636	1,823,310	1,560,934
Federal Funds Purchased	287,000	—	—	—	18,000

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

FHLB Advances and Notes Payable	110,750	42,500	68,500	149,500	139,000
Subordinated Debentures, Net of Issuance Costs	78,905	92,239	73,739	24,733	24,630
Tangible Common Equity (1)	324,636	309,653	262,109	241,307	217,320
Total Shareholders' Equity	394,064	379,272	265,405	244,794	220,998
Average Total Assets	3,866,480	3,189,800	2,617,579	2,114,211	1,777,592
Average Shareholders' Equity	384,033	316,237	258,736	232,539	194,083

	As of and for the year ended December 31,				
(dollars in thousands)	2023	2022	2021	2020	2019
Selected Asset Quality Data					
Loans 30-89 Days Past Due	$ 15,110	$ 186	$ 49	$ 13	$ 403
Loans 30-89 Days Past Due to Total Loans	0.41 %	0.01 %	— %	— %	0.02 %
Nonperforming Loans	$ 919	$ 639	$ 722	$ 775	$ 461
Nonperforming Loans to Total Loans	0.02 %	0.02 %	0.03 %	0.03 %	0.02 %
Foreclosed Assets	$ —	$ —	$ —	$ —	$ —
Nonaccrual Loans to Total Loans	0.02 %	0.02 %	0.03 %	0.03 %	0.02 %
Nonaccrual Loans and Loans Past Due 90 Days and Still Accruing to Total Loans	0.02	0.02	0.03	0.03	0.02
Nonperforming Assets (4)	$ 919	$ 639	$ 722	$ 775	$ 461
Nonperforming Assets to Total Assets (4)	0.02 %	0.01 %	0.02 %	0.03 %	0.02 %
Allowance for Credit Losses on Loans to Total Loans	1.36	1.34	1.42	1.50	1.18
Allowance for Credit Losses on Loans to Total Loans, Excluding PPP Loans	1.36	1.35	1.43	1.59	N/A
Allowance for Credit Losses on Loans to Nonaccrual Loans	5,494.45	7,511.11	5,542.94	4,495.61	4,886.33
Net Loan Charge-Offs to Average Loans	0.01	(0.01)	0.00	0.02	0.01

(1) Represents a non-GAAP financial measure. See “GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures” for further details.

	For the year ended December 31,				
(dollars in thousands)	2022	2021	2020	2019	2018
Selected Income Statement Data					
Interest Income	$ 163,695	$ 128,879	$ 114,826	$ 103,778	$ 85,226
Interest Expense	33,997	19,370	26,862	29,646	20,488
Net Interest Income	129,698	109,509	87,964	74,132	64,738
Provision for Loan Losses	7,700	5,150	12,750	2,700	3,575
Net Interest Income after Provision for Loan Losses	121,998	104,359	75,214	71,432	61,163
Noninterest Income	6,332	5,309	5,839	3,826	2,543
Noninterest Expense	56,620	48,095	45,387	36,932	31,562
Income Before Income Taxes	71,710	61,573	35,666	38,326	32,144
Provision for Income Taxes	18,318	15,886	8,472	6,923	5,224
Net Income	53,392	45,687	27,194	31,403	26,920
Preferred Stock Dividends	(4,054)	(1,171)	—	—	—
Net Income Available to Common Shareholders	$ 49,338	$ 44,516	$ 27,194	$ 31,403	$ 26,920

(2) Ratio excludes the amortization of tax credit investments, debt prepayment fees and represents a non-GAAP financial measure. See “GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures” for further details.

(3) Amounts calculated on a tax-equivalent basis using the statutory federal tax rate of 21%.

(4) Nonperforming assets are defined as nonaccrual loans plus loans 90 days past due plus foreclosed assets.

(5) Core deposits are defined as total deposits less brokered deposits and certificates of deposit greater than $250,000.

Overview

The Company is a financial holding company headquartered in St. Louis Park, Minnesota. The principal sources of funds for loans and investments are transaction, savings, time, and other deposits, and short-term and long-term borrowings. The Company’s principal sources of income are interest and fees collected on loans, interest and dividends earned on investment securities and service charges. The Company's

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

principal expenses are interest paid on deposit accounts and borrowings, employee compensation and other overhead expenses. The Company's simple,

Table of Contents

efficient business model of providing responsive support and unconventional experiences to clients continues to be the underlying principle that drives the Company's profitable growth.

Critical Accounting Policies and Estimates

The consolidated financial statements of the Company are prepared based on the application of certain accounting policies, the most significant of which are described in "Note 1 – Description of the Business and Summary of Significant Accounting Policies" of the notes to the consolidated financial statements included as a part of this report. Certain policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or subject to variation and may significantly affect the reported results and financial position for the current period or in future periods. The use of estimates, assumptions, and judgments are necessary when financial assets and liabilities are required to be recorded or adjusted to reflect fair value. Assets carried at fair value inherently result in more financial statement volatility. Fair values and information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by other independent third-party sources, when available. When such information is not available, management estimates valuation adjustments. Changes in underlying factors, assumptions or estimates in any of these areas could have a material impact on the future financial condition and results of operations. Management has discussed each critical accounting policy and the methodology for the identification and determination of critical accounting policies with the Company's Audit Committee.

The JOBS Act permits the Company an extended transition period for complying with new or revised accounting standards affecting public companies. The Company has elected to take advantage of this extended transition period, which means that the financial statements included in this report will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as the Company remains an emerging growth company or until the Company affirmatively and irrevocably opts out of the extended transition period under the JOBS Act.

The following is a discussion of the critical accounting policies and significant estimates that require the Company to make complex and subjective judgments.

Allowance for Loan Credit Losses

TheIn accordance with ASC 326, *Financial Instruments - Credit Losses*, the allowance for loan credit losses sometimes referred on loans is a valuation account that is deducted from the amortized cost basis of loans to as present the "allowance," is established through a provision for loan losses which is charged net amount expected to expense. Loan losses be

Table of Contents

collected on the loans. Loans are charged against the allowance for credit losses on loans when management determines all or a portion of the loan balance to be is uncollectible. Subsequent recoveries, if any, are credited to the allowance. The allowance is increased (decreased) by provisions (or recovery of) reported in the income statement as a component of provisions for credit loss. The allowance for cash received on previously charged-off amounts. If the allowance is considered inadequate to absorb future loan credit losses on existing off-balance sheet credit exposures is a liability account representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from an off-balance sheet exposure.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The amount of each allowance account represents management's best estimate of current expected credit losses on such financial instruments using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses on loans is measured on a collective basis for any reason, including but portfolios of loans when similar risk characteristics exist. Loans that do not limited to, increases in share risk characteristics are evaluated for expected credit losses on an individual basis and excluded from the size of collective evaluation. For determining the appropriate allowance for credit losses on a collective basis, the loan portfolio increases in charge-offs or changes in the is segmented into pools based upon similar risk characteristics and a lifetime loss-rate model is utilized. Management qualitatively adjusts model results for reasonable and supportable forecasts and risk factors that are not considered within the modeling processes but are relevant in assessing the expected credit losses within the loan segment. These qualitative factor adjustments may increase or decrease management's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. Due to the subjective nature of these estimates the various components of the loan portfolio, then the provision for loan losses is increased. calculation require significant management judgment and certain assumptions are highly subjective. Volatility in certain credit metrics and variations between expected and actual outcomes are likely.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the loan agreement. The collection of all amounts due according to original contractual terms means that both the contractual interest and principal payments of a loan will be collected as scheduled in the loan agreement. An impaired loan is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or, as a practical expedient, at the loan's observable market price, or the fair value of the underlying collateral, reduced by costs to sell on a discounted basis, is used if a loan is collateral dependent.

Investment Securities Impairment

Periodically, the Company may needIn accordance with ASC 326, *Financial Instruments - Credit Losses*, available for sale securities in unrealized loss positions are evaluated for impairment related to assess whether there have been credit losses. For any events or economic circumstances to indicate securities classified as available for sale that a security on which there is are in an unrealized loss is impaired on an other than temporary basis. In any such instance, position, the Company would consider many factors, including assesses whether or not it intends to sell the length security, or if it is more likely than not it will be required to sell the security, before recovery of time and its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income with the establishment of an allowance. For securities that do not meet the aforementioned criteria, the Company evaluates whether any portion of the decline in fair value is the result of credit deterioration. In making this assessment, management considers the extent to which the amortized cost of the security exceeds its fair value, has been less than changes in credit ratings and any other known adverse conditions related to the specific security, among other factors. If the assessment indicates that a credit loss exists, an allowance for credit losses is recorded for the amount by which the amortized cost basis the market liquidity for of the security exceeds the financial condition and the near-term prospects present value of the issuer, expected cash flows and the intent and ability to hold the investment for a period of time

---

Table of Contents

sufficient to recover the temporary loss. Securities on which there is an unrealized loss that is deemed expected to be collected, limited by the amount by which the amortized cost exceeds fair value. Any impairment not recognized in the allowance for credit losses is recognized in other than temporary are written down to fair value, with the write-down recorded as a realized loss in securities gains (losses). comprehensive income.

The fair values of investment securities are generally determined by various pricing models. The Company evaluates the methodologies used to develop the resulting fair values. The Company performs an annual a periodic analysis on the pricing of investment securities to ensure that the prices represent reasonable estimates of fair value. The procedures include initial and ongoing reviews of pricing methodologies and trends. The Company seeks to ensure prices represent reasonable estimates of fair value through the use of broker quotes, current sales transactions from the portfolio and pricing techniques, which are based on the net present value of future expected cash flows discounted at a rate of return market participants would require. As a result of this analysis, if the Company determines there is a more appropriate fair value, the price is adjusted accordingly.

Fair Value of Financial Instruments

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts business. A framework has been established for measuring the fair value of financial instruments that considers the attributes specific to particular assets or liabilities and includes a three-level hierarchy for determining fair value based on the transparency of inputs to each valuation as of the measurement date. The Company estimates the fair value of financial instruments using a variety of valuation methods. When financial instruments are actively traded and have quoted market prices, quoted market prices are used for fair value and are classified as Level 1. When financial

Table of Contents

instruments, such as investment securities and derivatives, are not actively traded, the Company determines fair value based on various sources and may apply matrix pricing with observable prices for similar instruments where a price for the identical instrument is not observable. The fair values of these financial instruments, which are classified as Level 2, are determined by pricing models that consider observable market data such as interest rate volatilities, yield curve, credit spreads, prices from external market data providers and/or nonbinding broker-dealer quotations. When observable inputs do not exist, the Company estimates fair value based on available market data, and these values are classified as Level 3. Imprecision in estimating fair values can impact the carrying value of assets and liabilities and the amount of revenue or loss recorded.

Deferred Tax Asset

The Company uses the asset and liability method of accounting for income taxes as prescribed by GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. If currently available information indicates it is “more likely than not” that the deferred tax asset will not be realized, a valuation allowance is established. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Accounting for deferred income taxes is a critical accounting estimate because the Company exercises significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. Management’s determination of the realization of deferred tax assets is based upon management’s judgment of various future events and uncertainties, including the timing and amount of future income, reversing temporary differences which may offset, and the implementation of various tax plans to maximize realization of the deferred tax asset. These judgments and estimates are inherently subjective and reviewed on a continual basis as regulatory and business factors change. Any reduction in estimated future taxable income may require the Company to record a valuation allowance against the deferred tax assets. A valuation allowance would result in additional income tax expense in such period, which would negatively affect earnings.

Results of Operations

Net Income

2023 Compared to 2022

Net income was $40.0 million for the year ended December 31, 2023, compared to net income of $53.4 million for the year ended December 31, 2022. Earnings per diluted common share for the year ended December 31, 2023 were $1.27, compared to $1.72 per diluted common share for the year ended December 31, 2022. ROA was 0.89% and 1.38% for the years ended December 31, 2023 and 2022, respectively. ROE was 9.73% and 13.90% for the years ended December 31, 2023 and 2022, respectively.

2022 Compared to 2021

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Net income was $53.4 million for the year ended December 31, 2022, a 16.9% increase compared to net income of $45.7 million for the year ended December 31, 2021. Net income Earnings per diluted common share for the year ended December 31, 2022 was were $1.72, a 12.0% increase, compared to $1.54 per diluted common share for the year ended December 31, 2021. ROA was 1.38% and 1.43% for the years ended December 31, 2022 and 2021, respectively. ROE was 13.90% and 14.45% for the years ended December 31, 2022 and 2021, respectively.

2021 Compared to 2020

Net income was $45.7 million for the year ended December 31, 2021, a 68.0% increase compared to net income of $27.2 million for the year ended December 31, 2020. Net income per diluted common share for the year ended December 31, 2021 was $1.54, a 64.8% increase, compared to $0.93 per diluted common share for the year ended December 31, 2020. Net income for the year ended December 31, 2020 was significantly impacted by increased provisions for loan losses, primarily attributable to economic uncertainties and evolving risks driven by the impacts of the COVID-19 pandemic, and non-recurring charges of $7.0 million related to prepayment fees associated with the early extinguishment of $94.0 million of higher priced FHLB term advances. ROA was 1.43% and 1.04% for the years ended December 31, 2021 and 2020, respectively. ROE was 14.45% and 10.51% for the years ended December 31, 2021 and 2020, respectively.

Net Interest Income

The Company's primary source of revenue is net interest income, which is impacted by the level of interest earning assets and related funding sources, as well as changes in the level of interest rates. The difference between the average yield on earning assets and the average rate paid for interest bearing liabilities is the net interest spread. Noninterest bearing sources of funds, such as demand deposits and shareholders' equity, also support earning assets. The impact of the noninterest bearing sources of funds is captured in the net interest margin, which is calculated as net

Table of Contents

interest income divided by average earning assets. Both the net interest margin and net interest spread are presented on a tax-equivalent basis, which means that tax-free interest income has been adjusted to pretax-equivalent income, assuming a 21% federal tax rate. Management's ability to respond to changes in interest rates by using effective asset-liability management techniques is critical to maintaining the stability of managing the net interest margin and the momentum of the Company's primary source of earnings. The FOMC increased the targeted federal funds rate by a total of 100 basis points throughout 2023 and 425 basis points throughout 2022. This These rapid increase increases may impact the comparability of net interest income between periods.

Table of Contents

Average Balances and Yields

The following table presents, for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the average balances of each principal category of assets, liabilities and shareholders' equity, and an analysis of net interest income. The average balances are principally daily averages and, for loans, include both performing and nonperforming balances. Interest income on loans includes the effects of net deferred loan origination fees and costs accounted for as yield adjustments. These tables are presented on a tax-equivalent basis, if applicable.

December 31, 2022			December 31, 2021			December 31, 2020			December 31, 2023			December 31, 2022		
Average Balance	Interest & Fees	Yield/ Rate	Average Balance	Interest & Fees	Yield/ Rate	Average Balance	Interest & Fees	Yield/ Rate	Average Balance	Interest & Fees	Yield/ Rate	Average Balance	Interest & Fees	Yield Rate

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(dollars in thousands)															
Interest Earning Assets:															
Cash Investments	$ 66,072	$ 597	0.90 %	$ 132,188	$ 199	0.15 %	$ 80,113	$ 170	0.21 %	$ 77,759	$ 3,170	4.08 %	$ 66,072	$ 597	0.90
Investment Securities:															
Taxable Investment Securities	448,500	13,960	3.11	317,954	7,015	2.21	234,873	5,712	2.43	577,102	25,199	4.37	448,500	13,960	3.11
Tax-Exempt Investment Securities (1)	72,379	3,101	4.29	75,313	3,242	4.30	87,587	3,807	4.35	29,004	1,325	4.57	72,379	3,101	4.29
Total Investment Securities	520,879	17,061	3.28	393,267	10,257	2.61	322,460	9,519	2.95	606,106	26,524	4.38	520,879	17,061	3.28
Paycheck Protection Program Loans (2)	7,441	970	13.03	103,151	6,441	6.24	122,240	4,143	3.39	NM	NM	NM	7,441	970	13.03
Loans (1)(2)	3,183,271	145,857	4.58	2,481,706	112,587	4.54	2,032,180	101,469	4.99	3,699,252	192,679	5.21	3,183,271	145,857	4.58
Total Loans	3,190,712	146,827	4.60	2,584,857	119,028	4.60	2,154,420	105,612	4.90	3,699,252	192,679	5.21	3,190,712	146,827	4.60
Federal Home Loan Bank Stock	12,628	432	3.42	5,571	259	4.65	8,866	444	5.01	21,249	1,538	7.24	12,628	432	3.42
Total Interest Earning Assets	3,790,291	164,917	4.35 %	3,115,883	129,743	4.16 %	2,565,859	115,745	4.51 %	4,404,366	223,911	5.08 %	3,790,291	164,917	4.35
Noninterest Earning Assets	76,189			73,917			51,720			86,438			76,189		
Total Assets	$3,866,480			$3,189,800			$2,617,579			$4,490,804			$3,866,480		
Interest Bearing Liabilities:															
Deposits:															
Interest Bearing Transaction Deposits	$ 524,968	$ 4,336	0.83 %	$ 441,528	$ 2,052	0.46 %	$ 295,036	$ 1,626	0.55 %	$ 650,028	$ 23,379	3.60 %	$ 524,968	$ 4,336	0.83
Savings and Money Market Deposits	963,096	9,129	0.95	773,779	3,729	0.48	523,520	5,341	1.02	922,799	30,639	3.32	963,096	9,129	0.95
Time Deposits	284,868	3,264	1.15	323,638	4,099	1.27	374,195	7,806	2.09	263,161	7,064	2.68	284,868	3,264	1.15
Brokered Deposits	449,095	6,650	1.48	406,863	3,962	0.97	348,126	5,040	1.45	909,662	34,963	3.84	449,095	6,650	1.48
Total Interest Bearing Deposits	2,222,027	23,379	1.05	1,945,808	13,842	0.71	1,540,877	19,813	1.29	2,745,650	96,045	3.50	2,222,027	23,379	1.05
Federal Funds Purchased	149,608	4,507	3.01	2,479	6	0.24	7,239	111	1.53	169,645	8,521	5.02	149,608	4,507	3.01
Notes Payable	2,863	202	7.04	1,658	61	3.66	11,749	439	3.73	13,750	1,143	8.31	2,863	202	7.04
FHLB Advances	64,278	1,221	1.90	53,294	831	1.56	148,524	3,390	2.28	238,000	7,489	3.15	64,278	1,221	1.90

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Subordinated Debentures	89,584	4,688	5.23	82,865	4,630	5.59	50,954	3,109	6.10	79,090	3,983	5.04	89,584	4,688	5.23
Total Interest Bearing Liabilities	2,528,360	33,997	1.34 %	2,086,104	19,370	0.93 %	1,759,343	26,862	1.53 %	3,246,135	117,181	3.61 %	2,528,360	33,997	1.34
Noninterest Bearing Liabilities:															
Noninterest Bearing Transaction Deposits	910,490			764,087			579,595			768,428			910,490		
Other Noninterest Bearing Liabilities	43,597			23,372			19,905			65,763			43,597		
Total Noninterest Bearing Liabilities	954,087			787,459			599,500			834,191			954,087		
Shareholders' Equity	384,033			316,237			258,736			410,478			384,033		
Total Liabilities and Shareholders' Equity	$3,866,480			$3,189,800			$2,617,579			$4,490,804			$3,866,480		
Net Interest Income / Interest Rate Spread		130,920	3.01 %		110,373	3.23 %		88,883	2.98 %		106,730	1.47 %		130,920	3.01
Net Interest Margin (3)			3.45 %			3.54 %			3.46 %			2.42 %			3.45
Taxable Equivalent Adjustment:															
Tax-Exempt Investment Securities and Loans		(1,222)			(864)			(919)			(1,556)			(1,222)	
Net Interest Income		$129,698			$109,509			$ 87,964			$105,174			$129,698	

Table of Contents

(1) Interest income and average rates for tax-exempt investment securities and loans are presented on a tax-equivalent basis, assuming a federal income tax rate of 21%.

(2) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

(3) Net interest margin includes the tax equivalent adjustment and represents the annualized results of: (i) the difference between interest income on interest earning assets and the interest expense on interest bearing liabilities, divided by (ii) average interest earning assets for the period.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Interest Rates and Operating Interest Differential

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest earning assets and interest bearing liabilities, as well as changes in average interest rates. The following table presents the effect that these factors had on the interest earned on interest earning assets and the interest incurred on interest bearing liabilities. The effect of changes in volume is determined by multiplying the change in volume by the previous period's average rate. Similarly, the effect of rate changes is calculated by multiplying the change in average rate by the previous period's volume. The changes not attributable specifically to either volume or rate have been allocated to the changes due to volume. The following table presents the changes in the volume and rate of interest bearing assets and liabilities for the year ended December 31, 2023, compared to the year ended December 31, 2022, and for the year ended December 31, 2022, compared to the year ended December 31, 2021, and for the year ended December 31, 2021, compared to the year ended December 31, 2020:

	Year Ended December 31, 2022 Compared with Year Ended December 31, 2021			Year Ended December 31, 2021 Compared with Year Ended December 31, 2020			Year Ended December 31, 2023 Compared with Year Ended December 31, 2022			Year Ended December 31, 20 Compared with Year Ended December 31, 20		
	Change Due To:		Interest	Change Due To:		Interest	Change Due To:		Interest	Change Due To:		Inte
(dollars in thousands)	Volume	Rate	Variance	Volume	Rate	Variance	Volume	Rate	Variance	Volume	Rate	Varia
Interest Earning Assets:												
Cash Investments	$ (347)	$ 745	$ 398	$ 78	$ (49)	$ 29	$ 477	$ 2,096	$ 2,573	$ (347)	$ 745	$ 3
Investment Securities:												
Taxable Investment Securities	4,790	2,155	6,945	1,833	(530)	1,303	5,615	5,624	11,239	4,790	2,155	6,9
Tax-Exempt Investment Securities	(130)	(11)	(141)	(528)	(37)	(565)	(1,980)	204	(1,776)	(130)	(11)	(1
Total Securities	4,660	2,144	6,804	1,305	(567)	738	3,635	5,828	9,463	4,660	2,144	6,8
Loans:												
Paycheck Protection Program Loans	(10,709)	5,238	(5,471)	(1,192)	3,490	2,298	(970)	—	(970)	(10,709)	5,238	(5,4
Loans	32,429	841	33,270	20,395	(9,277)	11,118	26,844	19,978	46,822	32,429	841	33,2
Total Loans	21,720	6,079	27,799	19,203	(5,787)	13,416	25,874	19,978	45,852	21,720	6,079	27,7
Federal Home Loan Bank Stock	225	(51)	173	(153)	(32)	(185)	624	482	1,106	225	(51)	1
Total Interest Earning Assets	$ 26,258	$8,917	$ 35,174	$ 20,433	$ (6,435)	$ 13,998	$ 30,610	$ 28,384	$ 58,994	$ 26,258	$8,917	$ 35,1
Interest Bearing Liabilities:												
Interest Bearing Transaction Deposits	$ 1,093	$1,191	$ 2,284	$ 680	$ (254)	$ 426	$ 4,498	$ 14,545	$ 19,043	$ 1,093	$1,191	$ 2,2
Savings and Money Market Deposits	2,703	2,697	5,400	1,206	(2,818)	(1,612)	(1,337)	22,847	21,510	2,703	2,697	5,4
Time Deposits	(543)	(292)	(835)	(640)	(3,067)	(3,707)	(582)	4,382	3,800	(543)	(292)	(8
Brokered Deposits	1,146	1,542	2,688	572	(1,650)	(1,078)	17,702	10,611	28,313	1,146	1,542	2,6
Total Interest Bearing Deposits	4,399	5,138	9,537	1,818	(7,789)	(5,971)	20,281	52,385	72,666	4,399	5,138	9,5
Federal Funds Purchased	4,450	51	4,501	(11)	(94)	(105)	1,006	3,008	4,014	4,450	51	4,5
Notes Payable	99	42	141	(369)	(9)	(378)	905	36	941	99	42	1
FHLB Advances	254	136	390	(1,486)	(1,073)	(2,559)	5,467	801	6,268	254	136	3
Subordinated Debentures	277	(219)	58	1,783	(262)	1,521	(528)	(177)	(705)	277	(219)	
Total Interest Bearing Liabilities	9,479	5,148	14,627	1,735	(9,227)	(7,492)	27,131	56,053	83,184	9,479	5,148	14,6
Net Interest Income	$ 16,779	$3,769	$ 20,547	$ 18,698	$ 2,792	$ 21,490	$ 3,479	$ (27,669)	$ (24,190)	$ 16,779	$3,769	$ 20,5

Interest Income, Interest Expense, and Net Interest Margin

2023 Compared to 2022

Net interest income was $105.2 million for the year ended December 31, 2023, a decrease of $24.5 million compared to $129.7 million for the year ended December 31, 2022. The decrease in net interest income was due to

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

increased volumes and higher rates paid on interest bearing liabilities in the rising interest rate environment, offset partially by higher rates earned on increased volumes of securities and loans.

Net interest margin (on a fully tax-equivalent basis) for the year ended December 31, 2023 was 2.42%, a 103 basis point decline from 3.45% for the year ended December 31, 2022. Core net interest margin (on a fully tax-equivalent basis), a non-GAAP financial measure which excludes the impact of loan fees, and prior to 2023, PPP balances, interest, and fees, for the year ended December 31, 2023 was 2.34%, a 93 basis point decline from 3.27% for the year ended December 31, 2022. The decline in the margin was primarily due to higher funding costs, offset partially by higher earning asset yields.

Average interest earning assets were $4.40 billion for the year ended December 31, 2023, an increase of $614.1 million, or 16.2%, compared to $3.79 billion for the year ended December 31, 2022. The increase in average interest earning assets was primarily due to growth in the loan portfolio and purchases of investment securities. Average interest bearing liabilities were $3.25 billion for the year ended December 31, 2023, an increase of $717.8 million, or 28.4%, compared to $2.53 billion for the year ended December 31, 2022. The increase in average interest bearing liabilities was primarily due to an increase in interest bearing transaction deposits, brokered deposits and FHLB advances.

Average interest earning assets produced a fully tax-equivalent yield of 5.08% for the year ended December 31, 2023, compared to 4.35% for the year ended December 31, 2022. The increase in the yield on interest earning assets was primarily due to growth and repricing of the loan and securities portfolios in the rising interest rate environment. The cost of interest bearing liabilities was 3.61% for the year ended December 31, 2023, compared to 1.34% for the year ended December 31, 2022, primarily due to the rapid increase in market interest rates that occurred between the periods, which impacted all funding sources.

Interest Income. Total interest income, on a tax-equivalent basis, was $223.9 million for the year ended December 31, 2023, compared to $164.9 million for the year ended December 31, 2022. The $59.0 million, or 35.8%, increase in total interest income, on a tax-equivalent basis, was primarily due to solid organic growth in the loan portfolio, purchases of investment securities, and higher earning asset yields in the rising interest rate environment.

Interest income on cash investments increased $2.6 million, or 430.7%, for the year ended December 31, 2023, compared to the year ended December 31, 2022, primarily due to the interest rate increases during the year. Interest income on the investment securities portfolio on a fully-tax equivalent basis increased $9.5 million, or 55.5%, for the year ended December 31, 2023, compared to the year ended December 31, 2022, primarily due to an $85.2 million, or 16.4%, increase in average balances between the two periods and higher rates earned on securities.

Interest income on loans, on a fully-tax equivalent basis, for the year ended December 31, 2023 was $192.7 million, compared to $146.8 million for the year ended December 31, 2022. The $45.9 million, or 31.2%, increase was primarily due to a $508.5 million, or 15.9%, increase in the average balance of loans outstanding from organic loan growth and a rising yield in the higher interest rate environment.

Loan interest income and loan fees remain the primary contributing factors to the changes in yield on interest earning assets. The aggregate loan yield, increased to 5.21% for the year ended December 31, 2023, which was 61 basis points higher than 4.60% for the year ended December 31, 2022. While loan fees have historically maintained a relatively stable contribution to the aggregate loan yield, the recent periods saw fewer loan prepayments, which historically has accelerated the recognition of loan fees. Despite the overall decrease in fee recognition, the Company is encouraged that the core loan yield continues to rise as new loan originations and the existing portfolio reprice in the higher rate environment.

The following table presents a summary of interest and fees recognized on loans for the year ended December 31, 2023 and, excluding PPP loans, for the years ended December 31, 2022 and 2021:

	For the year ended December 31,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

	2023	2022	2021
Interest	5.11 %	4.38 %	4.33 %
Fees	0.10	0.20	0.21
Yield on Loans	5.21 %	4.58 %	4.54 %

Interest Expense. Interest expense on interest bearing liabilities was $117.2 million for the year ended December 31, 2023, an increase of $83.2 million, or 244.7%, compared to $34.0 million for the year ended December 31, 2022. The increase was primarily due to growth and upward repricing of the deposit and FHLB advances portfolios in the higher interest rate environment.

Interest expense on deposits was $96.0 million for the year ended December 31, 2023, compared to $23.4 million for the year ended December 31, 2022. The $72.7 million, or 310.8%, increase in interest expense on deposits was primarily due to the upward repricing of the deposit portfolio in the higher interest rate environment and the average balance of interest bearing deposits increasing by $523.6 million, or 23.6%. The cost of total deposits was 2.73% for the year ended December 31, 2023, a 198 basis point increase, compared to 0.75% for the year ended December 31, 2022. The increase was primarily due to the upward repricing of the deposit portfolio in the higher interest rate environment.

Interest expense on borrowings was $21.1 million for the year ended December 31, 2023, an increase of $10.5 million, compared to $10.6 million for the year ended December 31, 2022. This increase was primarily due to the increased utilization of federal funds purchased and FHLB advances in the higher interest rate environment.

2022 Compared to 2021

Net interest income was $129.7 million for the year ended December 31, 2022, an increase of $20.2 million, or 18.4%, compared to $109.5 million for the year ended December 31, 2021. The increase in net interest income was

Table of Contents

primarily due to growth in average interest earning assets and higher yields on investment securities and core loans,

offset partially by higher rates paid on deposits and borrowings and lower PPP fee recognition.

Net interest margin (on a fully tax-equivalent basis) for the year ended December 31, 2022 was 3.45%, a decrease of nine basis points, compared to 3.54% for the year ended December 31, 2021, a decrease of nine basis points. . Core net interest margin (on a fully tax-equivalent basis), a non-GAAP financial measure which excludes the impact of loan fees and PPP balances, interest, and fees, for the year ended December 31, 2022 was 3.27%, a one basis point decrease from 3.28% for the year ended December 31, 2021. The Company remains focused on managing the impact of continued interest rate hikes and the evolving shape of the yield curve during this unique interest rate environment.

As the PPP loan portfolio has almost fully paid off, the recognition of fees associated with the originations has decreased significantly, which impacts comparability between periods.

The Company recognized $898,000 of PPP origination fees for the year ended December 31, 2022, compared to $5.4 million for the year ended December 31, 2021. There were no remaining PPP origination fees to be recognized as of December 31, 2022. At December 31, 2022, the Company had three PPP loans outstanding totaling $1.0 million, compared to 153 PPP loans outstanding totaling $26.2 million at December 31, 2021.

Average interest earning assets were $3.79 billion for the year ended December 31, 2022 increased , an increase of $674.4 million, or 21.6%, compared to $3.79 billion from $3.12 billion for the year ended December 31, 2021. The increase in average interest earning assets was primarily due to strong organic growth in the loan portfolio and purchases of investment securities, offset partially by the forgiveness of PPP loans and the reduction of cash balances. Average interest bearing liabilities increased $442.3 million, or 21.2%, to were $2.53 billion for the year ended December 31, 2022, from $2.09 billion an increase of $442.3 million, or 21.2%, compared to $2.09 billion for the year ended December 31, 2021. The increase in average interest bearing liabilities was primarily due to an increase in savings and money market deposits and federal funds purchased, offset partially by a decrease in time deposits.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

Average interest earning assets produced a fully tax-equivalent yield of 4.35% for the year ended December 31, 2022, compared to 4.16% for the year ended December 31, 2021. The increase in the yield on interest earning assets was primarily due to growth and repricing of the loan and securities portfolios in the rising interest rate environment, offset partially by the lower recognition of PPP origination fees. The average rate paid on interest bearing liabilities was 1.34% for the year ended December 31, 2022, compared to 0.93% for the year ended December 31, 2021, primarily due to the rapid increase in market interest rates that occurred between the periods, which impacted all funding sources.

Interest Income. Total interest income on a tax-equivalent basis was $164.9 million for the year ended December 31, 2022, compared to $129.7 million $129.7 million for the year ended December 31, 2021. The $35.2 million, $35.2 million, or 27.1%, increase in total interest income on a tax-equivalent basis was primarily due to strong organic growth in the loan portfolio and purchases of investment securities, offset partially by a reduction in the recognition of PPP origination fees as the PPP loan portfolio has almost fully paid off. fees.

Interest income on cash investments increased $398,000, or 199.9%, for the year ended December 31, 2022, compared to the year ended December 31, 2021, despite a $66.1 million decrease in average balances, primarily due to the interest rate hikes during the year. Interest income on the investment securities portfolio, on a fully-tax equivalent basis, increased $6.8 million, or 66.3%, for the year ended December 31, 2022, compared to the year ended December 31, 2021, primarily due to a $127.6 million, or 32.4%, increase in average balances between the two periods and higher rates earned on securities.

Interest income on loans, on a fully-tax equivalent basis, for the year ended December 31, 2022 was $146.8 million, $146.8 million, compared to $119.0 million for the year ended December 31, 2021. The $27.8 million, or 23.4%, increase was primarily due to a $605.9 million, or 23.4%, increase in the average balance of loans outstanding from continued organic loan growth and a four basis point increase in the average yield on loans, excluding PPP, partially offset by a $5.5 million decline of interest and fees earned on PPP loans.

Loan interest income and loan fees remain the primary contributing factors to the changes in yield on interest earning assets. The aggregate loan yield, excluding PPP loans increased to 4.58% for the year ended December 31, 2022, which was four basis points higher than 4.54% for the year ended December 31, 2021. While loan fees have maintained

58

Table of Contents

a relatively stable contribution to the aggregate loan yield, the Company has began to experience fewer loan prepayments, which historically has accelerated the recognition of loan fees. Despite the decrease in fee recognition, the Company is encouraged that the core loan yield continues to rise as new loan originations and the existing portfolio reprice in the higher rate environment.

The following table presents a summary of interest and fees recognized on loans, excluding PPP loans, for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	2021	2020
Interest	4.38 %	4.33 %	4.73 %
Fees	0.20	0.21	0.26
Yield on Loans, Excluding PPP Loans	4.58 %	4.54 %	4.99 %

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Interest Expense. Interest expense on interest bearing liabilities increased was $34.0, an increase of $14.6 million, or 75.5%, to $34.0 million for the year ended December 31, 2022, compared to $19.4 million for the year ended December 31, 2021. The cost of interest bearing liabilities increased 41 basis points to 1.34% for the year ended December 31, 2022, compared to 0.93% for the year ended December 31, 2021. The increase was primarily due to the rapid increase in market interest rates that occurred between periods, which impacted all funding sources.

Interest expense on deposits increased to was $23.4 million for the year ended December 31, 2022, compared to $13.8 million for the year ended December 31, 2021. The $9.5 million, or 68.9%, increase in interest expense on deposits was primarily due to the upward repricing of the deposit portfolio consistent with the higher rate environment and the average balance of interest bearing deposits increasing by $276.2 million, or 14.2%. The cost of total deposits increased was 0.75% for the year ended December 31, 2022, a 24 basis points from point increase, compared to 0.51% for the year ended December 31, 2021, to 0.75% for the year ended December 31, 2022. The increase was primarily due to the upward repricing of the deposit portfolio in the higher interest rate environment.

Interest expense on borrowings increased $5.1 million to was $10.6 million for the year ended December 31, 2022, an increase of $5.1 million, compared to $5.5 million for the year ended December 31, 2021. This increase was primarily due to the increased utilization of federal funds purchased and FHLB advances in the rising interest rate environment.

Provision for Credit Losses

2021 2023 Compared to 2020 2022

Net interest income was $109.5 millionOn January 1, 2023, the Company adopted ASU No. 2016-13 *"Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments,"* more commonly referred to as "CECL." Upon adoptionof CECL, the Company's allowance for credit losses on loans increased $650,000 and the year ended December 31, 2021, an increase of $21.5 million, or 24.5%, compared to $88.0 million allowance for the year ended December 31, 2020 off-balancesheet credit exposures increased $4.9 million. The increase in net interest income was largely attributable to growth in average interest earning assets and lower rates paid on deposits, offset partially by declining yields on loans.

Net interest margin (on a fully tax-equivalent basis) for the year ended December 31, 2021 was 3.54%, compared to 3.46% for the year ended December 31, 2020, an increase of 8 basis points. Core net interest margin (on a fully tax-equivalent basis), a non-GAAP financial measure which excludes the tax-effected impact of loan fees these two items totaled $3.9 million and PPP balances, interest, and fees, for the year ended December 31, 2021 was 3.28%, a 3 basis point increase from 3.25% for the year ended December 31, 2020. The expansion recorded as an adjustment to retained earnings as of core net interest margin, a non-GAAP financial measure, was primarily due to the repricing of deposits and the early extinguishment of higher priced FHLB term advances, offset partially by a decline in the core loan yield and higher average cash balances. January 1, 2023.

The Company recognized $5.4 million of PPP origination fees for the year ended December 31, 2021, compared to $2.9 million for the year ended December 31, 2020. The elevated fee recognition is illustrated in the 6.24% PPP loan yield for the year ended December 31, 2021, compared to 3.39% for the year ended December 31, 2020.

Average interest earning assets for the year ended December 31, 2021 increased $550.0 million, or 21.4%, to $3.12 billion from $2.57 billion for the year ended December 31, 2020. The increase in average interest earning assets

Table of Contents

The allowance for credit losses on loans increased $2.5 million as of December 31, 2023, compared to December 31, 2022, reflecting the impact of adopting CECL of $650,000, a provision for credit losses of $2.1 million and net charge-offs of $202,000 during 2023. The provision for credit losses on loans was primarily due to increased cash balances, continued purchases of investment securities, and strong organic growth in the loan portfolio, offset partially by the forgiveness of PPP loans. Average interest bearing liabilities increased $326.8 million, or 18.6%, to $2.09 billion $2.1 million for the year ended December 31, 2021 December 31, 2023, from $1.76 billion a decrease of $5.7 million, compared to the provision for credit losses on loans of $7.7 million for the year ended December 31, 2020 December 31, 2022. The increase decrease in average interest bearing liabilities the provision for credit losses on loans was primarily due to an increase in interest

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

bearing deposits continued strong asset quality and the issuance a more managed pace of subordinated debentures in the second quarter loan growth. The allowance for credit losses on loans to total loans was 1.36% at December 31, 2023, compared to 1.34% at December 31, 2022.

The provision for credit losses for off-balance sheet credit exposures was a negative provision of 2021, partially offset by a decrease in notes payable and FHLB advances.

Average interest earning assets produced a fully tax-equivalent yield of 4.16% $2.2 million for the year ended December 31, 2021 December 31, 2023, compared to 4.51% $-0- for the year ended December 31, 2020 December 31, 2022. The decline in the yield on interest earning assets was primarily due to excess cash balances and the historically low interest rate environment resulting in lower loan and security yields. The average rate paid on interest bearing liabilities was 0.93% negative provision for the year ended December 31, 2021, compared to 1.53% for the year ended December 31, 2020 primarily due to lower rates paid on deposits, the payoff of the Company's notes payable and the early extinguishment of $94.0 million of higher priced FHLB term advances, offset partially by strong growth of interest bearing deposits and the issuance of additional subordinated debentures.

Interest Income. Total interest income on a tax-equivalent basis was $129.7 million for the year ended December 31, 2021, compared to $115.7 million for the year ended December 31, 2020. The $14.0 million, or 12.1%, increase in total interest income on a tax-equivalent basis was primarily due to continued organic growth in the loan portfolio, as well as PPP loan income.

Interest income on cash investments increased $30,000, or 17.4%, for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to a $52.1 million, or 65.0%, increase in average cash balances, due to strong deposit inflows. Interest income on the investment securities portfolio on a fully-tax equivalent basis increased $738,000, or 7.7%, for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to a $70.8 million, or 22.0%, increase in average balances between the two periods, which was partially offset by a 34 basis point decline in the aggregate portfolio yield, driven by the historically low interest rate environment.

Interest income on loans, on a fully-tax equivalent basis, for the year ended December 31, 2021 was $119.0 million, compared to $105.6 million for the year ended December 31, 2020. The $13.4 million, or 12.7%, increase December 31, 2023 was due to a $430.4 million, or 20.0%, increase reduction in the average balance of loans outstanding from continued organic loan growth, which was partially offset by a 30 basis point decline in the average yield on loans. The aggregate loan yield, excluding PPP loans decreased to 4.54% for the year ended December 31, 2021, which was 45 basis points lower than 4.99% for the year ended December 31, 2020, due unfunded commitments primarily attributable to the historically low interest rate environment.

Interest Expense. Interest expense migration of unfunded commitments to funded loans, as well as a moderation of volume of newly originated projects with unfunded commitments. The allowance for credit losses on interest bearing liabilities decreased $7.5 million, or 27.9%, to $19.4 million for the year ended December 31, 2021 off-balance sheet credit exposures was $3.0 million as of December 31, 2023, compared to $26.9 million for the year ended December 31, 2020. The cost $360,000 as of interest bearing liabilities declined 60 basis points to 0.93% for the year ended December 31, 2021, compared to 1.53% for the year ended December 31, 2020. The decline was primarily due to lower rates paid on deposits, and the early extinguishment of $94.0 million of higher priced FHLB term advances, offset partially by growth of interest bearing deposits and the issuance of additional subordinated debentures.

Interest expense on deposits decreased to $13.8 million for the year ended December 31, 2021, compared to $19.8 million for the year ended December 31, 2020. The $6.0 million, or 30.1%, decrease in interest expense on deposits was primarily due to deposit rate cuts consistent with a lower rate environment and the repricing of time deposits, partially offset by the average balance of interest bearing deposits increasing by $404.4 million, or 26.3%. The cost of total deposits declined 42 basis points from 0.93% for the year ended December 31, 2020, to 0.51% for the year ended December 31, 2021.

Interest expense on borrowings decreased $1.5 million to $5.5 million for the year ended December 31, 2021, compared to $7.0 million for the year ended December 31, 2020. This decrease was primarily due to the lower average balance of federal funds purchased, the payoff of the Company's note payable, the early extinguishment of $94.0 million of higher priced FHLB term advances, and the partial early redemption of $11.3 million of subordinated debentures

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

yielding 5.875%, offset partially by the issuance of $30.0 million of subordinated debentures in July 2021 yielding 3.25% December 31, 2022.

Provision for Loan Losses

2022 Compared to 2021

The allowance for loan losses increased $8.0 million as of December 31, 2022, compared to December 31, 2021, reflecting a provision for loan losses of $7.7 million and net recoveries of $276,000 during 2022. The provision for loan losses was $7.7 million for the year ended December 31, 2022, an increase of $2.6 million, compared to the provision for loan losses of $5.2 million for the year ended December 31, 2021. The increase in the provision for loan losses was primarily attributable to the growth of the loan portfolio. The allowance for loan losses to total loans was 1.34% at December 31, 2022, compared to 1.42% at December 31, 2021.

As an emerging growth company, the adoption of Accounting Standards Update No. 2016-13 *"Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments,"* or CECL, became effective January 1, 2023. With the adoption of CECL, provision expense may become more volatile in future periods due to changes in CECL model assumptions. The Company is currently in the process of finalizing its implementation of controls and processes which could affect the final impact of the adoption of this standard.

2021 Compared to 2020

The allowance for loan losses increased $5.2 million as of December 31, 2021, compared to December 31, 2020, reflecting a provision for loan losses of $5.2 million and net recoveries of $29,000 during 2021. The provision for loan losses was $5.2 million for the year ended December 31, 2021, a decrease of $7.6 million, compared to the provision for loan losses of $12.8 million for the year ended December 31, 2020. The decrease in the provision for loan losses related to improving economic conditions and increased clarity surrounding uncertainty and evolving risks driven by the impact of the COVID-19 pandemic, offset partially by growth of the loan portfolio.

The allowance for loan losses to total loans was 1.42% at December 31, 2021, compared to 1.50% at December 31, 2020. The allowance for loan losses to total loans, excluding PPP loans, was 1.43% at December 31, 2021, compared to 1.59% at December 31, 2020.

The following table presents a summary of the activity in the allowance for loan credit losses on loans for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

	Year Ended December 31,			Year Ended December 31,		
(dollars in thousands)	2022	2021	2020	2023	2022	2021
Balance at Beginning of Period	$ 40,020	$ 34,841	$ 22,526	$47,996	$40,020	$34,841
Provision for Loan Losses	7,700	5,150	12,750			
Impact of Adopting CECL				650	—	—
Provision for Credit Losses				2,050	7,700	5,150
Charge-offs	(37)	(74)	(517)	(224)	(37)	(74)
Recoveries	313	103	82	22	313	103
Balance at End of Period	$ 47,996	$ 40,020	$ 34,841	$50,494	$47,996	$40,020

The following table presents a summary of the activity in the provision for credit losses for the years ended December 31, 2023, 2022, and 2021:

	Year Ended December 31,		
(dollars in thousands)	2023	2022	2021
Provision for Credit Losses on Loans	2,050	7,700	5,150
Recovery of Credit Losses for Off-Balance Sheet Credit Exposures	(2,225)	—	—
Provision for (Recovery of) Credit Losses	$ (175)	$ 7,700	$ 5,150

Noninterest Income

2023 Compared to 2022

Noninterest income was $6.5 million for the year ended December 31, 2023, compared to $6.3 million for the year ended December 31, 2022, an increase of $161,000, or 2.5%. The increase was primarily due to increases in

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

customer service fees, bank-owned life insurance income and FHLB prepayment income, offset partially by lower swap fees and other income.

2022 Compared to 2021

Noninterest income was $6.3 million for the year ended December 31, 2022, compared to $5.3 million for the year ended December 31, 2021, an increase of $1.0 million, or 19.3%. The increase was primarily due to increases in

customer service fees, swap fees, bank-owned life insurance income and other income, offset partially by lower gains on sales of securities.

2021 Compared to 2020

Noninterest income was $5.3 million for the year ended December 31, 2021, compared to $5.8 million for the year ended December 31, 2020, a decrease of $530,000, or 9.1%. The decrease was primarily due to lower gains on sales of securities and swap fees, offset partially by bank owned-life insurance income.

The following table presents the major components of noninterest income for the year ended December 31, 2023, compared to the year ended December 31, 2022, and for the year ended December 31, 2022, compared to the year ended December 31, 2021, and for the year ended December 31, 2021, compared to the year ended December 31, 2020:

	Year Ended December 31,		Increase/	Year Ended December 31,		Increase/	Year Ended December 31,		Increase/	Year Ended December 31,		Increase/
(dollars in thousands)	2022	2021	(Decrease)	2021	2020	(Decrease)	2023	2022	(Decrease)	2022	2021	(Decrease
Noninterest Income:												
Customer Service Fees	$1,236	$1,007	$ 229	$1,007	$ 826	$ 181	$1,455	$1,236	$ 219	$1,236	$1,007	$ 229
Net Gain on Sales of Securities	82	750	(668)	750	1,503	(753)						
Net Gain (Loss) on Sales of Securities							(33)	82	(115)	82	750	(668
Letter of Credit Fees	1,592	1,676	(84)	1,676	1,503	173	1,746	1,592	154	1,592	1,676	(84
Debit Card Interchange Fees	586	563	23	563	428	135	595	586	9	586	563	23
Swap Fees	557	—	557	—	907	(907)	—	557	(557)	557	—	557
Bank-Owned Life Insurance	762	316	446	316	—	316	992	762	230	762	316	446
FHLB Prepayment Income							792	—	792	—	—	—
Other Income	1,517	997	520	997	672	325	946	1,517	(571)	1,517	997	520
Totals	$6,332	$5,309	$ 1,023	$5,309	$5,839	$ (530)	$6,493	$6,332	$ 161	$6,332	$5,309	$ 1,023

Noninterest Expense

2023 Compared to 2022

Noninterest expense totaled $59.3 million for the year ended December 31, 2023, a $2.7 million, or 4.8%, increase from $56.6 million for the year ended December 31, 2022. The increase was primarily driven by a $2.3 million increase in the FDIC insurance assessment as the result of industry-wide increases, a $1.2 million increase in derivative collateral fees, and a $417,000 increase in professional and consulting fees, offset partially by decreases in salaries and employee benefits, marketing and advertising expenses, and the amortization of tax credit investments due to the early adoption of ASU 2023-02. The Company early adopted ASU 2023-02 applying the modified retrospective method which reclassified noninterest expense to income tax expense effective January 1, 2023, impacting comparability to prior years.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The Company had 255 full-time equivalent employees at December 31, 2023, compared to 246 employees at December 31, 2022.

Efficiency Ratio. The efficiency ratio, a non-GAAP financial measure, reports total noninterest expense, less amortization of intangible assets, as a percentage of net interest income plus total noninterest income less gains (losses) on sales of securities. Management believes this non-GAAP financial measure provides a meaningful comparison of operational performance and facilitates investors' assessments of business performance and trends in comparison to peers in the banking industry.

The efficiency ratio was 53.0% for the year ended December 31, 2023, compared to 41.5% for the year ended December 31, 2022. The efficiencies of the Company's "branch-light" model have positioned the Company well to continue navigating a challenging environment of a more spread-based revenue model.

Table of Contents

2022 Compared to 2021

Noninterest expense totaled $56.6 million for the year ended December 31, 2022, an $8.5 million, or 17.7%, increase from $48.1 million for the year ended December 31, 2021. The increase was primarily driven by a $6.1 million increase in salaries and employee benefits as the result of merit increases and increased staff to meet the needs of the Company's growth, a $684,000 increase in derivative collateral fees, and a $796,000 increase in other expense, offset partially by a decrease in debt prepayment fees.

The Company continues to invest in its people across the organization, with had 246 full-time equivalent employees at December 31, 2022, and compared to 220 employees at December 31, 2021.

Efficiency Ratio.

The efficiency ratio was 41.5% for the year ended December 31, 2022, compared to 42.0% for the year ended December 31, 2021. The efficiencies of the Company's "branch-light" model have positioned the Company well to continue making investments in technology as the industry adapts to evolving client behavior. At the same time, management seeks to contain costs whenever prudent, which is evident in the stable nature of the efficiency ratio.

2021 Compared to 2020

Noninterest expense totaled $48.1 million for the year ended December 31, 2021, a $2.7 million, or 6.0% increase from $45.4 million for the year ended December 31, 2020. The increase was primarily driven by a $5.3 million

---

Table of Contents

increase in salaries and employee benefits as the result of merit increases and increased staff to meet the needs of the Company's growth, offset partially by a decrease in debt prepayment fees primarily attributable to a $7.0 million non-recurring prepayment fee associated with the early extinguishment of $94.0 million of higher priced FHLB term advances, incurred in 2020. Full-time equivalent employees increased from 183 as of December 31, 2020, to 220 as of December 31, 2021.

The efficiency ratio was 42.0% for the year ended December 31, 2021, compared to 49.0% for the year ended December 31, 2020. The adjusted efficiency ratio, a non-GAAP financial measure, which excludes the impact of certain non-routine income and expenses from

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

noninterest expense, mildly increased to 41.0% for the year ended December 31, 2021, compared to 40.5% for the year ended December 31, 2020.

The following table presents the major components of noninterest expense for the year ended December 31, 2023, compared to the year ended December 31, 2022, and for the year ended December 31, 2022, compared to the year ended December 31, 2021, and for the year ended December 31, 2021, compared to the year ended December 31, 2020:

(dollars in thousands)	Year Ended December 31, 2022	2021	Increase/ (Decrease)	Year Ended December 31, 2021	2020	Increase/ (Decrease)	Year Ended December 31, 2023	2022	Increase/ (Decrease)	Year Ended December 31, 2022	2021	Increa (Decre
Noninterest Expense:												
Salaries and Employee Benefits	$36,941	$30,889	$ 6,052	$30,889	$25,568	$ 5,321	$36,538	$36,941	$ (403)	$36,941	$30,889	$ 6,0
Occupancy and Equipment	4,390	3,916	474	3,916	3,258	658	4,447	4,390	57	4,390	3,916	4
FDIC Insurance Assessment	1,365	1,305	60	1,305	788	517	3,690	1,365	2,325	1,365	1,305	
Data Processing	1,396	1,222	174	1,222	1,027	195	1,574	1,396	178	1,396	1,222	1
Professional and Consulting Fees	2,664	2,520	144	2,520	1,966	554	3,081	2,664	417	2,664	2,520	1
Derivative Collateral Fees	687	3	684	3	—	3	1,900	687	1,213	687	3	6
Information Technology and Telecommunications	2,495	2,163	332	2,163	1,374	789	2,889	2,495	394	2,495	2,163	3
Marketing and Advertising	2,032	1,487	545	1,487	788	699	1,129	2,032	(903)	2,032	1,487	5
Intangible Asset Amortization	191	191	—	191	191	—	100	191	(91)	191	191	
Amortization of Tax Credit Investments	408	562	(154)	562	738	(176)	—	408	(408)	408	562	(1
Debt Prepayment Fees	—	582	(582)	582	7,043	(6,461)	—	—	—	—	582	(5
Other Expense	4,051	3,255	796	3,255	2,646	609	3,972	4,051	(79)	4,051	3,255	7
Totals	$56,620	$48,095	$ 8,525	$48,095	$45,387	$ 2,708	$59,320	$56,620	$ 2,700	$56,620	$48,095	$ 8,5

Income Tax Expense

The provision for income taxes includes both federal and state taxes. Fluctuations in effective tax rates reflect the differences in the inclusion or deductibility of certain income and expenses for income tax purposes and the recognition of tax credits. The Company's future effective income tax rate will fluctuate based on the mix of taxable and tax-free investments and loans, the recognition and availability of tax credit investments, and overall taxable income.

2023 Compared to 2022

Income tax expense was $12.6 million for the year ended December 31, 2023, compared to $18.3 million for the year ended December 31, 2022. The effective combined federal and state income tax rate for the year ended December 31, 2023 was 23.9%, compared to 25.5% for the year ended December 31, 2022. The lower effective tax rate was primarily due to an increase in tax credits recognized. The Company early adopted ASU 2023-02 applying the modified retrospective method which reclassified noninterest expense to income tax expense effective January 1, 2023.

Table of Contents

2022 Compared to 2021

Income tax expense was $18.3 million for the year ended December 31, 2022, compared to $15.9 million for the year ended December 31, 2021. The effective combined federal and state income tax rate for the year ended December 31, 2022 was 25.5%, compared to 25.8% for the year ended December 31, 2021.

2021 Compared to 2020

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Income tax expense was $15.9 million for the year ended December 31, 2021, compared to $8.5 million for the year ended December 31, 2020. The effective combined federal and state income tax rate for the year ended December 31, 2021 was 25.8%, compared to 23.8% for the year ended December 31, 2020. The higher effective combined rate was primarily due to fewer tax credits being recognized during 2021.

Table of Contents

Financial Condition

Overview

Total assets at December 31, 2022 December 31, 2023 were $4.35 $4.61 billion, an increase of $868.0 $266.3 million, or 25.0% 6.1%, compared to December 31, 2021 December 31, 2022. The increase in total assets was primarily due to strong organic loan growth, purchases of investment securities and an increase of other assets, offset partially by a decrease in cash and cash equivalents. equivalents, solid organic loan growth and purchases of investment securities. Total gross loans at December 31, 2023 were $3.57 billion $3.72 billion, an increase of $750.0 million $154.8 million, or 26.6% 4.3%, compared to December 31, 2021 December 31, 2022.The pace of loan growth moderated due to active balance sheet management to align loan growth with the funding outlook, sales of participations on larger originations, and ultimately the impact of the higher interest rate environment on the number of prospective deals that meet underwriting standards.

Total liabilities at December 31, 2022 December 31, 2023 were $3.95 billion $4.19 billion, an increase of $853.2 million $234.9 million, or 27.5% 5.9%, compared to December 31, 2021 December 31, 2022. Total deposits at December 31, 2023 were $3.42 billion $3.71 billion, an increase of $470.3 million $293.4 million, or 16.0% 8.6%, compared to December 31, 2021 December 31, 2022. Total borrowings were $476.7 million $412.5 million, an increase a decrease of $341.9 million $64.1 million, or 253.8% 13.5%, compared to December 31, 2021 December 31, 2022.

Investment Securities Portfolio

The investment securities portfolio is used to make various term investments and is intended to provide the Company with adequate liquidity, a source of stable income, and at times, serve as collateral for certain types of deposits. deposits or borrowings. Investment balances in the investment securities portfolio are subject to change over time based on funding needs and interest rate risk management objectives. The liquidity levels take into account anticipated future cash flows and are maintained at levels management believes are appropriate to ensure future flexibility in meeting anticipated funding needs.

The investment securities portfolio consists primarily of U.S. government agency mortgage-backed securities, municipal securities, and corporate securities comprised primarily of subordinated debentures of banks and financial holding companies. In addition, the Company also holds U.S. treasury securities other mortgage backed and other debt securities, all with varying contractual maturities. These maturities do not necessarily represent the expected life of the securities as the securities may be called or paid down without penalty prior to their stated maturities. All investment securities are held as available for sale.

Securities available for sale were $604.1 million at December 31, 2023, compared to $548.6 million at December 31, 2022, compared to $439.4 million at December 31, 2021, an increase of $109.3 $55.5 million, or 24.9% 10.1%. At December 31, 2022 December 31, 2023, government agency mortgage-backed securities represented 28.8% 23.5% of the portfolio, municipal securities represented 23.9% 21.9% of the portfolio, corporate securities represented 20.0% of the portfolio, U.S. treasury securities represented 0.5% of the portfolio, SBA securities represented 3.8% 21.6% of the portfolio, other mortgage-backed securities represented 14.6% 15.5% of the portfolio, asset-backed securities represented 14.4% of the portfolio, and asset-backed SBA securities represented 8.4% 3.1% of the portfolio.

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents the amortized cost and fair value of securities available for sale, by type, at December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	December 31, 2022 Amortized Cost	December 31, 2022 Fair Value	December 31, 2021 Amortized Cost	December 31, 2021 Fair Value	December 31, 2020 Amortized Cost	December 31, 2020 Fair Value	December 31, 2023 Amortized Cost	December 31, 2023 Fair Value	December 31, 2022 Amortized Cost	December 31, 2022 Fair Value	December 31, 202 Amortized Cost	December 31, 202 Fai Valu
U.S. Treasury Securities	$ 2,621	$ 2,580	$ 756	$ 754	$ —	$ —	$ —	$ —	$ 2,621	$ 2,580	$ 756	$
SBA Securities	20,957	20,877	30,474	30,370	40,455	40,107	18,497	18,674	20,957	20,877	30,474	30,
Mortgage-Backed Securities Issued or Guaranteed by U.S. Agencies (MBS):												
Residential Pass-Through:												
Guaranteed by GNMA	55,200	54,441	671	702	892	957	45,256	44,188	55,200	54,441	671	
Issued by FNMA and FHLMC	26,159	22,960	20,649	20,363	16,067	16,117	24,319	21,687	26,159	22,960	20,649	20,
Other Residential Mortgage-Backed Securities	80,299	70,184	83,394	82,271	94,440	94,409	74,832	65,617	80,299	70,184	83,394	82,
Commercial Mortgage-Backed Securities	10,993	10,345	10,646	11,138	11,254	12,032	10,811	10,292	10,993	10,345	10,646	11,
All Other Commercial MBS	80,268	79,854	10,203	10,063	742	745	94,237	93,531	80,268	79,854	10,203	10,
Total MBS	252,919	237,784	125,563	124,537	123,395	124,260	249,455	235,315	252,919	237,784	125,563	124,
Municipal Securities	156,506	131,354	151,665	158,369	105,975	115,012	151,512	132,524	156,506	131,354	151,665	158,
Corporate Securities	116,871	109,827	81,925	84,480	71,116	72,155	142,098	130,605	116,871	109,827	81,925	84,
Asset-Backed Securities	46,623	46,191	39,867	40,852	38,135	39,095	87,054	86,986	46,623	46,191	39,867	40,
Total	$596,497	$548,613	$430,250	$439,362	$379,076	$390,629	$648,616	$604,104	$596,497	$548,613	$430,250	$439,

Loan Portfolio

The Company focuses on lending to borrowers located or investing in the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area across a diverse range of industries and property types. The Company lends primarily to commercial customers, clients, consisting of loans secured by nonfarm, nonresidential properties, multifamily residential properties, land, and non-real estate business assets. Responsive service, local decision making, and an efficient turnaround time from application to closing have been significant factors in growing the loan portfolio.

The Company manages concentrations of credit exposure through a risk management program which implements formalized processes and procedures specifically for managing and mitigating risk within the loan portfolio. The processes and procedures include board and management oversight, commercial real estate exposure limits, portfolio monitoring tools, management information systems, market reports, underwriting standards, internal and external loan review, and stress testing.

Total gross loans increased $750.0 $154.8 million, or 26.6% 4.3%, to $3.72 billion at December 31, 2023, compared to $3.57 billion at December 31, 2022, compared to $2.82 billion at December 31, 2021. Excluding the forgiveness of $25.1 million of PPP loans, gross loans

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

increased 27.7% at December 31, 2022 compared to December 31, 2021. The construction and land development, 1-4 family mortgage, multifamily and commercial real estate, or CRE, nonowner occupied categories contributed most significantly to the $775.1 million $154.8 million of net loan growth, excluding PPP loans. growth. As of December 31, 2022 December 31, 2023, construction and land development 1-4 family mortgage loans increased $84.3 million $46.9 million, or 30.0% 13.2%, multifamily loans increased $396.5 million $81.8 million, or 43.6% 6.3%, and nonowner occupied CRE loans increased $128.4 million $40.3 million, or 15.7% 4.3%, when compared to December 31, 2021 December 31, 2022. While the Company's strong The Bank's pace of loan growth continued slowed in 2023 from historical levels as the Company actively managed the balance sheet to be driven by better align loan growth with the strong brand of the Bank in the Twin Cities funding outlook and market and the M&A-related market disruption resulting in client and banker acquisition opportunities, overall loan demand began declining late in 2022 declined due to the rising interest rate environment.

Table of Contents

The following table presents the dollar and percentage composition of the loan portfolio by category, at the dates indicated:

(dollars in thousands)	December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018		December 31, 2023		December 31, 2022		December 31, 2021	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Perc
Commercial	$ 435,344	12.2 %	$ 360,169	12.8 %	$ 304,220	13.1 %	$ 276,035	14.5 %	$ 260,833	15.7 %	$ 464,061	12.4 %	$ 435,344	12.2 %	$ 360,169	12.
Paycheck Protection Program	1,049	—	26,162	0.9	138,454	6.0	—	—	—	—	NM	NM	1,049	—	26,162	0.
Construction and Land Development	365,796	10.3	281,474	10.0	170,217	7.3	196,776	10.3	210,041	12.6	232,804	6.3	295,554	8.3	231,922	8.
1-4 Family Construction											65,087	1.8	70,242	2.0	49,552	1.
Real Estate Mortgage:																
1 - 4 Family Mortgage	355,474	10.0	305,317	10.8	294,479	12.7	260,611	13.6	226,773	13.6						
1-4 Family Mortgage											402,396	10.8	355,474	10.0	305,317	10.
Multifamily	1,306,738	36.6	910,243	32.3	626,465	26.9	515,014	26.9	407,934	24.5	1,388,541	37.3	1,306,738	36.6	910,243	32.
CRE Owner Occupied	149,905	4.2	111,096	4.0	75,604	3.2	66,584	3.5	64,458	3.9	175,783	4.7	149,905	4.2	111,096	4.
CRE Nonowner Occupied	947,008	26.5	818,569	29.0	709,300	30.5	592,545	31.0	490,632	29.5	987,306	26.5	947,008	26.5	818,569	29.
Total Real Estate Mortgage Loans	2,759,125	77.3	2,145,225	76.1	1,705,848	73.3	1,434,754	75.0	1,189,797	71.5	2,954,026	79.3	2,759,125	77.3	2,145,225	76.
Consumer and Other	8,132	0.2	6,442	0.2	7,689	0.3	4,473	0.2	4,260	0.2	8,304	0.2	8,132	0.2	6,442	0.
Total Loans, Gross	3,569,446	100.0 %	2,819,472	100.0 %	2,326,428	100.0 %	1,912,038	100.0 %	1,664,931	100.0 %	3,724,282	100.0 %	3,569,446	100.0 %	2,819,472	100.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Allowance for Loan Losses	(47,996)	(40,020)	(34,841)	(22,526)	(20,031)			
Allowance for Credit Losses						(50,494)	(47,996)	(40,020)
Net Deferred Loan Fees	(9,293)	(9,535)	(9,151)	(5,512)	(4,515)	(6,573)	(9,293)	(9,535)
Total Loans, Net	$3,512,157	$2,769,917	$2,282,436	$1,884,000	$1,640,385	$3,667,215	$3,512,157	$2,769,917

The Company primarily focuses on real estate mortgage lending, which constituted 77.3% 79.3% of the portfolio as of December 31, 2022 December 31, 2023. The composition of the portfolio has remained relatively consistent with prior periods and the Company does not expect any significant changes in the foreseeable future in the composition of the loan portfolio or in the emphasis on real estate lending.

As of December 31, 2022 December 31, 2023, investor CRE loans totaled $2.62 billion $2.67 billion, consisting of $1.31 billion $987.3 million of loans secured by nonowner occupied CRE, $1.39 billion of loans secured by multifamily residential properties, $947.0 million $65.1 million of 1-4 family construction loans secured by nonowner occupied CRE and $365.8 $232.8 million of construction and land development loans. Investor CRE loans represented 73.4% 71.8% of the total gross loan portfolio excluding PPP loans, and 514.9% 482.4% of the Bank's total risk-based capital at December 31, 2022 December 31, 2023, compared to 483.4% 73.4% and 514.9%, respectively, at December 31, 2021 December 31, 2022.

The following table provides a breakdown of CRE nonowner occupied loans by collateral types as of December 31, 2023:

(dollars in thousands)	Balance	Percent of CRE Nonowner Occupied Portfolio	Percent of Total Loan Portfolio
Collateral Type:			
Industrial	$ 247,569	25.1 %	6.6 %
Office	194,359	19.7	5.2
Retail	151,949	15.4	4.1
Nursing/Assisted Living	136,192	13.8	3.7
Mini Storage Facility	92,527	9.4	2.5
Medical Office	88,719	9.0	2.4
Other	75,991	7.6	2.0
Total CRE Nonowner Occupied	$ 987,306	100.0 %	26.5 %

Table of Contents

The following table presents tables present time to contractual maturity and sensitivity to interest rate changes for the loan portfolio at December 31, 2022 December 31, 2023 and 2021: 2022:

	As of December 31, 2022				As of December 31, 2023			
(dollars in thousands)	Due in One Year or Less	More Than One Year to Five Years	More Than Five Year to Fifteen Years	After Fifteen Years	Due in One Year or Less	More Than One Year to Five Years	More Than Five Year to Fifteen Years	After Fifteen Years
Commercial	$ 137,657	$ 197,363	$ 97,259	$ 3,065	$ 157,047	$ 206,460	$ 96,826	$ 3,728
Paycheck Protection Program	—	1,049	—	—				

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Construction and Land Development	151,171	136,506	71,419	6,700	99,183	93,013	40,608	—
1-4 Family Construction					46,601	9,476	9,010	—
Real Estate Mortgage:								
1 - 4 Family Mortgage	54,499	214,434	85,880	661				
1-4 Family Mortgage					59,962	262,468	79,320	646
Multifamily	157,585	454,880	642,029	52,244	242,291	482,380	576,348	87,522
CRE Owner Occupied	5,709	47,894	96,302	—	8,271	83,280	84,232	—
CRE Nonowner Occupied	120,645	471,656	354,707	—	204,297	503,196	279,813	—
Total Real Estate Mortgage Loans	338,438	1,188,864	1,178,918	52,905	514,821	1,331,324	1,019,713	88,168
Consumer and Other	4,921	2,988	—	223	2,568	5,533	—	203
Total Loans, Gross	$ 632,187	$ 1,526,770	$ 1,347,596	$ 62,893	$ 820,220	$ 1,645,806	$ 1,166,157	$ 92,099
Interest Rate Sensitivity:								
Fixed Interest Rates	$ 333,898	$ 1,187,519	$ 804,838	$ 11,115	$ 502,454	$ 1,414,656	$ 673,563	$ 26,172
Floating or Adjustable Rates	298,289	339,251	542,758	51,778	317,766	231,150	492,594	65,927
Total Loans, Gross	$ 632,187	$ 1,526,770	$ 1,347,596	$ 62,893	$ 820,220	$ 1,645,806	$ 1,166,157	$ 92,099

	As of December 31, 2021				As of December 31, 2022			
(dollars in thousands)	Due in One Year or Less	More Than One Year to Five Years	More Than Five Year to Fifteen Years	After Fifteen Years	Due in One Year or Less	More Than One Year to Five Years	More Than Five Year to Fifteen Years	After Fifteen Years
Commercial	$ 143,878	$ 149,541	$ 63,588	$ 3,162	$ 137,657	$ 197,363	$ 97,259	$ 3,065
Paycheck Protection Program	898	25,264	—	—	—	1,049	—	—
Construction and Land Development	88,814	121,357	71,303	—	96,702	125,996	66,156	6,700
1-4 Family Construction					54,469	10,510	5,263	—

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Real Estate Mortgage:								
1 - 4 Family Mortgage	55,794	185,729	63,117	677				
1-4 Family Mortgage					54,499	214,434	85,880	661
Multifamily	78,875	331,447	470,353	29,568	157,585	454,880	642,029	52,244
CRE Owner Occupied	4,679	22,385	84,032	—	5,709	47,894	96,302	—
CRE Nonowner Occupied	146,508	359,735	312,326	—	120,645	471,656	354,707	—
Total Real Estate Mortgage Loans	285,856	899,296	929,828	30,245	338,438	1,188,864	1,178,918	52,905
Consumer and Other	3,088	2,645	495	214	4,921	2,988	—	223
Total Loans, Gross	$ 522,534	$ 1,198,103	$ 1,065,214	$ 33,621	$ 632,187	$ 1,526,770	$ 1,347,596	$ 62,893
Interest Rate Sensitivity:								
Fixed Interest Rates	$ 226,008	$ 919,024	$ 591,560	$ 7,477	$ 333,898	$ 1,187,519	$ 804,838	$ 11,115
Floating or Adjustable Rates	296,526	279,079	473,654	26,144	298,289	339,251	542,758	51,778
Total Loans, Gross	$ 522,534	$ 1,198,103	$ 1,065,214	$ 33,621	$ 632,187	$ 1,526,770	$ 1,347,596	$ 62,893

Asset Quality

The Company emphasizes credit quality in the originating and monitoring of the loan portfolio, and success in underwriting is measured by the levels of classified and nonperforming assets and net charge-offs. Federal regulations and internal policies require the use of an asset classification system as a means of managing and reporting problem and potential problem assets. The Company has incorporated an internal asset classification system, substantially consistent with federal banking regulations, as a part of the credit monitoring system. Federal banking regulations set forth a classification scheme for problem and potential problem assets as “substandard,” “doubtful” or “loss” assets. An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the financial institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all

Table of Contents

of the weaknesses inherent in those classified “substandard” with the added characteristic that the weaknesses present

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be designated “watch.”

The following table presents information on loan classifications at December 31, 2022 December 31, 2023. The Company had no assets classified as doubtful or loss. loss at December 31, 2023.

	Risk Category			Risk Category		
(dollars in thousands)	Watch	Substandard	Total	Watch	Substandard	Total
Commercial	$ 9,477	$ 19,675	$ 29,152	$ 4,055	$ 16,143	$20,198
Construction and Land Development	712	106	818	—	80	80
1-4 Family Construction				—	249	249
Real Estate Mortgage:						
1 - 4 Family Mortgage	681	392	1,073			
1-4 Family Mortgage				—	689	689
Multifamily	3,270	—	3,270	2,916	—	2,916
CRE Owner Occupied	—	1,637	1,637	—	1,559	1,559
CRE Nonowner Occupied	18,112	6,239	24,351	19,514	17,138	36,652
Total Real Estate Mortgage Loans	22,063	8,268	30,331	22,430	19,386	41,816
Totals	$ 32,252	$ 28,049	$ 60,301	$26,485	$ 35,858	$62,343

Loans that have potential weaknesses that warranted a watchlist risk rating at December 31, 2022, December 31, 2023 totaled $32.3 million $26.5 million, compared to $49.3 million $32.3 million at December 31, 2021 December 31, 2022. Loans that warranted a substandard risk rating at December 31, 2022 December 31, 2023 totaled $28.0 million $35.9 million, compared to $22.6 million $28.0 million at December 31, 2021 December 31, 2022. Management continues to actively work with these borrowers and closely monitor substandard credits.

The Company developed programs for clients who experienced business and personal disruptions due to the COVID-19 pandemic by providing interest-only modifications, loan payment deferrals, and extended amortization modifications. In accordance with interagency regulatory guidance and the CARES Act, qualifying loans modified in response to the COVID-19 pandemic are not considered TDRs. Modifications under this guidance, which could only be applied to modifications made by January 1, 2022, were granted on a case-by-case basis based on specific needs and circumstances affecting each borrower. As of December 31, 2022, the Company had no pandemic modified loans outstanding compared to 12 modified loans outstanding totaling $35.0 million, representing 1.3% of the loan portfolio, excluding PPP loans, as of December 31, 2021.

Nonperforming Assets

Nonperforming loans include loans accounted for on a nonaccrual basis and loans 90 days past due and still accruing. Nonperforming assets consist of nonperforming loans plus foreclosed assets (i.e., real or personal property acquired through foreclosure). Nonaccrual loans totaled $919,000 at December 31, 2023 and $639,000 at December 31, 2022 and $722,000 at December 31, 2021, a decrease an increase of $83,000. $280,000. There were no loans 90 days past due and still accruing as of December 31, 2022 December 31, 2023 and 2021. 2022. There were no foreclosed assets as of December 31, 2022 December 31, 2023 and 2021. 2022.

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents a summary of nonperforming assets, by category, at the dates indicated:

(dollars in thousands)	December 31, 2022	2021	2020	2019	2018	December 31, 2023	2022	2021	2020	2019
Total Nonaccrual Loans	$ 639	$ 722	$ 775	$ 461	$ 581	$ 919	$ 639	$ 722	$ 775	$ 461
Total Nonperforming Loans	$ 639	$ 722	$ 775	$ 461	$ 581	$ 919	$ 639	$ 722	$ 775	$ 461
Total Nonperforming Assets (1)	$ 639	$ 722	$ 775	$ 461	$ 581	$ 919	$ 639	$ 722	$ 775	$ 461
Total Restructured Accruing Loans	82	1,304	265	276	181					
Total Nonperforming Assets and Restructured Accruing Loans	$ 721	$ 2,026	$ 1,040	$ 737	$ 762					
Total Modified Accruing Loans (2)						9,609	82	1,304	265	276
Total Nonperforming Assets and Modified Accruing Loans (2)						$10,528	$ 721	$2,026	$1,040	$ 737
Nonaccrual Loans to Total Loans	0.02 %	0.03 %	0.03 %	0.02 %	0.03 %	0.02 %	0.02 %	0.03 %	0.03 %	0.02 %
Nonperforming Loans to Total Loans	0.02	0.03	0.03	0.02	0.03	0.02	0.02	0.03	0.03	0.02
Nonperforming Assets to Total Loans Plus Foreclosed Assets (1)	0.02	0.03	0.03	0.02	0.03	0.02	0.02	0.03	0.03	0.02

(1) Nonperforming assets are defined as nonaccrual loans and loans greater than 90 days past due still accruing plus foreclosed assets. There were no loans greater than 90 days past due still accruing for any period shown.

(2) Reflects the balance outstanding at December 31, 2023 of accruing modified loans to borrowers experiencing financial difficulty since adoption of ASU 2022-02. See “Note 1 – Description of the Business and Summary of Significant Accounting Policies” of the Company’s Consolidated Financial Statements included as part of this report for a discussion for this standard. Periods presented prior to that date reflect the outstanding balance of accruing troubled debt restructures as defined by superseded accounting guidance of ASC 310-40. Accruing loans are those where theCompany expects to collect all amounts contractually due.

The balance of nonperforming assets can fluctuate due to changes in economic conditions. The Company has established a policy to discontinue accruing interest on a loan (that is, place the loan on nonaccrual status) after it has become 90 days delinquent as to payment of principal or interest, unless the loan is considered to be well-collateralized and is actively in the process of collection. In addition, a loan will be placed on nonaccrual status before it becomes 90 days delinquent unless management believes that the collection of interest is expected. Interest previously accrued but uncollected on such loans is reversed and charged against current income when the receivable is determined to be uncollectible. If management believes that a loan will not be collected in full, an increase to the allowance for loan credit losses on loans is recorded to reflect management’s estimate of any potential exposure or loss. Generally, payments received on nonaccrual loans are applied directly to principal. There are not any no loans, outside of those included in the tables above, that cause management to have serious doubts as to the ability of borrowers to comply with present repayment terms. Due to the low levels of nonaccrual loans, gross income that would have been recorded on nonaccrual loans during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was approximately $60,000. $79,000 and $60,000, respectively.

Allowance for Loan Credit Losses

The allowance for loan credit losses on loans is a reserve established through charges to earnings in the form of a provision for loan credit losses. The Company maintains an allowance for loan credit losses at a level management considers adequate to provide for known and probable incurred expected lifetime losses in the portfolio. The level of the allowance is based on management’s evaluation of estimated losses in the portfolio, after consideration of risk characteristics of the loans and prevailing and anticipated economic conditions. Loan charge-offs (i.e., loans judged to be uncollectible) are charged against the reserve and any subsequent recovery is credited to the reserve. The Company analyzes risks within the loan portfolio on a continual basis. A risk system, consisting of multiple grading categories for each portfolio class, is utilized as an analytical tool to assess risk and appropriate reserves. In addition to the risk system, management further evaluates risk characteristics of the loan portfolio under current and anticipated economic conditions and considers such factors as the financial condition of the borrower, past and expected loss experience, and other factors which management feels deserve recognition in establishing an appropriate reserve. These estimates are reviewed at least quarterly, and as adjustments become necessary, they are recognized in the periods in which

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

they become known. Although management strives to maintain an allowance it deems adequate, future economic changes, deterioration of borrowers' creditworthiness, and the impact of examinations by regulatory agencies, among other factors, all could cause changes to the allowance for loan losses. credit losses on loans.

At December 31, 2022 December 31, 2023 the allowance for loan credit losses on loans was $48.0 million $50.5 million, an increase of $8.0 million $2.5 million from $40.0 million $48.0 million at December 31, 2021 December 31, 2022. Net charge-offs (recoveries) totaled $202,000 during the year ended December 31, 2023 and ($276,000) during the year ended December 31, 2022 and ($29,000) during the year ended December 31, 2021. The allowance for loan credit losses on loans as a percentage of total loans was 1.34% 1.36% at December 31, 2022 December 31, 2023, compared to 1.42% 1.34% at December 31, 2021 December 31, 2022.

Table of Contents

The following table presents a summary of the activity in the allowance for loan loss reserve net charge-offs for the periods indicated:

	As of and for the year ended December 31,					As of and for the year ended December 31,				
(dollars in thousands)	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019
Net Charge-offs (Recoveries)										
Commercial	$ 3	$ (8)	$ 339	$ 152	$ (15)	$ 170	$ 3	$ (8)	$ 339	$ 152
Construction and Land Development	—	—	—	(1)	73	—	—	—	—	(1)
Real Estate Mortgage:										
1 - 4 Family Mortgage	(288)	(21)	90	27	(38)					
1-4 Family Mortgage						(5)	(288)	(21)	90	27
CRE Owner Occupied	—	(32)	(10)	—	—	—	—	(32)	(10)	—
Total Real Estate Mortgage Loans	(288)	(53)	80	27	(38)	(5)	(288)	(53)	80	27
Consumer and Other	9	32	16	27	26	37	9	32	16	27
Total Net Charge-offs (Recoveries)	$ (276)	$ (29)	$ 435	$ 205	$ 46	$ 202	$ (276)	$ (29)	$ 435	$ 205
Net Charge-offs to Average Loans										

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Net Charge-offs (Recoveries) to Average Loans										
Commercial	0.00 %	0.00 %	0.12 %	0.05 %	(0.01)%	0.04 %	0.00 %	0.00 %	0.12 %	0.05
Construction and Land Development	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00
Real Estate Mortgage:										
1 - 4 Family Mortgage	(0.09)	(0.01)	0.03	0.01	(0.02)					
1-4 Family Mortgage						0.00	(0.09)	(0.01)	0.03	0.01
CRE Owner Occupied	0.00	(0.04)	(0.01)	0.00	0.00	0.00	0.00	(0.04)	(0.01)	0.00
Total Real Estate Mortgage Loans	(0.01)	0.00	0.01	0.00	0.00	0.00	(0.01)	0.00	0.01	0.00
Consumer and Other	0.12	0.45	0.28	0.65	0.63	0.40	0.12	0.45	0.28	0.65
Total Net Charge-offs (Recoveries) to Average Loans	(0.01)%	0.00 %	0.02 %	0.01 %	0.00 %	0.01 %	(0.01)%	0.00 %	0.02 %	0.01
Gross Loans, End of Period	$3,569,446	$2,819,472	2,326,428	1,912,038	1,664,931	$3,724,282	$3,569,446	2,819,472	2,326,428	1,912,038
Average Loans	3,190,712	2,584,857	2,154,420	1,785,937	1,491,166	3,699,252	3,190,712	2,584,857	2,154,420	1,785,937
Allowance to Total Gross Loans	1.34 %	1.42 %	1.50 %	1.18 %	1.20 %	1.36 %	1.34 %	1.42 %	1.50 %	1.18
Allowance to Total Gross Loans, Excluding PPP Loans	1.35	1.43 %	1.59 %	N/A	N/A					

The following table presents a summary of the allocation of the allowance for loan credit losses on loans by loan portfolio segment for as of the periods indicated:

	December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018		December 31, 2023		December 31, 2022		December 31, 2021	
(dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Commercial	$ 6,500	13.5 %	$ 6,256	15.6 %	$ 5,703	16.4 %	$ 3,058	13.6 %	$ 2,898	14.5 %	$ 5,398	10.7 %	$ 6,500	13.5 %	$ 6,256	15.6 %
Paycheck Protection Program	1	—	13	—	70	0.2	—	—	—	—	NM	NM	1	—	13	—
Construction and Land Development	4,756	9.9	3,757	9.4	2,491	7.1	2,202	9.8	2,451	12.2	2,156	4.3	3,911	8.1	3,139	7.9

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

1-4 Family Construction											558	1.1	845	1.8	618	1.5
Real Estate Mortgage:																
1 - 4 Family Mortgage	4,325	9.0	3,757	9.4	3,972	11.4	2,839	12.6	2,597	13.0						
1-4 Family Mortgage											2,651	5.3	4,325	9.0	3,757	9.4
Multifamily	17,459	36.4	12,610	31.5	9,517	27.3	5,824	25.9	4,644	23.2	22,217	44.0	17,459	36.4	12,610	31.5
CRE Owner Occupied	1,965	4.1	1,495	3.7	1,162	3.3	792	3.5	808	4.0	1,184	2.3	1,965	4.1	1,495	3.7
CRE Nonowner Occupied	12,576	26.2	11,335	28.3	10,991	31.6	6,972	30.9	5,872	29.3	16,225	32.1	12,576	26.2	11,335	28.3
Total Real Estate Mortgage Loans	36,325	75.7	29,197	72.9	25,642	73.6	16,427	72.9	13,921	69.5	42,277	83.7	36,325	75.7	29,197	72.9
Consumer and Other	151	0.3	147	0.5	203	0.6	85	0.4	65	0.3	105	0.2	151	0.3	147	0.5
Unallocated	263	0.6	650	1.6	732	2.1	754	3.3	696	3.5	—	—	263	0.6	650	1.6
Total Allowance for Loan Losses	$47,996	100.0 %	$40,020	100.0 %	$34,841	100.0 %	$22,526	100.0 %	$20,031	100.0 %						
Total Allowance for Credit Losses											$50,494	100.0 %	$47,996	100.0 %	$40,020	100.0 %

Goodwill and Other Intangible Assets

Goodwill was $2.6 million at December 31, 2022 December 31, 2023 and 2021. 2022. Goodwill represents the excess of the consideration paid over the fair value of the net assets acquired, which originated from the acquisition of First National Bank of the Lakes in May of 2016. Goodwill is not amortized but is subject to, at a minimum, an annual test for impairment. Other

Table of Contents

intangible assets consist of core deposit relationships and favorable lease term intangibles. Total other intangible assets

Table of Contents

at December 31, 2022 December 31, 2023 and 2021 2022 were $288,000 $188,000 and $479,000, $288,000, respectively. Other intangible assets are amortized over their estimated useful life.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Deposits

The principal sources of funds for the Company are deposits, consisting of demand deposits, money market accounts, savings accounts, and certificates of deposit. The following table presents the dollar and percentage composition of the deposit portfolio, by category, at the dates indicated:

(dollars in thousands)	December 31, 2022 Amount	December 31, 2022 Percent	December 31, 2021 Amount	December 31, 2021 Percent	December 31, 2020 Amount	December 31, 2020 Percent	December 31, 2019 Amount	December 31, 2019 Percent	December 31, 2018 Amount	December 31, 2018 Percent	December 31, 2023 Amount	December 31, 2023 Percent	December 31, 2022 Amount	December 31, 2022 Percent	December 3 Amount
Noninterest Bearing Transaction Deposits	$ 884,272	25.9 %	$ 875,084	29.7 %	$ 671,903	26.9 %	$ 447,509	24.5 %	$ 369,203	23.6 %	$ 756,964	20.4 %	$ 884,272	25.9 %	$ 875,084
Interest Bearing Transaction Deposits	451,992	13.2	544,789	18.5	366,290	14.6	264,627	14.5	179,567	11.5	692,801	18.7	451,992	13.2	544,789
Savings and Money Market Deposits	1,031,873	30.2	863,567	29.3	657,617	26.3	516,785	28.3	402,639	25.8	935,091	25.2	1,031,873	30.2	863,567
Time Deposits	272,253	8.0	293,474	10.0	353,543	14.1	360,027	19.8	318,356	20.4	300,651	8.1	272,253	8.0	293,474
Brokered Deposits	776,153	22.7	369,323	12.5	452,283	18.1	234,362	12.9	291,169	18.7	1,024,441	27.6	776,153	22.7	369,323
Total Deposits	$3,416,543	100.0 %	$2,946,237	100.0 %	$2,501,636	100.0 %	$1,823,310	100.0 %	$1,560,934	100.0 %	$3,709,948	100.0 %	$3,416,543	100.0 %	$2,946,237

Total deposits at December 31, 2022 December 31, 2023 were $3.42 billion $3.71 billion, an increase of $470.3 million $293.4 million, or 16.0% 8.6%, compared to total deposits of $2.95 billion $3.42 billion at December 31, 2021 December 31, 2022. The growth in deposits was primarily due to an increase in interest bearing transaction deposits and brokered deposits. Brokered deposits which were continue to be used to supplement core deposit growth during the year. The Company's ability as a supplemental funding source, as needed, to support loan growth with core portfolio growth.

The Company relies on increasing the deposit growth was impacted by the higher interest rate environment in 2022, especially with the emergence of unprecedented competition from the Treasury markets. When appropriate, the Company utilizes alternative funding sources such as brokered deposits, which provide flexibility in structure, optionality base to fund loans and efficiency not afforded in traditional retail deposit channels. At December 31, 2022, total brokered deposits were $776.2 million or 22.7% of total deposits, compared to total brokered deposits of $369.3 million, or 12.5% of total deposits at December 31, 2021.

other asset growth. The Company is in a highly competitive market and competes for local deposits by offering attractive products with competitive rates. The Company expects to have a higher average cost of funds for local deposits compared to competitor banks due to the lack of an extensive branch network. The Company's strategy is to offset the higher cost of funding with a lower level of operating expense.

The following table presents the average balance and average rate paid on each of the following deposit categories for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

(dollars in thousands)	As of and for the Year Ended December 31, 2022 Average Balance	As of and for the Year Ended December 31, 2022 Average Rate	As of and for the Year Ended December 31, 2021 Average Balance	As of and for the Year Ended December 31, 2021 Average Rate	As of and for the Year Ended December 31, 2020 Average Balance	As of and for the Year Ended December 31, 2020 Average Rate	As of and for the Year Ended December 31, 2023 Average Balance	As of and for the Year Ended December 31, 2023 Average Rate	As of and for the Year Ended December 31, 2022 Average Balance	As of and for the Year Ended December 31, 2022 Average Rate	As of and for the Year Ended December 31, 2021 Average Balance	As of and for the Year Ended December 31, 2021 Average Rate

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Noninterest Bearing Transaction Deposits	$ 910,490	— %	$ 764,087	— %	$ 579,595	— %	$ 768,428	— %	$ 910,490	— %	$ 764,087	— %
Interest Bearing Transaction Deposits	524,968	0.83	441,528	0.46	295,036	0.55	650,028	3.60	524,968	0.83	441,528	0.46
Savings and Money Market Deposits	963,096	0.95	773,779	0.48	523,520	1.02	922,799	3.32	963,096	0.95	773,779	0.48
Time Deposits < $250,000	215,419	1.00	255,808	1.24	244,779	2.13	179,242	2.33	215,419	1.00	255,808	1.24
Time Deposits > $250,000	69,449	1.61	67,830	1.37	129,416	2.01	83,919	3.45	69,449	1.61	67,830	1.37
Brokered Deposits	449,095	1.48	406,863	0.97	348,126	1.45	909,662	3.84	449,095	1.48	406,863	0.97
Total Deposits	$3,132,517	0.75 %	$2,709,895	0.51 %	$2,120,472	0.93 %	$3,514,078	2.73 %	$3,132,517	0.75 %	$2,709,895	0.51 %

Table of Contents

The following table presents time deposits, including brokered time deposits, that are in excess of the FDIC insurance limit, currently $250,000, by time remaining until maturity:

(dollars in thousands)	December 31, 2022	December 31, 2023
Three Months or Less	$ 38,325	$ 32,818
Over Three Months through Six Months	5,317	25,057
Over Six Months through 12 Months	20,896	57,951
Over 12 Months	27,735	22,533
Totals	$ 92,273	$ 138,359

The Company's total uninsured deposits, which are the amounts of deposit accounts that exceed the FDIC insurance limit, currently $250,000, were approximately $1.32 billion $900.0 million, or 24% of total deposits, at December 31, 2023 and $1.21 billion $1.32 billion, or 38% of total deposits, at December 31, 2022 and 2021, respectively. . These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes.

Borrowed Funds

Federal Funds Purchased

In addition to deposits, the Company utilizes overnight borrowings to meet the daily liquidity needs of clients and fund as a supplemental funding source for loan growth. The Company had $-0- and $287.0 million federal funds purchased as of December 31, 2022. The Company had no federal funds purchased as of December 31, 2021. December 31, 2023 and 2022, respectively.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Other Borrowings

At December 31, 2022 December 31, 2023, the Company had outstanding FHLB advances of $319.5 million, compared to $97.0 million at December 31, 2022. The Company's borrowing capacity at the FHLB is determined based on collateral pledged, generally consisting of loans. The Company had additional borrowing capacity under this credit facility of $498.7 million and $390.9 million at December 31, 2023 and $550.8 million at December 31, 2022 and 2021, 2022, respectively.

The Company has an outstanding Loan and Security Agreement and revolving note with a third party correspondent lender, which is secured by 100% of the issued and outstanding stock of the Bank. On September 1, 2022, the Company entered into a second amendment to the agreement which increased the maximum principal amount of the Company's revolving line of credit from $25.0 million to $40.0 million and extended the maturity date from February 28, 2023 to September 1, 2024. Concurrently with the subordinated debenture redemption on October 17, 2022, As of December 31, 2023 and 2022, the Company drew on its revolving line had $13.8 million of credit in the amount of $13.8 million. As of December 31, 2022, there was $13.8 million outstanding balances under the revolving line of credit. As of December 31, 2021, there were no outstanding balances under the revolving line of credit.

Additionally, the Company has borrowing capacity from other sources. As of December 31, 2022 December 31, 2023, the Bank was eligible to use the Federal Reserve discount window for borrowings. Based on assets pledged as collateral as of the applicable date, the Bank's borrowing availability was approximately $157.8 $979.4 million and $126.0 million $157.8 million at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had no outstanding advances from the discount window. window or the BTFP.

Subordinated Debentures

On October 15, 2022, As of December 31, 2023 and 2022, the Company elected to redeem the outstanding 2027 Notes in the aggregate principal amount had subordinated debentures, net of $13.8 million issuance costs of $79.3 million and made all payments of principal and interest due on the 2027 Notes on October 17, 2022. $78.9 million, respectively

For additional information, see "Note 12 – Subordinated Debentures" of the Company's Consolidated Financial Statements included as part of this report.

Table of Contents

Contractual Obligations

The following table presents supplemental information regarding total contractual obligations at December 31, 2022 December 31, 2023:

(dollars in thousands)	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total
Deposits Without a Stated Maturity	$2,552,415	$ —	$ —	$ —	$2,552,415	$2,558,838	$ —	$ —	$ —	$2,558,838
Time Deposits	387,433	339,385	128,166	9,144	864,128	337,988	566,811	200,846	45,465	1,151,110
Federal Funds Purchased	287,000	—	—	—	287,000					
Notes Payable	—	13,750	—	—	13,750	13,750	—	—	—	13,750

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

FHLB Advances	83,000	10,000	4,000	—	97,000	233,000	46,500	40,000	—	319,500
Subordinated Debentures	—	—	—	80,000	80,000	—	—	—	80,000	80,000
Commitment to Fund Tax Credit Investments	323	—	—	—	323	9,932	—	—	—	9,932
Operating Lease Obligations	524	1,078	671	324	2,597	587	894	505	53	2,039
Totals	$3,310,695	$364,213	$132,837	$89,468	$3,897,213	$3,154,095	$614,205	$241,351	$125,518	$4,135,169

Operating lease obligations are in place for facilities and land on which banking branches are located. See “Note 8 – Leases” of the Company’s Consolidated Financial Statements included as part of this report for additional information.

The Company believes that it will be able to meet all contractual obligations as they come due through the maintenance of adequate cash levels. The Company expects to maintain adequate cash levels through earnings, loan and securities repayments and maturity activity and continued deposit gathering activities. As described above, the Company has in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Capital

Total shareholders’ equity at December 31, 2022 December 31, 2023 was $394.1 million $425.5 million, an increase of $14.8 million $31.5 million, or 3.9% 8.0%, over shareholders’ equity of $379.3 million $394.1 million at December 31, 2021 December 31, 2022, primarily due to net income retained and a decrease in unrealized losses in the securities portfolio, offset partially by a decrease in unrealized gains in the derivatives portfolio, offset partially by stock repurchases made under the Company’s stock repurchase program, adoption of the CECL accounting methodology, preferred stock dividends, and stock repurchases.

Tangible book value per share, a non-GAAP financial measure, was $12.84 as of December 31, 2023, an increase in unrealized losses in the securities portfolio. of 9.8% from $11.69 as of December 31, 2022. Tangible common equity as a percentage of tangible assets, a non-GAAP financial measure, was 7.73% at December 31, 2023, compared to 7.48% at December 31, 2022.

Stock Repurchase Program. During the year ended December 31, 2022 December 31, 2023, the Company repurchased 662,765 423,749 shares of its common stock, representing 2.4% 1.5% of the Company’s outstanding shares. Shares were repurchased during this period at a weighted average price of $16.26 $10.72 for a total of $10.8 million $4.5 million. All shares repurchased under the stock repurchase program were converted to authorized but unissued shares.

On August 17, 2022, the Company’s board of directors approved a new stock repurchase program which authorizes theThe Company to repurchase up to $25.0 million of its common stock, subject to certain limitations and conditions. The new stock repurchase program replaced and superseded the $40.0 million stock repurchase program, under which approximately $1.6 million remained. The new stock repurchase program will expire on August 16, 2024. At December 31, 2022, no shares had been repurchased under the new plan. The company remains committed to maintaining strong capital levels while enhancing shareholder value as it strategically executes its stock repurchase program based on various factors including valuation, capital levels and other uses of capital.

Regulatory Capital. The Company and the Bank are subject to various regulatory capital requirements administered by federal banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by federal banking regulators that, if undertaken, could have a direct material effect on the Company’s and Bank’s business.

Management believes the Company and the Bank met all capital adequacy requirements to which they were subject as of December 31, 2022 December 31, 2023. The regulatory capital ratios for the Company and the Bank to meet the minimum capital adequacy standards and for the Bank to be considered well capitalized under the prompt corrective action

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

framework are set forth in the following tables. The Company's and the Bank's actual capital amounts and ratios are as of the dates indicated.

(dollars in thousands)	Actual		Minimum Required For Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Regulations		Actual		Minimum Required For Capital Adequacy Purposes		For Capital A Purposes Plu Conservatio
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
December 31, 2022													
December 31, 2023													
Company (Consolidated):													
Total Risk-based Capital	$536,352	13.15 %	$326,190	8.00 %	$428,125	10.50 %	N/A	N/A	$570,770	13.97 %	$326,872	8.00 %	$429,019
Tier 1 Risk-based Capital	409,092	10.03	244,643	6.00	346,577	8.50	N/A	N/A	440,947	10.79	245,154	6.00	347,301
Common Equity Tier 1 Capital	342,578	8.40	183,482	4.50	285,417	7.00	N/A	N/A	374,433	9.16	183,865	4.50	286,013
Tier 1 Leverage Ratio	409,092	9.55	171,368	4.00	171,368	4.00	N/A	N/A	440,947	9.57	184,383	4.00	184,383
Bank:													
Total Risk-based Capital	$508,760	12.47 %	$326,288	8.00 %	$428,253	10.50 %	$ 407,860	10.00 %	$554,269	13.58 %	$326,528	8.00 %	$428,568
Tier 1 Risk-based Capital	460,404	11.29	244,716	6.00	346,681	8.50	326,288	8.00	503,787	12.34	244,896	6.00	346,936
Common Equity Tier 1 Capital	460,404	11.29	183,537	4.50	285,502	7.00	265,109	6.50	503,787	12.34	183,672	4.50	285,712
Tier 1 Leverage Ratio	460,404	10.76	171,113	4.00	171,113	4.00	213,891	5.00	503,787	10.95	184,037	4.00	184,037

(dollars in thousands)	Actual		Minimum Required For Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Regulations		Actual		Minimum Required For Capital Adequacy Purposes		For Capital A Purposes Plu Conservatio
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
December 31, 2021													
December 31, 2022													
Company (Consolidated):													
Total Risk-based Capital	$499,554	15.55 %	$256,966	8.00 %	$337,268	10.50 %	N/A	N/A	$536,352	13.15 %	$326,190	8.00 %	$428,125
Tier 1 Risk-based Capital	367,161	11.43	192,725	6.00	273,027	8.50	N/A	N/A	409,092	10.03	244,643	6.00	346,577
Common Equity Tier 1 Capital	300,647	9.36	144,543	4.50	224,845	7.00	N/A	N/A	342,578	8.40	183,482	4.50	285,417
Tier 1 Leverage Ratio	367,161	10.82	135,723	4.00	135,723	4.00	N/A	N/A	409,092	9.55	171,368	4.00	171,368
Bank:													
Total Risk-based Capital	$415,848	12.94 %	$257,005	8.00 %	$337,319	10.50 %	$ 321,256	10.00 %	$508,760	12.47 %	$326,288	8.00 %	$428,253
Tier 1 Risk-based Capital	375,688	11.69	192,754	6.00	273,068	8.50	257,005	8.00	460,404	11.29	244,716	6.00	346,681
Common Equity Tier 1 Capital	375,688	11.69	144,565	4.50	224,879	7.00	208,816	6.50	460,404	11.29	183,537	4.50	285,502

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Tier 1 Leverage Ratio	375,688	11.09	135,508	4.00	135,508	4.00	169,386	5.00	460,404	10.76	171,113	4.00	171,113

The Company and the Bank are subject to the rules of the Basel III regulatory capital framework and related Dodd-Frank Wall Street Reform and Consumer Protection Act. The rules require a capital conservation buffer of 2.5% that was added to the minimum requirements for capital adequacy purposes. A banking organization with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments, stock repurchases and certain discretionary bonus payments to executive officers. At December 31, 2022 December 31, 2023, the ratios for the Company and the Bank were sufficient to meet the conservation buffer.

Off-Balance Sheet Arrangements

In the normal course of business, the Company enters into various transactions to meet the financing needs of clients, which, in accordance with GAAP, are not included in the consolidated balance sheets. These transactions include commitments to extend credit, standby letters of credit, and commercial letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. Most of these commitments mature within two years and the standby letters of credit are expected to expire without being drawn upon. All off-balance sheet commitments are included in the determination of the amount of risk-based capital that the Company and the Bank are required to hold.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit, standby letters of credit, and commercial letters of credit is represented by

Table of Contents

the contractual or notional amount of those instruments. The Company decreases its exposure to losses under these commitments by subjecting them to credit approval and monitoring procedures. The Company assesses the credit risk associated with certain commitments to extend credit and establishes a liability for probable expected credit losses.

The following table presents credit arrangements and financial instruments whose contract amounts represent credit risk as of December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
(dollars in thousands)								
Unfunded Commitments Under Lines of Credit	$ 444,669	$ 404,065	$ 335,842	$ 463,306	$164,880	$381,752	$444,669	$404,065
Letters of Credit	20,658	95,111	10,521	109,126	6,780	96,509	20,658	95,111
Totals	$ 465,327	$ 499,176	$ 346,363	$ 572,432	$171,660	$478,261	$465,327	$499,176

Commitments to extend credit beyond current funding are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Such commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on our management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Commercial letters of credit are issued specifically to facilitate trade or commerce and are paid directly when the underlying transaction is consummated. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The Company had outstanding letters of credit with the FHLB in the amount of $114.4 million and $78.4 million at December 31, 2023 and $36.5 million at December 31, 2022 and 2021, 2022, respectively, on behalf of customers and to secure public deposits.

Liquidity

Liquidity is the Company's capacity to meet cash and collateral obligations at a reasonable cost. Maintaining an adequate level of liquidity depends on the Company's ability to efficiently meet both expected and unexpected cash flows and collateral needs without adversely affecting either daily operations or financial condition. The Bank's ALM Committee, is responsible for managing commitments to meet the needs of customers while achieving the Company's financial objectives. The ALM Committee meets regularly to review balance sheet composition, funding capacities, and current and forecasted loan demand.

The Company manages liquidity by maintaining adequate levels of cash and other assets from on- and off-balance sheet arrangements. Specifically, on-balance sheet liquidity consists of cash and due from banks and unpledged investment securities available for sale, which are referred to as primary liquidity. In regards to off-balance sheet capacity, the Company maintains available borrowing capacity under secured borrowing lines with the FHLB, the Federal Reserve Bank of Minneapolis, and a correspondent lender, as well as unsecured lines of credit for the purpose of overnight funds with various correspondent banks, which the Company refers to as secondary liquidity.

In addition, the Bank is a member of the American Financial Exchange, or AFX, through which it may either borrow or lend funds on an overnight or short-term basis with a group of approved commercial banks. The availability of funds changes daily. As of December 31, 2022 and 2021, December 31, 2023, the Company had no borrowings outstanding through the AFX.

Total on- and off-balance sheet liquidity was $2.23 billion as of December 31, 2023, compared to $1.38 billion at December 31, 2022. The Company did not utilize the BTFP or Federal Reserve Discount Window during the year ended December 31, 2023.

Table of Contents

The following tables present a summary of primary and secondary liquidity levels as of the dates indicated:

Primary Liquidity—On-Balance Sheet	December 31, 2022	December 31, 2021
(dollars in thousands)		
Cash and Cash Equivalents	$ 48,090	$ 130,884
Securities Available for Sale	548,613	439,362
Total Primary Liquidity	$ 596,703	$ 570,246
Ratio of Primary Liquidity to Total Deposits	17.5 %	19.4 %

Secondary Liquidity—Off-Balance Sheet Borrowing Capacity	December 31, 2022	December 31, 2021
Net Secured Borrowing Capacity with the FHLB	$ 390,898	$ 550,807
Net Secured Borrowing Capacity with the Federal Reserve Bank	157,827	126,043
Unsecured Borrowing Capacity with Correspondent Lenders	208,000	208,000
Secured Borrowing Capacity with Correspondent Lender	26,250	25,000
Total Secondary Liquidity	$ 782,975	$ 909,850

Primary Liquidity—On-Balance Sheet	December 31, 2023	December 31, 2022
(dollars in thousands)		
Cash and Cash Equivalents	$ 96,594	$ 48,090
Securities Available for Sale	604,104	548,613
Less: Pledged Securities	(170,727)	—
Total Primary Liquidity	$ 529,971	$ 596,703
Ratio of Primary Liquidity to Total Deposits	14.3 %	17.5 %

Secondary Liquidity—Off-Balance Sheet Borrowing Capacity		
Net Secured Borrowing Capacity with the FHLB	$ 498,736	$ 390,898
Net Secured Borrowing Capacity with the Federal Reserve Bank	979,448	157,827
Unsecured Borrowing Capacity with Correspondent Lenders	200,000	208,000
Secured Borrowing Capacity with Correspondent Lender	26,250	26,250
Total Secondary Liquidity	$ 1,704,434	$ 782,975

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Total Primary and Secondary Liquidity			$ 2,234,405	$ 1,379,678
Ratio of Primary and Secondary Liquidity to Total Deposits	40.4 %	50.2 %	60.2 %	40.4 %

During the year ended December 31, 2022 December 31, 2023, primary liquidity increased $26.5 decreased $66.7 million due to an increase in pledged securities of $170.7 million, offset partially by a $109.3 million $48.5 million increase in cash and cash equivalents and a $55.5 million increase in securities available for sale, offset partially by a $82.8 million decrease in cash and cash equivalents, when compared to December 31, 2021. sale. Secondary liquidity decreased $126.9 million increased $916.5 million as of December 31, 2022 when compared to December 31, 2021, December 31, 2023 due to a $159.9 million decrease $107.8 million increase in the borrowing capacity with the FHLB offset partially by a $31.8 million and an $821.6 million increase on in the secured credit line borrowing capacity with the Federal Reserve Bank, and a $1.3 increase offset partially by an $8.0 million decrease in the secured unsecured borrowing capacity with a correspondent lender.

In addition to primary liquidity, the Company generates liquidity from cash flows from the loan and securities portfolios and from the large base of core customer deposits, defined as noninterest bearing transaction, interest bearing transaction, savings, non-brokered money market accounts and non-brokered time deposits less than $250,000. At December 31, 2022 December 31, 2023, core deposits totaled approximately $2.55 billion and represented 74.6% 68.7% of total deposits. These core deposits are normally less volatile, often with customer relationships tied to other products offered by the Company, which promote long-standing relationships and stable funding sources.

The Company uses brokered deposits, the availability of which is uncertain and subject to competitive market forces and regulation, for liquidity and interest rate risk management purposes. At December 31, 2022 December 31, 2023, brokered deposits totaled $776.2 million $1.02 billion, consisting of $591.9 million $850.5 million of brokered time deposits and $184.3 million $174.0 million of non-maturity brokered money market and transaction accounts. At December 31, 2021 December 31, 2022, brokered deposits totaled $369.3 $776.2 million, consisting of $238.1 $591.9 million of brokered time deposits and $131.2 $184.3 million of non-maturity brokered money market and transaction accounts.

The Company's liquidity policy includes guidelines for On-Balance Sheet Liquidity (a measurement of primary liquidity to total deposits plus borrowings), Total On-Balance Sheet Liquidity with Borrowing Capacity (a measurement of primary and secondary liquidity to total deposits plus borrowings), Wholesale Funding Ratio (a measurement of total wholesale funding to total deposits plus borrowings), and other guidelines developed for measuring and maintaining liquidity. As of December 31, 2022 December 31, 2023, the Company was in compliance with all established liquidity guidelines in the policy.

Table of Contents

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial data included in this report are not measures of financial performance recognized by GAAP. Management uses these non-GAAP financial measures in the analysis of performance:

Table of Contents

- " "Pre-Provision Net Revenue" Revenue" is defined as net interest income plus total noninterest income (excluding all gains and losses on sales of assets) assets or extinguishments or prepayments of liabilities) minus total non-interest noninterest expense, excluding the amortization of tax credit investments and debt prepayment fees.
- "Core Net Interest Margin" is defined as the ratio of net interest income (on a fully tax-equivalent basis), reduced by loan fees and PPP interest and fees, divided by interest earning assets, excluding average PPP loans.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

- "Efficiency ratio" is defined as noninterest expense less the amortization of intangibles divided by our operating revenue, which is equal to net interest income plus noninterest income excluding gains and losses on sales of assets. In management's judgment, the adjustments made to operating revenue allow investors and analysts to better assess our operating expenses in relation to our core operating revenue by removing the volatility that is associated with certain one-time items and other discrete items that are unrelated to the Company's core business.
- "Adjusted Efficiency ratio" is defined as the efficiency ratio adjusted to exclude the amortization of tax credit investments and debt prepayments fees from noninterest expense.
- "Adjusted Noninterest expense to average assets" is defined as the ratio of noninterest expense adjusted to exclude the amortization of tax credit investments and debt prepayment fees, divided by average assets.
- "Tangible common equity" is defined as shareholders' equity reduced by preferred stock, goodwill and other intangible assets. We believe The Company believes that this measure is important to many investors in the marketplace who are interested in changes from period to period in common shareholders' equity exclusive of changes in intangible assets. Goodwill and other intangibles that were recorded in a purchase business combination have the effect of increasing both equity and assets while not increasing tangible equity or tangible assets.
- "Tangible common equity to tangible assets" is defined as the ratio of tangible common equity, as defined above, divided by total assets reduced by goodwill and other intangible assets. The Company believes that this measure is important to many investors in the marketplace who are interested in relative changes from period to period in common shareholders' equity to total assets, each exclusive of changes in intangible assets. Goodwill and other intangibles that were recorded in a purchase business combination have the effect of increasing both equity and assets while not increasing our tangible equity or tangible assets.
- "Tangible book value per share" is defined as tangible common shareholders' equity divided by total common voting and non-voting shares outstanding. The Company believes that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per share exclusive of changes in intangible assets. Goodwill and other intangibles that were recorded in a purchase business combination have the effect of increasing book value while not increasing tangible book value.
- "Return on average tangible common equity" is defined as the ratio of net income available to common shareholders, divided by average tangible common equity. Management believes that this measure is important to many investors in the marketplace because it measures the return on common equity, exclusive of the effects of preferred stock and intangible assets on earnings and capital.
- "Adjusted Diluted Earnings per Common Share" is defined as net income available to common shareholders excluding the impact of debt prepayment fees divided by diluted weighted average common shares outstanding. In our judgment, the adjustments to earnings remove the volatility that is associated with certain one-time items unrelated to our core business.

Table of Contents

The Company believes these non-GAAP financial measures provide useful information to management and investors that is supplementary to the financial condition, results of operations and cash flows computed in accordance with GAAP; however, the Company acknowledges that these non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. The following reconciliation table provides a more detailed analysis of these non-GAAP financial measures:

	As of and for the year ended December 31,					As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**	**2023**	**2022**	**2021**	**2020**	**2019**
Pre-Provision Net Revenue										
Noninterest Income	$ 6,332	$ 5,309	$ 5,839	$ 3,826	$ 2,543	$ 6,493	$ 6,332	$ 5,309	$ 5,839	$ 3,826
Less: (Gain) Loss on Sales of Securities	(82)	(750)	(1,503)	(516)	125	33	(82)	(750)	(1,503)	(516)
Less: FHLB Advance Prepayment Income						(792)	—	—	—	—
Total Operating Noninterest Income	6,250	4,559	4,336	3,310	2,668	5,734	6,250	4,559	4,336	3,310
Plus: Net Interest Income	129,698	109,509	87,964	74,132	64,738	105,174	129,698	109,509	87,964	74,132

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Net Operating Revenue	$ 135,948	$ 114,068	$ 92,300	$ 77,442	$ 67,406	$ 110,908	$ 135,948	$ 114,068	$ 92,300	$ 77,442
Noninterest Expense	$ 56,620	$ 48,095	$ 45,387	$ 36,932	$ 31,562	$ 59,320	$ 56,620	$ 48,095	$ 45,387	$ 36,932
Less: Amortization of Tax Credit Investments	(408)	(562)	(738)	(3,225)	(3,293)	—	(408)	(562)	(738)	(3,225)
Less: Debt Prepayment Fees	—	(582)	(7,043)	—	—	—	—	(582)	(7,043)	—
Total Operating Noninterest Expense	$ 56,212	$ 46,951	$ 37,606	$ 33,707	$ 28,269	$ 59,320	$ 56,212	$ 46,951	$ 37,606	$ 33,707
Pre-Provision Net Revenue	$ 79,736	$ 67,117	$ 54,694	$ 43,735	$ 39,137	$ 51,588	$ 79,736	$ 67,117	$ 54,694	$ 43,735
Plus:										
Non-Operating Revenue Adjustments	82	750	1,503	516	(125)	759	82	750	1,503	516
Less:										
Provision for Loan Losses	7,700	5,150	12,750	2,700	3,575					
Provision (Recovery of) for Credit Losses						(175)	7,700	5,150	12,750	2,700
Non-Operating Expense Adjustments	408	1,144	7,781	3,225	3,293	—	408	1,144	7,781	3,225
Provision for Income Taxes	18,318	15,886	8,472	6,923	5,224	12,562	18,318	15,886	8,472	6,923
Net Income	$ 53,392	$ 45,687	$ 27,194	$ 31,403	$ 26,920	$ 39,960	$ 53,392	$ 45,687	$ 27,194	$ 31,403
Average Assets	$ 3,866,480	$ 3,189,800	$ 2,617,579	$ 2,114,211	$ 1,777,592	$4,490,804	$3,866,480	$3,189,800	$2,617,579	$2,114,211
Pre-Provision Net Revenue Return on Average Assets	2.06 %	2.10 %	2.09 %	2.07 %	2.20 %	1.15 %	2.06 %	2.10 %	2.09 %	2.07 %

	As of and for the year ended December 31,					As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**	**2023**	**2022**	**2021**	**2020**	**2019**
Core Net Interest Margin										
Net Interest Income (Tax-Equivalent Basis)	$ 130,920	$ 110,373	$ 88,883	$ 75,040	$ 65,752	$ 106,730	$ 130,920	$ 110,373	$ 88,883	$ 75,040
Less: Loan Fees	(6,273)	(5,173)	(5,283)	(4,562)	(5,654)	(3,604)	(6,273)	(5,173)	(5,283)	(4,562)
Less: PPP Interest and Fees	(970)	(6,441)	(4,143)	—	—	NM	(970)	(6,441)	(4,143)	—
Core Net Interest Income	$ 123,677	$ 98,759	$ 79,457	$ 70,478	$ 60,098	$ 103,126	$ 123,677	$ 98,759	$ 79,457	$ 70,478
Average Interest Earning Assets	3,790,291	3,115,883	2,565,859	2,091,198	1,766,492	4,404,366	3,790,291	3,115,883	2,565,859	2,091,198
Less: Average PPP Loans	(7,441)	(103,151)	(122,240)	—	—	NM	(7,441)	(103,151)	(122,240)	—
Core Average Interest Earning Assets	$ 3,782,850	$ 3,012,732	$ 2,443,619	$ 2,091,198	$ 1,766,492	$4,404,366	$3,782,850	$3,012,732	$2,443,619	$2,091,198
Core Net Interest Margin	3.27 %	3.28 %	3.25 %	3.37 %	3.40 %	2.34 %	3.27 %	3.28 %	3.25 %	3.37 %

	As of and for the year ended December 31,				
(dollars in thousands)	**2023**	**2022**	**2021**	**2020**	**2019**
Efficiency Ratio					
Noninterest Expense	$ 59,320	$ 56,620	$ 48,095	$ 45,387	$ 36,932

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Less: Amortization of Intangible Assets	(100)	(191)	(191)	(191)	(191)
Adjusted Noninterest Expense	$ 59,220	$ 56,429	$ 47,904	$ 45,196	$ 36,741
Net Interest Income	105,174	129,698	$ 109,509	$ 87,964	$ 74,132
Noninterest Income	6,493	6,332	5,309	5,839	3,826
Less: (Gain) Loss on Sales of Securities	33	(82)	(750)	(1,503)	(516)
Adjusted Operating Revenue	$ 111,700	$ 135,948	$ 114,068	$ 92,300	$ 77,442
Efficiency Ratio	53.0 %	41.5 %	42.0 %	49.0 %	47.4 %

Table of Contents

(dollars in thousands)	As of and for the year ended December 31, 2022	2021	2020	2019	2018
Efficiency Ratio					
Noninterest Expense	$ 56,620	$ 48,095	$ 45,387	$ 36,932	$ 31,562
Less: Amortization of Intangible Assets	(191)	(191)	(191)	(191)	(191)
Adjusted Noninterest Expense	$ 56,429	$ 47,904	$ 45,196	$ 36,741	$ 31,371
Net Interest Income	129,698	109,509	$ 87,964	$ 74,132	$ 64,738
Noninterest Income	6,332	5,309	5,839	3,826	2,543
Less: (Gain) Loss on Sales of Securities	(82)	(750)	(1,503)	(516)	125
Adjusted Operating Revenue	$ 135,948	$ 114,068	$ 92,300	$ 77,442	$ 67,406
Efficiency Ratio	41.5 %	42.0 %	49.0 %	47.4 %	46.5 %
Adjusted Efficiency Ratio					
Noninterest Expense	$ 56,620	$ 48,095	$ 45,387	$ 36,932	$ 31,562
Less: Amortization of Tax Credit Investments	(408)	(562)	(738)	(3,225)	(3,293)
Less: Debt Prepayment Fees	—	(582)	(7,043)	—	—
Less: Amortization of Intangible Assets	(191)	(191)	(191)	(191)	(191)
Adjusted Noninterest Expense	$ 56,021	$ 46,760	$ 37,415	$ 33,516	$ 28,078
Net Interest Income	129,698	109,509	87,964	74,132	64,738
Noninterest Income	6,332	5,309	5,839	3,826	2,543
Less: (Gain) Loss on Sales of Securities	(82)	(750)	(1,503)	(516)	125
Adjusted Operating Revenue	$ 135,948	$ 114,068	$ 92,300	$ 77,442	$ 67,406
Adjusted Efficiency Ratio	41.2 %	41.0 %	40.5 %	43.3 %	41.7 %

(dollars in thousands)	As of and for the year ended December 31, 2023	2022	2021	2020	2019
Tangible Common Equity and Tangible Common Equity/Tangible Assets					
Total Shareholders' Equity	$ 425,515	$ 394,064	$ 379,272	$ 265,405	$ 244,794
Less: Preferred Stock	(66,514)	(66,514)	(66,514)	—	—
Total Common Shareholders' Equity	359,001	327,550	312,758	265,405	244,794
Less: Intangible Assets	(2,814)	(2,914)	(3,105)	(3,296)	(3,487)
Tangible Common Equity	$ 356,187	$ 324,636	$ 309,653	$ 262,109	$ 241,307

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Total Assets	$ 4,611,990	$ 4,345,662	$ 3,477,659	$ 2,927,345	$ 2,268,830
Less: Intangible Assets	(2,814)	(2,914)	(3,105)	(3,296)	(3,487)
Tangible Assets	$ 4,609,176	$ 4,342,748	$ 3,474,554	$ 2,924,049	$ 2,265,343
Tangible Common Equity/Tangible Assets	7.73 %	7.48 %	8.91 %	8.96 %	10.65 %
Tangible Book Value Per Share					
Book Value Per Common Share	$ 12.94	$ 11.80	$ 11.09	$ 9.43	$ 8.45
Less: Effects of Intangible Assets	(0.10)	(0.11)	(0.11)	(0.12)	(0.12)
Tangible Book Value Per Common Share	$ 12.84	$ 11.69	$ 10.98	$ 9.31	$ 8.33
Return on Average Tangible Common Equity					
Net Income Available to Common Shareholders	$ 35,906	$ 49,338	$ 44,516	$ 27,194	$ 31,403
Average Shareholders' Equity	$ 410,478	$ 384,033	$ 316,237	$ 258,736	$ 232,539
Less: Average Preferred Stock	(66,514)	(66,514)	(24,915)	—	—
Average Common Equity	343,964	317,519	291,322	258,736	232,539
Less: Effects of Average Intangible Assets	(2,847)	(3,012)	(3,204)	(3,395)	(3,582)
Average Tangible Common Equity	$ 341,117	$ 314,507	$ 288,118	$ 255,341	$ 228,957
Return on Average Tangible Common Equity	10.53 %	15.69 %	15.45 %	10.65 %	13.72 %

	As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**
Adjusted Noninterest Expense to Average Assets					
Noninterest Expense	$ 56,620	$ 48,095	$ 45,387	$ 36,932	$ 31,562
Less: Amortization of Tax Credit Investments	(408)	(562)	(738)	(3,225)	(3,293)
Less: Debt Prepayment Fees	—	(582)	(7,043)	—	—
Adjusted Noninterest Expense	$ 56,212	$ 46,951	$ 37,606	$ 33,707	$ 28,269
Average Assets	$ 3,866,480	$ 3,189,800	$ 2,617,579	$ 2,114,211	$ 1,777,592
Adjusted Noninterest Expense to Average Assets	1.45 %	1.47 %	1.44 %	1.59 %	1.59 %

	As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**
Tangible Common Equity and Tangible Common Equity/Tangible Assets					
Total Shareholders' Equity	$ 394,064	$ 379,272	$ 265,405	$ 244,794	$ 220,998
Less: Preferred Stock	(66,514)	(66,514)	—	—	—
Total Common Shareholders' Equity	327,550	312,758	265,405	244,794	220,998
Less: Intangible Assets	(2,914)	(3,105)	(3,296)	(3,487)	(3,678)
Tangible Common Equity	$ 324,636	$ 309,653	$ 262,109	$ 241,307	$ 217,320
Total Assets	$ 4,345,662	$ 3,477,659	$ 2,927,345	$ 2,268,830	$ 1,973,741
Less: Intangible Assets	(2,914)	(3,105)	(3,296)	(3,487)	(3,678)
Tangible Assets	$ 4,342,748	$ 3,474,554	$ 2,924,049	$ 2,265,343	$ 1,970,063
Tangible Common Equity/Tangible Assets	7.48 %	8.91 %	8.96 %	10.65 %	11.03 %
Tangible Book Value Per Share					
Book Value Per Common Share	$ 11.80	$ 11.09	$ 9.43	$ 8.45	$ 7.34

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Less: Effects of Intangible Assets	(0.11)	(0.11)	(0.12)	(0.12)	(0.12)
Tangible Book Value Per Common Share	$ 11.69	$ 10.98	$ 9.31	$ 8.33	$ 7.22
Return on Average Tangible Common Equity					
Net Income Available to Common Shareholders	$ 49,338	$ 44,516	$ 27,194	$ 31,403	$ 26,920
Average Shareholders' Equity	$ 384,033	$ 316,237	$ 258,736	$ 232,539	$ 194,083
Less: Average Preferred Stock	(66,514)	(24,915)	—	—	—
Average Common Equity	317,519	291,322	258,736	232,539	194,083
Less: Effects of Average Intangible Assets	(3,012)	(3,204)	(3,395)	(3,582)	(3,772)
Average Tangible Common Equity	$ 314,507	$ 288,118	$ 255,341	$ 228,957	$ 190,311
Return on Average Tangible Common Equity	15.69 %	15.45 %	10.65 %	13.72 %	14.15 %

Table of Contents

	As of and for the year ended December 31,				
(dollars in thousands)	**2022**	**2021**	**2020**	**2019**	**2018**
Adjusted Diluted Earnings Per Common Share					
Net Income Available to Common Shareholders	$ 49,338	$ 44,516	$ 27,194	$ 31,403	$ 26,920
Add: Debt Prepayment Fees	—	582	7,043	—	—
Less: Tax Impact	—	(151)	(1,676)	—	—
Net Income, Excluding Impact of Debt Prepayment Fees	$ 49,338	$ 44,947	$ 32,561	$ 31,403	$ 26,920
Diluted Weighted Average Shares Outstanding	28,668,177	28,968,286	29,170,220	29,996,776	29,436,214
Adjusted Diluted Earnings Per Common Share	$ 1.72	$ 1.55	$ 1.12	$ 1.05	$ 0.91

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As a financial institution, the Company's primary market risk is interest rate risk, which is defined as the risk of loss of net interest income or net interest margin because of changes in interest rates. The Company continually seeks to measure and manage the potential impact of interest rate risk. Interest rate risk occurs when interest earning assets and interest bearing liabilities mature or re-price at different times, on a different basis or in unequal amounts. Interest rate risk also arises when assets and liabilities each respond differently to changes in interest rates.

The Company's management of interest rate risk is overseen by its ALM Committee, based on a risk management infrastructure approved by the board of directors that outlines reporting and measurement requirements. In particular, this infrastructure sets limits and management targets for various metrics, including net interest income simulation involving parallel shifts in interest rate curves, steepening and flattening yield curves, and various prepayment and deposit duration assumptions. The Company's risk management infrastructure also requires a periodic review of all key assumptions used, such as identifying appropriate interest rate scenarios, setting loan prepayment rates based on historical analysis and noninterest bearing and interest bearing transaction deposit durations based on historical analysis. The Company does not engage in speculative trading activities relating to interest rates, foreign exchange rates, commodity prices, equities or credit.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The Company manages the interest rate risk associated with interest earning assets by managing the interest rates and terms associated with the investment securities portfolio by purchasing and selling investment securities from time to time. The Company manages the interest rate risk associated with interest bearing liabilities by managing the interest rates and terms associated with wholesale borrowings and deposits from customers which the Company relies on for funding. For example, the Company occasionally uses special offers on deposits to alter the interest rates and terms associated with interest bearing liabilities.

Table of Contents

The Company has entered into certain hedging transactions including interest rate swaps and caps, which are designed to lessen elements of the Company's interest rate exposure. Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions. The Company utilizes cash flow hedges to manage interest rate exposure for the brokered deposit and wholesale borrowing portfolios. At December 31, 2022 December 31, 2023 and December 31, 2021, 2022, these cash flow hedges had a total notional amount of $288.0 million $308.0 million and $235.0 million $288.0 million, respectively. In the event that interest rates do not change in the manner anticipated, such transactions may adversely affect the Company's results of operations.

Net Interest Income Simulation

The Company uses a net interest income simulation model to measure and evaluate potential changes in net interest income that would result over the next 12 months from immediate and sustained changes in interest rates as of the measurement date. This model has inherent limitations and the results are based on a given set of rate changes and assumptions as of a certain point in time. For purposes of the simulation, the Company assumes no growth in either interest-sensitive assets or liabilities over the next 12 months; therefore, the model's results reflect an interest rate shock to a static balance sheet. The simulation model also incorporates various other assumptions, which the Company believes are reasonable but which may have a significant impact on results, such as: (1) the timing of changes in interest

Table of Contents

rates, (2) shifts or rotations in the yield curve, (3) re-pricing characteristics for market-rate-sensitive instruments, (4) differing sensitivities of financial instruments due to differing underlying rate indices, (5) varying loan prepayment speeds for different interest rate scenarios, (6) the effect of interest rate limitations in assets, such as floors and caps, and (7) overall growth and repayment rates and product mix of assets and liabilities. Because of the limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on the results, but rather as a means to better plan and execute appropriate asset-liability management strategies and to manage interest rate risk.

Potential changes to the Company's net interest income in hypothetical rising and declining rate scenarios calculated as of December 31, 2022 December 31, 2023 and 2022, are presented in the table below. The projections assume an immediate, parallel shift downward of the yield curve of 100, 200, and 300 basis points and immediate, parallel shifts upward of the yield curve of 100, 200, 300 and 400 basis points. In the current interest rate environment, a downward shift of the yield curve of 400 basis points does not provide meaningful results and thus is not presented.

(dollars in thousands)	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
Change (basis points) in Interest Rates (12-Month Projection)	Forecasted Net Interest Income	Percentage Change from Base	Forecasted Net Interest Income	Percentage Change from Base	Forecasted Net Interest Income	Percentage Change from Base	Forecasted Net Interest Income	Percentage Change from Base
+400	$ 129,621	(4.84)%	$ 116,256	5.75 %	$118,597	(2.39)%	$129,621	(4.84)%
+300	131,357	(3.57)	114,328	4.00	118,983	(2.08)	131,357	(3.57)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

+200	133,089	(2.30)	112,288	2.15	119,395	(1.74)	133,089	(2.30)
+100	134,591	(1.20)	110,539	0.55	119,916	(1.31)	134,591	(1.20)
0	136,220	—	109,930	—	121,504	—	136,220	—
−100	137,641	1.04	106,955	(2.71)	125,138	2.99	137,641	1.04
−200	137,968	1.28	NM	NM	128,643	5.87	137,968	1.28
−300	138,587	1.74	NM	NM	132,269	8.86	138,587	1.74

The table above indicates that as of December 31, 2022 December 31, 2023, in the event of an immediate and sustained 400 basis point increase in interest rates, the Company would experience a 4.84% 2.39% decrease in net interest income. In the event of an immediate 300 basis point decrease in interest rates, the Company would experience a 1.74% an 8.86% increase in net interest income.

The results of this simulation analysis are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from those projected, net interest income might vary significantly. Non-parallel yield curve shifts such as a flattening or steepening of the yield curve or changes in interest rate spreads would also cause net interest income to be different from that depicted. An increasing interest rate environment could reduce projected net interest income if deposits and other

Table of Contents

short-term liabilities re-price faster than expected or re-price faster than the Company's assets. Actual results could differ from those projected if the Company grows assets and liabilities faster or slower than estimated, if the Company experienced a net outflow of deposit liabilities, or if the mix of assets and liabilities otherwise changes. Actual results could also differ from those projected if the Company experienced substantially different prepayment speeds in the loan portfolio than those assumed in the simulation model. Finally, these simulation results do not contemplate all the actions that the Company may undertake in response to potential or actual changes in interest rates, such as changes to the Company's loan, investment, deposit, or funding strategies.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Board of Directors and Shareholders
Bridgewater Bancshares, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets sheet of Bridgewater Bancshares, Inc. and Subsidiaries (the Company) as of December 31, 2022 and 2021, , and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three two years in the period ended December 31, 2022, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, , and the results of its operations and its cash flows for each of the three two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reportingin accordance with the standards of the PCAOB. Accordingly, we express no such opinion.

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

/s/ CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 6, 2023

We have served as the Company's auditor since 2005. from 2005 through 2022.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

Table of Contents

Report of Independent Registered Public Accounting Firm

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

To the Shareholders and the Board of Directors of Bridgewater Bancshares, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Bridgewater Bancshares, Inc. and subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridgewater Bancshares, Inc. and subsidiaries as of December 31, 2023, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 6, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Adoption of New Accounting Standards

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for credit losses on financial instruments in 2023 due to the adoption of Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Credit Losses)*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for credit losses on loans

As described in Note 1 and Note 5 to the consolidated financial statements, the allowance for credit losses on loans (allowance) totaled $50.5 million at December 31, 2023. The allowance is a valuation account that is deducted from the Company's amortized cost basis of loans to present the net amount of loans for investment expected to be collected over their contractual life. The allowance is measured on a collective (pool) basis when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis at the balance sheet date. At December 31, 2023, the general reserve on loans collectively evaluated for impairment totaled $50.4 million and there was $103 thousand on loans individually evaluated.

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The measurement of the allowance is based on relevant information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. The Company uses the weighted-average remaining maturity (WARM) method as a basis for estimated expected credit loss. The WARM method uses a historical average annual charge off rate. This average annual charge off rate contains loss content over a historical lookback period and is used as a foundation for estimating the allowance on loans for the remaining outstanding balances of loans by segment at the balance sheet date. The average annual charge off rate is applied to the contractual term to determine the unadjusted historical charge off rate. The calculation of the unadjusted historical charge off rate is then adjusted for current conditions and for reasonable and supportable forecast periods through qualitative factors prior to being applied to the current balance of the loan segments.

Forecast adjustments to the historical loss rate are based on a forecast of the U.S. national unemployment rate, a forecast of the difference between the 10-year and 3-month treasury rates, and the most recent available BBB rated corporate bond spreads to U.S. Treasury securities, or BBB Spread. The forecast overlay adjustment for the reasonable and supportable forecast assumes an immediate reversion after a one-year forecast period to historical loss rates for the remaining life of the respective loan segment. Qualitative factors are used to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative (historical loss factors) analysis or the forecasts described above. These qualitative factors serve to compensate for additional areas of uncertainty inherent in the portfolio that are not reflected in the historic loss factors. Each qualitative loss factor, for each loan segment within the portfolio, incorporates consideration for a minimal to maximum range for loss factors. These qualitative factor adjustments may increase or decrease the Company's estimate of expected credit losses and are applied to each loan segment. The qualitative factors applied to each loan segment include changes in lending policies and procedures, general economic and business conditions, the nature, volume and terms of the loans, the experience, depth and ability of lending staff, quality of the loan review function, the value of underlying collateral, competition, legal and regulatory factors, the volume and severity of watchlist and past due loans and the level of concentrations.

We identified the qualitative factors and forecasted adjustments applied to the allowance as a critical audit matter as auditing management's determination of the qualitative factors required significant auditor judgement as the estimate is highly sensitive to changes in significant assumptions.

Our audit procedures related to the Company's qualitative factors and forecasted adjustments applied to the allowance included the following, among others:

- We obtained an understanding of the relevant controls related to the qualitative factors and forecasted adjustments applied to the allowance and tested such controls for design and operating effectiveness, including controls relating to management's review and approval of the qualitative factors, forecasted adjustments and the underlying data used in determining those factors.

- We tested management's process and evaluated the reasonableness of their judgments and assumptions to develop the qualitative factors and forecasted adjustments, which included:

    - Testing the accuracy and relevancy of the data inputs used by management as a basis for the adjustments for qualitative factors and forecasted adjustments by comparing to internal and external source data.

    - Evaluating the reasonableness of the magnitude and directional consistency of the adjustments for such.

    - Evaluating whether management's conclusions were consistent with Company provided internal data and external, independently sourced data and agreeing the impact to the allowance calculation.

/s/ RSM US LLP

We have served as the Company's auditor since 2022.

Des Moines, Iowa
March 6, 2024

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Bridgewater Bancshares, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Bridgewater Bancshares, Inc.'s (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet as of December 31, 2023, and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year ended December 31, 2023, and the related notes to the consolidated financial statements of the Company and our report dated March 6, 2024, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Des Moines, Iowa
March 6, 2024

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands, except share data)

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
ASSETS				
Cash and Cash Equivalents	$ 87,043	$ 143,473	$ 128,562	$ 87,043
Bank-Owned Certificates of Deposit	1,181	1,876	—	1,181
Securities Available for Sale, at Fair Value	548,613	439,362	604,104	548,613
Loans, Net of Allowance for Loan Losses of $47,996 at December 31, 2022, and $40,020 at December 31, 2021	3,512,157	2,769,917		
Loans, Net of Allowance for Credit Losses of $50,494 at December 31, 2023, and $47,996 at December 31, 2022			3,667,215	3,512,157
Federal Home Loan Bank (FHLB) Stock, at Cost	19,606	5,242	17,097	19,606
Premises and Equipment, Net	48,445	49,395	48,886	48,445
Accrued Interest	13,479	9,186	16,697	13,479
Goodwill	2,626	2,626	2,626	2,626
Other Intangible Assets, Net	288	479	188	288
Bank-Owned Life Insurance	33,485	25,316	34,477	33,485
Other Assets	78,739	30,787	92,138	78,739
Total Assets	$ 4,345,662	$ 3,477,659	$ 4,611,990	$ 4,345,662
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits:				
Noninterest Bearing	$ 884,272	$ 875,084	$ 756,964	$ 884,272
Interest Bearing	2,532,271	2,071,153	2,952,984	2,532,271
Total Deposits	3,416,543	2,946,237	3,709,948	3,416,543
Federal Funds Purchased	287,000	—	—	287,000
Notes Payable	13,750	—	13,750	13,750
FHLB Advances	97,000	42,500	319,500	97,000
Subordinated Debentures, Net of Issuance Costs	78,905	92,239	79,288	78,905
Accrued Interest Payable	2,831	1,409	5,282	2,831
Other Liabilities	55,569	16,002	58,707	55,569
Total Liabilities	3,951,598	3,098,387	4,186,475	3,951,598
SHAREHOLDERS' EQUITY				
Preferred Stock- $0.01 par value; Authorized 10,000,000				
Preferred Stock - Issued and Outstanding 27,600 Series A shares ($2,500 liquidation preference) at December 31, 2022 and December 31, 2021	66,514	66,514		
Preferred Stock - Issued and Outstanding 27,600 Series A shares ($2,500 liquidation preference) at December 31, 2023 and December 31, 2022			66,514	66,514
Common Stock- $0.01 par value; Authorized 75,000,000				
Common Stock - Issued and Outstanding 27,751,950 at December 31, 2022 and 28,206,566 at December 31, 2021	278	282		
Common Stock - Issued and Outstanding 27,748,965 at December 31, 2023 and 27,751,950 at December 31, 2022			277	278
Additional Paid-In Capital	96,529	104,123	96,320	96,529
Retained Earnings	248,685	199,347	280,650	248,685

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Accumulated Other Comprehensive Income (Loss)	(17,942)	9,006		
Accumulated Other Comprehensive Loss			(18,246)	(17,942)
Total Shareholders' Equity	394,064	379,272	425,515	394,064
Total Liabilities and Equity	$ 4,345,662	$ 3,477,659	$ 4,611,990	$ 4,345,662

See accompanying notes to consolidated financial statements.

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries

Consolidated Statements of Income

(dollars in thousands, except per share data)

	Year Ended		
	December 31, 2022	December 31, 2021	December 31, 2020
INTEREST INCOME			
Loans, Including Fees	$ 146,256	$ 118,845	$ 105,492
Investment Securities	16,410	9,576	8,720
Other	1,029	458	614
Total Interest Income	163,695	128,879	114,826
INTEREST EXPENSE			
Deposits	23,379	13,842	19,813
Notes Payable	202	61	439
FHLB Advances	1,221	831	3,390
Subordinated Debentures	4,688	4,630	3,109
Federal Funds Purchased	4,507	6	111
Total Interest Expense	33,997	19,370	26,862
NET INTEREST INCOME	129,698	109,509	87,964
Provision for Loan Losses	7,700	5,150	12,750
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	121,998	104,359	75,214
NONINTEREST INCOME			
Customer Service Fees	1,236	1,007	826
Net Gain on Sales of Available for Sale Securities	82	750	1,503
Other Income	5,014	3,552	3,510
Total Noninterest Income	6,332	5,309	5,839
NONINTEREST EXPENSE			
Salaries and Employee Benefits	36,941	30,889	25,568
Occupancy and Equipment	4,390	3,916	3,258
Other Expense	15,289	13,290	16,561

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Total Noninterest Expense	56,620	48,095	45,387
INCOME BEFORE INCOME TAXES	71,710	61,573	35,666
Provision for Income Taxes	18,318	15,886	8,472
NET INCOME	53,392	45,687	27,194
Preferred Stock Dividends	(4,054)	(1,171)	—
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 49,338	$ 44,516	$ 27,194
EARNINGS PER SHARE			
Basic	$ 1.78	$ 1.59	$ 0.95
Diluted	1.72	1.54	0.93
Dividends Paid Per Common Share	—	—	—

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
INTEREST INCOME			
Loans, Including Fees	$ 191,402	$ 146,256	$ 118,845
Investment Securities	26,245	16,410	9,576
Other	4,708	1,029	458
Total Interest Income	222,355	163,695	128,879
INTEREST EXPENSE			
Deposits	96,045	23,379	13,842
Federal Funds Purchased	8,521	4,507	6
Notes Payable	1,143	202	61
FHLB Advances	7,489	1,221	831
Subordinated Debentures	3,983	4,688	4,630
Total Interest Expense	117,181	33,997	19,370
NET INTEREST INCOME	105,174	129,698	109,509
Provision for (Recovery of) Credit Losses	(175)	7,700	5,150
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	105,349	121,998	104,359
NONINTEREST INCOME			
Customer Service Fees	1,455	1,236	1,007
Net Gain (Loss) on Sales of Available for Sale Securities	(33)	82	750
Letters of Credit Fees	1,746	1,592	1,676
Debit Card Interchange Fees	595	586	563
Swap Fees	—	557	—
Bank-Owned Life Insurance	992	762	316
FHLB Prepayment Income	792	—	—
Other Income	946	1,517	997
Total Noninterest Income	6,493	6,332	5,309
NONINTEREST EXPENSE			
Salaries and Employee Benefits	36,538	36,941	30,889
Occupancy and Equipment	4,447	4,390	3,916
FDIC Insurance Assessment	3,690	1,365	1,305
Data Processing	1,574	1,396	1,222
Professional and Consulting Fees	3,081	2,664	2,520
Derivative Collateral Fees	1,900	687	3

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Information Technology and Telecommunications	2,889	2,495	2,163
Marketing and Advertising	1,129	2,032	1,487
Intangible Asset Amortization	100	191	191
Amortization of Tax Credit Investments	—	408	562
Debt Prepayment Fees	—	—	582
Other Expense	3,972	4,051	3,255
Total Noninterest Expense	59,320	56,620	48,095
INCOME BEFORE INCOME TAXES	52,522	71,710	61,573
Provision for Income Taxes	12,562	18,318	15,886
NET INCOME	39,960	53,392	45,687
Preferred Stock Dividends	(4,054)	(4,054)	(1,171)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 35,906	$ 49,338	$ 44,516
EARNINGS PER SHARE			
Basic	$ 1.29	$ 1.78	$ 1.59
Diluted	1.27	1.72	1.54
Dividends Paid Per Common Share	—	—	—

See accompanying notes to consolidated financial statements. statements.

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(dollars in thousands)

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2023	December 31, 2022	December 31, 2021
Net Income	$ 53,392	$ 45,687	$ 27,194	$ 39,960	$ 53,392	$ 45,687
Other Comprehensive Income (Loss):						
Unrealized Gains (Losses) on Available for Sale Securities	(56,914)	(1,689)	6,394	3,339	(56,914)	(1,689)
Unrealized Gains (Losses) on Cash Flow Hedges	20,430	3,991	(3,185)			
Unrealized Gains on Cash Flow Hedges				2,299	20,430	3,991
Reclassification Adjustment for (Gains) Losses Realized in Income	(90)	770	(924)	(6,069)	(90)	770
Income Tax Impact	9,626	(645)	(480)	127	9,626	(645)
Total Other Comprehensive Income (Loss), Net of Tax	(26,948)	2,427	1,805	(304)	(26,948)	2,427
Comprehensive Income	$ 26,444	$ 48,114	$ 28,999	$ 39,656	$ 26,444	$ 48,114

See accompanying notes to consolidated financial statements.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
(amounts in thousands, except share data)

Year Ended	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE December 31, 2019	$ —	28,973,572	$ 290	$ 112,093	$ 127,637	$ 4,774	$ 244,794
Stock-based Compensation	—	29,050	—	1,668	—	—	1,668
Comprehensive Income	—	—	—	—	27,194	1,805	28,999
Stock Options Exercised	—	74,400	1	316	—	—	317
Stock Repurchases	—	(940,781)	(10)	(10,324)	—	—	(10,334)
Issuance of Restricted Stock Awards	—	18,641	—	—	—	—	—
Forfeiture of Restricted Stock Awards	—	(8,200)	—	—	—	—	—
Restricted Shares Withheld for Taxes	—	(3,189)	—	(39)	—	—	(39)
BALANCE December 31, 2020	—	28,143,493	281	103,714	154,831	6,579	265,405
Stock-based Compensation	—	18,920	—	2,426	—	—	2,426
Comprehensive Income	—	—	—	—	45,687	2,427	48,114
Preferred Stock Offering, Net of Issuance Costs	66,514	—	—	—	—	—	66,514
Stock Options Exercised	—	164,405	2	722	—	—	724
Stock Repurchases	—	(146,445)	(2)	(2,299)	—	—	(2,301)
Vested Restricted Stock Units	—	51,146	1	(1)	—	—	—
Restricted Shares Withheld for Taxes	—	(24,953)	—	(439)	—	—	(439)
Preferred Stock Dividend	—	—	—	—	(1,171)	—	(1,171)
BALANCE December 31, 2021	66,514	28,206,566	282	104,123	199,347	9,006	379,272
Stock-based Compensation	—	19,024	—	3,340	—	—	3,340
Comprehensive Income (Loss)	—	—	—	—	53,392	(26,948)	26,444
Stock Options Exercised	—	133,301	1	576	—	—	577
Stock Repurchases	—	(662,765)	(6)	(10,772)	—	—	(10,778)
Forfeiture of Restricted Stock Awards	—	(1,000)	—	(2)	—	—	(2)
Vested Restricted Stock Units	—	96,786	1	(1)	—	—	—
Restricted Shares Withheld for Taxes	—	(39,962)	—	(735)	—	—	(735)
Preferred Stock Dividend	—	—	—	—	(4,054)	—	(4,054)
BALANCE December 31, 2022	$ 66,514	27,751,950	$ 278	$ 96,529	$ 248,685	$ (17,942)	$ 394,064

Year Ended	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE December 31, 2020	$ —	28,143,493	$ 281	$ 103,714	$ 154,831	$ 6,579	$ 265,405
Stock-based Compensation	—	18,920	—	2,426	—	—	2,426
Comprehensive Income	—	—	—	—	45,687	2,427	48,114
Preferred Stock Offering, Net of Issuance Costs	66,514	—	—	—	—	—	66,514
Stock Options Exercised	—	164,405	2	722	—	—	724
Stock Repurchases	—	(146,445)	(2)	(2,299)	—	—	(2,301)
Vested Restricted Stock Units	—	51,146	1	(1)	—	—	—
Restricted Shares Withheld for Taxes	—	(24,953)	—	(439)	—	—	(439)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Preferred Stock Dividend	—	—	—	—	(1,171)	—	(1,171)
BALANCE December 31, 2021	66,514	28,206,566	282	104,123	199,347	9,006	379,272
Stock-based Compensation	—	19,024	—	3,340	—	—	3,340
Comprehensive Income (Loss)	—	—	—	—	53,392	(26,948)	26,444
Stock Options Exercised	—	133,301	1	576	—	—	577
Stock Repurchases	—	(662,765)	(6)	(10,772)	—	—	(10,778)
Forfeiture of Restricted Stock Awards	—	(1,000)	—	(2)	—	—	(2)
Vested Restricted Stock Units	—	96,786	1	(1)	—	—	—
Restricted Shares Withheld for Taxes	—	(39,962)	—	(735)	—	—	(735)
Preferred Stock Dividend	—	—	—	—	(4,054)	—	(4,054)
BALANCE December 31, 2022	66,514	27,751,950	278	96,529	248,685	(17,942)	394,064
Cumulative Effect of the Adoption of ASU 2016-13	—	—	—	—	(3,920)	—	(3,920)
Cumulative Effect of the Adoption of ASU 2023-02	—	—	—	—	(21)	—	(21)
Balance as of January 1, 2023, as Adjusted for Change in Accounting Principles	66,514	27,751,950	278	96,529	244,744	(17,942)	390,123
Stock-based Compensation	—	44,753	—	3,954	—	—	3,954
Comprehensive Income (Loss)	—	—	—	—	39,960	(304)	39,656
Stock Options Exercised	—	305,950	3	960	—	—	963
Stock Repurchases	—	(423,749)	(4)	(4,537)	—	—	(4,541)
Forfeiture of Restricted Stock Awards	—	(250)	—	—	—	—	—
Vested Restricted Stock Units	—	121,603	1	(1)	—	—	—
Restricted Shares Withheld for Taxes	—	(51,292)	(1)	(585)	—	—	(586)
Preferred Stock Dividend	—	—	—	—	(4,054)	—	(4,054)
BALANCE December 31, 2023	$ 66,514	27,748,965	$ 277	$ 96,320	$ 280,650	$ (18,246)	$ 425,515

See accompanying notes to consolidated financial statements.

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(dollars in thousands)

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2023	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income	$ 53,392	$ 45,687	$ 27,194	$ 39,960	$ 53,392	$ 45,687
Adjustments to Reconcile Net Income to Net Cash						
Provided by Operating Activities:						
Net Amortization on Securities Available for Sale	1,867	3,362	2,691	10	1,867	3,362
Net Gain on Sales of Securities Available for Sale	(82)	(750)	(1,503)			
Provision for Loan Losses	7,700	5,150	12,750			
Net (Gain) Loss on Sales of Securities Available for Sale				33	(82)	(750)
Provision for Credit Losses on Loans				2,050	7,700	5,150
Credit for Off-Balance Sheet Exposures				(2,225)	—	—
Depreciation of Premises and Equipment	2,565	2,369	1,206	2,509	2,565	2,369
Loss on Sale of Premises and Equipment	18	—	2			

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Loss on Disposal of Premises and Equipment				20	18	—
Amortization of Other Intangible Assets	191	191	191	100	191	191
Amortization of Right-of use Asset	497	—	—	534	497	—
Amortization of Subordinated Debt Issuance Costs	416	441	223	383	416	441
Stock-based Compensation	3,340	2,426	1,668	3,954	3,340	2,426
Deferred Income Taxes	(1,401)	(4,522)	(2,590)	676	(1,401)	(4,522)
Changes in Operating Assets and Liabilities:						
Accrued Interest Receivable and Other Assets	(14,080)	(4,064)	(5,121)	(21,894)	(14,080)	(4,064)
Accrued Interest Payable and Other Liabilities	30,576	3,946	(13,692)	3,905	30,576	3,946
Net Cash Provided by Operating Activities	84,999	54,236	23,019	30,015	84,999	54,236
CASH FLOWS FROM INVESTING ACTIVITIES						
(Increase) Decrease in Bank-Owned Certificates of Deposit	695	984	(206)			
Decrease in Bank-Owned Certificates of Deposit				1,181	695	984
Proceeds from Sales of Securities Available for Sale	64,439	11,877	40,862	28,756	64,439	11,877
Proceeds from Maturities, Paydowns, Payups and Calls of Securities Available for Sale	38,226	44,235	32,577	32,747	38,226	44,235
Purchases of Securities Available for Sale	(268,259)	(109,898)	(170,488)	(113,648)	(268,259)	(109,898)
Net Increase in Loans	(749,940)	(492,631)	(411,320)	(157,874)	(749,940)	(492,631)
Net (Increase) Decrease in FHLB Stock	(14,364)	(215)	2,797	2,509	(14,364)	(215)
Purchases of Premises and Equipment	(1,633)	(777)	(24,688)	(2,970)	(1,633)	(777)
Proceeds from Sales of Foreclosed Assets	—	—	134	116	—	—
Purchase of Bank-Owned Life Insurance	(7,407)	(25,000)	—	—	(7,407)	(25,000)
Net Cash Used in Investing Activities	(938,243)	(571,425)	(530,332)	(209,183)	(938,243)	(571,425)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net Increase in Deposits	470,306	444,601	678,326	293,405	470,306	444,601
Net Increase in Federal Funds Purchased	287,000	—	—			
Net Increase (Decrease) in Federal Funds Purchased				(287,000)	287,000	—
Principal Proceeds (Payments) on Notes Payable	13,750	(11,000)	(2,000)	—	13,750	(11,000)
Proceeds from FHLB Advances	158,000	—	100,000	679,500	158,000	—
Principal Payments on FHLB Advances	(103,500)	(15,000)	(179,000)	(457,000)	(103,500)	(15,000)
Issuance of Preferred Stock, net of Issuance Costs	—	66,514	—	—	—	66,514
Preferred Stock Dividends Paid	(4,054)	(1,171)	—	(4,054)	(4,054)	(1,171)
Issuance of Subordinated Debt, net of Issuance Costs	—	29,309	48,783	—	—	29,309
Redemption of Subordinated Debt	(13,750)	(11,250)	—	—	(13,750)	(11,250)
Stock Options Exercised	577	724	317	963	577	724
Stock Repurchases	(10,778)	(2,301)	(10,334)	(4,541)	(10,778)	(2,301)
Forfeiture of Restricted Stock Awards	(2)	—	—	—	(2)	—
Shares Repurchased for Tax Withholdings Upon Vesting of Restricted Stock-Based Awards	(620)	(439)	(39)	(457)	(620)	(439)
Shares Repurchased for Tax Withholdings Upon Exercise of Stock Options	(115)	—	—	(129)	(115)	—
Net Cash Provided by Financing Activities	796,814	499,987	636,053	220,687	796,814	499,987
NET CHANGE IN CASH AND CASH EQUIVALENTS	(56,430)	(17,202)	128,740	41,519	(56,430)	(17,202)
Cash and Cash Equivalents Beginning	143,473	160,675	31,935	87,043	143,473	160,675
Cash and Cash Equivalents Ending	$ 87,043	$ 143,473	$ 160,675	$ 128,562	$ 87,043	$ 143,473
SUPPLEMENTAL CASH FLOW DISCLOSURE						
Cash Paid for Interest	$ 32,159	$ 19,135	$ 27,004	$ 114,347	$ 32,159	$ 19,135
Cash Paid for Income Taxes	20,565	19,376	10,723	10,388	20,565	19,376
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Net Investment Securities Purchased but Not Settled				—	2,438	—
Loans Transferred to Foreclosed Assets	—	—	134	116	—	—
Premises and Equipment Transferred to Other Assets	—	—	121			

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Net Investment Securities Purchased but Not Settled	2,438	—	—

See accompanying notes to consolidated financial statements.

Table of Contents

Bridgewater Bancshares, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Description of the Business and Summary of Significant Accounting Policies

Organization

Bridgewater Bancshares, Inc. (the "Company") is a financial holding company headquartered in St. Louis Park, Minnesota, whose operations consist of the ownership of its wholly-owned subsidiaries, subsidiary: Bridgewater Bank (the "Bank") and Bridgewater Risk Management, Inc.. The Bank commenced operations in 2005 and provides retail and commercial loan and deposit services, principally to customers within the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area. In 2008, the Bank formed BWB Holdings, LLC, a wholly owned subsidiary of the Bank, for the purpose of holding repossessed property. In 2018, the Bank formed Bridgewater Investment Management, Inc., a wholly owned subsidiary of the Bank, for the purpose of holding certain municipal securities and to engage in municipal lending activities.

The Company previously had a second wholly-owned subsidiary, Bridgewater Risk Management, Inc. was incorporated in December 2016 as, a wholly-owned insurance company subsidiary of the Company. It insures Nevada Corporation (the "Captive"). The Captive insured the Company and its subsidiaries against certain risks unique to the operations of the Company and for which insurance may was not be currently available or economically feasible in today's the insurance marketplace. Bridgewater Risk Management pools The Captive pooled resources with several other insurance company subsidiaries of financial institutions to spread a limited amount of risk among themselves. Effective December 15, 2023, the Captive was dissolved and is no longer active.

Principles of Consolidation

The consolidated financial statements include the amounts of the Company, the Bank, with locations in Bloomington, Greenwood, Minneapolis (2), St. Louis Park, Orono, and St. Paul, Minnesota, BWB Holdings, LLC, Bridgewater Investment Management, Inc., and Bridgewater Risk Management, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Information available which could affect judgments includes, but is not limited to, changes in interest rates, changes in the performance of the economy, including COVID-19 pandemic related changes, elevated levels of inflation and possible recession, and changes in the financial condition of borrowers.

Material estimates that are particularly susceptible to significant change in the near term include the determination of the allowance for loan credit losses, calculation of deferred tax assets, fair value of financial instruments, and investment securities impairment.

Emerging Growth Company

The Until December 31, 2023, the Company qualifies qualified as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and, may take accordingly, took advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, even if the Company complies with the greater obligations of public companies that are not emerging growth companies, the Company may avail itself of the reduced requirements applicable to emerging growth companies from time to time in the future, so long as the Company is an emerging growth company. The Company will continue to be an emerging growth company until the earliest to occur of: (1) the end of the

Table of Contents

fiscal year following the fifth anniversary of the date of the first sale of common equity securities under the Company's Registration Statement on Form S-1, which was declared effective by the SEC on March 13, 2018; (2) the last day of the fiscal year in which the Company has $1.235 billion or more in annual revenues; (3) the date on which the Company is deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act; or (4) the date on which the Company has, during the previous three-year period, issued publicly or privately, more than $1.0 billion in non-convertible debt securities. Management cannot predict if investors will find the Company's common stock less attractive because it will rely on these exemptions. If some investors find the Company's common stock less attractive as a result, there may be a less active trading market for its common stock and the Company's stock price may be more volatile.

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards. As an emerging growth company, the Company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company elected to take advantage of the benefits of this extended transition period. period through 2023. As of December 31, 2023, the Company was no longer eligible for emerging growth company status, and the full regulatory reporting requirements became applicable.

Table of Contents

Cash and Cash Equivalents

For purpose of the consolidated statements of cash flows, cash and cash equivalents include cash, both interest bearing and noninterest bearing balances due from banks and federal funds sold, all of which mature within 90 days. Cash flows from loans, deposits, federal funds purchased and deposits notes payable are reported net.

Bank-Owned Certificates of Deposit

Bank-owned certificates of deposit mature within five years and are carried at cost.

Securities Available for Sale

Debt securities are classified as available for sale and are carried at fair value with unrealized gains and losses reported in other comprehensive income (loss). Realized gains and losses on securities available for sale are included in noninterest income and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income (loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income over the estimated life (earliest call date, maturity, or estimated life) using a prospective method that approximates level yield.

Declines in the fair value of individual available for sale securities below their cost that are other than temporary result in write-downs of the individual securities to the fair value. The Company monitors the investment securities portfolio for impairment on an individual security basis and has a process in place to identify securities that could potentially have a credit impairment that is other

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and the Company's intent and ability to hold the investment for a period of time sufficient to recover the temporary loss. The ability to hold is determined by whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in noninterest income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid balances adjusted for charge-offs, the allowance for loan credit losses, any deferred fees or costs on originated loans, and premiums or discounts on purchased loans.

Table of Contents

Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and recognized as an adjustment of the related loan yield using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The accrual of interest on all loans is discounted if the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued, but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income and amortization of related deferred loan fees or costs is suspended. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. The cash-basis is used when a determination has been made that the principal and interest of the loan is collectible. If collectability of the principal and interest is in doubt, payments are applied to loan principal. The determination of ultimate collectability is supported by a current, well documented credit evaluation of the borrower's financial condition and prospects for repayment, including consideration of the borrower's sustained historical repayment performance and other relevant factors. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has demonstrated a period of sustained performance, and future payments are reasonably assured. A sustained period of repayment performance generally would be a minimum of six months.

Allowance for Loan Credit Losses

The allowance Securities Available for loan losses (the "allowance") is Sale

For any securities classified as available for sale that are in an estimate of loan losses inherent in unrealized loss position at the Company's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after loan losses and loan growth. Loan losses are charged-off against the allowance when balance sheet date, the Company determines all assesses whether or a portion of not it intends to sell the loan balance to be uncollectible. Cash received on previously charged-off amounts is recorded as a recovery to the allowance.

The allowance consists of three primary components, general reserves, specific reserves related to impaired loans, and unallocated reserves. The general component covers nonimpaired loans and is based on historical losses adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent five years. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; trends in volume and terms of loans; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions, including uncertainty related to effects of the COVID-19 pandemic; industry conditions; COVID-19 pandemic related modifications; and effects of change in credit concentrations. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

A loan is considered impaired when, based on current information and events, security, or if it is probable that the Company more likely than not it will be unable required to collect sell the scheduled payments security, before recovery of principal or interest when due according its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to the contractual terms of the loan agreement. Loans determined to be impaired are individually evaluated for impairment. An impaired loan is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or, as a practical expedient, at the loan's observable market price, or the fair value through income with the establishment of the underlying collateral. The fair value of collateral, reduced by costs to sell on a discounted basis, is used if a loan is collateral dependent. A loan is collateral dependent if the repayment is expected to be provided solely by the underlying collateral.

Allowance allocations other than general and specific reserves are included in the unallocated portion. While allocations are made for loans and leases based upon historical loss analysis, the unallocated portion is designed to cover the uncertainty of how current economic conditions and other uncertainties may impact the existing loan portfolio. Factors to consider include global, national and state economic conditions such as changes in unemployment rates and productivity, geopolitical tensions, monetary and fiscal policy uncertainty, political gridlock, and real estate market trends. The unallocated reserve addresses inherent probable losses not included elsewhere in the allowance for loan losses.

Table of Contents

Under certain circumstances, the Company will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Company, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower an allowance. For securities that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above in the calendar year of the restructuring. In subsequent years, a restructured loan may cease being classified as impaired if the loan was modified at a market rate and is performing according to the modified terms. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Nonaccrual restructured loans are included with other nonaccrual loans.

The Coronavirus Aid, Relief and Economic Security Act, or, CARES Act, signed into law on March 27, 2020, included provisions that provide temporary relief from TDR accounting for certain types of modifications. Under these provisions, modifications deemed to be COVID-19-related would not be considered a TDR if the loan was not more than 30 days past due as of December 31, 2019 and the deferral was executed between March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency or December 31, 2020. The termination of these provisions was extended, to the earlier of 60 days after the COVID-19 national emergency date or January 1, 2022, by the Consolidated Appropriations Act, 2021. The banking regulators issued similar guidance, which also clarified that a COVID-19-related modification should not be considered a TDR if the borrower was current on payments at the time the underlying loan modification program was implemented and if the modification was considered to be short-term. Modifications are first evaluated for eligibility under the CARES Act, then the interagency guidance if they do not qualify for meet the CARES Act relief. Modifications that are not eligible for either program continue to follow the Company's established TDR policy. Additionally, loans with deferrals granted due to COVID-19 are not generally reported as past due or nonaccrual.

The Company assigns risk ratings to all loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to examination by the Company's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate, and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into five major categories defined as follows:

Pass: A pass loan is a credit with no known or existing potential weaknesses deserving of management's close attention.

Watch: Loans classified as watch have a potential weakness that deserves management's close attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Watch loans are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well defined weaknesses include a borrower's lack of marketability, inadequate cash flow or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as loss are considered uncollectible and charged-off immediately.

Table of Contents

aforementioned criteria, the Company evaluates whether any portion of the decline in fair value is the result of credit deterioration. In making this assessment, management considers the extent to which the amortized cost of the security exceeds its fair value, changes in credit ratings and any other known adverse conditions related to the specific security, among other factors. If the assessment indicates that a credit loss exists, an allowance for credit losses, or ACL, is recorded for the amount by which the amortized cost basis of the security exceeds the present value of cash flows expected to be collected, limited by the amount by which the amortized cost exceeds fair value. Any impairment not recognized in the allowance for credit losses is recognized in other comprehensive income.

Changes in the ACL on securities are recorded as a provision for (or recovery of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of a security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on securities available for sale is excluded from the estimate of credit losses.

Loans

The ACL on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on loans over their contractual life. The contractual term does not consider extensions, renewals or modifications. Loans are charged off against the ACL on loans when management believes the uncollectibility of a loan balance has been confirmed. Recoveries do not exceed the aggregate of amounts previously charged off or expected to be charged off. Subsequent recoveries, if any, are credited to the ACL on loans.

The ACL on loans is measured on a collective or pooled basis when similar risk characteristics exist. The Company's pooling method is primarily based on loan purpose and collateral type and generally follows the Company's loan segmentation for regulatory reporting. The Company maintains a separate general valuation allowance for each portfolio segment. These portfolio segments include commercial, Paycheck Protection Program, construction and land development, 1-4 family mortgage, multifamily, CRE owner occupied, CRE nonowner occupied, and consumer and other has identified the following pools of loans with similar risk characteristics described as follows: for measuring the ACL on loans:

Commercial: Commercial loans generally are loans to sole proprietorships, partnerships, corporations, and other business enterprises to finance accounts receivable or inventory, working capital, assets, capital investment, or for other business related purposes. Commercial lending is Collateral generally consists of pledges of business assets or interests, including but not without risk as this asset class has generally exhibited higher loss rates compared limited to other loan types. accounts receivable, inventory, plant and equipment, and real estate interests, if applicable. The primary repayment sources for commercial and industrial loans are the existing cash flows flow of the operating businesses which can be adversely affected by company, industry and economic business cycles. Economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. The liquidation of collateral, typically accounts receivable, inventory, equipment, Commercial loans may be secured or other business assets, is the primary source of principal repayment if the borrower defaults. The value of these assets can be uncertain in a liquidation scenario. unsecured.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Paycheck Protection Program: The

Paycheck Protection Program or PPP, loan segment was added by the Company starting in the second quarter of 2020. (PPP): PPP loans are loans to businesses, sole proprietorships, independent contractors and self-employed individuals who meet met certain criteria and eligibility requirements through a loan program established by the CARES Act and administered through the Small Business Administration, or SBA. In 2021, the PPP loan program ended and the Company is no longer originating loans generally have two or five year terms and earn interest at 1%. The Company believes that the primary source of repayment will be forgiveness granted by the SBA in accordance with the terms of the under this program. Credit risk in these loans is limited due to a full guarantee by the U.S. Government. The Company does not assign risk ratings to loans in this segment and will continue to monitor segment performance as circumstances evolve.

Construction and Land Development: Construction and land development loans are generally possess a higher inherent loans to finance land development or the construction of industrial, commercial, or multifamily buildings. Construction loans can include construction of new structures, additions or alterations to existing structures, or the demolition of existing structures to make way for new structures. Construction loans are generally secured by real estate. The primary risk of loss characteristics are specific to the uncertainty on whether the construction will be completed according to the specifications and have experienced the highest loss rates of any loan category based on statistics published by the FDIC. Risks associated with these loans often include the borrower's ability to complete the project within specified costs and timelines schedules and the reliance on the sale of the completed project as the primary repayment source for the loan. Factors that may influence the completion of construction may be customer specific, such as the quality and depth of property management, or related to changes in general economic conditions. Trends in the commercial and residential construction industries can significantly impact the credit quality of these loans due to supply and demand imbalances. In addition, fluctuations in real estate values can significantly impact the credit quality of these loans, as property values may determine the economic viability of construction projects and adversely impact the value of the collateral securing the loan.

1-4 Family Construction: **1-4 family construction loans are generally loans to finance the construction of new structures, additions or alterations to existing structures, or the demolition of existing structures to make way for new**

Table of Contents

structures. 1-4 family construction loans are generally secured by real estate. The primary risk characteristics are specific to the uncertainty on whether the construction will be completed according to the specifications and schedules. Factors that may influence the completion of 1-4 family construction may be customer specific or related to changes in general economic conditions.

1-4 Family Mortgage: 1-4 family mortgage loans are generally loans to finance loans on owner occupied and nonowner occupied properties. 1-4 family mortgage loans are secured by first or second liens on the property. The degree of risk in residential mortgage lending involving owner occupied properties depends primarily on the borrower's ability to repay in an orderly fashion and the loan amount in relation to collateral value. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrower's capacity to repay their obligations may be deteriorating. Residential 1-4 family mortgage lending also includes the loans include credits to finance nonowner occupied properties used as rentals. These loans can involve additional risks as the borrower's ability to repay is based on the net operating income from the property which can be impacted by occupancy levels, rental rates, and operating expenses. Declines in net operating income can negatively impact the value of the property which increases the credit risk in the event of default. While 1-4 family mortgage

Multifamily: Multifamily loans have historically possessed a lower inherent are loans to finance multifamily properties. The primary source of repayment for multifamily loans is the cash flows of the underlying property. The primary risk of loss than other real estate portfolio segments, this loan class was significantly impacted during the last recession due characteristics include increases in part to weak credit underwriting and speculative lending practices which led to higher default vacancy rates, and deterioration overbuilt supply, interest rates or changes in residential real estate values.

Multifamily: Multifamily lending has historically had the lowest default rate of any loan class. Nonetheless, general economic conditions. Economic factors such as unemployment, wage growth and home affordability can impact vacancy rates and property cash flow. In addition, an overbuilt supply of multifamily units can increase competition amongst properties and could have an adverse effect on leasing rates and overall occupancy, which could result in higher default rates and possible loan losses.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

CRE

Commercial Real Estate (CRE) Owner Occupied: Owner occupied commercial real estate loans are generally reliant on a single tenant as properties that are owned and operated by the repayment borrower and the primary source for repayment is the loan. cash flow from the ongoing operations and activities conducted by the borrower's business. The primary risk characteristics are specific to the underlying business can be affected by changes in industry and economic

---

Table of Contents

business cycles, unemployment and other key economic indicators, which could impact the cash flows of the business and their its ability to make rental payments. Certain generate sustainable profitability and positive cash flow. Also, certain types of businesses also may require specialized facilities that can increase costs and may not be economically feasible to an alternative user, which could adversely impact the market value of the collateral. Factors that may influence a borrower's ability to repay their loan include demand for the business' products or services, the quality and depth of management, the degree of competition, regulatory changes, and general economic conditions.

CRE

Commercial Real Estate (CRE) Nonowner Occupied: Nonowner occupied commercial real estate loans can possess a higher inherent risk of loss as are investment properties and the primary repayment source for these loans repayment of the loan is based on derived from rental income associated with the net operating income from property or proceeds of the underlying sale of the property. Changes in economic and market conditions can affect different segments of Nonowner occupied commercial real estate by impacting loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, commercial/retail office space, industrial/warehouse space, hotels, assisted living facilities and other specific use properties. The primary risk characteristics include impacts of overall leasing rates, absorption timelines, levels of vacancy rates and operating expenses. expenses, and general economic conditions. Banks which that are concentrated in commercial real estate lending are subject to additional regulatory scrutiny and must employ enhanced risk management practices.

Consumer and Other: Consumer and other loans generally include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as auto loans, debt consolidation loans, personal expense loans or overdraft protection. The primary risk characteristics associated with consumer and other loan portfolio is usually comprised of a large number of small loans scheduled to be amortized over a specific period. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated typically include major changes to the credit quality borrower's financial or personal circumstances, including unemployment or other loss of these loans. Weak economic trends indicate the borrowers' capacity to repay their obligations may be deteriorating. income, significant unexpected expenses, such as major medical expenses, catastrophic events, divorce or death.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. At least quarterly, the Board of Directors reviews

Management assesses the adequacy of the allowance, including consideration ACL on loans on a quarterly basis. Management estimates the ACL on loans using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Company uses the weighted-average remaining maturity, or WARM, method as the basis for estimating expected credit losses. The WARM method uses a historical average annual charge off rate. This average annual charge off rate contains loss content over a historical lookback period and is used as a foundation for estimating the ACL on loans for the remaining outstanding balances of loans by segment at the balance sheet date. The average annual charge off rate is applied to the contractual term to determine the unadjusted historical charge off rate. The calculation of the relevant risks unadjusted historical charge off rate is then adjusted for current conditions and for

---

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

reasonable and supportable forecast periods through qualitative factors prior to being applied to the current balance of the loan segments. Accrued interest receivable on loans available for sale is excluded from the estimate of credit losses.

Forecast adjustments to the historical loss rate are based on a forecast of the U.S. national unemployment rate, a forecast of the difference between the 10-year and 3-month treasury rates, and the most recent available BBB rated corporate bond spreads to U.S. Treasury securities, or BBB Spread. The forecast overlay adjustment for the reasonable and supportable forecast assumes an immediate reversion after a one-year forecast period to historical loss rates for the remaining life of the respective loan segment.

Qualitative factors are used to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative analysis or the forecasts described above. These qualitative factors serve to compensate for additional areas of uncertainty inherent in the portfolio current that are not reflected in the historic loss factors. Each qualitative loss factor, for each loan segment within the portfolio, incorporates consideration for a minimum to maximum range for loss factors. These qualitative factor adjustments may increase or decrease the Company's estimate of expected credit losses and are applied to each loan segment. The qualitative factors applied to each loan segment include changes in lending policies and procedures, general economic and business conditions, the nature, volume and terms of loans, the experience, depth and ability of lending staff, the quality of the loan review function, the value of underlying collateral, competition, legal and regulatory factors, the volume and severity of watchlist and past due loans, and the level of concentrations.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the pooled evaluations and typically represent collateral dependent loans but may also include other factors. If nonperforming loans or modifications. The Company has elected to use the Board practical expedient to measure individually evaluated loans as collateral dependent when repayment is expected to be provided substantially through the operation or sale of Directors the collateral. The credit loss is measured as the difference between the amortized cost basis of the loan and management the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale of the collateral.

Management may also adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, the Company's regulators assess the adequacy of the allowance from time to time. The regulatory agencies may require adjustments to the allowance based on their judgment about information available at the time of their review for credit losses are continually refined and examinations. enhanced.

Off-Balance Sheet Instruments Credit Exposures

In the ordinary course of business, the Company has entered into off-balance sheet instruments including commitments to extend credit and unfunded commitments under lines of credit, standby letters of credit, and commercial letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become payable.

The Company maintains a separate allowance for ACL on off-balance sheet commitments. Management estimates anticipated losses using historical data credit exposures, including unfunded loan commitments, financial guarantees, and utilization assumptions. The allowance for off-balance sheet commitments letters of credit, which is included in other liabilities. liabilities on the consolidated balance sheet, unless the obligation is unconditionally cancellable. The ACL on off-balance sheet credit exposures is adjusted as a provision for (or recovery of) credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over the estimated life of such commitments. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of the loan segment and applied to the amount of commitments expected to fund.

Federal Home Loan Bank Stock

The Bank is a member of FHLB Des Moines. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. Restricted stock is carried at cost and periodically evaluated for impairment. Because this stock is viewed as a long-term investment, impairment is based on ultimate recovery at par value. Both cash and stock dividends are reported as income.

Premises and Equipment

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

estimated useful life or lease term for leasehold improvements. Premises and equipment are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling cost at the date of foreclosure, establishing a new cost basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance. Subsequent to foreclosure, valuations are periodically performed by management and the assets held for sale are carried at the lower of the new cost basis or fair value less cost

Table of Contents

to sell. This evaluation is inherently subjective and requires estimates that are susceptible to significant revisions as more information becomes available.

Impairment losses on assets to be held and used are measured at the amount by which the carrying amount of a property exceeds its fair value. Costs relating to holding and improving assets are expensed. Revenues and expenses from operations are included in other noninterest income and expense on the income statement.

Goodwill and Intangible Assets

Intangible assets attributed to the value of core deposits and favorable lease terms are stated at cost less accumulated amortization and reported in other intangible assets in the consolidated balance sheets. Intangible assets are amortized on a straight-line basis over the estimated lives of the assets.

The excess of purchase price over fair value of net assets acquired is recorded as goodwill and is not amortized.

The Company evaluates whether goodwill and other intangible assets may be impaired at least annually and whenever events or changes in circumstances indicate it is more likely than not the fair value of the reporting unit or asset is less than its carrying amount.

Leases

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease team. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the extension or termination option.

Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. The Company's ROU asset is included in other assets and its lease liability is included in other liabilities in the accompanying consolidated balance sheets. The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company's incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors. The Company has elected not to recognize leases with original terms of 12 months or less on the consolidated balance sheet.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Bank-Owned Life Insurance

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

Table of Contents

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be

---

Table of Contents

divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

These calculations are based on many factors including estimates of the timing of reversals of temporary differences, the interpretation of federal and state income tax laws, and a determination of the differences between the tax and the financial reporting basis of assets and liabilities. Actual results could differ significantly from the estimates and interpretations used in determining the current and deferred income tax liabilities.

Under GAAP, a valuation allowance is required to be recognized if it is “more likely than not” that the deferred tax asset will not be realized. The determination of the realizability of the deferred tax assets is highly subjective and dependent upon judgment concerning

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

management's evaluation of both positive and negative evidence, the forecasts of future income, applicable tax planning strategies, and assessments of the current and future economic and business conditions.

In preparation of the income tax returns, tax positions are taken based on interpretation of federal and state income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts ultimately due or owed. The Company can recognize in financial statements the impact of a tax position taken, or expected to be taken, if it is more likely than not that the position will be sustained on audit based on the technical merit of the position. The Company recognizes both interest and penalties as a component of other noninterest expense.

The amount of the uncertain tax positions was not deemed to be material. It is not expected that the unrecognized tax benefit will be material within the next 12 months. The Company did not recognize any interest or penalties for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

The Company is no longer subject to federal or state tax examination by tax authorities for years ending before December 31, 2019 December 31, 2020.

Table of Contents

Tax Credit Investments

The Company invests in qualified affordable housing projects and federal historic projects for the purpose of community reinvestment and obtaining tax credits. These investments are included in other assets on the balance sheet, with any unfunded commitments included within other liabilities. The qualified affordable housing projects are accounted for under the proportional amortization method. Under the proportional amortization method, the initial cost of the investment is recognized over the period that the Company expects to receive the tax credits, with the expense included within income tax expense on the consolidated statements of income. The Prior to 2023, the historic tax credits are accounted for under the equity method, with the expense included within noninterest expense on the consolidated statements of income. Beginning January 1, 2023, with the adoption of ASU 2023-02, the amortization expense for the historic tax credits are accounted for under the proportional amortization method. Management analyzes these investments for potential impairment when events or changes in circumstances indicate that it is more likely than not that the carrying amount of the investment will not be realized. An impairment loss is measured as the amount by which the carrying amount of an investment exceeds its fair value.

Table of Contents

Comprehensive Income

Recognized revenue, expenses, gains, and losses are included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale and changes in the fair value of derivative instruments designated as a cash flow hedge, are reported as a separate component of the equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income.

Derivative Financial Instruments

The Company uses derivative financial instruments, which consist of interest rate swaps and interest rate caps, to assist in its interest rate risk management. All derivatives are measured and reported at fair value on the Company's consolidated balance sheet as other assets or other liabilities. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

designated and qualifies as part of a hedging relationship. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings, specifically in noninterest income.

The Company enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments to meet client needs, the Company enters into offsetting positions with large U.S. and international financial institutions in order to minimize the risk to the Company. These swaps are derivatives, but are not designated as hedging instruments.

Cash flow hedges represent a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability. The Company prepares written hedge documentation for all derivatives which are designed as hedges. The written hedge documentation includes identification of, among other items, the risk management objective, hedging instrument, hedged item and methodologies for assessing and measuring hedge effectiveness and ineffectiveness, along with support for management's assertion that the hedge will be highly effective. Assessments of hedge effectiveness and measurements of hedge ineffectiveness are performed at least quarterly. For a cash flow hedge that is effective, the gain or loss on the derivative is reported as a component in other comprehensive income (loss) and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. The changes in the fair value of derivatives that are not highly effective in hedging the changes in expected cash flows of the hedged item are recognized immediately in current earnings. To determine fair value, the Company uses third party pricing models that incorporate assumptions about market conditions and risks that are current at the reporting date. The Company does not use derivative instruments for trading or speculative purposes.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income.

Table of Contents

Hedge accounting discontinues on transactions that are no longer deemed effective, or for which the derivative has been terminated or de-designated. When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transaction is still expected to occur, changes in value that were accumulated in other comprehensive income are amortized or accreted into earnings over the same periods which the hedged transactions will affect earnings.

Stock-based Compensation

The Company's stock-based compensation plans provide for awards of stock options, restricted stock awards and restricted stock units to the Company's directors, officers and employees. The cost of employee services received in exchange for awards of equity instruments is based on the grant-date fair value of those awards. Compensation cost is recognized over the requisite service period as a component of compensation expense. Compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures are recognized as they occur.

Table of Contents

The Company uses the Black-Scholes model to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards and restricted stock units.

Compensating Balances

The Bank is required to maintain average balances with the Federal Reserve Bank. The Bank has implemented a deposit reclassification program which allows the Bank to reclassify a portion of transaction accounts to nontransaction accounts for reserve purposes.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The deposit reclassification program was provided by a third-party vendor, and has been approved by the Federal Reserve Bank. Generally, the Company is required to maintain average reserve balances with the Federal Reserve Bank based upon outstanding balances of deposit transaction accounts. However, as announced on March 15, 2020, The Federal Reserve Board reduced reserve requirement ratios to zero percent, effective March 26, 2020, due to the COVID-19 pandemic. Therefore, at December 31, 2022 and 2021, there were no reserve requirements with the Federal Reserve Bank.

Earnings per Share

Basic earnings per common share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings common per share are calculated by dividing net income by the weighted average number of shares adjusted for the dilutive effect of stock compensation using the treasury stock method.

Segment Reporting

All The Company's chief operating decision maker makes company wide resource allocation decisions and assessments of performance based on a collective assessment of the Company's operations. Substantially all of the Company's operations involve the delivery of loan and deposit products to clients. Accordingly, all of the Company operations are considered by management to be aggregated in one reportable operating segment.

Reclassifications

Certain reclassifications have been made to the 2021 2022 consolidated financial statements to conform to the 2022 2023 classifications.

Impact of Recently Adopted Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Among other things, ASU 2016-02 requires lessees to recognize most leases on the balance sheet, thus increasing reported assets and liabilities. Lessor accounting remains substantially similar to historical GAAP. The FASB has issued incremental guidance to Topic 842 standard through ASU No. 2018-10, 2018-11, and 2021-05. The Company has elected to use the additional transition method approach as provided in ASU 2018-11, which permits the Company to use January 1, 2022 as both the application date and the adoption date. The Company also elected certain relief options offered within the new standard, which include the package of practical expedients, the option not to recognize a ROU asset and lease liability that arise from short-term leases (i.e., leases with terms of 12 months or less), the option of hindsight when determining lease term and the practical expedient to not separate lease and non-lease components. The Company has several lease agreements for its bank branches and corporate office space, which are considered operating leases, and therefore, were not previously recognized on the Company's consolidated balance sheets. As of January 1, 2022 On January 1, 2023, the Company recorded adopted Accounting Standards Update ("ASU") No. 2016-13 "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments,"* as amended, which replaces the incurred loss methodology with an expected loss methodology that is commonly referred to as the current expected credit loss, or CECL, methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). In addition, CECL made changes to the accounting for available for sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a ROU asset and corresponding lease liability write-down on available for all applicable operating leases. While the guidance increased the Company's gross assets and liabilities, the adoption of ASU 2016-02 did sale debt securities if management does intend to sell or believes that it is more likely than not have a material impact on the Company's consolidated financial statements. See "Note 8 –Leases" for more information. they will be required to sell.

In March 2020, The Company adopted CECL using the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedients modified retrospective method for all financial assets measured at amortized cost and exceptions off-balance sheet credit exposures. Results for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate, or LIBOR, or another reference rate expected reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be discontinued, if certain criteria are met. reported in accordance with previously applicable GAAP. The standard was elective and provided optional expedients and exceptions Company recorded a net decrease to retained earnings of $3.9 million as of January 1, 2023 for applying GAAP the cumulative effect of adopting CECL. The transition adjustment included a $650,000 impact due to contracts, hedging relationships, or other transactions that reference LIBOR, or another reference rate expected to be discontinued. The amendments the increase in the update were effective for all entities between March 12, 2020 and December 31, ACL

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

2022. related to loans, a $4.8 million increase in the allowance for off-balance sheet credit exposures, and a $1.6 million impact on deferred taxes.

The Company has discontinued following table presents the use impact of new LIBOR-based loans adopting CECL:

(dollars in thousands)	January 1, 2023 Pre-CECL Adoption	Impact of CECL Adoption	As Reported Under CECL
Assets:			
Loans			
Commercial	$ 6,500	$ (1,157)	$ 5,343
Paycheck Protection Program	1	(1)	—
Construction and Land Development	3,911	(1,070)	2,841
1-4 Family Construction	845	(235)	610
Real Estate Mortgage:			
1-4 Family Mortgage	4,325	(1,778)	2,547
Multifamily	17,459	3,318	20,777
CRE Owner Occupied	1,965	(943)	1,022
CRE Nonowner Occupied	12,576	2,869	15,445
Consumer and Other	151	(90)	61
Unallocated	263	(263)	—
Allowance for Credit Losses on Loans	$ 47,996	$ 650	$ 48,646
Liabilities:			
Allowance for Credit Losses on Off-balance Sheet Credit Exposures	$ 360	$ 4,850	$ 5,210

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and interest rate derivatives, according Vintage Disclosures.* This ASU updates guidance in Topic 326 to regulatory guidelines. LIBOR eliminate theaccounting guidance for troubled debt restructurings, or TDRs, by creditors in Subtopic 310-40, *Receivables – Troubled Debt Restructurings by Creditors,* while enhancing disclosure requirements for certain loan refinancing and restructuringactivities by creditors when a borrower is used as experiencing financial difficulty. Additionally, the amendments to ASC 326require that an index rate for entity disclose current period gross write offs by year of origination within the Company's interest-rate swaps, various investment securities, vintage disclosures, whichrequires that an entity disclose the amortized cost basis of financing receivables by credit quality indicator and approximately 1.1% class of the Company's loans asfinancing receivables by year of December 31, 2022. origination. The Company adopted ASU 2020-04 on January 1, 2022. The adoption did not have a material impact on this standard during the Company's consolidated financial statements. In December 2022, The FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral first quarter of 2023 and the Sunset Date of Topic 848. This ASU extends the period of time preparers can utilize the reference rate reform relief guidance provided by ASU 2020-04. This ASU, which was effective upon issuance, defers the sunset date adoption of this prior guidance from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief guidance in Topic 848. The adoption of ASU 2022-06 standard did not have a material impact on the Company's consolidated financial statements.*

In March 2023, the FASB issued ASU No. 2023-02, Investments Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method. Theseamendments allow reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effectivefor public business entities for fiscal years including interim periods within those fiscal years, beginning after December15, 2023. Early adoption is permitted in any interim period. The Company reviewed its existing tax equity investment portfolios and evaluated the impact of the updated guidance on its consolidated financial statements and elected to early adopt the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

amendments in this ASU on a modified retrospective basis, effective as of January 1, 2023. As a result, the Company recorded a transitional adjustment of $21,000 to retained earnings.

Impact of Recently Issued Accounting Standards

The following ASUs have been issued by FASB and may impact the Company's consolidated financial statements in future reporting periods.

In June 2016, December 2023, the FASB issued ASU 2016-13, No. 2023-09, Financial Instruments – Credit Losses Income Taxes (Topic 326): Measurement ASC 740) Income Taxes. The ASU improves the transparency of Credit Losses on Financial Instruments (modified income tax disclosures by ASU 2018-19, *Codification Improvements requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to Topic 326, Financial Instruments – Credit Losses,* ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments Credit Losses*, ASU 2019-05, *Financial Instruments Credit Losses – Targeted Transition Relief*, and ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*).improve the effectiveness of income tax disclosures. The amendments in this ASU affect all entities that measure credit losses on financial instruments including loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial asset that has a contractual right to receive cash that is not specifically excluded. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology required in current GAAP with a methodology that reflects expected credit losses that requires consideration of a broader range of reasonable and supportable information to estimate credit losses. The amendments in this ASU 2022-03 will affect entities to varying degrees depending on the credit quality of the assets held by the entity, the duration of the assets held, and how the entity applies the current incurred loss methodology. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (815), and Leases (Topic 842) – Effective Dates.* This ASU amended the become effective date of ASU 2016-13 for smaller reporting companies and non-SEC reporting entities. The amendment delays the effective date to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an emerging growth company, the Company has taken advantage of this delay.

December 15, 2024. Early adoption is permitted. The Company adopted CECL effective January 1, 2023. The implementation process included establishing a cross function committee to oversee is currently evaluating the adoption provisions of the ASU amendments and contracting with a third party to develop a model to comply with the CECL requirements. During the first quarter of 2023, the Company will finalize all internal processes related to the adoption of CECL. Upon finalization of internal processes, the Company will recognize a one-time cumulative effect adjustment to equity, using the modified retrospective transition method. The Company expects the initial increase to the allowance for credit losses, including the allowance for unfunded commitments, will not have a material impact on the its futureconsolidated financial statements.The initial increase to the allowance for credit losses is expected to be substantially attributable to the allowance for unfunded commitments. The ultimate impact to the Company's financial condition and results of operations of the ASU, at both adoption and each subsequent reporting period, is highly dependent on credit quality, macroeconomic forecasts and conditions, the composition of the loan portfolio, along with other management judgments.

In March 2022 the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. This ASU eliminates the accounting guidance for troubled debt restructurings in ASC Subtopic 310-40, *Receivables - Troubled Debt Restructurings by Creditors* , while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, this ASU requires entities to disclose current-period gross write-offs by year of

Table of Contents

origination

In October 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.* ThisASU was issued to clarify or improve disclosure and presentation requirements of a variety of topics, which will allowusers to more easily compare entities subject to the SEC's existing

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

disclosures with those entities that were notpreviously subject to the requirements, and align the requirements in the FASB accounting standard codification with theSEC's regulations. The ASU will become effective on the earlier of the date on which the SEC removes its disclosure requirements for financing receivables the related disclosure or June 30, 2027. Early adoption is not permitted. The Company is currently evaluating the provisions of the amendments and net investments the impact on its futureconsolidated statements.

In March 2023, the FASB issued ASU No. 2023-01, *Leases (Topic 842): Common Control Arrangements*. The FASB issued guidance clarifies the accounting for leasehold improvements associated with common control leases, by requiring that leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset through a lease. Additionally, leasehold improvements associated with common control leases should be accounted for as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset. The amendments in leases within the scope of ASC Subtopic 326-20, *Financial Instruments - Credit Losses - Measured at Amortized Cost*, this ASU will be are effective for the Company on January 1, 2023. The adoption of ASU 2022-02 is annual and interim periods beginning after December 15, 2023 and are not expected to have a significant material impact on the Company's consolidated financial statements.

Subsequent Events

Subsequent events have been evaluated through March 7, 2023 March 7, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2: Earnings Per Share

Basic earnings per common share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share are calculated by dividing net income available to common shareholders by the weighted average number of common shares adjusted for the dilutive effect of stock compensation. For the years ended December 31, 2022 December 31, 2023, 2022 and 2021, 1,096,472, 410,760, and 2020, 410,760, 222,107, and 732,433, respectively, of stock options, restricted stock awards and restricted stock units were excluded from the calculation because they were deemed to be antidilutive.

The following table presents the numerators and denominators for basic and diluted earnings per share computations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands, except per share data)	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Net Income Available to Common Shareholders	$ 49,338	$ 44,516	$ 27,194	$ 35,906	$ 49,338	$ 44,516
Weighted Average Common Stock Outstanding:						
Weighted Average Common Stock Outstanding (Basic)	27,758,336	28,027,454	28,582,064	27,857,420	27,758,336	28,027,454
Dilutive Effect of Stock Compensation	909,841	940,832	588,156	458,167	909,841	940,832
Weighted Average Common Stock Outstanding (Dilutive)	28,668,177	28,968,286	29,170,220	28,315,587	28,668,177	28,968,286
Basic Earnings per Common Share	$ 1.78	$ 1.59	$ 0.95	$ 1.29	$ 1.78	$ 1.59
Diluted Earnings per Common Share	1.72	1.54	0.93	1.27	1.72	1.54

Table of Contents

Note 3: Bank-Owned Certificates of Deposit

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Certificates of deposit in other financial institutions by maturity are as follows:

(dollars in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
Certificates of Deposit at Cost Maturing in:				
One Year or Less	$ 936	$ 935	$ —	$ 936
After One Year Through Five Years	245	941	—	245
	$ 1,181	$ 1,876	$ —	$ 1,181

Note 4: Securities

The following tables present the amortized cost and estimated fair value of securities with gross unrealized gains and losses at December 31, 2023 and 2022:

	December 31, 2023			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale:				
Municipal Bonds	$ 151,512	$ 47	$ (19,035)	$ 132,524
Mortgage-Backed Securities	249,455	2,261	(16,401)	235,315
Corporate Securities	142,098	386	(11,879)	130,605
SBA Securities	18,497	279	(102)	18,674
Asset-Backed Securities	87,054	357	(425)	86,986
Total Securities Available for Sale	$ 648,616	$ 3,330	$ (47,842)	$ 604,104

	December 31, 2022			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale:				
U.S. Treasury Securities	$ 2,621	$ —	$ (41)	$ 2,580
Municipal Bonds	156,506	62	(25,214)	131,354
Mortgage-Backed Securities	252,919	2,465	(17,600)	237,784
Corporate Securities	116,871	45	(7,089)	109,827
SBA Securities	20,957	79	(159)	20,877
Asset-Backed Securities	46,623	188	(620)	46,191
Total Securities Available for Sale	$ 596,497	$ 2,839	$ (50,723)	$ 548,613

Table of Contents

Securities with a carrying value of $170.7 million at December 31, 2023 were pledged to secure borrowing capacity. The securities portfolio was unencumbered at December 31, 2022.

The following tables present the fair value and gross unrealized losses of securities with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2023 and 2022:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(dollars in thousands, except number of holdings)	Number of Holdings	Less Than 12 Months		12 Months or Greater		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2023							
Municipal Bonds	212	$ 4,052	$ (17)	$ 120,527	$ (19,018)	$ 124,579	$ (19,035)
Mortgage-Backed Securities	128	35,719	(310)	135,829	(16,091)	171,548	(16,401)
Corporate Securities	110	14,528	(756)	101,311	(11,123)	115,839	(11,879)
SBA Securities	47	1,731	(3)	7,072	(99)	8,803	(102)
Asset-Backed Securities	24	39,011	(234)	13,805	(191)	52,816	(425)
Total Securities Available for Sale	521	$ 95,041	$ (1,320)	$ 378,544	$ (46,522)	$ 473,585	$ (47,842)

(dollars in thousands, except number of holdings)	Number of Holdings	Less Than 12 Months		12 Months or Greater		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2022							
U.S. Treasury Securities	6	$ 2,330	$ (41)	$ —	$ —	$ 2,330	$ (41)
Municipal Bonds	225	59,912	(5,321)	69,424	(19,893)	129,336	(25,214)
Mortgage-Backed Securities	130	123,224	(5,427)	62,882	(12,173)	186,106	(17,600)
Corporate Securities	100	88,486	(5,121)	17,054	(1,968)	105,540	(7,089)
SBA Securities	49	2,498	(6)	9,750	(153)	12,248	(159)
Asset-Backed Securities	20	21,919	(396)	6,186	(224)	28,105	(620)
Total Securities Available for Sale	530	$ 298,369	$ (16,312)	$ 165,296	$ (34,411)	$ 463,665	$ (50,723)

Beginning January 1, 2023, the Company evaluates all securities quarterly to determine if any securities in a loss position require an allowance for credit losses on securities in accordance with ASC 326 - *Measurement of CreditLosses on Financial Instruments*.

At December 31, 2023, 521 debt securities had unrealized losses with aggregate depreciation of approximately 9.2% from the Company's amortized cost basis. These unrealized losses have not been recognized into income because management does not intend to sell these securities, and it is not more likely than not it will be required to sell the securities before recovery of its amortized cost basis. Furthermore, the unrealized losses are due to changes in interest rates and other market conditions and were not reflective of credit events. To make this determination, consideration is given to such factors as the credit rating of the issuer, level of credit enhancement, changes in credit ratings, market conditions such as current interest rates, any adverse conditions specific to the security, and delinquency status on contractual payments. As of December 31, 2023, there was no allowance for credit losses carried on the Company's securities portfolio.

Accrued interest receivable on securities, which is recorded within accrued interest on the balance sheet, totaled $4.9 million at December 31, 2023 and is excluded from the estimate of credit losses.

At December 31, 2022, 530 debt securities had unrealized losses with aggregate depreciation of approximately 9.9% from the Company's amortized cost basis. For periods prior to the adoption of ASC 326, management conducted a quarterly review and evaluation of its securities for other than temporary impairment. In analyzing whether unrealized losses on debt securities are other than temporary, management considers the length of time and the extent to which the fair value was less than amortized cost, whether the securities are issued by a government body or agency, whether a rating agency has downgraded the securities, industry analysts' reports, the financial condition and performance of the issuer, and the quality of any underlying assets or credit enhancements, and the Company's intent and ability to hold the security for a period of time sufficient to allow for a recovery in fair value. No declines were deemed to be other than temporary as of December 31, 2022.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents a summary of amortized cost and estimated fair value of debt securities by the lesser of expected call date or contractual maturity as of December 31, 2023. Call date is used when a call of the debt security is expected, determined by the Company when the security has a market value above its amortized cost. Contractual maturities will differ from expected maturities for mortgage-backed, SBA securities and asset-backed securities because borrowers may have the right to call or prepay obligations without penalties.

(dollars in thousands)	Amortized Cost	Fair Value
December 31, 2023		
Due in One Year or Less	$ 17,260	$ 17,183
Due After One Year Through Five Years	47,485	45,922
Due After Five Years Through 10 Years	186,291	165,766
Due After 10 Years	42,574	34,258
Subtotal	293,610	263,129
Mortgage-Backed Securities	249,455	235,315
SBA Securities	18,497	18,674
Asset-Backed Securities	87,054	86,986
Totals	$ 648,616	$ 604,104

The following table presents a summary of the proceeds from sales of securities available for sale, as well as gross gains and losses, for the years ended December 31, 2023, 2022, and 2021:

	Year Ended December 31,		
(dollars in thousands)	2023	2022	2021
Proceeds From Sales of Securities	$ 28,756	$ 64,439	$ 11,877
Gross Gains on Sales	247	612	1,200
Gross Losses on Sales	(280)	(530)	(450)

Note 5: Loans

The following table presents the components of the loan portfolio at December 31, 2023 and 2022:

(dollars in thousands)	December 31, 2023	December 31, 2022
Commercial	$ 464,061	$ 436,393
Construction and Land Development	232,804	295,554
1-4 Family Construction	65,087	70,242
Real Estate Mortgage:		
1-4 Family Mortgage	402,396	355,474
Multifamily	1,388,541	1,306,738
CRE Owner Occupied	175,783	149,905
CRE Nonowner Occupied	987,306	947,008
Total Real Estate Mortgage Loans	2,954,026	2,759,125
Consumer and Other	8,304	8,132
Total Loans, Gross	3,724,282	3,569,446
Allowance for Credit Losses	(50,494)	(47,996)
Net Deferred Loan Fees	(6,573)	(9,293)
Total Loans, Net	$ 3,667,215	$ 3,512,157

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Note 4: Securities

The following tables present the amortized cost aging in past due loans and estimated fair value nonaccrual status, with and without an ACL, by loan segment as of securities with gross unrealized gains December 31, 2023 and losses at December 31, 2022 and 2021: 2022:

	December 31, 2022			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale:				
U.S. Treasury Securities	$ 2,621	$ —	$ (41)	$ 2,580
Municipal Bonds	156,506	62	(25,214)	131,354
Mortgage-Backed Securities	252,919	2,465	(17,600)	237,784
Corporate Securities	116,871	45	(7,089)	109,827
SBA Securities	20,957	79	(159)	20,877
Asset-Backed Securities	46,623	188	(620)	46,191
Total Securities Available for Sale	$ 596,497	$ 2,839	$ (50,723)	$ 548,613

	Accruing Interest					
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual with ACL	Nonaccrual without ACL	Total
December 31, 2023						
Commercial	$ 463,966	$ —	$ —	$ —	$ 95	$ 464,061
Construction and Land Development	232,724	—	—	—	80	232,804
1-4 Family Construction	64,838	—	—	—	249	65,087
Real Estate Mortgage:						
1-4 Family Mortgage	402,396	—	—	—	—	402,396
Multifamily	1,373,431	15,110	—	—	—	1,388,541
CRE Owner Occupied	175,289	—	—	—	494	175,783
CRE Nonowner Occupied	987,306	—	—	—	—	987,306
Consumer and Other	8,303	—	—	—	1	8,304
Totals	$ 3,708,253	$ 15,110	$ —	$ —	$ 919	$ 3,724,282

	December 31, 2021			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale:				
U.S. Treasury Securities	$ 756	$ —	$ (2)	$ 754
Municipal Bonds	151,665	7,492	(788)	158,369
Mortgage-Backed Securities	125,563	1,085	(2,111)	124,537
Corporate Securities	81,925	2,740	(185)	84,480
SBA Securities	30,474	102	(206)	30,370
Asset-Backed Securities	39,867	1,044	(59)	40,852
Total Securities Available for Sale	$ 430,250	$ 12,463	$ (3,351)	$ 439,362

	Accruing Interest					
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual with ACL	Nonaccrual without ACL	Total

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

December 31, 2022						
Commercial	$ 436,323	$ 70	$ —	$ —	$ —	$ 436,393
Construction and Land Development	295,448	—	—	—	106	295,554
1-4 Family Construction	70,242	—	—	—	—	70,242
Real Estate Mortgage:						
HELOC and 1-4 Family Junior Mortgage	36,875	—	—	—	—	36,875
1st REM - 1-4 Family	50,945	—	—	—	—	50,945
LOCs and 2nd REM - Rentals	27,985	—	—	—	—	27,985
1st REM - Rentals	239,553	116	—	—	—	239,669
Multifamily	1,306,738	—	—	—	—	1,306,738
CRE Owner Occupied	149,372	—	—	—	533	149,905
CRE Nonowner Occupied	947,008	—	—	—	—	947,008
Consumer and Other	8,132	—	—	—	—	8,132
Totals	$ 3,568,621	$ 186	$ —	$ —	$ 639	$ 3,569,446

The following tables present Company aggregates loans into credit quality indicators based on relevant information about the ability of borrowers to service their debt by using internal reviews in which management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate, and the fair value and gross unrealized losses values of securities collateral securing the loans. The Company analyzes all loans individually to assign a risk rating, grouped into five major categories defined as follows:

Pass: A pass loan is a credit with unrealized losses, aggregated by investment category and length no known or existing potential weaknesses deserving of time management's close attention.

Watch:Loans classified as watch have a potential weakness that individual securities have been deserves management's close attention. If left uncorrected, this potential weakness may result in a continuous unrealized loss deterioration of the repayment prospects for the loan or of the Company's credit position at December 31, 2022 some future date. Watch loans are not adversely classified and 2021: do not expose the Company to sufficient risk to warrant adverse classification.

	Less Than 12 Months		12 Months or Greater		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2022						
U.S. Treasury Securities	$ 2,330	$ (41)	$ —	$ —	$ 2,330	$ (41)
Municipal Bonds	59,912	(5,321)	69,424	(19,893)	129,336	(25,214)
Mortgage-Backed Securities	123,224	(5,427)	62,882	(12,173)	186,106	(17,600)
Corporate Securities	88,486	(5,121)	17,054	(1,968)	105,540	(7,089)
SBA Securities	2,498	(6)	9,750	(153)	12,248	(159)
Asset-Backed Securities	21,919	(396)	6,186	(224)	28,105	(620)
Total Securities Available for Sale	$ 298,369	$ (16,312)	$ 165,296	$ (34,411)	$ 463,665	$ (50,723)

Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well defined weaknesses include a borrower's lack

Table of Contents

of marketability, inadequate cash flow or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain loss if the deficiencies are not corrected.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as loss are considered uncollectible and charged-off immediately.

Table of Contents

	Less Than 12 Months		12 Months or Greater		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021						
U.S. Treasury Securities	$ 754	$ (2)	$ —	$ —	$ 754	$ (2)
Municipal Bonds	44,332	(708)	3,757	(80)	48,089	(788)
Mortgage-Backed Securities	36,921	(630)	35,949	(1,481)	72,870	(2,111)
Corporate Securities	9,398	(133)	1,948	(52)	11,346	(185)
SBA Securities	3,896	(7)	16,297	(199)	20,193	(206)
Asset-Backed Securities	6,742	(59)	—	—	6,742	(59)
Total Securities Available for Sale	$ 102,043	$ (1,539)	$ 57,951	$ (1,812)	$ 159,994	$ (3,351)

At December 31, 2022, 530 debt securities had unrealized losses with aggregate depreciation of approximately 9.9% from the Company's amortized cost basis. At December 31, 2021, 199 debt securities had unrealized losses with aggregate depreciation of approximately 2.1% from the Company's amortized cost basis. These unrealized losses related principally to changes in interest rates and were not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. In analyzing whether unrealized losses on debt securities are other than temporary, management considers whether the securities are issued by a government body or agency, whether a rating agency has downgraded the securities, industry analysts' reports, the financial condition and performance of the issuer, and the quality of any underlying assets or credit enhancements. Since management has the ability and intent to hold these debt securities for the foreseeable future, no declines were deemed to be other than temporary as of December 31, 2022.

The following table presents a summary loan balances classified by credit quality indicators by year of amortized cost and estimated fair value of debt securities by the lesser of expected call date or contractual maturity origination as of December 31, 2022. Call date is used when a call of the debt security is expected, determined by the Company when the security has a market value above its amortized cost. Contractual maturities will differ from expected maturities for mortgage-backed, SBA securities and asset-backed securities because borrowers may have the right to call or prepay obligations without penalties. December 31, 2023:

(dollars in thousands)	Amortized Cost	Fair Value
December 31, 2022		
Due in One Year or Less	$ 6,362	$ 6,375
Due After One Year Through Five Years	32,673	31,428
Due After Five Years Through 10 Years	153,887	139,648
Due After 10 Years	83,076	66,310
Subtotal	275,998	243,761
Mortgage-Backed Securities	252,919	237,784
SBA Securities	20,957	20,877
Asset-Backed Securities	46,623	46,191
Totals	$ 596,497	$ 548,613

	December 31, 2023							
(dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving	Total

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Commercial								
Pass	$ 93,299	$ 121,274	$ 37,056	$ 19,297	$ 18,594	$ 4,507	$ 149,836	$ 443,863
Watch	1,700	318	34	—	—	—	2,003	4,055
Substandard	3	11,299	—	—	—	50	4,791	16,143
Total Commercial	95,002	132,891	37,090	19,297	18,594	4,557	156,630	464,061
Current Period Gross Write-offs	72	96	12	—	—	—	—	180
Construction and Land Development								
Pass	87,402	99,133	34,122	46	—	—	12,021	232,724
Substandard	—	80	—	—	—	—	—	80
Total Construction and Land Development	87,402	99,213	34,122	46	—	—	12,021	232,804
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
1-4 Family Construction								
Pass	35,172	16,156	941	355	—	—	12,214	64,838
Substandard	249	—	—	—	—	—	—	249
Total 1-4 Family Construction	35,421	16,156	941	355	—	—	12,214	65,087
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
Real Estate Mortgage:								
1-4 Family Mortgage								
Pass	74,602	106,085	83,525	52,813	18,789	3,403	62,490	401,707
Substandard	—	—	—	—	—	659	30	689
Total 1-4 Family Mortgage	74,602	106,085	83,525	52,813	18,789	4,062	62,520	402,396
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
Multifamily								
Pass	192,078	456,179	444,162	196,784	41,998	45,847	8,577	1,385,625
Watch	2,916	—	—	—	—	—	—	2,916
Total Multifamily	194,994	456,179	444,162	196,784	41,998	45,847	8,577	1,388,541
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
CRE Owner Occupied								
Pass	36,255	61,724	40,748	20,610	4,903	8,312	1,672	174,224
Substandard	194	—	494	—	—	871	—	1,559
Total CRE Owner Occupied	36,449	61,724	41,242	20,610	4,903	9,183	1,672	175,783
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
CRE Nonowner Occupied								
Pass	164,226	305,749	253,683	77,618	78,288	66,569	4,521	950,654
Watch	16,301	—	3,213	—	—	—	—	19,514
Substandard	15,183	1,955	—	—	—	—	—	17,138
Total CRE Nonowner Occupied	195,710	307,704	256,896	77,618	78,288	66,569	4,521	987,306
Current Period Gross Write-offs	—	—	—	—	—	—	—	—
Total Real Estate Mortgage Loans	501,755	931,692	825,825	347,825	143,978	125,661	77,290	2,954,026
Consumer and Other								
Pass	2,908	256	9	1,460	6	—	3,665	8,304
Total Consumer and Other	2,908	256	9	1,460	6	—	3,665	8,304
Current Period Gross Write-offs	42	—	—	—	—	—	2	44
Total Period Gross Write-offs	114	96	12	—	—	—	2	224

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Total Loans	$ 722,488	$ 1,180,208	$ 897,987	$ 368,983	$ 162,578	$ 130,218	$ 261,820	$ 3,724,282

Table of December 31, 2022 and 2021, the securities portfolio was unencumbered. Contents

The following table presents the risk category of loans by loan segment as of December 31, 2022:

	December 31, 2022			
(dollars in thousands)	**Pass**	**Watch**	**Substandard**	**Total**
Commercial	$ 407,241	$ 9,477	$ 19,675	$ 436,393
Construction and Land Development	294,736	712	106	295,554
1-4 Family Construction	70,242	—	—	70,242
Real Estate Mortgage:				
1-4 Family Mortgage	354,401	681	392	355,474
Multifamily	1,303,468	3,270	—	1,306,738
CRE Owner Occupied	148,268	—	1,637	149,905
CRE Nonowner Occupied	922,657	18,112	6,239	947,008
Consumer and Other	8,132	—	—	8,132
Totals	$ 3,509,145	$ 32,252	$ 28,049	$ 3,569,446

On January 1, 2023, the Company adopted CECL, which added $650,000 to the total ACL. Under CECL, the Company recorded a summary of $2.1 million provision for credit losses on loans for the proceeds from sales of securities available year ended December 31, 2023, compared to a $7.7 million and $5.2 million provision for sale, as well as gross gains and loan losses for the years ended December 31, 2022, and 2021, and 2020: respectively, under the incurred loss method. The following table presents the activity in the allowance for credit losses, by segment, for the year ended December 31, 2023:

	Year Ended December 31,												
(dollars in thousands)	**2022**	**2021**	**2020**	**Commercial**	**Construction and Land Development**	**1--4 Family Construction**	**1--4 Family Mortgage**	**Multifamily**	**CRE Owner Occupied**	**CRE Non-owner Occupied**	**Consumer and Other**	**Unallocated**	**Total**
Proceeds From Sales of Securities	$ 64,439	$ 11,877	$ 40,862										
Gross Gains on Sales	612	1,200	1,592										
Gross Losses on Sales	(530)	(450)	(89)										
Allowance for Credit Losses for Loans:													
Balance at January 1, 2023				$ 6,501	$ 3,911	$ 845	$ 4,325	$ 17,459	$ 1,965	$ 12,576	$ 151	$ 263	$ 47,996
Impact of Adopting CECL				(1,158)	(1,070)	(235)	(1,778)	3,318	(943)	2,869	(90)	(263)	650
Provision for Credit Losses for Loans				225	(685)	(52)	99	1,440	162	780	81	—	2,050
Loans Charged-off				(180)	—	—	—	—	—	—	(44)	—	(224)
Recoveries of Loans				10	—	—	5	—	—	—	7	—	22
Balance at December 31, 2023				$ 5,398	$ 2,156	$ 558	$ 2,651	$ 22,217	$ 1,184	$ 16,225	$ 105	$ —	$ 50,494

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents the activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2022 and 2021, prepared using the previous GAAP incurred loss method prior to the adoption of CECL:

(dollars in thousands)	Commercial	Construction and Land Development	1--4 Family Construction	1--4 Family Mortgage	Multifamily	CRE Owner Occupied	CRE Non-owner Occupied	Consumer and Other	Unallocated	Total
Allowance for Loan Losses:										
Balance at January 1, 2021	$ 5,773	$ 1,679	$ 812	$ 3,972	$ 9,517	$ 1,162	$ 10,991	$ 203	$ 732	$ 34,841
Provision for Loan Losses	488	1,460	(194)	(236)	3,093	301	344	(24)	(82)	5,150
Loans Charged-off	(28)	—	—	(5)	—	—	—	(41)	—	(74)
Recoveries of Loans	36	—	—	26	—	32	—	9	—	103
Balance at December 31, 2021	$ 6,269	$ 3,139	$ 618	$ 3,757	$ 12,610	$ 1,495	$ 11,335	$ 147	$ 650	$ 40,020
Provision for Loan Losses	235	772	227	280	4,849	470	1,241	13	(387)	7,700
Loans Charged-off	(13)	—	—	—	—	—	—	(24)	—	(37)
Recoveries of Loans	10	—	—	288	—	—	—	15	—	313
Balance at December 31, 2022	$ 6,501	$ 3,911	$ 845	$ 4,325	$ 17,459	$ 1,965	$ 12,576	$ 151	$ 263	$ 47,996

Table of Contents

Note 5: Loans

The following table presents the components of the loan portfolio at December 31, 2022 and December 31, 2021:

(dollars in thousands)	December 31, 2022	December 31, 2021
Commercial	$ 435,344	$ 360,169
Paycheck Protection Program	1,049	26,162
Construction and Land Development	365,796	281,474
Real Estate Mortgage:		
1-4 Family Mortgage	355,474	305,317
Multifamily	1,306,738	910,243
CRE Owner Occupied	149,905	111,096
CRE Nonowner Occupied	947,008	818,569
Total Real Estate Mortgage Loans	2,759,125	2,145,225
Consumer and Other	8,132	6,442
Total Loans, Gross	3,569,446	2,819,472
Allowance for Loan Losses	(47,996)	(40,020)
Net Deferred Loan Fees	(9,293)	(9,535)
Total Loans, Net	$ 3,512,157	$ 2,769,917

The following table presents the activity in the allowance for loan losses, by segment, for the years ended December 31, 2022, 2021 and 2020:

	Paycheck Protection	Construction and Land	1--4 Family	CRE Owner	CRE Non-owner	Consumer

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(dollars in thousands)	Commercial	Program	Development	Mortgage	Multifamily	Occupied	Occupied	and Other	Unallocated	Total
Balance at January 1, 2020	$ 3,058	$ —	$ 2,202	$ 2,839	$ 5,824	$ 792	$ 6,972	$ 85	$ 754	$ 22,526
Provision for Loan Losses	2,984	70	289	1,223	3,693	360	4,019	134	(22)	12,750
Loans Charged-off	(346)	—	—	(144)	—	—	—	(27)	—	(517)
Recoveries of Loans	7	—	—	54	—	10	—	11	—	82
Balance at December 31, 2020	$ 5,703	$ 70	$ 2,491	$ 3,972	$ 9,517	$ 1,162	$ 10,991	$ 203	$ 732	$ 34,841
Provision for Loan Losses	545	(57)	1,266	(236)	3,093	301	344	(24)	(82)	5,150
Loans Charged-off	(28)	—	—	(5)	—	—	—	(41)	—	(74)
Recoveries of Loans	36	—	—	26	—	32	—	9	—	103
Balance at December 31, 2021	$ 6,256	$ 13	$ 3,757	$ 3,757	$ 12,610	$ 1,495	$ 11,335	$ 147	$ 650	$ 40,020
Provision for Loan Losses	247	(12)	999	280	4,849	470	1,241	13	(387)	7,700
Loans Charged-off	(13)	—	—	—	—	—	—	(24)	—	(37)
Recoveries of Loans	10	—	—	288	—	—	—	15	—	313
Balance at December 31, 2022	$ 6,500	$ 1	$ 4,756	$ 4,325	$ 17,459	$ 1,965	$ 12,576	$ 151	$ 263	$ 47,996

The following tables present the balance in the allowance for loan credit losses and the recorded investment in loans, by segment, based on impairment method as of December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	Commercial	Paycheck Protection Program	Construction and Land Development	1--4 Family Mortgage	Multifamily	CRE Owner Occupied	CRE Non-owner Occupied	Consumer and Other	Unallocated	Total	Commercial	Construction and Land Development	1--4 Family Construction	1--4 Family Mortgage	Multifamily	CRE Owner Occupied	CRE Non-owne Occupied
Allowance for Loan Losses at December 31, 2022																	
ACL at December 31, 2023																	
Individually Evaluated for Impairment	$ 71	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 71	$ 8	$ —	$ —	$ —	$ —	$ —	$ 95
Collectively Evaluated for Impairment	6,429	1	4,756	4,325	17,459	1,965	12,576	151	263	47,925	5,390	2,156	558	2,651	22,217	1,184	16,130
Totals	$ 6,500	$ 1	$ 4,756	$ 4,325	$17,459	$1,965	$12,576	$ 151	$ 263	$47,996	$ 5,398	$ 2,156	$ 558	$ 2,651	$ 22,217	$ 1,184	$ 16,225
Allowance for Loan Losses at December 31, 2021																	
ALL at December 31, 2022																	
Individually Evaluated for Impairment	$ 607	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 607	$ 71	$ —	$ —	$ —	$ —	$ —	$ —
Collectively Evaluated for Impairment	5,649	13	3,757	3,757	12,610	1,495	11,335	147	650	39,413	6,430	3,911	845	4,325	17,459	1,965	12,576
Totals	$ 6,256	$ 13	$ 3,757	$ 3,757	$12,610	$1,495	$11,335	$ 147	$ 650	$40,020	$ 6,501	$ 3,911	$ 845	$ 4,325	$ 17,459	$ 1,965	$ 12,576

(dollars in thousands)	Commercial	Construction and Land Development	1--4 Family Construction	1--4 Family Mortgage	Multifamily	CRE Owner Occupied	CRE Non-owner Occupied	Consumer and Other	Total
Loans at December 31, 2023									
Individually Evaluated for Impairment	$ 16,143	$ 80	$ 249	$ 689	$ —	$ 1,559	$ 17,138	$ —	$ 35,858
Collectively Evaluated for Impairment	447,918	232,724	64,838	401,707	1,388,541	174,224	970,168	8,304	3,688,424
Totals	$ 464,061	$ 232,804	$ 65,087	$ 402,396	$ 1,388,541	$ 175,783	$ 987,306	$ 8,304	$ 3,724,282

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Loans at December 31, 2022									
Individually Evaluated for Impairment	$ 19,675	$ 106	$ —	$ 392	$ —	$ 1,637	$ 6,239	$ —	$ 28,049
Collectively Evaluated for Impairment	416,718	295,448	70,242	355,082	1,306,738	148,268	940,769	8,132	3,541,397
Totals	$ 436,393	$ 295,554	$ 70,242	$ 355,474	$ 1,306,738	$ 149,905	$ 947,008	$ 8,132	$ 3,569,446

The following table presents the amortized cost basis of collateral dependent loans by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans as of December 31, 2023:

	Primary Type of Collateral				
(dollars in thousands)	Real Estate	Business Assets	Other	Total	ACL Allocation
December 31, 2023					
Commercial	$ —	$ 5,782	$ 10,361	$ 16,143	$ 8
Construction and Land Development	80	—	—	80	—
1-4 Family Construction	249	—	—	249	—
Real Estate Mortgage:					
1-4 Family Mortgage	689	—	—	689	—
CRE Owner Occupied	1,559	—	—	1,559	—
CRE Nonowner Occupied	17,138	—	—	17,138	95
Totals	$ 19,715	$ 5,782	$ 10,361	$ 35,858	$ 103

Accrued interest receivable on loans, which is recorded within accrued interest on the balance sheet, totaled $11.8 million at December 31, 2023, and was excluded from the estimate of credit losses.

Effective January 1, 2023, the Company adopted the provision of ASU 2022-02, which eliminated the accounting for troubled debt restructurings, while expanding loan modification and vintage disclosure requirements. For the twelve months ended December 31, 2023, the Company modified one CRE nonowner occupied loan, with an outstanding balance of $9.6 million, for a borrower experiencing financial difficulty by granting a 12-month extension at a below market rate. There was no forgiveness of principal and this loan was current with its modified terms as of December 31, 2023.

Prior to the adoption of ASU 2022-02, at December 31, 2022, there were two loans classified as TDRs with total aggregate outstanding balances of $188,000.

Table of Contents

(dollars in thousands)	Commercial	Paycheck Protection Program	Construction and Land Development	1-4 Family Mortgage	Multifamily	CRE Owner Occupied	CRE Non-owner Occupied	Consumer and Other	Total
Loans at December 31, 2022									
Individually Evaluated for Impairment	$ 19,675	$ —	$ 106	$ 392	$ —	$ 1,637	$ 6,239	$ —	$ 28,049
Collectively Evaluated for Impairment	415,669	1,049	365,690	355,082	1,306,738	148,268	940,769	8,132	3,541,397
Totals	$ 435,344	$ 1,049	$ 365,796	$ 355,474	$ 1,306,738	$ 149,905	$ 947,008	$ 8,132	$ 3,569,446
Loans at December 31, 2021									

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Individually Evaluated for Impairment	$ 14,512	$ —	$ 130	$ 1,390	$ —	$ 2,421	$ 4,188	$ —	$ 22,641
Collectively Evaluated for Impairment	345,657	26,162	281,344	303,927	910,243	108,675	814,381	6,442	2,796,831
Totals	$ 360,169	$ 26,162	$ 281,474	$ 305,317	$ 910,243	$ 111,096	$ 818,569	$ 6,442	$ 2,819,472

Pre-ASC 326 Adoption Impaired Loan Disclosures

The following table presents information regarding total carrying amounts and total unpaid principal balances of impaired loans by loan segment as of December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021			December 31, 2022		
(dollars in thousands)	Recorded Investment	Principal Balance	Related Allowance	Recorded Investment	Principal Balance	Related Allowance	Recorded Investment	Principal Balance	Related Allowance
Loans With No Related Allowance for Loan Losses:									
Commercial	$ 19,508	$ 19,508	$ —	$ 4,545	$ 4,545	$ —	$ 19,508	$19,508	$ —
Construction and Land Development	106	713	—	130	737	—	106	713	—
Real Estate Mortgage:									
HELOC and 1-4 Family Junior Mortgage	—	—	—	933	933	—			
1st REM - Rentals	392	392	—	457	457	—			
1-4 Family Mortgage							392	392	—
CRE Owner Occupied	1,637	1,726	—	2,421	2,466	—	1,637	1,726	—
CRE Nonowner Occupied	6,239	6,239	—	4,188	4,188	—	6,239	6,239	—
Totals	27,882	28,578	—	12,674	13,326	—	27,882	28,578	—
Loans With An Allowance for Loan Losses:									
Commercial	167	167	71	9,967	9,967	607	167	167	71
Totals	167	167	71	9,967	9,967	607	167	167	71
Grand Totals	$ 28,049	$ 28,745	$ 71	$ 22,641	$23,293	$ 607	$ 28,049	$28,745	$ 71

Table of Contents

The following table presents information regarding the average balances and interest income recognized on impaired loans by loan segment for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,					
	2022		2021		2020	
(dollars in thousands)	Average Investment	Interest Recognized	Average Investment	Interest Recognized	Average Investment	Interest Recognized
Loans With No Related Allowance for Loan Losses:						
Commercial	$ 21,276	$ 782	$ 5,008	$ 268	$ 145	$ 10
Construction and Land Development	117	—	141	—	165	—
Real Estate Mortgage:						
HELOC and 1-4 Family Junior Mortgage	—	—	933	47	824	42
1st REM - Rentals	402	21	468	24	624	29
CRE Owner Occupied	1,755	65	2,471	106	891	15
CRE Nonowner Occupied	6,390	342	4,247	215	12,334	690
Totals	29,940	1,210	13,268	660	14,983	786

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Loans With An Allowance for Loan Losses:						
Commercial	180	5	13,761	755	122	2
Consumer and Other	—	—	—	—	13	1
Totals	180	5	13,761	755	135	3
Grand Totals	$ 30,120	$ 1,215	$ 27,029	$ 1,415	$ 15,118	$ 789

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The process of analyzing loans for changes in risk ratings is ongoing through routine monitoring of the portfolio and annual internal credit reviews for credits meeting certain thresholds.

The following tables present the risk category of loans by loan segment as of December 31, 2022 and 2021, based on the most recent analysis performed by management:

	December 31, 2022			
(dollars in thousands)	Pass	Watch	Substandard	Total
Commercial	$ 406,192	$ 9,477	$ 19,675	$ 435,344
Paycheck Protection Program	1,049	—	—	1,049
Construction and Land Development	364,978	712	106	365,796
Real Estate Mortgage:				
HELOC and 1-4 Family Junior Mortgage	36,875	—	—	36,875
1st REM - 1-4 Family	50,271	674	—	50,945
LOCs and 2nd REM - Rentals	27,978	7	—	27,985
1st REM - Rentals	239,277	—	392	239,669
Multifamily	1,303,468	3,270	—	1,306,738
CRE Owner Occupied	148,268	—	1,637	149,905
CRE Nonowner Occupied	922,657	18,112	6,239	947,008
Consumer and Other	8,132	—	—	8,132
Totals	$ 3,509,145	$ 32,252	$ 28,049	$ 3,569,446

Table of Contents

	December 31, 2021			
(dollars in thousands)	Pass	Watch	Substandard	Total
Commercial	$ 336,939	$ 8,718	$ 14,512	$ 360,169
Paycheck Protection Program	26,162	—	—	26,162
Construction and Land Development	281,344	—	130	281,474
Real Estate Mortgage:				
HELOC and 1-4 Family Junior Mortgage	30,327	—	933	31,260
1st REM - 1-4 Family	48,024	689	—	48,713
LOCs and 2nd REM - Rentals	21,625	16	—	21,641
1st REM - Rentals	203,246	—	457	203,703
Multifamily	910,243	—	—	910,243
CRE Owner Occupied	108,675	—	2,421	111,096
CRE Nonowner Occupied	774,474	39,907	4,188	818,569
Consumer and Other	6,442	—	—	6,442
Totals	$ 2,747,501	$ 49,330	$ 22,641	$ 2,819,472

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following tables present the aging of the recorded investment in past due loans by loan segment as of December 31, 2022 and 2021:

(dollars in thousands)	Accruing Interest: Current	Accruing Interest: 30-89 Days Past Due	Accruing Interest: 90 Days or More Past Due	Nonaccrual	Total
December 31, 2022					
Commercial	$ 435,274	$ 70	$ —	$ —	$ 435,344
Paycheck Protection Program	1,049	—	—	—	1,049
Construction and Land Development	365,690	—	—	106	365,796
Real Estate Mortgage:					
HELOC and 1-4 Family Junior Mortgage	36,875	—	—	—	36,875
1st REM - 1-4 Family	50,945	—	—	—	50,945
LOCs and 2nd REM - Rentals	27,985	—	—	—	27,985
1st REM - Rentals	239,553	116	—	—	239,669
Multifamily	1,306,738	—	—	—	1,306,738
CRE Owner Occupied	149,372	—	—	533	149,905
CRE Nonowner Occupied	947,008	—	—	—	947,008
Consumer and Other	8,132	—	—	—	8,132
Totals	$ 3,568,621	$ 186	$ —	$ 639	$ 3,569,446

Table of Contents

(dollars in thousands)	Accruing Interest: Current	Accruing Interest: 30-89 Days Past Due	Accruing Interest: 90 Days or More Past Due	Nonaccrual	Total
December 31, 2021					
Commercial	$ 360,169	$ —	$ —	$ —	$ 360,169
Paycheck Protection Program	26,162	—	—	—	26,162
Construction and Land Development	281,344	—	—	130	281,474
Real Estate Mortgage:					
HELOC and 1-4 Family Junior Mortgage	31,211	49	—	—	31,260
1st REM - 1-4 Family	48,713	—	—	—	48,713
LOCs and 2nd REM - Rentals	21,641	—	—	—	21,641
1st REM - Rentals	203,703	—	—	—	203,703
Multifamily	910,243	—	—	—	910,243
CRE Owner Occupied	110,504	—	—	592	111,096
CRE Nonowner Occupied	818,569	—	—	—	818,569
Consumer and Other	6,442	—	—	—	6,442
Totals	$ 2,818,701	$ 49	$ —	$ 722	$ 2,819,472

At December 31, 2022, there were two loans classified as troubled debt restructurings with total aggregate outstanding balances of $188,000. In comparison, at December 31, 2021, there were four loans classified as troubled debt restructurings with total aggregate outstanding balances of $1.4 million. There were no new loans classified as troubled debt restructuring during the year ended December 31, 2022 and no loans classified as troubled debt restructurings during the previous twelve months that subsequently defaulted during the year ended December 31, 2022.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

In response to the COVID-19 pandemic, the Company developed programs for clients who experienced business and personal disruptions due to the COVID-19 pandemic pursuant to which the Company provided interest-only modifications, loan payment deferrals or extended amortization modifications. In accordance with interagency regulatory guidance and the CARES Act, qualifying loans modified in response to the COVID-19 pandemic, made before January 1, 2022, are not considered troubled debt restructurings. The Company had no active modifications made in response to the COVID-19 pandemic at December 31, 2022. The Company had 12 loans totaling $35.0 million of loan modifications outstanding in response to the COVID-19 pandemic at December 31, 2021.

	Year Ended December 31,			
	2022		2021	
(dollars in thousands)	Average Investment	Interest Recognized	Average Investment	Interest Recognized
Loans With No Related Allowance for Loan Losses:				
Commercial	$ 21,276	$ 782	$ 5,008	$ 268
Construction and Land Development	117	—	141	—
Real Estate Mortgage:				
1-4 Family Mortgage	402	21	1,401	71
CRE Owner Occupied	1,755	65	2,471	106
CRE Nonowner Occupied	6,390	342	4,247	215
Totals	29,940	1,210	13,268	660
Loans With An Allowance for Loan Losses:				
Commercial	180	5	13,761	755
Consumer and Other	—	—	—	—
Totals	180	5	13,761	755
Grand Totals	$ 30,120	$ 1,215	$ 27,029	$ 1,415

Table of Contents

Note 6: Premises and Equipment

Premises and equipment are summarized as follows for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	Range of Useful Lives	December 31, 2022	December 31, 2021	Range of Useful Lives	December 31, 2023	December 31, 2022
Land	**N/A**	$ 5,174	$ 5,174	**N/A**	$ 8,119	$ 5,174
Building	**15 - 39 Years**	41,265	40,758	**15 - 39 Years**	41,266	41,265
Leasehold Improvements	**3 - 10 Years**	2,380	2,684	**3 - 10 Years**	1,951	2,380
Furniture and Equipment	**2 - 5 Years**	6,978	7,058	**2 - 5 Years**	6,544	6,978
Subtotal		55,797	55,674		57,880	55,797
Accumulated Depreciation		(7,352)	(6,279)		(8,994)	(7,352)
Totals		$ 48,445	$ 49,395		$ 48,886	$ 48,445

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Depreciation and amortization expense charged to noninterest expense for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, totaled $2.5 million, $2.6 million and 2020, totaled $2.6 million, $2.4 million and $1.2 million, respectively.

Table of Contents

Note 7: Intangible Assets

The following table presents a summary of intangible assets at December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Core Deposit Intangible	$ 1,093	$ 1,093	$ 1,093	$ 1,093
Favorable Lease	445	445	445	445
Subtotal	1,538	1,538	1,538	1,538
Accumulated Amortization	(1,250)	(1,059)	(1,350)	(1,250)
Totals	$ 288	$ 479	$ 188	$ 288

Amortization expense of intangible assets was $100,000 for the year ended December 31, 2023, and $191,000 for the years ended December 31, 2022, 2021 and 2020. 2021.

The following table presents the estimated future amortization of the core deposit intangible and favorable lease asset for the next five years and thereafter. The projections of amortization expense are based on existing asset balances as of December 31, 2022 December 31, 2023.

(dollars in thousands)	Core Deposit Intangible	Favorable Lease	Favorable Lease
2023	$ 65	$ 34	
2024	—	34	$ 34
2025	—	34	34
2026	—	34	34
2027	—	34	34
2028			34
Thereafter	—	53	18
Totals	$ 65	$ 223	$ 188

Note 8: Leases

The Company's operating leases are real estate leases which are comprised of bank branches and office space with terms extending through 2029. These Prior to 2022, these leases were not previously recognized on the Company's consolidated financial statements. With the adoption of ASU 2016-02, operating lease agreements were required to be recognized on the consolidated balance sheets as a an ROU asset and a corresponding lease liability. The Company's lease agreements often include one or more options to renew at the Company's discretion. If at lease inception, the Company considers the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability.

Operating lease ROU assets represent the Company's right to use the underlying asset during the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at lease commencement based on the present value of the remaining lease payments using the rate implicit in the lease. As the rate implicit in the lease is rarely determinable, the Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments. The Company's incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors. For operating leases existing prior to January 1, 2022, the rate for the remaining lease term as of January 1, 2022 was used.

As the Company elected not to separate lease and non-lease components and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as common area maintenance, property taxes and other costs associated with the lease. These variable payments are not included in the lease liability and are expensed as incurred.

The following table presents the components of lease expense and cash flow information related to operating leases as of the periods indicated:

	December 31,	
(dollars in thousands)	2023	2022
Operating Lease Cost	$ 557	$ 538
Variable Lease Cost	262	253
Total Lease Cost	$ 819	$ 791

Prior to the adoption of ASU 2016-02, rent expense, net of rental income, including common area maintenance pertaining to banking premises totaled $52,000 for the year ended December 31, 2021.

The following table presents other information on the Company's operating leases for the years ended December 31, 2023 and 2022:

	December 31,	
(dollars in thousands)	2023	2022
Operating Lease Right-of-Use Assets	$ 1,938	$ 2,472
Operating Lease Liabilities	1,972	2,496
Weighted Average Remaining Lease Term (in Years)	4.95	6.12
Weighted Average Discount Rate	1.68 %	1.46 %
Other Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 543	$ 513

Table of Contents

The following table presents the components of lease expense and cash flow information related to operating leases as of the period indicated:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(dollars in thousands)	December 31, 2022
Operating Lease Cost	$ 538
Variable Lease Cost	253
Total Lease Cost	$ 791

Prior to the adoption of ASU 2016-02, rent expense, net of rental income, including common area maintenance pertaining to banking premises totaled $52,000 and $1.2 million for the years ended December 31, 2021 and 2020.

The following table presents other information on the Company's operating leases for the year ended December 31, 2022:

(dollars in thousands)	December 31, 2022
Operating Lease Right-of-Use Assets	$ 2,472
Operating Lease Liabilities	2,496
Weighted Average Remaining Lease Term (in Years)	6.12 Years
Weighted Average Discount Rate	1.46 %
Other Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 513

The following table presents the future expected operating lease payments under the Company's operating lease agreements as of December 31, 2022 December 31, 2023:

(dollars in thousands)	December 31, 2022	December 31, 2023
2023	$ 524	
2024	534	$ 587
2025	544	540
2026	387	354
2027	284	251
2028		254
Thereafter	324	53
Total Undiscounted Lease Payments	2,597	2,039
Discount for Present Value of Expected Cash Flows	(101)	(67)
Total Lease Liability	$ 2,496	$ 1,972

The Greenwood location is leased pursuant to the terms of a non-cancelable lease agreement with Bridgewater Properties Greenwood, LLC, a related party through common ownership, in effect at December 31, 2022 December 31, 2023. The lease contains one option to extend the lease for a period of five years. Future minimum rent commitments under the operating lease are listed below at December 31, 2022 December 31, 2023.

(dollars in thousands)	2022	2023
2023	$ 174	
2024	178	$178
2025	181	181
2026	108	108
Total	$ 641	$467

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

The Company receives rents from the lease of office and retail space in its corporate headquarters building. Rental income is included in noninterest expense as an offset to rental expense. Future minimum rental income under these leases are listed below at December 31, 2022 December 31, 2023.

(dollars in thousands)	2022	2023
2023	$ 507	
2024	512	$ 514
2025	519	519
2026	301	301
2027	264	263
2028		231
Thereafter	716	486
Total	$ 2,819	$2,314

Rental income, which is included in occupancy and equipment expense, including common area maintenance pertaining to banking premises for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, totaled $894,000, $907,000 and 2020, totaled $907,000, $634,000, and $12,000, respectively.

Note 9: Deposits

The following table presents the composition of deposits at December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31,		December 31,	
(dollars in thousands)	2022	2021	2023	2022
Transaction Deposits	$ 1,336,264	$ 1,419,873	$1,449,765	$1,336,264
Savings and Money Market Deposits	1,031,873	863,567	935,091	1,031,873
Time Deposits	272,253	293,474	300,651	272,253
Brokered Deposits	776,153	369,323	1,024,441	776,153
Totals	$ 3,416,543	$ 2,946,237	$3,709,948	$3,416,543

Brokered deposits contained brokered transaction and money market accounts of $184.3 million $174.0 million and $131.2 million $184.3 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The following table presents the scheduled maturities of brokered and customer time deposits at December 31, 2022 December 31, 2023:

(dollars in thousands)	December 31, 2022	December 31, 2023
Less than 1 Year	$ 387,433	$ 337,988
1 to 2 Years	109,652	277,949

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

2 to 3 Years	229,732	288,862
3 to 4 Years	102,280	76,411
4 to 5 Years	25,887	124,435
Greater than 5 Years	9,144	45,465
Totals	$ 864,128	$1,151,110

The aggregate amount of time deposits greater than $250,000 was approximately $138.4 million and $92.3 million at December 31, 2023 and $59.6 million at December 31, 2022 and 2021, 2022, respectively.

Table of Contents

Note 10: Derivative Instruments and Hedging Activities

The Company uses derivative financial instruments, which consist of interest rate swaps and interest rate caps, to assist in its interest rate risk management. The notional amount does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual agreements. Derivative financial instruments are reported at fair value in other assets or other liabilities. The accounting for changes in the fair value of a derivative depends on whether it has been designated and qualifies as part of a hedging relationship. For derivatives not designated as hedges, the gain or loss is recognized in current earnings.

Non-hedge Derivatives

The Company enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments to meet client needs, the Company enters into offsetting positions with large U.S. financial institutions in order to minimize the risk to the Company. These swaps are derivatives, but are not designated as hedging instruments.

Interest rate swap contracts involve the risk of dealing with counterparties and their ability to meet contractual terms. When the fair value of a derivative instrument contract is positive, this generally indicates that the counter party or client owes the Company, and results in credit risk to the Company. When the fair value of a derivative instrument contract is negative, the Company owes the client or counterparty and therefore, the Company has no credit risk.

Table of Contents

The following table presents a summary of the Company's interest rate swaps to facilitate customer transactions as of December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
(dollars in thousands)	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
Interest rate swap agreements:								
Assets	$ 65,315	$ 8,240	$ 49,101	$ 641	$ 63,814	$ 6,981	$ 65,315	$ 8,240
Liabilities	65,315	(8,240)	49,101	(641)	63,814	(6,981)	65,315	(8,240)
Total	$ 130,630	$ —	$ 98,202	$ —	$127,628	$ —	$130,630	$ —

Cash Flow Hedging Derivatives

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

For derivative instruments that are designated and qualify as a cash flow hedge, the aggregate fair value of the derivative instrument is recorded in other assets or other liabilities with any gain or loss related to changes in fair value recorded in accumulated other comprehensive income, (loss), net of tax. The gain or loss is reclassified into earnings in the same period during which the hedged asset or liability affects earnings and is presented in the same income statement line item as the earnings effect of the hedged asset or liability. The Company utilizes cash flow hedges to manage interest rate risk. exposure for the brokered deposit and wholesale borrowing portfolios. During the next 12 months, the Company estimates that $5.2 million $7.5 million will be reclassified to interest expense, as a reduction of the expense.

The following table presents a summary of the Company's interest rate swaps designated as cash flow hedges as of December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Notional Amount	$ 163,000	$ 125,000	$183,000	$163,000
Weighted Average Pay Rate	1.90 %	1.27 %	2.00 %	1.90 %
Weighted Average Receive Rate	3.47 %	0.14 %	5.48 %	3.47 %
Weighted Average Maturity (Years)	5.15	3.76	4.04	5.15
Net Unrealized Gain	$ 9,175	$ 791	$ 5,271	$ 9,175

The Company purchases interest rate caps, designated as cash flow hedges, of certain deposit liabilities. The interest rate caps require receipt of variable amounts from the counterparties when interest rates rise above the strike price in the contracts. For the years ended December 31, 2023 and 2022, the Company recognized amortization expense on the interest rate caps of $791,000 and $772,000, respectively, which was recorded as a component of interest expense on brokered deposits and FHLB advances.

The following table presents a summary of the Company's interest rate caps designated as cash flow hedges as of December 31, 2023 and 2022:

(dollars in thousands)	December 31, 2023	December 31, 2022
Notional Amount	$ 125,000	$ 125,000
Unamortized Premium Paid	5,081	5,872
Weighted Average Strike Rate	0.96 %	0.96 %
Weighted Average Maturity (Years)	6.34	7.35

Table of Contents

The Company purchases interest rate caps, which are designated as cash flow hedges, of certain deposit and borrowing liabilities. The interest rate caps require receipt of variable amounts from the counterparties when interest rates rise above the strike price in the contracts. For the years ended December 31, 2022 and 2021, the Company recognized amortization expense on the interest rate caps of $772,000 and $362,000, respectively, and was recorded as a component of interest expense on brokered deposits and FHLB advances.

The following table presents a summary of the Company's interest rate caps designated as cash flow hedges as of December 31, 2022 and 2021:

(dollars in thousands)	December 31, 2022	December 31, 2021
Notional Amount	$ 125,000	$ 110,000
Unamortized Premium Paid	5,872	5,859
Weighted Average Strike Rate	0.96 %	0.90 %
Weighted Average Maturity (Years)	7.35	8.72

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents a summary of the Company's interest rate contracts as of December 31, 2022 December 31, 2023 and 2021; 2022:

(dollars in thousands)	December 31, 2022 Notional Amount	December 31, 2022 Estimated Fair Value	December 31, 2021 Notional Amount	December 31, 2021 Estimated Fair Value	December 31, 2023 Notional Amount	December 31, 2023 Estimated Fair Value	December 31, 2022 Notional Amount	December 31, 2022 Estimated Fair Value
Interest rate swap agreements:								
Assets	$ 125,000	$ 10,477	$ 90,000	$ 1,717	$135,000	$ 6,891	$125,000	$10,477
Liabilities	38,000	(1,302)	35,000	(926)	48,000	(1,620)	38,000	(1,302)
Interest rate cap agreements:								
Assets	125,000	19,406	110,000	7,356	125,000	18,717	125,000	19,406

The Company is party to collateral support agreements with certain derivative counterparties. These agreements require that the Company maintain collateral based on the fair values of derivative transactions. In the event of default by the Company, the counterparty would be entitled to the collateral. As of December 31, 2022 both December 31, 2023 and 2021, 2022, the Company had pledged cash collateral for the Company's derivative contracts of $0 and $370,000, respectively. $-0-. In addition, as of December 31, 2022 December 31, 2023 and 2021, 2022, the Company's derivative counterparties have pledged cash collateral to the Company of $36.4 million $31.8 million and $8.6 million $36.4 million, respectively.

The following table summarizes gross and net information about derivative instruments that are eligible for offset in the balance sheet at December 31, 2023 and 2022:

(dollars in thousands)	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Balance Sheet	Assets (Liabilities) Presented in the Balance Sheet	Financial Instruments	Cash Collateral Received (Paid)	Net Assets (Liabilities)
December 31, 2023						
Assets	$ 32,589	$ —	$ 32,589	$ —	$ 31,783	$ 806
Liabilities	(8,601)	—	(8,601)	—	—	(8,601)
December 31, 2022						
Assets	$ 38,123	$ —	$ 38,123	$ —	$ 36,353	$ 1,770
Liabilities	(9,542)	—	(9,542)	—	—	(9,542)

The following table presents the effect of derivative instruments in cash flow hedging relationships on the consolidated statements of income for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	(dollars in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	(dollars in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Derivatives in Cash Flow Hedging Relationships	**Location of Gain (Loss) Reclassified from AOCI into Income**	**Gain (Loss) Reclassified from AOCI into Earnings**			**Location of Gain (Loss) Reclassified from AOCI into Income**	**Gain (Loss) Reclassified from AOCI into Earnings**		
Interest rate swaps	Interest expense	$ 679	$ (1,117)	$ (579)	Interest expense	$ 5,783	$ 679	$ (1,117)
Interest rate caps	Interest expense	(671)	(403)	—	Interest expense	319	(671)	(403)

No amounts were reclassified from accumulated other comprehensive income into net income related to hedge ineffectiveness for these derivatives during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, and no amounts are expected to be reclassified from accumulated other comprehensive income into net income related to hedge ineffectiveness over the next twelve months.

Note 11: Federal Home Loan Bank Advances and Other Borrowings

Federal Home Loan Bank Advances. The Company has entered into an Advances, Pledge, and Security Agreement with the FHLB whereby specific mortgage loans of the Bank's with principal balances of $1.45 billion and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

Note 11: Federal Home Loan Bank Advances and Other Borrowings

Federal Home Loan Bank Advances. The Company has entered into an Advances, Pledge, and Security Agreement with the FHLB whereby specific mortgage loans of the Bank's with principal balances of $1.20 billion at December 31, 2023 and $930.9 million at December 31, 2022 and 2021, 2022, respectively, were pledged to the FHLB as collateral. FHLB advances are also secured with FHLB stock owned by the Company. Total remaining available capacity under the agreement was $498.7 million and $390.9 million at December 31, 2023 and $550.8 million at December 31, 2022 and 2021, 2022, respectively.

The following table presents FHLB advances, by maturity, at December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
(dollars in thousands)	Weighted Average Rate	Total Outstanding	Weighted Average Rate	Total Outstanding	Weighted Average Rate	Total Outstanding	Weighted Average Rate	Total Outstanding
Less than 1 Year	4.30 %	$ 83,000	— %	$ —	5.31 %	$ 233,000	4.30 %	$ 83,000
1 to 2 Years	1.05	5,000	—	—	4.31	25,000	1.05	5,000
2 to 3 Years	1.22	5,000	1.66	22,500	3.45	21,500	1.22	5,000
3 to 4 Years	0.78	4,000	1.22	16,000	3.94	17,500	0.78	4,000
4 to 5 Years	—	—	0.78	4,000	4.01	22,500	—	—
Totals		$ 97,000		$ 42,500		$ 319,500		$ 97,000

Convertible advances are callable at the option of the FHLB. If an advance is called, the Company has the option to pay off the advance without penalty or re-borrow funds on different terms. The Company had no convertible advances with the FHLB at December 31, 2022 and $28.5 million of convertible advances with the FHLB at December 31, 2021.

Federal Reserve Discount Window. At December 31, 2022 December 31, 2023 and 2021, 2022, the Company had the ability to draw additional borrowings of $157.8 979.4 million and $126.0 million $157.8 million, respectively, from the Federal Reserve Bank of Minneapolis. The ability to draw borrowings is was based on loan collateral pledged with principal balances of $225.3 million $1.08 billion and $240.4 million investment securities collateral pledged with fair value of $170.7 million as of December 31, 2022 and 2021, December 31, 2023, subject to the approval from the Board of Governors of the Federal Reserve System. As of December 31, 2022, the ability to draw borrowings was based on loan collateral pledged with principal balances of $225.3 million. There were no federal reserve borrowings outstanding as of December 31, 2022 December 31, 2023 and 2021. 2022.

Federal Funds Purchased. Federal funds purchased mature one business day from the transaction date. There were $-0- federal funds purchased outstanding as of December 31, 2023 and $287.0 million federal funds purchased outstanding as of December 31, 2022 and no federal funds purchased outstanding as of December 31, 2021.

Line of Credit. In 2021, the The Company entered into has a Loan and Security Agreement and related revolving note with an unaffiliated financial institution that was is secured by 100% of the issued and outstanding stock of the Bank. The note contains customary representations, warranties, and covenants, including certain financial covenants and capital ratio requirements. As of December 31, 2022 December 31, 2023, the Company believes it was in compliance with all such covenants and capital ratio requirements.

The following table presents the revolving line of credit at December 31, 2022 December 31, 2023 and 2021: 2022:

Name	Maturity Date	Total Debt Outstanding December 31, 2022	Total Debt Outstanding December 31, 2021	Interest Rate	Coupon Structure	Maturity Date	Total Debt Outstanding December 31, 2023	Total Debt Outstanding December 31, 2022	Interest Rate	Coupon St
Revolving Credit Facility (1)	September 1, 2024	$ 13,750	—	7.50 %	Variable with Floor (2)	September 1, 2024	$ 13,750	13,750	8.50 %	Variable with

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(1) On September 1, 2022, the Company entered into a second amendment to the agreement which increased the maximum principal amount of the Company's revolving line of credit from $25.0 million to $40.0 million and extended the maturity date from February 28, 2023 to September 1, 2024.

(2) The variable interest rate is equal to the greater of the Wall Street Journal Prime Rate in effect or a floor rate of 3.85%.

Table of Contents

Note 12: Subordinated Debentures

The following presents a summary of the Company's subordinated debentures as of December 31, 2022 December 31, 2023 and 2021: 2022:

Name	Date Established	First Redemption Date	Maturity Date	Total Debt Outstanding December 31, 2022	Total Debt Outstanding December 31, 2021	Interest Rate	Coupon Structure	Date Established	First Redemption Date	Maturity Date	Total Outsta Decembe
(dollars in thousands)											
2027 Notes	July 12, 2017	July 15, 2022	N/A	$ —	$ 13,750	N/A	%Fixed-to-Floating (1)				
2030 Notes	June 19, 2020	July 1, 2025	July 1, 2030	50,000	50,000	5.25	%Fixed-to-Floating (2)	June 19, 2020	July 1, 2025	July 1, 2030	
2031 Notes	July 8, 2021	July 15, 2026	July 15, 2031	30,000	30,000	3.25	%Fixed-to-Floating (3)	July 8, 2021	July 15, 2026	July 15, 2031	
Subordinated Debentures				80,000	93,750						
Debt Issuance Costs				(1,095)	(1,511)						
Subordinated Debentures, Net of Issuance Costs				$ 78,905	$ 92,239						$

(1) Migrates to three month LIBOR + 3.88% beginning July 15, 2022 until either the early redemption date or the maturity date.

(2) Migrates to three month term SOFR + 5.13% beginning July 1, 2025 until either the early redemption date or the maturity date.

(3) (2) Migrates to three month term SOFR + 2.52% beginning July 15, 2026 until either the early redemption date or the maturity date.

On October 15, 2022, the Company elected to redeem the outstanding 2027 Notes in the aggregate principal amount of $13.8 million and made all payments of principal and interest due on the 2027 Notes on October 17, 2022.

Note 13: Related-Party Transactions

In the ordinary course of business, the Company has granted loans to executive officers, directors, principal shareholders, and their affiliates (related parties). The following table presents the activity associated with loans made between related parties for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	2022	2021	2023	2022
Beginning Balance	$ 49,964	$ 34,130	$27,676	$ 49,964
New Loans and Advances	16,006	45,407	8,587	16,006
Repayments	(38,294)	(29,573)	(4,423)	(38,294)
Totals	$ 27,676	$ 49,964	$31,840	$ 27,676

Deposits from related parties held by the Company at December 31, 2022 December 31, 2023 and 2021 2022 were $22.2 million $17.9 million and $37.7 million $22.2 million, respectively.

The Company has a related party lease which is disclosed in "Note 8 – Leases".

Note 14: Income Taxes

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents the allocation of federal and state income taxes between current and deferred portions as of December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	2022	2021	2020	2023	2022	2021
Current Tax Provision	$ 19,719	$ 20,408	$ 11,062	$11,886	$19,719	$20,408
Deferred Tax Benefit	(1,401)	(4,522)	(2,590)			
Deferred Tax Expense (Benefit)				676	(1,401)	(4,522)
Total Income Tax Provision	$ 18,318	$ 15,886	$ 8,472	$12,562	$18,318	$15,886

Table of Contents

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows as of December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	2022		2021		2020		2023		2022		2021	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Amount of Statutory Rate	$15,059	21.0 %	$12,930	21.0 %	$7,489	21.0 %	$11,030	21.0 %	$15,059	21.0 %	$12,930	21.0 %
State Income Taxes (Net of Federal Income Tax Benefit)	5,349	7.5	4,647	7.6	3,014	8.5	3,511	6.6	5,349	7.5	4,647	7.6
Interest on Investment Securities and Loans Exempt From Federal Income Tax	(899)	(1.3)	(657)	(1.1)	(702)	(2.0)	(1,175)	(2.3)	(899)	(1.3)	(657)	(1.1)
Tax Credits	(835)	(1.2)	(540)	(0.9)	(770)	(2.1)	(91)	0.0	(835)	(1.2)	(540)	(0.9)
Other Differences	(356)	(0.5)	(494)	(0.8)	(559)	(1.6)	(713)	(1.4)	(356)	(0.5)	(494)	(0.8)
Totals	$18,318	25.5 %	$15,886	25.8 %	$8,472	23.8 %	$12,562	23.9 %	$18,318	25.5 %	$15,886	25.8 %

The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of historic tax credits, low-income housing tax credits, the level of tax-exempt investments and loans, and the overall level of pre-tax income.

The following table presents the components of the net deferred tax asset included in other assets, as of December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	2022	2021	2023	2022
Depreciation	$ (325)	$ (274)	$ (279)	$ (325)
Allowance for Loan Losses	13,639	11,332		
Unrealized Loss (Gain) on Securities Available for Sale	13,759	(1,914)		
Unrealized (Gain) Loss on Cash Flow Hedges	(6,527)	(480)		
Allowance for Credit Losses			14,261	13,639
Unrealized Loss on Securities Available for Sale			12,793	13,759
Unrealized Gain on Cash Flow Hedges			(5,434)	(6,527)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Prepaid Expenses	(886)	(392)	(221)	(886)
Deferred Compensation	510	871	—	510
Deferred Loan Fees	2,745	2,653	1,856	2,745
Reserve for Off-Balance Sheet Credit Exposures			843	—
Other	2	94	108	2
Totals	$ 22,917	$ 11,890	$23,927	$22,917

Note 15: Tax Credit Investments

The Company invests in qualified affordable housing projects and federal historic projects for the purpose of community reinvestment and obtaining tax credits. The Company's tax credit investments are limited to existing lending relationships with well-known developers and projects within the Company's market area.

The following table presents a summary of the Company's investments in qualified affordable housing projects and other tax credit investments at December 31, 2022 December 31, 2023 and 2021: 2022:

(dollars in thousands)	December 31, 2022			December 31, 2021		December 31, 2023			Dec
Investment	Accounting Method	Investment	Unfunded Commitment (1)	Investment	Unfunded Commitment	Accounting Method (1)	Investment	Unfunded Commitment (2)	Investr
Low Income Housing Tax Credit (LIHTC)	Proportional Amortization	$ 4,701	$ —	$ 2,871	$ —	Proportional Amortization	$ 16,897	$ 7,579	$ 4
Federal Historic Tax Credit (FHTC)	Equity	1,785	323	1,732	407	Equity	N/A	N/A	1
Federal Historic Tax Credit (FHTC)						Proportional Amortization	3,403	2,353	
Total		$ 6,486	$ 323	$ 4,603	$ 407		$ 20,300	$ 9,932	$ 6

(1) The Company early adopted ASU 2023-02 applying the modified retrospective method. Effective January 1, 2023, historic tax credits were accounted for under the proportional amortization method.

(2) All commitments are expected to be paid by the Company by December 31, 2023 December 31, 2024.

Table of Contents

The following table presents a summary of the amortization expense and tax benefit recognized for the Company's qualified affordable housing projects and other tax credit investments during 2023, 2022 2021 and 2020: 2021:

(dollars in thousands)	Year Ended December 31, 2022	2021	2020	Year Ended December 31, 2023	2022	2021
Amortization Expense (1)						
LIHTC	$ 271	$ 280	$ 281	$ 1,810	$ 271	$ 280
FHTC	408	562	738	668	408	562
Total	$ 679	$ 842	$ 1,019	$ 2,478	$ 679	$ 842
Tax Benefit Recognized (2)						
LIHTC	$ (330)	$ (330)	$ (330)	$(1,693)	$(330)	$(330)
FHTC	(607)	(625)	(1,056)	(912)	(607)	(625)
Total	$ (937)	$ (955)	$ (1,386)	$(2,605)	$(937)	$(955)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(1) The amortization expense for the LIHTC investments are included in income tax expense. The Prior to 2023, the amortization for the FHTC tax credits are included in noninterest expense. Beginning January 1, 2023, with the adoption of ASU 2023-02, the amortization expense for the FHTC investments are included in income tax expense.

(2) All of the tax benefits recognized are included in income tax expense. The Prior to 2023, the tax benefit recognized for the FHTC investments primarily reflects reflected the tax credits generated from the investments, and excludes excluded the net tax expense/benefit of the investments' income/loss.

Note 16: Commitments, Contingencies and Credit Risk

Financial Instruments with Off-Balance Sheet Credit Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments. Since some of the commitments are expected to expire without being drawn upon and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements.

The following commitments were outstanding at December 31, 2022 December 31, 2023 and December 31, 2021: 2022:

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Unfunded Commitments Under Lines of Credit	$ 848,734	$ 799,148	$ 546,632	$ 848,734
Letters of Credit	115,769	119,647	103,289	115,769
Totals	$ 964,503	$ 918,795	$ 649,921	$ 964,503

Commitments to extend credit are agreements to lend to a customer at fixed or variable rates as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable; inventory; property, plant, and equipment; real estate; and stocks and bonds. Unfunded commitments under commercial lines of credit, home equity lines of credit, and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not require collateral and may or may not contain a specific maturity date.

Table of Contents

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within

Table of Contents

two years. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The Company had outstanding letters of credit with the FHLB in total amounts of $114.4 million and $78.4 million at December 31, 2023 and $36.5 million at December 31, 2022 and 2021, 2022, respectively, on behalf of customers and to secure public deposits.

The ACL for off-balance sheet credit exposures was $3.0 million at December 31, 2023 and is separately classified on the balance sheet within other liabilities. Prior to the adoption of CECL, the Company's ACL for off-balance sheet credit exposures was not material. The following table presents the balance and activity in the allowance for credit losses for off-balance sheet credit exposures for the year ended December 31, 2023:

(dollars in thousands)	December 31, 2023
Allowance for Credit Losses:	
Beginning Balance, Prior to Adoption of CECL	$ 360
Impact of Adopting CECL	4,850
Provision for (Recovery of) Off-Balance Sheet Credit Exposures	(2,225)
Total Ending Balance	$ 2,985

Legal Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, any liability resulting from such proceedings would not have a material impact on the consolidated financial statements.

Note 17: Stock Options and Restricted Stock

The In 2012, the Company established adopted the Bridgewater Bancshares, Inc. 2012 Combined Incentive and Non-Statutory Stock Option Plan (the "2012 Plan") under which the Company may was able to grant options to its directors, officers, and employees for up to 750,000 shares of common stock. Both incentive stock options and nonqualified stock options could be were granted under the 2012 Plan. The exercise price of each option equals the fair market value of the Company's stock on the date of grant, and the maximum term of each outstanding option is ten years. All outstanding options have been granted with vesting periods of four or five years. The 2012 Plan expired in March 2022, and awards are no longer able to be granted under the 2012 Plan.

In 2017, the Company adopted the Bridgewater Bancshares, Inc. 2017 Combined Incentive and Non-Statutory Stock Option Plan (the "2017 Plan"). Under the 2017 Plan, the Company may grant options to its directors, officers, and employees and consultants for up to 1,500,000 shares of common stock. Both incentive stock options and nonqualified stock options may be granted under the 2017 Plan. The exercise price of each option equals the fair market value of the Company's stock on the date of grant and the maximum term of each outstanding option is ten years. All outstanding options have been granted with vesting periods of four or five years. As of December 31, 2022 December 31, 2023 and 2021, 2022, there were 44,700 5,000 and 294,700 44,700 shares, respectively, of the Company's common stock reserved for future option grants under the 2017 Plan.

In 2019, the Company adopted the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (the "2019 EIP"). The types of awards which may be granted under the 2019 EIP include incentive and nonqualified stock options, stock appreciation rights, stock awards, restricted stock units, restricted stock and cash incentive awards. The Company may grant these awards to its directors, officers, employees and certain other service providers for up to 1,000,000 shares of common stock. The exercise price of each option equals the fair market value of the Company's stock on the date of grant and the maximum term of each award is ten years. All outstanding awards have been granted with vesting periods of four years. As of December 31, 2022 December 31, 2023, and 2021, 2022, there were 231,363 -0- and 352,575 231,363 shares, respectively, of the Company's common stock reserved for future grants under the 2019 EIP.

Table of Contents

At the 2023 Annual Meeting of Shareholders (the "Annual Meeting") of the Company, which was held on April 25, 2023, the Company's shareholders approved the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan (the "2023 EIP"), which the Company's board of directors

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

had adopted on February 28, 2023, subject to shareholder approval at the Annual Meeting. Under the 2023 EIP, the Company may grant incentive and nonqualified stock options, stock appreciation rights, stock awards, restricted stock units, restricted stock and cash incentive awards. The Company may grant these awards to its directors, officers, employees and certain other service providers for up to 1,500,000 shares of common stock. The exercise price of each option equals the fair market value of the Company's stock on the date of grant and the maximum term of each award is ten years. All outstanding awards have been granted with a vesting period of four years. As of December 31, 2023, there were 1,107,752 shares of the Company's common stock reserved for future grants under the 2023 EIP.

Stock Options

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatilities are based on an industry index as described below. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Historically, the Company has not paid a dividend on its common stock and does not expect to do so in the near future.

The Company used the S&P 600 CM Bank Index as its historical volatility index. The S&P 600 CM Bank Index is an index of publicly traded small capitalization, regional, commercial banks located throughout the United States. There were 60 banks in the index ranging in market capitalization from $500 million up to $4.0 billion.

The weighted average assumptions used in the model for valuing stock option grants in 2023 is as follows:

	December 31, 2023	
Dividend Yield	—	%
Expected Life	7	Years
Expected Volatility	36.85	%
Risk-Free Interest Rate	4.21	%

The following table presents a summary of the status of the Company's outstanding stock options for the years ended December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at Beginning of Year	1,913,444	$ 9.35	1,768,745	$ 7.67
Granted	421,500	10.84	290,000	17.50
Exercised	(305,950)	3.15	(133,301)	4.33
Forfeitures	(14,000)	14.63	(12,000)	14.77
Outstanding at Period End	2,014,994	$ 10.57	1,913,444	$ 9.35
Options Exercisable at Period End	1,348,744	$ 9.36	1,492,069	$ 7.51

For the years ended December 31, 2023, 2022 and 2021, the Company recognized compensation expense for stock options of $851,000, $1.1 million and $922,000, respectively.

Table of Contents

The Company used the S&P 600 CM Bank Index as its historical volatility index. The S&P 600 CM Bank Index is an index of publicly traded small capitalization, regional, commercial banks located throughout the United States. There were 51 banks in the index ranging in

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

market capitalization from $500 million up to $4.0 billion.

The weighted average assumptions used in the model for valuing stock option grants in 2022 is as follows:

	December 31, 2022	
Dividend Yield	—	%
Expected Life	7	Years
Expected Volatility	24.71	%
Risk-Free Interest Rate	1.70	%

The following table presents a summary of the status of the Company's outstanding stock options for the years ended December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at Beginning of Year	1,768,745	$ 7.67	1,914,250	$ 7.29
Granted	290,000	17.50	20,500	16.88
Exercised	(133,301)	4.33	(164,405)	4.40
Forfeitures	(12,000)	14.77	(1,600)	7.47
Outstanding at Period End	1,913,444	$ 9.35	1,768,745	$ 7.67
Options Exercisable at Period End	1,492,069	$ 7.51	1,332,845	$ 6.83

For the years ended December 31, 2022, 2021 and 2020, the Company recognized compensation expense for stock options of $1.1 million, $922,000 and $881,000, respectively.

The following table presents information pertaining to options outstanding at December 31, 2022 December 31, 2023:

		Options Outstanding			Options Exercisable				
Range of Exercise Prices	Range of Exercise Prices	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Number of Options	Weighted Average Exercise Price	Range of Exercise Prices	Number of Options	Wei E
$	2.13 - 3.99	307,000	$ 3.04	1.1	307,000	$ 3.04	3.00 - 3.99	10,000	$
	7.00 - 7.99	904,916	7.47	4.8	904,916	7.47	7.00 - 7.99	891,966	
	8.00 - 8.99	17,500	8.76	7.3	5,000	8.76	8.00 - 8.99	17,500	
	10.00 - 10.99	10,000	10.08	7.4	5,000	10.08	10.00 - 10.99	249,000	
	11.00 - 11.99	85,000	11.27	6.4	56,000	11.30	11.00 - 11.99	267,500	
	12.00 - 12.99	263,528	12.90	6.6	191,528	12.91	12.00 - 12.99	263,528	
	13.00 - 13.99	25,000	13.22	5.4	20,000	13.22	13.00 - 13.99	25,000	
	17.00 - 17.99	300,500	17.50	9.1	2,625	17.49	17.00 - 17.99	290,500	
	Totals	1,913,444	$ 9.35	5.2	1,492,069	$ 7.51	Totals	2,014,994	$

As of December 31, 2022 December 31, 2023, there was $1.6 million $2.8 million of total unrecognized compensation cost related to nonvested stock options granted under the 2012 Plan, 2017 Plan and 2019 EIP that is expected to be recognized over a weighted-average period of 2.6 3.0 years.

Table of Contents

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The following table presents an analysis of nonvested options to purchase shares of the Company's stock issued and outstanding for the year ended December 31, 2022 December 31, 2023:

	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested Options at December 31, 2021	435,900	$ 3.43		
Nonvested Options at December 31, 2022			421,375	$ 4.87
Granted	290,000	5.28	421,500	5.04
Vested	(292,525)	3.12	(171,625)	4.40
Forfeited	(12,000)	5.12	(5,000)	5.74
Nonvested Options at December 31, 2022	421,375	$ 4.87		
Nonvested Options at December 31, 2023			666,250	$ 5.09

Restricted Stock Awards

In 2019 and 2020, the Company granted restricted stock awards out of the 2019 EIP. These awards vest in equal annual installments on the first four anniversaries of the date of the grant. Nonvested restricted stock awards are classified as outstanding shares with voting and forfeitable dividend rights.

The following table presents an analysis of nonvested restricted stock awards outstanding for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2021	75,113	$ 12.59	110,962	$ 12.63				
Nonvested at December 31, 2022					38,762	$ 12.50	75,113	$ 12.59
Granted	—	—	—	—	—	—	—	—
Vested	(35,351)	12.69	(35,849)	12.69	(35,101)	12.69	(35,351)	12.69
Forfeited	(1,000)	12.92	—	—	(250)	12.92	(1,000)	12.92
Nonvested at December 31, 2022	38,762	$ 12.50	75,113	$ 12.59				
Nonvested at December 31, 2023					3,411	$ 10.53	38,762	$ 12.50

Compensation expense associated with the restricted stock awards is recognized on a straight-line basis over the period that the restrictions associated with the awards lapse based on the total cost of the award at the grant date. For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company recognized compensation expense for restricted stock awards of $417,000, $448,000 and $455,000, and $441,000, respectively.

Table of Contents

As of December 31, 2022 December 31, 2023, there was $433,000 $13,000 of total unrecognized compensation cost related to nonvested restricted stock awards granted under the 2019 EIP that is expected to be recognized over a weighted-average period of 1.0 0.4 year.

In addition, during the year ended December 31, 2022 December 31, 2023, the Company issued 19,024 44,753 shares of common stock to directors as a part of their compensation for their annual services on the Company's board of directors. The aggregate value of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

shares issued to directors of $319,000 $481,000 was included in stock based compensation expense in the accompanying consolidated statements of shareholders' equity.

Restricted Stock Units

In 2020, the The Company began granting has granted restricted stock units out of the 2019 EIP and 2023 EIP. Restricted stock units granted out of the 2019 EIP represent the right to receive one share of Company stock upon vesting and vest in equal annual installments on the first four anniversaries of the date of the grant. Nonvested restricted stock units have no voting or dividend rights and are not considered outstanding until vesting.

Table of Contents

The following table presents an analysis of nonvested restricted stock units outstanding for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2021	344,908	$ 15.02	205,666	$ 12.27				
Nonvested at December 31, 2022					351,310	$ 16.30	344,908	$ 15.02
Granted	112,760	18.72	191,468	17.22	221,561	12.77	112,760	18.72
Vested	(96,786)	14.65	(51,146)	12.27	(121,603)	15.53	(96,786)	14.65
Forfeited	(9,572)	15.12	(1,080)	12.27	(10,253)	17.79	(9,572)	15.12
Nonvested at December 31, 2022	351,310	$ 16.30	344,908	$ 15.02				
Nonvested at December 31, 2023					441,015	$ 14.71	351,310	$ 16.30

Compensation expense associated with the restricted stock units is recognized on a straight-line basis over the period that the restrictions associated with the units lapse based on the total cost of the unit at the grant date. For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company recognized compensation expense for restricted stock units of $1.5 million $2.2 million, $731,000 $1.5 million and $43,000, $731,000, respectively.

As of December 31, 2022 December 31, 2023, there was $5.5 million $6.0 million of total unrecognized compensation cost related to nonvested restricted stock units granted under the 2019 EIP or 2023 EIP that is expected to be recognized over a weighted-average period of 3.1 2.8 years.

Note 18: Profit Sharing Plan

The Company has a combined profit sharing 401(k) plan which provides that an annual contribution up to 100% of each participating employee's total pay, may be contributed to the plan. Employees are eligible to participate after meeting certain eligibility requirements as defined in the plan and are allowed to make pre-tax contributions up to the maximum amount allowed by the Internal Revenue Service. The terms of the 401(k) plan require employer match contributions equal to 100% of the employee contributions up to 4% of pay. In addition, the terms of the plan allow for discretionary profit sharing contributions as determined by the Company and approved by the Board of Directors.

The employer match contributions for the 401(k) plan were $1.0 million, $804,000, $1.0 million, and $743,000 $804,000 for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. The total employer discretionary profit sharing contributions to the plan were $824,000, $793,000, $636,000, and $533,000 $636,000 for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, respectively.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Note 19: Deferred Compensation Plan

In 2013, the Company implemented a deferred compensation plan for certain employees which allows the Company to make a discretionary contribution to the account of any employee designated as a participant in the plan based upon the participant's performance for the calendar year. Company contributions to the plan vest on the fourth anniversary of the last day of the calendar year for which the contribution was made to the plan and accrue interest at a rate equal to the Bank's return on average equity for the immediately preceding calendar year, or an alternative rate set by the Company's board of directors. Distribution of amounts contributed under the plan, including accrued interest, is made in a lump sum cash payment within 75 days following the date such amounts become vested. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had a liability of $1.8 million $-0- and $3.1 million $1.8 million, respectively, recorded on the consolidated balance sheets. There were no new contributions made to the plan during the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

Note 20: Preferred Stock

On August 17, 2021, In 2021, the Company announced the closing of its underwritten public offering of 2,400,000 depositary shares, each representing a 1/100th interest in a share of the Company's 5.875% Non-Cumulative Perpetual Preferred Stock, Series A, $0.01 par value per share ("Series A Preferred Stock"). On August 20, 2021, the The underwriters of the offering exercised in full their option to purchase 360,000 additional depositary shares to cover over-allotments. As a result, the gross proceeds from the offering totaled $69.0 million. Dividends on the Series A Preferred Stock will be non-

cumulative non-cumulative and, if declared, accrue and are payable quarterly, in arrears, at a rate of 5.875% per annum. The Series A Preferred Stock qualifies as additional Tier 1 capital for the purposes of the regulatory capital calculations. The net proceeds from the issuance and sale of the depositary shares, each representing a 1/100th ownership interest in our the Series A Preferred Stock, after deducting $2.5 million of issuance costs, including the underwriting discount and professional service fees, were $66.5 million.

Note 21: Regulatory Capital

The Company and the Bank are subject to various regulatory requirements administered by 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. Under capital adequacy guidelines, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank must also meet certain specific capital guidelines under the regulatory framework for prompt corrective action. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios of common equity Tier 1 capital, Tier 1 capital and total capital to risk-weighted assets and of Tier 1 capital to average consolidated assets (referred to as the "leverage ratio"), as defined under the applicable regulatory capital rules.

The following tables present the capital amounts and ratios for the Company, on a consolidated basis, and the Bank as of December 31, 2022 and 2021:

	Minimum Required For Capital Adequacy	For Capital Adequacy Purposes Plus Capital	To be Well Capitalized Under Prompt Corrective

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(dollars in thousands)	Actual Amount	Actual Ratio	Purposes Amount	Purposes Ratio	Conservation Buffer Amount	Conservation Buffer Ratio	Action Regulations Amount	Action Regulations Ratio
December 31, 2022								
Company (Consolidated):								
Total Risk-based Capital	$ 536,352	13.15 %	$ 326,190	8.00 %	$ 428,125	10.50 %	N/A	N/A
Tier 1 Risk-based Capital	409,092	10.03	244,643	6.00	346,577	8.50	N/A	N/A
Common Equity Tier 1 Capital	342,578	8.40	183,482	4.50	285,417	7.00	N/A	N/A
Tier 1 Leverage Ratio	409,092	9.55	171,368	4.00	171,368	4.00	N/A	N/A
Bank:								
Total Risk-based Capital	$ 508,760	12.47 %	$ 326,288	8.00 %	$ 428,253	10.50 %	$ 407,860	10.00 %
Tier 1 Risk-based Capital	460,404	11.29	244,716	6.00	346,681	8.50	326,288	8.00
Common Equity Tier 1 Capital	460,404	11.29	183,537	4.50	285,502	7.00	265,109	6.50
Tier 1 Leverage Ratio	460,404	10.76	171,113	4.00	171,113	4.00	213,891	5.00

Table of Contents

(dollars in thousands)	Actual Amount	Actual Ratio	Minimum Required For Capital Adequacy Purposes Amount	Minimum Required For Capital Adequacy Purposes Ratio	For Capital Adequacy Purposes Plus Capital Conservation Buffer Amount	For Capital Adequacy Purposes Plus Capital Conservation Buffer Ratio	To be Well Capitalized Under Prompt Corrective Action Regulations Amount	To be Well Capitalized Under Prompt Corrective Action Regulations Ratio
December 31, 2021								
Company (Consolidated):								
Total Risk-based Capital	$ 499,554	15.55 %	$ 256,966	8.00 %	$ 337,268	10.50 %	N/A	N/A
Tier 1 Risk-based Capital	367,161	11.43	192,725	6.00	273,027	8.50	N/A	N/A
Common Equity Tier 1 Capital	300,647	9.36	144,543	4.50	224,845	7.00	N/A	N/A
Tier 1 Leverage Ratio	367,161	10.82	135,723	4.00	135,723	4.00	N/A	N/A
Bank:								
Total Risk-based Capital	$ 415,848	12.94 %	$ 257,005	8.00 %	$ 337,319	10.50 %	$ 321,256	10.00 %
Tier 1 Risk-based Capital	375,688	11.69	192,754	6.00	273,068	8.50	257,005	8.00
Common Equity Tier 1 Capital	375,688	11.69	144,565	4.50	224,879	7.00	208,816	6.50
Tier 1 Leverage Ratio	375,688	11.09	135,508	4.00	135,508	4.00	169,386	5.00

The following tables present the capital amounts and ratios for the Company, on a consolidated basis, and the Bank as of December 31, 2023 and 2022:

(dollars in thousands)	Actual Amount	Actual Ratio	Minimum Required For Capital Adequacy Purposes Amount	Minimum Required For Capital Adequacy Purposes Ratio	For Capital Adequacy Purposes Plus Capital Conservation Buffer Amount	For Capital Adequacy Purposes Plus Capital Conservation Buffer Ratio	To be Well Capitalized Under Prompt Corrective Action Regulations Amount	To be Well Capitalized Under Prompt Corrective Action Regulations Ratio
December 31, 2023								
Company (Consolidated):								
Total Risk-based Capital	$ 570,770	13.97 %	$ 326,872	8.00 %	$ 429,019	10.50 %	N/A	N/A
Tier 1 Risk-based Capital	440,947	10.79	245,154	6.00	347,301	8.50	N/A	N/A
Common Equity Tier 1 Capital	374,433	9.16	183,865	4.50	286,013	7.00	N/A	N/A
Tier 1 Leverage Ratio	440,947	9.57	184,383	4.00	184,383	4.00	N/A	N/A
Bank:								
Total Risk-based Capital	$ 554,269	13.58 %	$ 326,528	8.00 %	$ 428,568	10.50 %	$ 408,160	10.00 %

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Tier 1 Risk-based Capital	503,787	12.34	244,896	6.00	346,936	8.50	326,528	8.00
Common Equity Tier 1 Capital	503,787	12.34	183,672	4.50	285,712	7.00	265,304	6.50
Tier 1 Leverage Ratio	503,787	10.95	184,037	4.00	184,037	4.00	230,047	5.00

	Actual		Minimum Required For Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Regulations	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022								
Company (Consolidated):								
Total Risk-based Capital	$ 536,352	13.15 %	$ 326,190	8.00 %	$ 428,125	10.50 %	N/A	N/A
Tier 1 Risk-based Capital	409,092	10.03	244,643	6.00	346,577	8.50	N/A	N/A
Common Equity Tier 1 Capital	342,578	8.40	183,482	4.50	285,417	7.00	N/A	N/A
Tier 1 Leverage Ratio	409,092	9.55	171,368	4.00	171,368	4.00	N/A	N/A
Bank:								
Total Risk-based Capital	$ 508,760	12.47 %	$ 326,288	8.00 %	$ 428,253	10.50 %	$ 407,860	10.00 %
Tier 1 Risk-based Capital	460,404	11.29	244,716	6.00	346,681	8.50	326,288	8.00
Common Equity Tier 1 Capital	460,404	11.29	183,537	4.50	285,502	7.00	265,109	6.50
Tier 1 Leverage Ratio	460,404	10.76	171,113	4.00	171,113	4.00	213,891	5.00

The Company and the Bank must maintain a capital conservation buffer as defined by Basel III regulatory capital guidelines, in order to avoid limitations on capital distributions, including dividend payments, stock repurchases and certain discretionary bonus payments to executive officers.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the capital ratios of the Company and the Bank were in excess of the quantitative capital ratio standards applicable on those dates. However, there can be no assurance that the Company and the Bank will continue to maintain such status in the future.

Note 22: Fair Value Measurement

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value

Table of Contents

measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Subsequent to initial recognition, the Company may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company adopted the policy to value certain financial instruments at fair value. The Company has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

Table of Contents

Recurring Basis

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. There have been no changes in the methodologies used at December 31, 2023. The following table presents the balances of the assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2023			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
Fair Value of Financial Assets:				
Securities Available for Sale:				
Municipal Bonds	$ —	$ 132,524	$ —	$ 132,524
Mortgage-Backed Securities	—	235,315	—	235,315
Corporate Securities	—	130,605	—	130,605
SBA Securities	—	18,674	—	18,674
Asset-Backed Securities	—	86,986	—	86,986
Interest Rate Caps	—	18,717	—	18,717
Interest Rate Swaps	—	13,872	—	13,872
Total Fair Value of Financial Assets	$ —	$ 636,693	$ —	$ 636,693
Fair Value of Financial Liabilities:				
Interest Rate Swaps	$ —	$ 8,601	$ —	$ 8,601
Total Fair Value of Financial Liabilities	$ —	$ 8,601	$ —	$ 8,601

Table of Contents

	December 31, 2022			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
Fair Value of Financial Assets:				
Securities Available for Sale:				
U.S. Treasury Securities	$ 2,580	$ —	$ —	$ 2,580
Municipal Bonds	—	131,354	—	131,354
Mortgage-Backed Securities	—	237,784	—	237,784
Corporate Securities	—	109,827	—	109,827
SBA Securities	—	20,877	—	20,877

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Asset-Backed Securities	—	46,191	—	46,191
Interest Rate Caps	—	19,406	—	19,406
Interest Rate Swaps	—	18,717	—	18,717
Total Fair Value of Financial Assets	$ 2,580	$ 584,156	$ —	$ 586,736
Fair Value of Financial Liabilities:				
Interest Rate Swaps	$ —	$ 9,542	$ —	$ 9,542
Total Fair Value of Financial Liabilities	$ —	$ 9,542	$ —	$ 9,542

	December 31, 2021			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
Fair Value of Financial Assets:				
Securities Available for Sale:				
U.S. Treasury Securities	$ 754	$ —	$ —	$ 754
Municipal Bonds	—	158,369	—	158,369
Mortgage-Backed Securities	—	124,537	—	124,537
Corporate Securities	—	84,480	—	84,480
SBA Securities	—	30,370	—	30,370
Asset-Backed Securities	—	40,852	—	40,852
Interest Rate Caps	—	7,356	—	7,356
Interest Rate Swaps	—	2,358	—	2,358
Total Fair Value of Financial Assets	$ 754	$ 448,322	$ —	$ 449,076
Fair Value of Financial Liabilities:				
Interest Rate Swaps	$ —	$ 1,567	$ —	$ 1,567
Total Fair Value of Financial Liabilities	$ —	$ 1,567	$ —	$ 1,567

Investment Securities

When available, the Company uses quoted market prices to determine the fair value of investment securities; such items are classified in Level 1 of the fair value hierarchy.

For the Company's investments, when quoted prices are not available for identical securities in an active market, the Company determines fair value utilizing vendors who apply matrix pricing for similar bonds where no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors, prepayment speeds, default rates, loss severity, current market, and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially, all of these assumptions are observable in the marketplace and can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with

Table of Contents

similar characteristics to the security being valued. Such methods are generally classified as Level 2. However, when prices from independent sources vary, or cannot be obtained or corroborated, a security is generally classified as Level 3.

Interest Rate Caps

The fair value of the caps are calculated by determining the total expected asset or liability exposure of the derivatives. Total expected exposure incorporates both the current and potential future exposure of the derivative, derived from using observable inputs, such as yield curves and volatilities, and accordingly are valued using Level 2 inputs.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Interest Rate Swaps

Interest rate swaps are traded in over-the-counter markets where quoted market prices are not readily available. For those interest rate swaps, fair value is determined using internally developed models of a third party that uses primarily market observable inputs, such as yield curves and option volatilities, and accordingly are valued using Level 2 inputs.

Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment or a change in the amount of previously recognized impairment.

The following tables present net impairment losses related to nonrecurring fair value measurements of certain assets for the periods ended December 31, 2022, 2021 and 2020:

	December 31, 2022			
(dollars in thousands)	Level 1	Level 2	Level 3	Loss
Impaired Loans	$ —	$ 96	$ —	$ 71
Totals	$ —	$ 96	$ —	$ 71

	December 31, 2021			
(dollars in thousands)	Level 1	Level 2	Level 3	Loss
Impaired Loans	$ —	$ 9,360	$ —	$ 625
Totals	$ —	$ 9,360	$ —	$ 625

	December 31, 2020			
(dollars in thousands)	Level 1	Level 2	Level 3	Loss
Impaired Loans	$ —	$ 80	$ —	$ 50
Totals	$ —	$ 80	$ —	$ 50

Impaired Loans

In accordance with the provisions of the loan impairment guidance, impairment is measured on loans when it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, or discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceeds the recorded investments in such loans. Impaired loans for which an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. Collateral values are estimated using Level 2 inputs based on customized discounting criteria.

Impairment amounts on impaired loans represent specific valuation allowance and write-downs during the period presented on impaired loans that were individually evaluated for impairment based on the estimated fair value of the collateral less estimated selling costs, excluding impaired loans fully charged-off.

Table of Contents

The following tables present nonrecurring fair value measurements of certain assets for the periods ended December 31, 2023, 2022 and 2021:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(dollars in thousands)	December 31, 2023 Level 1	Level 2	Level 3	Loss
Individually Evaluated Loans	$ —	$ —	$ 9,602	$ 199
Totals	$ —	$ —	$ 9,602	$ 199

(dollars in thousands)	December 31, 2022 Level 1	Level 2	Level 3	Loss
Impaired Loans	$ —	$ 96	$ —	$ 71
Totals	$ —	$ 96	$ —	$ 71

(dollars in thousands)	December 31, 2021 Level 1	Level 2	Level 3	Loss
Impaired Loans	$ —	$ 9,360	$ —	$ 625
Totals	$ —	$ 9,360	$ —	$ 625

Individually Evaluated Loans (Impaired Loans prior to January 1, 2023)

The Company records certain loans at fair value on a non-recurring basis. Individually evaluated loans for which an allowance is established, or a write-down has occurred during the period, based on the fair value of collateral require classification in the fair value hierarchy. The fair value of the loan's collateral is determined by appraisals, independent valuation and other techniques. When the fair value of the loan's collateral is based on an observable market price the Company classifies the fair value of the individually evaluated loans within Level 2 of the valuation hierarchy. For loans in which the valuation has unobservable inputs, the Company classifies these within the Level 3 of the valuation hierarchy. As of December 31, 2023, collateral values were estimated using a combination of observable inputs, including recent appraisals, and unobservable inputs, including internally determined values based on cost adjusted for depreciation and customized discounting criteria on appraisals which ranged from 3-6%. Due to the significance of unobservable inputs, fair values of individually evaluated loans have been classified as Level 3.

Fair Value

Disclosure of fair value information about financial instruments, for which it is practicable to estimate that value, is required whether or not recognized in the consolidated balance sheets. In cases where quoted market prices are not available, fair values are based on estimates using present value of cash flow or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instruments. Certain financial instruments with a fair value that is not practicable to estimate and all non-financial instruments are excluded from the disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Company.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business. Deposits with no stated maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the below amounts nor is it recorded as an intangible asset on the balance sheet. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following tables present the carrying amounts and estimated fair values of financial instruments at December 31, 2022 and 2021:

(dollars in thousands)	December 31, 2022 Carrying Amount	Fair Value Hierarchy Level 1	Level 2	Level 3	Estimated Fair Value
Financial Assets:					
Cash and Due From Banks	$ 87,043	$ 87,043	$ —	$ —	$ 87,043

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Bank-Owned Certificates of Deposit	1,181	—	1,173	—	1,173
Securities Available for Sale	548,613	2,580	546,033	—	548,613
FHLB Stock, at Cost	19,606	—	19,606	—	19,606
Loans, Net	3,512,157	—	3,314,190	—	3,314,190
Accrued Interest Receivable	13,479	—	13,479	—	13,479
Interest Rate Caps	19,406	—	19,406	—	19,406
Interest Rate Swaps	18,717	—	18,717	—	18,717
Financial Liabilities:					
Deposits	$ 3,416,543	$ —	$ 3,390,416	$ —	$ 3,390,416
Federal Funds Purchased	287,000	—	287,000	—	287,000
Notes Payable	13,750		13,473	—	13,473
FHLB Advances	97,000	—	96,061	—	96,061
Subordinated Debentures	78,905	—	70,931	—	70,931
Accrued Interest Payable	2,831	—	2,831	—	2,831
Interest Rate Swaps	9,542	—	9,542	—	9,542

Table of Contents

	December 31, 2021				
		Fair Value Hierarchy			
(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value
Financial Assets:					
Cash and Due From Banks	$ 143,473	$ 143,473	$ —	$ —	$ 143,473
Bank-Owned Certificates of Deposit	1,876	—	1,884	—	1,884
Securities Available for Sale	439,362	754	438,608	—	439,362
FHLB Stock, at Cost	5,242	—	5,242	—	5,242
Loans, Net	2,769,917	—	2,726,417	—	2,726,417
Accrued Interest Receivable	9,186	—	9,186	—	9,186
Interest Rate Caps	7,356	—	7,356	—	7,356
Interest Rate Swaps	2,358	—	2,358	—	2,358
Financial Liabilities:					
Deposits	$ 2,946,237	$ —	$ 2,931,215	$ —	$ 2,931,215
FHLB Advances	42,500	—	42,515	—	42,515
Subordinated Debentures	92,239	—	97,700	—	97,700
Accrued Interest Payable	1,409	—	1,409	—	1,409
Interest Rate Swaps	1,567	—	1,567	—	1,567

realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following tables present the carrying amounts and estimated fair values of financial instruments at December 31, 2023 and 2022:

	December 31, 2023				
		Fair Value Hierarchy			
(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Financial Assets:					
Cash and Due From Banks	$ 128,562	$ 128,562	$ —	$ —	$ 128,562
Securities Available for Sale	604,104	—	604,104	—	604,104
FHLB Stock, at Cost	17,097	—	17,097	—	17,097
Loans, Net	3,667,215	—	3,579,583	9,602	3,589,185
Accrued Interest Receivable	16,697	—	16,697	—	16,697
Interest Rate Caps	18,717	—	18,717	—	18,717
Interest Rate Swaps	13,872	—	13,872	—	13,872
Financial Liabilities:					
Deposits	$ 3,709,948	$ —	$ 3,709,086	$ —	$ 3,709,086
Notes Payable	13,750	—	13,805	—	13,805
FHLB Advances	319,500	—	319,305	—	319,305
Subordinated Debentures	79,288	—	77,557	—	77,557
Accrued Interest Payable	5,282	—	5,282	—	5,282
Interest Rate Swaps	8,601	—	8,601	—	8,601

	December 31, 2022				
		Fair Value Hierarchy			
(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value
Financial Assets:					
Cash and Due From Banks	$ 87,043	$ 87,043	$ —	$ —	$ 87,043
Bank-Owned Certificates of Deposit	1,181	—	1,173	—	1,173
Securities Available for Sale	548,613	2,580	546,033	—	548,613
FHLB Stock, at Cost	19,606	—	19,606	—	19,606
Loans, Net	3,512,157	—	3,314,190	—	3,314,190
Accrued Interest Receivable	13,479	—	13,479	—	13,479
Interest Rate Caps	19,406	—	19,406	—	19,406
Interest Rate Swaps	18,717	—	18,717	—	18,717
Financial Liabilities:					
Deposits	$ 3,416,543	$ —	$ 3,390,416	$ —	$ 3,390,416
Federal Funds Purchased	287,000	—	287,000	—	287,000
Notes Payable	13,750	—	13,473	—	13,473
FHLB Advances	97,000	—	96,061	—	96,061
Subordinated Debentures	78,905	—	70,931	—	70,931
Accrued Interest Payable	2,831	—	2,831	—	2,831
Interest Rate Swaps	9,542	—	9,542	—	9,542

The following methods and assumptions were used by the Company to estimate fair value of consolidated financial statements not previously discussed.

Cash and due from banks – The carrying amount of cash and cash equivalents approximates their fair value.

Table of Contents

Bank-owned certificates of deposit – Fair values of bank-owned certificates of deposit are estimated using the discounted cash flow analysis based on current rates for similar types of deposits.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

FHLB stock – The carrying amount of FHLB stock approximates its fair value.

Loans, Net net – Fair values for loans are estimated based on discounted cash flows, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality.

Accrued interest receivable – The carrying amount of accrued interest receivable approximates its fair value since it is short term in nature and does not present anticipated credit concerns.

Deposits – The fair values disclosed for demand deposits without stated maturities (interest and noninterest transaction, savings, and money market accounts) are equal to the amount payable on demand at the reporting date (their carrying amounts). Fair values for the fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Federal Funds Purchased purchased – The carrying amount of federal funds purchased approximates the fair value.

Notes payable and subordinated debentures – The fair values of the Company's notes payable and subordinated debentures are estimated using a discounted cash flow analysis, based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

FHLB advances – The fair values of the Company's FHLB advances are estimated using discounted cash flow analysis based on the Company's current incremental borrowing rates for similar types of borrowing agreements.

Accrued interest payable – The carrying amount of accrued interest payable approximates its fair value since it is short term in nature.

Table of Contents

Off-balance sheet instruments – Fair values of the Company's off-balance sheet instruments (lending commitments and unused lines of credit) are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the counterparties' credit standing and discounted cash flow analysis. The fair value of these off-balance sheet items approximates the recorded amounts of the related fees and was not material at December 31, 2022 December 31, 2023 and 2021. 2022.

Limitations – The fair value of a financial instrument is the current amount that would be exchanged between market participants, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. 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 rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Note 23: Revenue Recognition

The Company recognizes revenue from contracts with customers in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

Substantially all of the Company's revenue is generated from financial instruments, including interest income related to loans and investment securities, letters of credit, and derivatives, which are not within the scope of Topic 606 as these activities are subject to other GAAP discussed elsewhere within the Company's disclosures. The following is a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

summary of revenue-generating activities that are within the scope of Topic 606, which are presented in the Company's income statements as components of noninterest income:

Service charges on deposit accounts. These represent general service fees for monthly account maintenance and activity and transaction-based fees such as wire transfer fees, check cashing fees, check printing fees, stop payment fees and ATM and card replacement fees. Revenue is recognized when the Company's performance obligation is completed, which is generally monthly for account maintenance services or when a transaction has been completed. Payments for these performance obligations are generally received at the time the performance obligations are satisfied. The adoption of Topic 606 had no impact on the Company's revenue recognition practice for these services.

Debit card interchange fees. When a debit card issued by the Company is used to purchase goods or services from a merchant, the Company earns an interchange fee. The performance obligation is completed and the fees are recognized as the service is provided (i.e., when the customer uses the debit card). The adoption of Topic 606 has had no impact on the Company's revenue recognition related to debit card interchange fees.

Gain on sales of other real estate. ASU 2014-09 also created Topic 610-20, under which a gain on sale should be recognized when a contract for sale exists and control of the asset has been transferred to the buyer. Topic 606 list several criteria which must exist to conclude that a contract for sale exists, including a determination that the institution will collect substantially all of the consideration to which it is entitled.

Note 24: Accumulated Other Comprehensive Income (Loss)

The following table presents the components of other comprehensive income (loss) for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Year Ended December 31, 2023						
Net Unrealized Gain on Available for Sale Securities				$ 3,339	$ (959)	$ 2,380
Less: Reclassification Adjustment for Net Losses Included in Net Income				33	(9)	24
Total Unrealized Gain				3,372	(968)	2,404
Net Unrealized Gain on Cash Flow Hedge				2,299	(660)	1,639
Less: Reclassification Adjustment for Gains Included in Net Income				(6,102)	1,755	(4,347)
Total Unrealized Loss				(3,803)	1,095	(2,708)
Other Comprehensive Loss				$ (431)	$ 127	$ (304)
Year Ended December 31, 2022						
Net Unrealized Loss on Available for Sale Securities	$ (56,914)	$ 15,649	$ (41,265)	$ (56,914)	$ 15,649	$ (41,265)
Less: Reclassification Adjustment for Net Gains Included in Net Income	(82)	23	(59)	(82)	23	(59)
Total Unrealized Loss	(56,996)	15,672	(41,324)	(56,996)	15,672	(41,324)
Net Unrealized Gain on Cash Flow Hedge	20,430	(6,048)	14,382	20,430	(6,048)	14,382

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Less: Reclassification Adjustment for Gains Included in Net Income	(8)	2	(6)	(8)	2	(6)
Total Unrealized Gain	20,422	(6,046)	14,376	20,422	(6,046)	14,376
Other Comprehensive Loss	$ (36,574)	$ 9,626	$ (26,948)	$ (36,574)	$ 9,626	$ (26,948)
Year Ended December 31, 2021						
Net Unrealized Loss on Available for Sale Securities	$ (1,689)	$ 355	$ (1,334)	$ (1,689)	$ 355	$ (1,334)
Less: Reclassification Adjustment for Net Gains Included in Net Income	(750)	157	(593)	(750)	157	(593)
Total Unrealized Loss	(2,439)	512	(1,927)	(2,439)	512	(1,927)
Net Unrealized Gain on Cash Flow Hedge	3,991	(838)	3,153	3,991	(838)	3,153
Less: Reclassification Adjustment for Losses Included in Net Income	1,520	(319)	1,201	1,520	(319)	1,201
Total Unrealized Gain	5,511	(1,157)	4,354	5,511	(1,157)	4,354
Other Comprehensive Gain	$ 3,072	$ (645)	$ 2,427	$ 3,072	$ (645)	$ 2,427
Year Ended December 31, 2020						
Net Unrealized Gain on Available for Sale Securities	$ 6,394	$ (1,343)	$ 5,051			
Less: Reclassification Adjustment for Net Gains Included in Net Income	(1,503)	316	(1,187)			
Total Unrealized Gain	4,891	(1,027)	3,864			
Net Unrealized Loss on Cash Flow Hedge	(3,185)	669	(2,516)			
Less: Reclassification Adjustment for Losses Included in Net Income	579	(122)	457			
Total Unrealized Loss	(2,606)	547	(2,059)			
Other Comprehensive Gain	$ 2,285	$ (480)	$ 1,805			

Table of Contents

The following table presents the changes in each component of accumulated other comprehensive income (loss), net of tax, for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

(dollars in thousands)	Available For Sale Securities	Cash Flow Hedge	Accumulated Other Comprehensive Income (Loss)	Available For Sale Securities	Cash Flow Hedge	Accumulated Other Comprehensive Income (Loss)
Year Ended December 31, 2023						
Balance at Beginning of Year				$ (34,124)	$ 16,182	$ (17,942)
Other Comprehensive Income Before Reclassifications				2,380	1,639	4,019
Amounts Reclassified from Accumulated Other Comprehensive Income				24	(4,347)	(4,323)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Net Other Comprehensive Income (Loss) During Period				2,404	(2,708)	(304)
Balance at End of Year				$ (31,720)	$ 13,474	$ (18,246)
Year Ended December 31, 2022						
Balance at Beginning of Year	$ 7,200	$ 1,806	$ 9,006	$ 7,200	$ 1,806	$ 9,006
Other Comprehensive Income (Loss) Before Reclassifications	(41,265)	14,382	(26,883)	(41,265)	14,382	(26,883)
Amounts Reclassified from Accumulated Other Comprehensive Income	(59)	(6)	(65)	(59)	(6)	(65)
Net Other Comprehensive Income (Loss) During Period	(41,324)	14,376	(26,948)	(41,324)	14,376	(26,948)
Balance at End of Year	$ (34,124)	$ 16,182	$ (17,942)	$ (34,124)	$ 16,182	$ (17,942)
Year Ended December 31, 2021						
Balance at Beginning of Year	$ 9,127	$ (2,548)	$ 6,579	$ 9,127	$ (2,548)	$ 6,579
Other Comprehensive Income (Loss) Before Reclassifications	(1,334)	3,153	1,819	(1,334)	3,153	1,819
Amounts Reclassified from Accumulated Other Comprehensive Income	(593)	1,201	608	(593)	1,201	608
Net Other Comprehensive Income (Loss) During Period	(1,927)	4,354	2,427	(1,927)	4,354	2,427
Balance at End of Year	$ 7,200	$ 1,806	$ 9,006	$ 7,200	$ 1,806	$ 9,006
Year Ended December 31, 2020						
Balance at Beginning of Year	$ 5,263	$ (489)	$ 4,774			
Other Comprehensive Income (Loss) Before Reclassifications	5,051	(2,516)	2,535			
Amounts Reclassified from Accumulated Other Comprehensive Income	(1,187)	457	(730)			
Net Other Comprehensive Income (Loss) During Period	3,864	(2,059)	1,805			
Balance at End of Year	$ 9,127	$ (2,548)	$ 6,579			

Table of Contents

Note 25: Parent Company Financial Information

The following information presents the condensed balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the condensed statements of income and cash flows of the Company for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

Condensed Balance Sheets

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
ASSETS				

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Cash and Cash Equivalents	$ 37,414	$ 80,551	$ 27,733	$ 37,414
Investment in Subsidiaries	447,931	390,196	488,355	447,931
Premises and Equipment, Net	844	753	3,760	844
Other Assets	3,180	1,556	2,772	3,180
Total Assets	$ 489,369	$ 473,056	$ 522,620	$ 489,369
LIABILITIES AND EQUITY				
LIABILITIES				
Notes Payable	$ 13,750	$ —	$ 13,750	$ 13,750
Subordinated Debentures, Net of Issuance Costs	78,905	92,239	79,288	78,905
Accrued Interest Payable	452	841	1,765	452
Other Liabilities	2,198	704	2,302	2,198
Total Liabilities	95,305	93,784	97,105	95,305
SHAREHOLDERS' EQUITY				
Preferred Stock—$0.01 par value				
Preferred Stock—Authorized 10,000,000	66,514	66,514	66,514	66,514
Common Stock—$0.01 par value				
Voting Common Stock—Authorized 75,000,000	278	282	277	278
Additional Paid-In Capital	96,529	104,123	96,320	96,529
Retained Earnings	248,685	199,347	280,650	248,685
Accumulated Other Comprehensive Income (Loss)	(17,942)	9,006	(18,246)	(17,942)
Total Shareholders' Equity	394,064	379,272	425,515	394,064
Total Liabilities and Shareholders' Equity	$ 489,369	$ 473,056	$ 522,620	$ 489,369

Table of Contents

Condensed Statements of Income

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2023	December 31, 2022	December 31, 2021
INCOME						
Dividend Income	$ 1,585	$ 1,350	$ 1,300	$ —	$ 1,585	$ 1,350
Interest Income	—	—	19	3	—	—
Other Income	129	117	179	118	129	117
Total Income	1,714	1,467	1,498	121	1,714	1,467
EXPENSE						
Interest Expense	4,890	4,691	3,547	5,126	4,890	4,691
Other Expenses	1,570	1,972	1,412	1,757	1,570	1,972
Total Interest Expense	6,460	6,663	4,959	6,883	6,460	6,663
LOSS BEFORE INCOME TAX BENEFIT AND EQUITY IN UNDISTRIBUTED EARNINGS	(4,746)	(5,196)	(3,461)	(6,762)	(4,746)	(5,196)
Income Tax Benefit	1,792	1,847	1,323	1,894	1,792	1,847
LOSS BEFORE EQUITY IN UNDISTRIBUTED EARNINGS	(2,954)	(3,349)	(2,138)	(4,868)	(2,954)	(3,349)
Equity in Undistributed Earnings	56,346	49,036	29,332	44,828	56,346	49,036
NET INCOME	$ 53,392	$ 45,687	$ 27,194	$ 39,960	$ 53,392	$ 45,687

Condensed Statements of Cash Flows

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(dollars in thousands)	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2023	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income	$ 53,392	$ 45,687	$ 27,194	$ 39,960	$ 53,392	$ 45,687
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:						
Equity in Undistributed Earnings of Subsidiaries	(56,346)	(49,036)	(29,332)	(44,828)	(56,346)	(49,036)
Changes in Other Assets and Liabilities	(193)	634	234	(738)	(193)	634
Net Cash Used by Operating Activities	(3,147)	(2,715)	(1,904)	(5,606)	(3,147)	(2,715)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net (Increase) Decrease in Loans	—	—	742			
Investment in Subsidiaries	(25,000)	(25,000)	(25,000)	—	(25,000)	(25,000)
Net Cash Used in Investing Activities	(25,000)	(25,000)	(24,258)			
Proceeds from Bridgewater Risk Management, Inc. Liquidation				4,143	—	—
Net Cash Provided (Used) by Investing Activities				4,143	(25,000)	(25,000)
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal Payments on Notes Payable	—	(11,000)	(2,000)	—	—	(11,000)
Proceeds from Notes Payable	13,750	—	—	—	13,750	—
Proceeds from Issuance of Subordinated Debt	—	29,309	48,783	—	—	29,309
Redemption of Subordinated Debt	(13,750)	(11,250)	—	—	(13,750)	(11,250)
Stock Options Exercised	577	724	317	963	577	724
Stock Repurchases	(11,513)	(2,740)	(10,373)			
Stock Repurchases and Repurchases for Tax Withholding on Equity Awards				(5,127)	(11,513)	(2,740)
Issuance of Preferred Stock	—	66,514	—	—	—	66,514
Preferred Stock Dividends Paid	(4,054)	(1,171)	—	(4,054)	(4,054)	(1,171)
Net Cash Provided (Used) by Financing Activities	(14,990)	70,386	36,727	(8,218)	(14,990)	70,386
NET CHANGE IN CASH AND CASH EQUIVALENTS	(43,137)	42,671	10,565	(9,681)	(43,137)	42,671
Cash and Cash Equivalents Beginning	80,551	37,880	27,315	37,414	80,551	37,880
Cash and Cash Equivalents Ending	$ 37,414	$ 80,551	$ 37,880	$ 27,733	$ 37,414	$ 80,551

Table of Contents

Note 26: Subsequent Events

On January 24, 2023 January 24, 2024, the Company's Board of Directors declared a quarterly cash dividend of $36.72 per share ($0.3672 per depositary share) on the Series A Preferred Stock, payable on March 1, 2023 March 1, 2024, to shareholders of record on the Series A Preferred Stock at the close of business on February 15, 2023 February 15, 2024.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) as of December 31, 2022 December 31, 2023, the end of the fiscal year covered by this Annual Report on Form 10-K. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022 December 31, 2023, the Company's disclosure controls and procedures were effective to ensure that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

This annual report does not include an attestation report of the Company's independent registered public accounting firm. As an emerging growth company, management's report on internal control over financial reporting was not subject to attestation by the Company's independent registered public accounting firm in accordance with the JOBS Act.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). The Company's internal control system is a process designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Internal control over financial reporting of the Company includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of inherent limitations in any system of internal control, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023. This assessment was based on criteria for effective internal control over financial reporting set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework in 2013. Based on this assessment, the Chief Executive Officer and Chief Financial Officer assert that the Company maintained effective internal control over financial reporting as of December 31, 2022 December 31, 2023 based on the specified criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023, has been audited by RSM US LLP, the independent registered public accounting firm who also has audited the Company's consolidated financial statements included in this

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Annual Report on Form 10-K. RSM US LLP's report on the Company's internal control over financial reporting appears in Item 8 of this Form-10K and is incorporated into this item by reference.

Table of Contents

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.**Rule 10b5-1 Trading Plans**

During the fiscal quarter ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information called for by this item, as well as information relating to compliance with Section 16 of the Exchange Act, is set forth under the headings "Proposal 1 – Election of Directors," "Security Ownership of Certain Beneficial Owners," and "Corporate Governance and the Board of Directors" appearing in the Company's definitive Proxy Statement for our Annual Meeting of Shareholders to be held on April 25, 2023 April 23, 2024, which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of the Company's fiscal year end, which is incorporated herein by reference.

Information regarding the Company's compliance with Section 16(a) of the Securities Exchange Act of 1934 is included, to the extent necessary, under the caption "Delinquent Section 16(a) Reports" appearing in the Company's definitive Proxy Statement for our Annual Meeting of Shareholders to be held on April 23, 2024, which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of the Company's fiscal year end, which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this item is set forth under the headings "Executive Compensation," "Corporate Governance and the Board of Directors – Director Compensation," and "Corporate Governance and the Board of Directors – Compensation Committee Interlocks and Insider Participation" appearing in the Company's definitive Proxy Statement for our Annual Meeting of Shareholders to be held on April 25, 2023 April 23, 2024, which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of the Company's fiscal year end, which is incorporated herein by reference.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Table of Contents

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Equity Compensation Plans

The following table presents the number of outstanding options, warrants and rights granted to participants by the Company under its equity compensation plans, as well as the number of securities remaining available for future issuance under these plans as of December 31, 2022 December 31, 2023. The table provides this information separately for equity compensation plans that have and have not been approved by security holders. Additional information regarding stock incentive plans is presented in "Note 17 – Stock Options and Restricted Stock" to the Consolidated Financial Statements for the year ending December 31, 2022 December 31, 2023.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders (1)	2,264,754	$ 9.35	276,063	2,456,009	$ 10.57	1,112,752
Equity compensation plans not approved by shareholders	—	—	—	—	—	—
Total	2,264,754	$ 9.35	276,063	2,456,009	$ 10.57	1,112,752

(1) Column (a) includes outstanding stock options granted under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan, the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan, the Bridgewater Bancshares, Inc. 2017 Combined Incentive and Non-Statutory Stock Option Plan the Bridgewater Bancshares, Inc. 2012 Combined Incentive and Non-Statutory Stock Option Plan and the Bridgewater Bancshares, Inc. 2005 2012 Combined Incentive and Non-Statutory Stock Option Plan. This column also includes unvested restricted stock units granted under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan and the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan. Restricted stock units are not reflected in Column (b) as they do not include an exercise price. Column (c) includes 44,700 5,000 and 231,363 1,107,752 shares remaining available for future issuance under the Bridgewater Bancshares, Inc. 2017 Combined Incentive and Non-Statutory Stock Option Plan and the Bridgewater Bancshares, Inc. 2019 2023 Equity Incentive Plan, respectively, as of December 31, 2022 December 31, 2023.

The information required pursuant to Item 403 of Regulation S-K can be found under the caption "Security Ownership of Certain Beneficial Owners" in the Company's definitive Proxy Statement on Form DEF 14A for our Annual Meeting of Shareholders to be held on April 25, 2023 April 23, 2024, which will be filed with the SEC within 120 days of the Company's fiscal year end, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this item is set forth under the headings "Certain Relationships and Related Party Transactions" and "Corporate Governance and the Board of Directors" appearing in the Company's definitive Proxy Statement for our Annual Meeting of Shareholders to be held on April 25, 2023 April 23, 2024, which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of the Company's fiscal year end, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for by this item is set forth under the heading "Proposal 5 4 – Ratification of the Appointment of RSM US LLP as our Independent Registered Public Accounting Firm" appearing in the Company's definitive Proxy Statement for our Annual Meeting of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Shareholders to be held on April 25, 2023 April 23, 2024, which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of the Company's fiscal year end, which is incorporated herein by reference.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements: The consolidated financial statements that appear in Item 8 of this Form 10-K are incorporated herein by reference.

2. Financial Statement Schedules: All schedules are omitted because they are not applicable, not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits.

Exhibit Number	Description
3.1	Second Third Amended and Restated Articles of Incorporation of Bridgewater Bancshares, Inc. (incorporated herein by reference to Exhibit 3.1 on Form 8-K filed on April 25, 2019 April 27, 2023)
3.2	Second Amended and Restated Bylaws of Bridgewater Bancshares, Inc. (incorporated herein by reference to Exhibit 3.2 on Form S-1/A 8-K filed on March 5, 2018 April 27, 2023)
3.3	Statement of Designation of 5.875% Non-Cumulative Perpetual Preferred Stock, Series A (incorporated herein by reference to Exhibit 3.1 on Form 8-K filed on August 17, 2021)
4.1	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 4.1 on Form 10-K filed on March 7, 2023)
4.3	Indenture, dated June 19, 2020, by and between Bridgewater Bancshares, Inc. and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 on Form 8-K filed on June 19, 2020)
4.4	Forms of 5.25% Fixed-to-Floating Rate Subordinated Note due July 1, 2030 (included as Exhibit A-1 and Exhibit A-2 to the Indenture filed as Exhibit 4.3 hereto and incorporated herein by reference to Exhibit 4.1 on Form 8-K filed on June 19, 2020)
4.5	Indenture, dated July 8, 2021, by and between Bridgewater Bancshares, Inc. and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 on Form 8-K filed on July 8, 2021)
4.6	Forms of 3.25% Fixed-to-Floating Rate Subordinated Note due July 15, 2031 (included as Exhibit A-1 and Exhibit A-2 to the Indenture filed as Exhibit 4.5 hereto and incorporated herein by reference to Exhibit 4.1 on Form 8-K filed on July 8, 2021)
4.7	Deposit Agreement, dated as of August 17, 2021, among Bridgewater Bancshares, Inc., Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, and the holders from time to time of the depositary receipts issued thereunder (incorporated herein by reference to Exhibit 4.1 on Form 8-K filed on August 17, 2021)
4.8	Form of depositary receipt representing the Depositary Shares (included as Exhibit A to Exhibit 4.7 hereto)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

10.1	Employment Agreement by and among Bridgewater Bancshares, Inc., Bridgewater Bank and Jerry Baack, dated October 1, 2017 (incorporated herein by reference to Exhibit 10.1 on Form S-1 filed on February 16, 2018)†

Table of Contents

10.2	Employment Agreement by and among Bridgewater Bancshares, Inc., Bridgewater Bank and Mary Jayne Crocker, dated October 1, 2017 (incorporated herein by reference to Exhibit 10.2 on Form S-1 filed on February 16, 2018)†
10.3	Employment Agreement by and among Bridgewater Bancshares, Inc., Bridgewater Bank and Jeffrey D. Shellberg, dated October 1, 2017 (incorporated herein by reference to Exhibit 10.3 on Form S-1 filed on February 16, 2018)†
10.4	Bridgewater Bank Deferred Cash Incentive Plan effective December 31, 2013 (incorporated herein by reference to Exhibit 10.4 filed on Form S-1 on February 16, 2018)†
10.5	Bridgewater Bancshares, Inc. 2017 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.5 on Form S-1 filed on February 16, 2018)†
10.6	Form of Stock Option Agreement under the Bridgewater Bancshares, Inc. 2017 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2019)†
10.7	Bridgewater Bancshares, Inc. 2012 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.7 on Form S-1 filed on February 16, 2018)†
10.8	Form of Stock Option Agreement under the Bridgewater Bancshares, Inc. 2012 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.8 on Form S-1 filed on February 16, 2018)†
10.9	Bridgewater Bancshares, Inc. 2005 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.9 filed on Form S-1 on February 16, 2018)†
10.10	Form of Incentive Stock Option Agreement under the Bridgewater Bancshares, Inc. 2005 Combined Incentive and Non-Statutory Stock Option Plan (incorporated herein by reference to Exhibit 10.10 on Form S-1 filed on February 16, 2018)†
10.11	Construction Contract, dated as of August 27, 2018, by and between Bridgewater Bank and Reuter Walton Commercial, LLC (incorporated herein by reference to Exhibit 10.1 filed with the Form 8-K on August 30, 2018)
10.12	Exchange Agreement, dated as of October 25, 2018 by and between Bridgewater Bancshares, Inc. and Castle Creek Capital Partners V, LP (incorporated herein by reference to Exhibit 10.1 filed with the Form 8-K on October 26, 2018)
10.13	Exchange Agreement, dated as of October 25, 2018 by and between Bridgewater Bancshares, Inc. and EJF Sidecar Fund, Series LLC – Series E (incorporated herein by reference to Exhibit 10.2 filed with the Form 8-K on October 26, 2018)
10.14	Exchange Agreement, dated as of October 25, 2018 by and between Bridgewater Bancshares, Inc. and Endeavour Regional Bank Opportunities Fund II LP (incorporated herein by reference to Exhibit 10.3 filed with the Form 8-K on October 26, 2018)
10.15	Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 filed on April 26, 2019)†

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

10.16	Form of Restricted Stock Award Agreement under the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 filed on April 26, 2019)†

Table of Contents

10.17	Form of Restricted Stock Unit Award Agreement under the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed on April 26, 2019)† Plan†
10.18	Form of Nonqualified Stock Option Award Agreement under the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-8 filed on April 26, 2019)†
10.19	Form of Incentive Stock Option Award Agreement under the Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 filed on April 26, 2019)†
10.20	Form of Subordinated Note Purchase Agreement, dated June 19, 2020, by and among Bridgewater Bancshares, Inc. and the Purchasers (incorporated herein by reference to Exhibit 10.1 on Form 8-K filed on June 19, 2020)
10.21	Form of Registration Rights Agreement, dated June 19, 2020, by and among Bridgewater Bancshares, Inc. and the Purchasers (incorporated herein by reference to Exhibit 10.2 on Form 8-K filed on June 19, 2020)
10.22	Loan and Security Agreement, dated as of March 1, 2021, by and between Bridgewater Bancshares, Inc., as Borrower, and ServisFirst Bank, as Lender (incorporated herein by reference to Exhibit 10.1 on Form 8-K filed on March 5, 2021)
10.23	Revolving Note, dated as of March 1, 2021, made by Bridgewater Bancshares, Inc., as Borrower, to and in favor of ServisFirst Bank, as Lender (incorporated herein by reference to Exhibit 10.2 on Form 8-K filed on March 5, 2021)
10.24	Pledge Agreement, dated as of March 1, 2021, by and between Bridgewater Bancshares, Inc., as Borrower, and ServisFirst Bank, as Lender (incorporated herein by reference to Exhibit 10.3 on Form 8-K filed on March 5, 2021)
10.25	Form of Subordinated Note Purchase Agreement, dated July 8, 2021, by and among Bridgewater Bancshares, Inc. and the Purchasers (incorporated herein by reference to Exhibit 10.1 on Form 8-K filed on July 8, 2021)
10.26	Form of Registration Rights Agreement, dated July 8, 2021, by and among Bridgewater Bancshares, Inc. and the Purchasers (incorporated herein by reference to Exhibit 10.2 on Form 8-K filed on July 8, 2021)
10.27	Executive Employment Agreement, dated January 1, 2022 between Bridgewater Bancshares, Inc. and Jerry Baack † Baack (incorporated herein by reference to Exhibit 10.27 on Form 10-K filed on March 7, 2023)†
10.28	Executive Employment Agreement, dated January 1, 2022 between Bridgewater Bancshares, Inc. and Mary Jayne Crocker† Crocker (incorporated herein by reference to Exhibit 10.28 on Form 10-K filed on March 7, 2023)†
10.29	Executive Employment Agreement, dated January 1, 2022 between Bridgewater Bancshares, Inc. and Joseph Chybowski† Chybowski (incorporated herein by reference to Exhibit 10.29 on Form 10-K filed on March 7, 2023)†
10.30	Executive Employment Agreement, dated January 1, 2022 between Bridgewater Bancshares, Inc. and Jeffrey Shellberg† Shellberg (incorporated herein by reference to Exhibit 10.30 on Form 10-K filed on March 7, 2023)†

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

10.31	Executive Employment Agreement, dated January 1, 2022 between Bridgewater Bancshares, Inc. and Nicholas Place † Place (incorporated herein by reference to Exhibit 10.31 on Form 10-K filed on March 7, 2023)†

Table of Contents

10.32	Second Amendment to Loan and Security Agreement, dated September 1, 2022, by and between Bridgewater Bancshares, Inc. and ServisFirst Bank (incorporated herein by reference to Exhibit 10.1 on Form 8-K filed on September 1, 2022)
10.33	Amended and Restated Revolving Note, dated September 1, 2022, made by Bridgewater Bancshares, Inc. to and in favor of ServisFirst Bank (incorporated herein by reference to Exhibit 10.2 on Form 8-K filed on September 1, 2022)
10.34	Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan (incorporated herein by reference to Appendix C on Schedule 14A filed on March 13, 2023)†
10.35	Form of Restricted Stock Award Agreement under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.4 on Form S-8 filed on April 28, 2023)†
10.36	Form of Restricted Stock Unit Award Agreement under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan†
10.37	Form of Nonqualified Stock Option Award Agreement under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.6 on Form S-8 filed on April 28, 2023)†
10.38	Form of Incentive Stock Option Award Agreement under the Bridgewater Bancshares, Inc. 2023 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.7 on Form S-8 filed on April 28, 2023)†
16.1	Letter of CliftonLarsonAllen LLP, dated December 22, 2022 March 7, 2023 (incorporated herein by reference to Exhibit 16.1 on Form 8-K 10-K filed on December 22, 2022 March 7, 2023)
19.1	Insider Trading Policy
21.1	Subsidiaries of Bridgewater Bancshares, Inc. (incorporated herein by reference to Exhibit 21.1 filed with the Form S-1 on February 16, 2018)
23.1	Consent of CliftonLarsonAllen LLP
23.2	Consent of RSM US LLP
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, and Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, and Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Bridgewater Bancshares, Inc. Clawback Policy
101.1	Financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, formatted in inline XBRL interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements

Table of Contents

104	Cover Page Interactive Data File (formatted as inline XBRL, with applicable taxonomy extension information contained in Exhibit 101)

† Indicates a management contract or compensatory plan.

ITEM 16. FORM 10-K SUMMARY

None.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Bridgewater Bancshares, Inc.

Date: March 7, 2023 March 7, 2024

By: /s/ Jerry J. Baack
Name: Jerry J. Baack
Title: Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Signature	Title	Date
/s/ Jerry J. Baack Jerry J. Baack	Chairman, Chief Executive Officer and President (Principal Executive Officer)	March 7, 2023 2024
/s/ Joe M. Chybowski Joe M. Chybowski	Chief Financial Officer (Principal Financial and Accounting Officer)	March 7, 2023 2024
/s/ Lisa M. Brezonik Lisa M. Brezonik	Director	March 7, 2023 2024
/s/ James S. Johnson James S. Johnson	Director	March 7, 2023 2024
/s/ David B. Juran David B. Juran	Director	March 7, 2023 2024
/s/ Mohammed Lawal Mohammed Lawal	Director	March 7, 2023 2024
/s/ Douglas J. Parish Douglas J. Parish	Director	March 7, 2023 2024
/s/ Jeffrey D. Shellberg Jeffrey D. Shellberg	Director, Secretary, Executive Vice President and Chief Credit Officer	March 7, 2023 2024
/s/ Thomas P. Trutna Thomas P. Trutna	Director	March 7, 2023 2024
/s/ Todd B. Urness Todd B. Urness	Director	March 7, 2023 2024
/s/ David J. Volk David J. Volk	Director	March 7, 2023 2024

Exhibit 4.1 10.17

REGISTERED PURSUANT TO SECTION 12 OF THE DESCRIPTION OF THE COMPANY'S SECURITIES SECURITIES EXCHANGE ACT OF 1934

*The common stock and depositary shares, each representing a 1/100th interest in a share of the Company's 5.875% Non-Cumulative Perpetual Preferred Stock, Series A, $0.01 par value per share (the "**Depositary Shares**") of Bridgewater Bancshares, Inc. (the "Company," which is also referred to herein as "we," "our" or "us") are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended. The following description of the material terms of the Company's*

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

*common stock and Depositary Shares is only a summary. This summary does not purport to be a complete description of the terms and conditions of the Company's common stock and Depositary Shares in all respects and is subject to and qualified in its entirety by reference to the Company's Second Amended and Restated Articles of Incorporation ("**Articles of Incorporation**"), the Company's Statement of Designation of 5.875% Non-Cumulative Perpetual Preferred Stock, Series A and the Company's Amended and Restated Bylaws ("**Bylaws**"), each of which are filed as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part, as well as the Minnesota Business Corporation Act, as amended (the "**MBCA**"), and any other documents referenced in the summary and from which the summary is derived.*

Authorized Shares of Capital Stock

Our Articles of Incorporation authorize the issuance of up to 75,000,000 shares of common stock, par value $0.01 per share, and up to 10,000,000 shares of preferred stock, par value $0.01 per share. 27,600 shares of the Company's preferred stock, $0.01 par value per share, is designated as 5.875% Non-Cumulative Perpetual Preferred Stock, Series A (the "**Series A Preferred Stock**"). Our common stock is listed on the Nasdaq Capital Market under the symbol "BWB." Our depositary shares are listed on the Nasdaq Capital Market under the symbol "BWBBP".

Common Stock

Governing Documents. Holders of shares of our common stock have the rights set forth in our Articles of Incorporation, our Bylaws and Minnesota law.

Dividends and Distributions. The holders of our common stock are entitled to share equally in any dividends that our board of directors may declare from time to time out of funds legally available for dividends, subject to limitations under Minnesota law and any preferential rights of holders of our then outstanding preferred stock.

Ranking. Our common stock ranks junior to all other securities and indebtedness of the Company with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company.

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of our common stock are entitled to share equally, on a per share basis, in all of our assets available for distribution, after payment to creditors and subject to any prior distribution rights granted to holders of any then outstanding shares of preferred stock.

No Conversion Rights. Our common stock is not convertible into any other shares of our capital stock.

No Preemptive Rights. Holders of our common stock do not have any preemptive rights.

Voting Rights. The holders of our common stock are entitled to one vote per share on any matter to be voted on by the shareholders. The holders of our common stock are not entitled to cumulative voting rights with respect to the election of directors. A plurality of the shares voted shall elect all of the directors then standing for election at a meeting of shareholders at which a quorum is present.

No Redemption. We have no obligation or right to redeem our common stock.

Fully Paid and Nonassessable. All outstanding shares of the Company common stock are fully paid and non-assessable.

Series A Preferred Stock

Depositary.Computershare Inc., and its wholly owned subsidiary, Computershare Trust Company, N.A. (collectively, the "**Depositary**") serve jointly as depositary for the Depositary Shares and Computershare Trust Company, N.A. serves as transfer agent and registrar for the Series A Preferred Stock and the Depositary Shares. The Depositary is the sole holder of the Series A Preferred Stock. However, the holders of Depositary Shares are entitled, through the Depositary, to exercise the rights and preferences of the holder of the Series A Preferred Stock, as described below.

Dividends and Distributions. Dividends on the Series A Preferred Stock are discretionary and are not cumulative, and will accrue and be payable only when, as and if declared by our board of directors or a duly authorized committee of our board of directors out of legally available funds, on a non-cumulative basis on the $2,500 per share liquidation preference, at a rate equal to 5.875% per annum for each quarterly dividend period from the issue date. Dividends will be paid quarterly, in arrears on March 1, June 1, September 1 and December 1 of each year.

Dividends on the Series A Preferred Stock are non-cumulative. If for any reason our board of directors or a duly authorized committee of our board does not declare cash dividends on the Series A Preferred Stock for a dividend period (or if less than full dividends for any dividend period are declared), we will have no obligation to pay any dividends or any additional dividends, as applicable, for that dividend period, whether or not our board of directors

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

or a duly authorized committee of our board declares dividends on the Series A Preferred Stock for any subsequent dividend period.

We are not obligated to and will not pay holders of the Series A Preferred Stock any interest or sum of money in lieu of interest on any dividend not paid on a dividend payment date. We are also not obligated to and will not pay holders of the Series A Preferred Stock any dividend in excess of the dividends on the Series A Preferred Stock that are payable as described above. There is no sinking fund with respect to dividends.

Dividend Stopper. If full dividends on all outstanding shares of the Series A Preferred Stock for the most recently completed dividend period have not been declared and paid or declared and set aside for payment, we will be prohibited from declaring or paying dividends (other than a dividend payable solely in junior stock) or other distributions with respect to, or redeeming, purchasing or acquiring any of, our junior stock during the next succeeding dividend period, other than:

- redemptions, purchases or other acquisitions of junior stock in connection with any benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or in connection with a dividend reinvestment or shareholder stock purchase plan;
- any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, stock or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant thereto; and
- conversions into or exchanges for other junior stock and cash solely in lieu of fractional shares of the junior stock.

If dividends for any dividend payment date are not paid in full on the shares of the Series A Preferred Stock and there are issued and outstanding shares of parity stock for which such dividend payment date is also a scheduled dividend payment date, then all dividends declared on shares of the Series A Preferred Stock and such parity stock on such date shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as full dividends (or equivalent) per share on the shares of the Series A Preferred Stock and all such parity stock otherwise payable on such dividend payment date (subject to their having been declared out of legally available funds by our board of directors or a duly authorized committee of our board of directors and including, in the case of any such parity stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other.

Subject to the foregoing, dividends (payable in cash, stock, or otherwise) may be declared and paid on our junior stock, which includes our common stock, from time to time out of any assets legally available for such payment, and the holder of the Series A Preferred Stock or parity stock will not be entitled to participate in any such dividend.

Ranking.The Series A Preferred Stock will rank, with respect to the payment of dividends and distributions upon our liquidation, dissolution, or winding-up, (i) senior to our common stock and to each class or series of our capital stock we may issue in the future the terms of which do not expressly provide that it ranks on parity with or senior to the Series A Preferred Stock as to dividend and distribution rights and rights on our liquidation, dissolution or winding-up, which we refer to collectively as the "junior stock," and (ii) on parity with, or equally to, each class or series of our capital stock we may issue in the future the terms of which expressly provide that it ranks on parity with, or equally to, the Series A Preferred Stock as to dividend and distribution rights and rights upon our liquidation, dissolution or winding-up, which we refer to collectively as "parity stock." We will not be entitled to issue any class or series of our capital stock, the terms of which provide that such class or series will rank senior to the Series A Preferred Stock as to payment of dividends or distribution of assets upon our liquidation, dissolution or winding-up, without the approval of the holders of at least two-thirds of the shares of our Series A Preferred Stock then outstanding and any class or series of parity stock upon which like voting rights have been conferred and are exercisable and are then outstanding, voting together as a single class, with each series or class having a number of votes proportionate to the aggregate liquidation preference of the outstanding shares of such class or series.

We may, however, from time to time, without notice to or consent from holders of the Series A Preferred Stock, re-open this series and issue additional shares of Series A Preferred Stock and a corresponding number of additional Depositary Shares. All such additional shares of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Series A Preferred Stock would be deemed to form a single series with the shares of Series A Preferred Stock relating to the Depositary Shares currently outstanding. In addition, we may, from time to time, without notice to or consent from holders of the Series A Preferred Stock, create and issue parity stock and junior stock.

No Conversion Rights. The Series A Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of our capital stock or other securities.

No Preemptive Rights. The holder of the Series A Preferred Stock will have no preemptive rights.

Redemption. The Series A Preferred Stock are not be subject to any sinking fund or any other obligation of us to redeem or repurchase the Series A Preferred Stock. The Series A Preferred Stock does not have a stated maturity date and will be perpetual unless redeemed at our option.

The Series A Preferred Stock is redeemable by us, in whole or in part, from time to time, at our option on any dividend payment date on or after August 17, 2026, at a redemption price equal to the liquidation preference, plus any declared and unpaid dividends, without accumulation of undeclared dividends. Neither the holder of Series A Preferred Stock nor the holders of Depositary Shares have the right to require the redemption or repurchase of the Series A Preferred Stock or the Depositary Shares.

The Series A Preferred Stock is redeemable by us, in whole but not in part, at any time within 90 days following a regulatory capital treatment event at a redemption price equal to the liquidation preference, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. A “regulatory capital treatment event” means our good-faith determination that, as a result of (i) any amendment to, or change in, the laws, rules or regulations of the United States or any political subdivision of or in the United States (including, for the avoidance of doubt, any agency or instrumentality of the United States, including the Federal Reserve and other appropriate federal bank regulatory agencies) that is enacted or becomes effective after the initial issuance of any share of the Series A Preferred Stock; (ii) any proposed change in those laws, rules or regulations that is announced after the initial issuance of any share of the Series A Preferred Stock; or (iii) any official administrative or judicial decision or administrative action or other official pronouncement interpreting or applying those laws, rules or regulations or policies with respect thereto that is announced or becomes effective after the initial issuance of the Series A Preferred Stock, there is more than an insubstantial risk that we will not be entitled to treat the full liquidation preferences of the shares of Series A Preferred Stock then outstanding as “Additional Tier 1 Capital” (or its equivalent) for purposes of the capital adequacy standards of Federal Reserve Regulation Q, 12 C.F.R. Part 217 (or, as and if applicable, the successor capital adequacy guidelines, rules or regulations of the Federal Reserve or the capital adequacy guidelines, rules or regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of Series A Preferred Stock is outstanding.

Maturity. The Series A Preferred Stock is perpetual and does not have a maturity date. We are not required to redeem the Series A Preferred Stock. Accordingly, the Series A Preferred Stock and related Depositary Shares will remain outstanding indefinitely, unless and until we decide to redeem the Series A Preferred Stock.

Liquidation Rights. In the event that we voluntarily or involuntarily liquidate, dissolve or wind up, the holder of the Series A Preferred Stock at the time outstanding is entitled to receive liquidating distributions in the amount of $2,500 per share of the Series A Preferred Stock (equivalent to $25 per depositary share), plus an amount equal to any declared but unpaid dividends thereon to and including the date of such liquidation without accumulation of any undeclared dividends, out of assets legally available for distribution to our shareholders, before any distribution of assets is made to the holders of our common stock or any other junior stock. After payment of the full amount of such liquidating distributions, the holder of the Series A Preferred Stock will not be entitled to any further participation in any distribution of assets by us, and will have no right or claim to any of our remaining assets.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

In the event that our assets available for distribution to shareholders upon any liquidation, dissolution or winding-up of our affairs, whether voluntary or involuntary, are insufficient to pay in full the amounts payable with respect to all outstanding shares of the Series A Preferred Stock and the corresponding amounts payable on any parity stock, the holders of the Series A Preferred Stock and the holder of such other parity stock will share ratably in any distribution of our assets in proportion to the full respective liquidating distributions to which they would otherwise be respectively entitled.

For such purposes, our merger with or into any other entity, the merger of any other entity with or into us, our conversion into another entity, or the sale of all or substantially all of our property or business, will not be deemed to constitute our liquidation, dissolution, or winding-up.

Voting Rights. Except as indicated below, or as otherwise required by the Articles of Incorporation, Bylaws or the MBCA, the holder of the Series A Preferred Stock does not have any voting rights.

If and when the dividends on the Series A Preferred Stock or on any other class or series of our parity stock that has voting rights equivalent to those of the Series A Preferred Stock, have not been declared and paid in full for at least six dividend periods or their equivalent (whether or not consecutive), the authorized number of directors then constituting our board of directors will be automatically increased by two; *provided however*, to the extent an amendment to the Company's Articles of Incorporation and/or Bylaws is necessary to effectuate the required increase in the size of the Board of Directors, the Company shall amend its Articles of Incorporation and/or Bylaws accordingly and shall use its best efforts to obtain any required shareholder approval in connection with such amendment(s). In that case, the holder of the Series A Preferred Stock and the holders of all other classes and series of parity stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote for the election of the two additional directors, voting together as a single class, with each series or class having a number of votes proportionate to the aggregate liquidation preference (including, in the case of the Series A Preferred Stock, the aggregate liquidation amounts) of the outstanding shares of such class or series, are entitled to elect the two additional members of our board of directors, which we refer to as the "Preferred Stock Directors," at any annual or special meeting of shareholders at which directors are to be elected or any special meeting of the holders of the Series A Preferred Stock and any parity stock for which dividends have not been paid, but only if the election of any Preferred Stock Directors would not cause us to violate the corporate governance requirement of the Nasdaq Capital Market, or any other exchange on which our securities may be listed, that listed

---

companies must have a majority of independent directors. In addition, our board of directors shall at no time have more than two Preferred Stock Directors.

So long as any shares of the Series A Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by the Articles of Incorporation , Bylaws or the MBCA, the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Series A Preferred Stock and any class or series of parity stock upon which like voting rights have been conferred and are exercisable and are then outstanding, voting together as a single class, with each series or class having a number of votes proportionate to the aggregate liquidation preference (including, in the case of the Series A Preferred Stock, the aggregate liquidation amounts) of the outstanding shares of such class or series, given in person or by proxy, either in writing without a meeting or by vote at any meeting for the purpose, shall be necessary for effecting or validating: (i) any amendment of our Articles of Incorporation to authorize, create or designate, or increase the authorized or designated amount of, any shares of any class or series of stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or distribution of assets on our liquidation, dissolution or winding up, as well as any amendment of our Articles of Incorporation, that would alter or change the voting powers, limitations, preferences or relative rights of the Series A Preferred Stock so as to affect them adversely; *provided* that the amendment of the Articles of Incorporation so as to authorize, create or designate, or to increase the authorized or designated amount of, any shares of any class or series, or any securities convertible into, or exercisable or exchangeable for, shares of any class or series, of stock of the Company ranking on parity with or junior to the Series A Preferred Stock with respect to the payment of dividends and in the distribution of assets on the Company's liquidation, dissolution or winding-up, shall not be deemed to adversely affect or change the voting powers, limitations, preferences or relative rights of the Series A Preferred Stock; or (ii) (a) any merger of us with

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

or into any entity other than a corporation (or comparable foreign entity), or (b) any merger of us with or into any corporation (or comparable foreign entity) unless either the Series A Preferred Stock remains outstanding following the transaction, or the holder of the Series A Preferred Stock is issued a class or series of preferred stock of the surviving or resulting corporation (or comparable foreign entity) or a corporation (or comparable foreign entity) controlling such corporation (or comparable foreign entity), having voting powers, preferences and special rights that are substantially identical to those of the Series A Preferred Stock.

Depositary Shares, Each Representing 1/100th Interest in a Share of Series A Preferred Stock

Depositary and Depositary Shares. The Depositary serves as depositary for the Depositary Shares and as transfer agent and registrar for the Series A Preferred Stock and the Depositary Shares. Each Depositary Share represents a 1/100th interest in a share of Series A Preferred Stock.

Dividends and Distributions. Each dividend payable on a depositary share will be in an amount equal to 1/100th of the dividend declared and payable on the related share of the Series A Preferred Stock. The Depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series A Preferred Stock to the record holders of Depositary Shares relating to the underlying Series A Preferred Stock in proportion to the number of Depositary Shares held by the holders. If we make a distribution other than in cash, the Depositary will distribute any securities or property received by it to the record holders of Depositary Shares

---

entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that (after consultation with us) it is not feasible to make a distribution, in which case the Depositary may, with our approval, adopt a method of distribution that it deems equitable and practicable, including the sale of the securities or property and distribute the net proceeds from the sale to the holders of the Depositary Shares in proportion to the number of Depositary Shares they hold.

Redemption. If we redeem the Series A Preferred Stock represented by the Depositary Shares, in whole or in part, the Depositary Shares will be redeemed with the proceeds received by the Depositary resulting from the redemption of the Series A Preferred Stock held by the Depositary. The redemption price per depositary share will be equal to 1/100th of the redemption price per share payable with respect to the Series A Preferred Stock (or $25 per depositary share), plus 1/100th of any declared and unpaid dividends, without accumulation of any undeclared dividends on the related share of the Series A Preferred Stock.

If we redeem shares of the Series A Preferred Stock held by the Depositary, the Depositary will redeem, as of the same redemption date, the number of Depositary Shares representing those shares of the Series A Preferred Stock so redeemed. If fewer than all of the outstanding Depositary Shares are redeemed, the Depositary will select the shares to be redeemed pro rata or by lot, or by any other equitable method, in each case as we may determine.

Voting Rights. Because each depositary share represents a 1/100th interest in a share of the Series A Preferred Stock, holders of depositary receipts are entitled to 1/100th of a vote per depositary share under those limited circumstances in which holders of the Series A Preferred Stock are entitled to a vote.

When the Depositary receives notice of any meeting at which the holders of the Series A Preferred Stock are entitled to vote, the Depositary will provide the information contained in the notice to the record holders of the Depositary Shares relating to the Series A Preferred Stock. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Series A Preferred Stock, may instruct the Depositary to vote the amount of the Series A Preferred Stock represented by the holder's Depositary Shares. Insofar as practicable, the Depositary will vote the amount of the Series A Preferred Stock represented by Depositary Shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the Depositary determines are necessary to enable the Depositary to vote as instructed. If the Depositary does not receive specific instructions from the holders of any Depositary Shares representing proportional interests in the Series A Preferred Stock, it will not vote the amount of the Series A Preferred Stock represented by such Depositary Shares.

No Conversion Rights. The holders of the Depositary Shares do not have any conversion rights.

Preferred Stock ***No Preemptive Rights.*** The holders of the Depositary Shares do not have any preemptive rights.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Subject to limitations under applicable Minnesota law, our board of directors is authorized to issue, from time to time and without shareholder approval, up to an aggregate of 10,000,000 shares of preferred stock in one or more series and to fix the designations, powers, preferences, and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions of the shares of each such series, including the dividend rights, conversion rights, voting rights, redemption rights (including sinking fund provisions), liquidation preferences and the number of shares constituting any series. The issuance of preferred stock with voting and conversion rights could adversely affect the voting power of the holders of shares of our common stock. The shares of preferred stock will, when issued against full payment of their purchase price, be fully paid and nonassessable.

Anti-Takeover Provisions

General. Applicable law and certain provisions of our Articles of Incorporation and Bylaws could have the effect of delaying or deferring the removal of incumbent directors or delaying, deferring or discouraging another party from acquiring control of us, even if such removal or acquisition would be viewed by our shareholders to be in their best interests. We believe that these provisions are beneficial because they encourage negotiation with our board of directors, which could result in improved terms of any unsolicited proposal.

Articles of Incorporation; Bylaws.

- ***Staggered Board***. Our Articles of Incorporation provide for three classes of directors, each of which is to be elected on a staggered basis for a term of three years, which prevents a majority of our directors from being removed at a single annual meeting. Our Articles of Incorporation and Bylaws provide that the board of directors consists of a minimum of 5 directors and a maximum of 11 directors.

- ***Written Consent of Shareholders Must be Unanimous***. Any action required or permitted to be taken at an annual or special meeting of the shareholders may be taken without a meeting by written action signed, or consented to by authenticated electronic communication, but only if the written action is signed by all of the shareholders entitled to vote on the action.

- ***Special Meetings of Shareholders***. Except as may be required by the MBCA or the terms of any class or series of preferred stock issued in the future, special meetings of our shareholders may be called only by (a) the Chief Executive Officer, (b) the Chairman of the Board, (c) the President, (d) any two or more directors, or (d) by the Chairman of the Board or the Chief Executive Officer of the Company upon written request of one or more shareholders of record holding at least 10% of the voting power of all shares entitled to vote (25% if the meeting is for the purpose of considering any action related to a business combination, including an action to change or otherwise affect the composition of our board of directors for such purpose) and complying with the notice procedures set forth in our Bylaws.

- ***Requirements for Advance Notification of Shareholder Nominations and Proposals***. Our Bylaws establish advance notice procedures with respect to shareholder proposals and nominations of candidates for election as directors. These procedures provide that notice of such shareholder proposal must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the

preceding year. The notice must contain certain information required to be provided by our Bylaws.

- ***Issuance of Blank Check Preferred Stock***. The board of directors is authorized to issue, without further action by our shareholders, up to 10,000,000 shares of preferred stock with rights and preferences designated from time to time by the board of directors as described above under “Preferred Stock.” The existence of authorized but unissued shares of preferred stock may enable the board of directors to render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

- ***Removal of Directors***. Our Articles of Incorporation and Bylaws provide that directors may only be removed for cause and only upon the affirmative vote of a majority of the total voting power of the outstanding shares of capital stock of the Company entitled to vote in any annual election of directors.

Minnesota Law. We are governed by the provisions of Sections 302A.671, 302A.673 and 302A.675 of the MBCA. These provisions may discourage a negotiated acquisition or unsolicited takeover of us and deprive our shareholders of an opportunity to sell their shares at a premium over the market price.

In general, Section 302A.671 of the MBCA provides that a corporation's shares acquired in a control share acquisition have no voting rights unless voting rights are approved in a prescribed manner. A "control share acquisition" is a direct or indirect acquisition of beneficial ownership of shares that would, when added to all other shares beneficially owned by the acquiring person, entitle the acquiring person to have voting power of 20% or more in the election of directors.

In general, Section 302A.673 of the MBCA prohibits any business combination by us, or any of our subsidiaries, with an interested shareholder, which means any shareholder that purchases 10% or more of our voting shares within four years following such interested shareholder's share acquisition date, unless the business combination is approved by a committee of all of the disinterested members of our board of directors before the interested shareholder's share acquisition date.

Section 302A.675 of the MBCA generally prohibits an offeror from acquiring our shares within two years following the offeror's last purchase of our shares pursuant to a takeover offer with respect to that class, unless our shareholders are able to sell their shares to the offeror upon substantially equivalent terms as those provided in the earlier takeover offer. This statute will not apply if the acquisition of shares is approved by a committee of disinterested members of our board of directors before the purchase of any shares by the offeror pursuant to the earlier takeover offer.

Federal Banking Law. The ability of a third party to acquire our stock is also limited under applicable U.S. banking laws, including regulatory approval requirements. The Bank Holding Company Act of 1956, as amended, or BHCA, requires any "bank holding company" to obtain the approval of the Federal Reserve before acquiring, directly or indirectly, more than 5% of our outstanding common stock. Federal law also prohibits any person or company from acquiring "control" of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. "Control" is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 10% and 24.99% ownership.

Sole and Exclusive Forum

Our Bylaws provide that, unless we consent in writing to an alternative forum, the state or federal courts in Hennepin County, Minnesota shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or agent of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the MBCA, the Articles of Incorporation or the Bylaws of the Company, or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said courts having personal jurisdiction over the indispensable parties named as defendants therein. However, Section 27 of the Securities Exchange Act of 1934, as amended, or Exchange Act, creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, Section 22 of the Securities Act of 1933, as amended, or Securities Act, creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, there is uncertainty as to whether a court would enforce such a provision, and our shareholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our Bylaws. The exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. The enforceability of similar exclusive forum provisions in other companies' charter documents has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find the provision of our bylaws to be inapplicable or unenforceable.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Exhibit 10.27

EMPLOYMENT 2019 EQUITY INCENTIVE PLAN BRIDGEWATER BANCSHARES, INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT

This **Employment Agreement** (The Participant specified below is hereby granted a restricted stock unit award (the "**Agreement Award**") is made and entered into as of January 1, 2022 by **Bridgewater Bancshares, Inc.**, a Minnesota corporation (the "**Effective Date Company**"), by and among under the **Bridgewater Bancshares, Inc. 2019 Equity Incentive Plan** (the "**Company Plan**"), **Bridgewater Bank** (the "**Bank**". The Award shall be subject to the terms of the Plan and together with the Company, the "**Employer**") and Jerry Baack terms set forth in this Restricted Stock Unit Award Agreement ("**Executive**," and together with the Company, the "**Parties Award Agreement**").

Recitals

A. Section 1. Award. The Bank is a wholly-owned subsidiary Company hereby grants to the Participant the Award of restricted stock units (each such unit, an "**RSU**"), where each RSU represents the right of the Company.

B. Executive is currently employed by Employer pursuant Participant to that certain employment agreement by and between Executive and Employer dated October 1, 2017, as amended (the "**Prior Employment Agreement**").

C. The Employer desires to employ Executive as receive one Share in the Company's President and Chief Executive Officer and future once the Bank's President and Chief Executive Officer pursuant Restricted Period ends, subject to the terms of this Agreement. Award Agreement and the Plan.

D. Section 2. Executive desires to be employed by the Employer as the Company's President and Chief Executive Officer and the Bank's President and Chief Executive Officer pursuant to the terms **Terms of this Agreement.**

E. The Parties have made commitments to each other on a variety of important issues concerning Executive's employment, including the performance that will be expected of Executive, the compensation Executive will be paid, how long and under what circumstances Executive will remain employed and the financial details relating to any decision that either the Employer or Executive may make to terminate this Agreement.

Agreements

In consideration of the foregoing and the mutual promises and covenants of the Parties set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby expressly covenant and agree as follows:

1. Employment Period Restricted Stock Unit Award. The Employer following words and phrases relating to the Award shall employ Executive, and Executive shall be so employed, during have the Employment Period in accordance with the terms of this Agreement. following meanings:

(a) The "Employment Participant" is [_____].

(b) The "Grant Date" is [_____].

(c) The number of "RSUs" is [_____].

Except for words and phrases otherwise defined in this Award Agreement, any capitalized word or phrase in this Award Agreement shall have the meaning ascribed to it in the Plan.

Section 3. Restricted Period.

(a) The "Restricted Period" for each installment of RSUs set forth in the table immediately below (each, an "Installment") shall be the period beginning begin on the Effective Grant Date and ending on December 31, 2026, unless sooner terminated end as provided herein. The Employment Period shall automatically be extended for one (1) additional year beginning on January 1, 2027 and on each January 1 thereafter unless either Party notifies described in the other Party, by written notice delivered no later than ninety (90) days prior to such January 1, schedule set forth in the table immediately below; *provided* that the Employment Period shall Participant's Termination of Service has not be extended for an additional year. Notwithstanding any provision of this Agreement to the contrary, if a Change in Control occurs during the Employment Period, this Agreement shall remain in effect for the two (2)-year period following the Change in Control and shall then terminate. occurred prior thereto:

Installment	Restricted Period will end on:
[__] RSUs	[Date]
[__] RSUs	[Date]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

[__] RSUs	[Date]
[__] RSUs	[Date]

1300976.v2

---

2. (b) Duties.During the Employment Period, Executive shall devote Executive's full business time, energies and talents to serving as the Company's President and Chief Executive Officer and the Bank's President and Chief Executive Officer, at the direction of the Company's Board. Executive shall have such duties and responsibilities as may be assigned to Executive from time to time by the Board, which duties and responsibilities shall be commensurate with Executive's position, shall perform all duties assigned to Executive faithfully and efficiently, subject to the direction of the Board and shall have such authorities and powers as are inherent to the undertakings applicable to Executive's position and necessary to carry out the responsibilities and duties required of Executive hereunder. Executive shall perform the duties required by this Agreement at the Bank's headquarters (as determined by the Bank) unless the nature of such duties requires otherwise. Notwithstanding the foregoing provisions of this Section 23, during the EmploymentRestricted Period Executive may devote reasonable time to activities other than those required under this Agreement, including activitiesfor all the RSUs shall cease immediately and such RSUs shall become fully vested immediately upon the Participant's Termination of a charitable, educational, religious or similar nature (including professional associations)Service due to the extent such activities do not, in the reasonable judgment of the Board, inhibit, prohibit, interfere with or conflict with Executive's duties under this Agreement or conflict in any material way with the business of the Company or an Affiliate; *provided, however,* that Executive shall not serve on the board of directors of any business (other than the Company, the Bank or any Affiliate of either) or hold any other position with any business without receiving the prior written consent of the Board.

3. Compensation and Benefits. Subject to the terms of this Agreement, during the Employment Period, while Executive is employed by the Employer, the Employer shall compensate Executive for Executive's services as follows:

(a) Executive shall be compensated at an annual rate of Six Hundred fifty Thousand Dollars ($650,000) (the "Annual Base Salary"), which shall be payable in accordance with the normal payroll practices of the Employer then in effect. Beginning on January 1, 2023 and on each anniversary of such date, Executive's Annual Base Salary shall be reviewed, and may be adjusted, by the Board.

(b) During the Employment Period, the Employer shall pay an automobile allowance to Executive not to exceed One Thousand Two Hundred Fifty Dollars ($1,250) per month. The automobile allowance shall be reviewed from time to time by the CEO and may be increased subject to the sole discretion of the Board. At any time after the date of this Agreement, the Board may, in its sole discretion, eliminate Executive's monthly automobile allowance and instead provide Executive with an Employer-owned automobile for Executive's use.

(c) Once every year during the Employment Period, Executive shall be entitled to receive, at Executive's option and at the Company's expense, an executive physical exam at the Mayo clinic in Rochester, Minnesota.

(d) During the Employment Period, Executive and Executive's dependents, as the case may be, shall be eligible to participate, subject to the terms thereof, in all pension and similar benefit plans (including qualified, non-qualified and supplemental plans) and all medical, dental, vision, disability, group and executive life, accidental death and travel accident insurance and other similar welfare benefit plans and programs of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Employer, as may be in effect from time to time, on as favorable a basis as other similarly situated senior executives.

(e) Executive shall receive paid time off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

4. Rights upon Termination. Executive's right to benefits, if any, for periods after the Termination Date shall be determined in accordance with this Section 4:

(a) Minimum Benefits. If the Termination Date occurs during the Employment Period for any reason, Executive shall be entitled to the following benefits ("Minimum Benefits") in addition to any other benefits to which Executive may be entitled under the following provisions of this Section 4 or the express terms of any employee benefit plan or as required by law:

(i) Executive's earned but unpaid Annual Base Salary for the period ending on the Termination Date;

(ii) Executive's earned but unpaid incentive bonus, if any, for any completed fiscal year preceding the Termination Date; and

Any benefits to be provided to Executive pursuant to this Section 4(a) shall be provided within thirty (30) days after the Termination Date.

(b) Termination for Cause, Death, Participant's Disability or Voluntary Resignation. If the Termination Date occurs following the Effective Date and prior to the end of the Employment Period and is a result of a Termination for Cause, Executive's death or Disability, or termination by Executive other than for Good Reason, then, other than the Minimum Benefits, Executive shall have no right to benefits under this Agreement (and the Employer shall have no obligation to provide any such benefits) for periods after the Termination Date. death.

(c) Termination other than for Cause or Termination for Good Reason. If Executive's employment with Upon a Change in Control, the Employer is subject to a Termination other than during a Covered Period, then, in addition to the Minimum Benefits, the Employer shall provide Executive the following benefits:

(i) Commencing on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, Executive shall receive the Severance Amount described in Section 4(c)(ii) (less any amount described in Section 4(c)(iii)), with such amount to be paid in twelve (12) substantially equal monthly installments (subject to the remaining provisions of this paragraph), with each successive payment being due on the next monthly payroll date following the first installment, *provided* that any such monthly installments that would have been paid in the sixty (60)-day period following the Termination Date but for the Release requirement in Section 5Award shall be paid on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, and the number of remaining substantially equal monthly installments to be made shall be reduced from twelve (12) by any such "catch-up" payments that are made.

(ii) For purposes of this Agreement, "Severance Amount" means (A) for any Termination other than during a Covered Period, an amount equal to one hundred percent (100%) of Executive's then-current Annual Base Salary as treated in accordance with Section 4.1 of the respective Termination; or (B) for a Termination during a Covered Period, an amount equal to two hundred percent (200%) of Executive's Base Compensation as of the respective Termination.

(iii) To the extent any portion of the Severance Amount exceeds the "safe harbor" amount described in Treasury Regulation §1.409A-1(b)(9)(iii)(A), Executive shall receive such portion of the Severance Amount that exceeds the "safe harbor" amount in a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

single lump sum payment payable on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date.

(iv) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits described in Section 4(e). Plan.

(d) Termination upon a Change in Control. If Executive's employment with the Employer is subject to a Termination within a Covered Period, then, in addition to Minimum Benefits, the Employer shall provide Executive the following benefits:

(i) On the sixtieth (60th) day following the Termination Date, the Employer shall pay Executive a lump sum payment in an amount equal to the Severance Amount.

(ii) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits provided in Section 4(e).

(e) Medical, Dental and Vision Benefits. If Executive's employment with the Bank is subject to a Termination, then, to the extent that Executive or any of Executive's dependents may be covered under the terms of any medical, dental or vision plans maintained for active employees of the Bank or any Affiliate, the Bank shall provide Executive and those dependents with coverage equivalent to the coverage received while Executive was employed with the Bank for as long as Executive is eligible for and elects coverage under the health care continuation rules of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Executive will be required to pay the same amount as Executive would pay if Executive continued in active employment with the Bank during such period. Such coverage shall be provided only to the extent that it does not result in any additional tax or other penalty being imposed on the Bank or any Affiliate. The coverage under this Section 4(e) may be procured directly by the Bank (or any Affiliate, if appropriate) apart from and outside of the terms of the respective plans, *provided* that Executive and Executive's dependents comply with all of the terms of the substitute medical, dental or vision plans, and *provided*, *further*, that the cost to the Bank shall not exceed the cost for continued COBRA coverage. In the event Executive or any of Executive's dependents is or becomes eligible for coverage under the terms of any other medical, dental or vision plan of a subsequent employer with plan benefits that are comparable to Bank (or any Affiliate) plan benefits, the Bank's obligations under this Section 4(e) shall cease with respect to the eligible Executive and dependents. Executive and Executive's dependents must notify the Bank (or any Affiliate) of any subsequent employment and eligibility for such comparable coverage.

(f) Other Benefits. Executive's rights following a termination of employment with the Employer and its Affiliates for any reason with respect to any benefits, incentives or awards provided to Executive pursuant to the terms of any plan, program or arrangement sponsored or maintained by the Employer or an Affiliate, whether tax-qualified or not, which are not specifically addressed herein, shall be subject to the terms of such plan, program or arrangement, and this Agreement shall have no effect upon such terms except as specifically provided herein.

(g) Removal from any Boards and Positions. Upon Executive's termination of employment for any reason under this Agreement, Executive shall be deemed to resign (i) if a member, from the Board and board of directors of any Affiliate and any other board to which Executive has been appointed or nominated by or on behalf of the Employer, (ii) from each position with the Company or any Affiliate, including as an officer of the Company, the Bank, or any of their respective Affiliates and (iii) as a fiduciary of any employee benefit plan of the Employer.

5. Release.Notwithstanding any provision of this Award Agreement to the contrary, no payments or benefits if the Participant's Termination of Service is due to Retirement,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

any RSUs that are unvested as of the effective date of the Termination of Service shall be owed eligible to Executive under Section 4(c), 4(d) or 4(e)unless Executive executes and delivers continue to the Company a Release within forty-five (45) days following the Termination Date, and any applicable revocation period has expired prior to the sixtieth (60th) day following the Termination Date.

6. [Reserved]

(a) Confidential Information. 7. Restrictive Covenants.

(i) Executive acknowledges that, during the course of Executive's employment with the Employer, Executive may produce and have access to confidential and/or proprietary, non-public information concerning the Company or its Affiliates, including marketing materials, financial and other information concerning customers and prospective customers, customer lists, records, data, trade secrets, proprietary business information, pricing and profitability information and policies, strategic planning, commitments, plans, procedures, litigation, pending litigation and other information not generally available to the public (collectively, "Confidential Information"). Executive shall not directly or indirectly use, disclose, copy or make lists of Confidential Information for the benefit of anyone other than the Company, either during or after Executive's employment with the Company, except to the extent such disclosure is authorized in writing by the Company, required by law or any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by Executive of Executive's duties hereunder. If Executive receives a subpoena or other court order or is otherwise required by law to provide information to a governmental authority or other person concerning the activities of the Company or any of its Affiliates, or Executive's activities in connection with the business of the Company or any of its Affiliates, Executive shall immediately notify the Company of such subpoena, court order or other requirement and deliver forthwith to the Company a copy thereof and any attachments and non-privileged correspondence related thereto. Executive shall take reasonable precautions to protect against the inadvertent disclosure of Confidential Information. Executive shall abide by the Employer's reasonable policies, as in effect from time to time, respecting avoidance of interests conflicting with those of the Company and its Affiliates.

(ii) Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).Nothing in this Agreement shall be construed to authorize, or limitliability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

(iii) Nothing contained in this Section 7(a) shall limit Executive's ability to file a charge or complaint with any governmental, administrative or judicial agency (each, an "Agency") pursuant to any applicable whistleblower statute or program (each, a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

"Whistleblower Program"). Executive acknowledges that this Section 7(a) does not limit (i) his ability to communicate, in connection with a charge or complaint pursuant to any Whistleblower Program with any Agency or otherwise participate in any investigation or proceeding that may be conducted by such Agency, including providing documents or other information, without notice to the Company, or (ii) his right to receive an award for information provided to such Agency pursuant to any Whistleblower Program.

(b) Documents and Property.

(i) All records, files, documents and other materials or copies thereof relating to the business of the Company or its Affiliates that Executive prepares, receives or uses shall be and remain the sole property of the Company and, other than in connection with the performance by Executive of Executive's duties hereunder, shall not be removed from the premises of the Company or any of its Affiliates without the Company's prior written connect, and shall be promptly returned to the Company upon Executive's termination of employment for any reason, together with all copies (including copies or recordings in electronic form), abstracts, notes or reproductions of any kind made from or about the records, files, documents or other materials.

(ii) Executive acknowledges that Executive's access to and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and all Company and Affiliate information contained therein, is restricted to legitimate business purposes on behalf of the Company. Any other access to or use of such systems, network, equipment and information is without authorization and is prohibited except that Executive may use an Employer-provided computer for reasonable personal use vest in accordance with the Company's Acceptable Use and Responsibility Policy as schedule set forth in effect from time to time. The restrictions contained in this Section 7(b) 3(a) extend above and will be eligible to be settled in accordance with Section 4 below, provided that Participant does not work for or provide services to any personal computers or other electronic devices of Executive that are used for business purposes relating entity considered to the Company or any Affiliate. Executive shall not transfer any Company or Affiliate information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to the Company. Upon the termination of Executive's employment with the Employer for any reason, Executive's authorization to access and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and any Company and Affiliate information contained therein, shall cease.

(c) Non-Competition and Non-Solicitation. The Parties have jointly reviewed the operations be a competitor of the Company and during any remaining portion of the Bank and have agreed Restricted Period. If the Committee determines in its sole discretion that the primary service area Participant is in violation of the Company's operations Non-solicitation Covenant set forth in Section 3(f) below, any RSUs for which the Restricted Period has not then lapsed in accordance with the Schedule set forth in Section 3(a) above or which have not been settled in accordance with Section 4 below shall be immediately forfeited. "Retirement" means the Participant's voluntary Termination of Service on or after attaining the age of 62 years.

(e) Except as set forth in Section 3(b),Section 3(c), or Section 3(d) above, if the Participant's Termination of Service occurs prior to the expiration of one or more Restricted Periods, the Participant shall forfeit all right, title and the Bank's lending interest in and deposit taking functions in which Executive will actively participate extends to an area that encompasses any Installment(s) still subject to a twenty-five (25)-mile radius from each banking or other office location Restricted Period

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

as of the Company, the Bank and any Affiliates (the "Restrictive Area"). Therefore, as an essential ingredient such Termination of and in consideration Service.

(f) For purposes of this Award Agreement, and Executive's employment with the Employer, Executive, during Executive's employment with the Employer and for a period of twelve (12) months immediately Participant agrees that, following the termination of Executive's employment for any reason (the " his or her Retirement (as defined in Restrictive Period Section 3(d)") above), whether such termination occurs during the Employment Period or thereafter, Participant shall not directly or indirectly do any of the following (all of which are collectively referred to in this Agreement as the (the "Restrictive Non-solicitation Covenant"):

(i) Engage Either for Participant or invest in, own, manage, operate, finance, control, participate in the ownership, management, operation or control of, be employed by, associated with or in any manner connected with, serve as a director, officer or consultant to, lend Executive's name or any similar name to, lend Executive's credit to or render services or advice to, in each case in the capacity that Executive provided services to the Company or any Affiliate, any person, firm, partnership, corporation or trust that owns, operates or is in the process of forming a bank, savings bank, savings and loan association, credit union or similar financial institution (each, a "Financial Institution") with an office located, or to be located at an address identified in a filing with any regulatory authority, within the Restrictive Area; *provided*, *however*,that the ownership by Executive of shares of the capital stock of any Financial Institution, which shares are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System and which do not represent more than five (5) percent (5%) of the institution's outstanding capital stock, shall not violate any terms of this Agreement;

(ii) Either for Executive or any Financial Institution: : (A) induce or attempt to induce any employee of the Company or any of its Affiliates Subsidiaries, with whom Executive Participant had significant contact,

---

to leave the employ of the Company or any of its Affiliates; Subsidiaries; (B) in any way interfere with the relationship between the Company or any of its Affiliates Subsidiaries and any employee of the Company or any of its Affiliates Subsidiaries with whom Executive Participant had significant contact; or (C) induce or attempt to induce any customer, supplier, licensee or business relation of the Company or any of its Affiliates Subsidiaries with whom Executive Participant had significant contact to cease doing business with the Company or any of its Affiliates Subsidiaries or in any way interfere with the relationship between the Company or any of its Affiliates Subsidiaries and their respective customers, suppliers, licensees or business relations with whom Executive Participant had significant contact; or

(iii) (ii) Either for Executive Participant or any Financial Institution, solicit the business of any person or entity known to Executive Participant to be a customer of the Company or any of its Affiliates, Subsidiaries, where Executive Participant had significant contact with such person or entity, with respect to products, activities or services that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates; or Subsidiaries.

(iv) Serve as the agent, broker or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution within the Restrictive Area, with respect to products, activities or services that Executive devoted time to on behalf of the Company or any of its Affiliates and that compete in

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

whole or in part with the products, activities or services of the Company or any of its Affiliates.

(d) Section 4. Works Made for Hire Provisions Settlement of RSUs. The Parties acknowledge that all work performed by Executive for Delivery of Shares or other amounts under this Award Agreement and the Company or any of its Affiliates Plan shall be deemed a "work made for hire." subject to the following:

(a) *Delivery of Shares*. The Company shall at all times own deliver to the Participant one Share free and have exclusive right, title clear of any restrictions in settlement of each of the vested and interest in and to all Confidential Information and Inventions, and unrestricted RSUs within 30 days following the end of the respective Restricted Period or the date on which the Award otherwise vests under the Plan.

(b) *Compliance with Applicable Laws.* Notwithstanding any other term of this Award Agreement or the Plan, the Company shall retain the exclusive right have no obligation to license, sell, transfer and otherwise use and dispose of the same. Any and all enhancements of the technology of the Company or any of its Affiliates that are developed by Executive shall be the exclusive property of the Company. Executive hereby assigns to the Company any right, title and interest in and to all Inventions that Executive may have, by law or equity, without additional consideration of any kind whatsoever from the Company or any of its Affiliates. Executive shall execute and deliver any instruments Shares or documents and do all other things (including the giving of testimony) requested by the Company (both during and after the termination of Executive's employment with the Employer) in order to vest more fully in the Company or any of its Affiliates all ownership rights in the Inventions (including obtaining patent, copyright or trademark protection therefor in the United States and/or foreign countries). For purposes of this Section 7(d), "Inventions" shall mean all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas and software conceived, compiled or developed by Executive in the course of Executive's employment with the Bank or any of its Affiliates and/or comprised, in whole or part, of Confidential Information. Notwithstanding the foregoing sentence, Inventions shall not include: (i) any inventions independently developed by Executive and not derived, in whole or part, from any Confidential Information or (ii) any invention made by Executive prior to Executive's exposure to any Confidential Information.

(e) Remedies for Breach of Restrictive Covenant. Executive has reviewed the provisions of this Agreement with legal counsel, or has been given adequate opportunity to seek such counsel, and Executive acknowledges that the covenants contained in this Section 7 are reasonable with respect to their duration, geographical area and scope. Executive further acknowledges that the restrictions contained in this Section 7 are reasonable and necessary for the protection of the legitimate business interests of the Employer, that they create no undue hardships, that any violation of these restrictions would cause substantial injury to the Employer and such interests, and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer, in addition to and not in limitation of, make any other rights,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

remedies distribution of benefits under this Award Agreement or damages available the Plan unless such delivery or distribution complies with all applicable laws and the applicable rules of any securities exchange or similar entity.

(c) *Certificates Not Required.* To the extent that this Award Agreement and the Plan provide for the issuance of Shares, such issuance may be effected on a non-certificated basis, to the Employer under this Agreement or otherwise at extent not prohibited by applicable law or in equity, shall be entitled to preliminary and permanent injunctive relief to prevent the applicable rules of any securities exchange or restrain any such violation by Executive and any and all persons directly or indirectly acting for or with Executive, as the case may be. If Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified herein computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by Executive. similar entity.

(f) Section 5. Other Agreements Withholding. In All deliveries of Shares pursuant to the event of the existence of another agreement between the Parties that (a) is in effect during the Restrictive Period, and (b) contains restrictive covenants that conflict with any of the provisions of this Section 7, then the more restrictive of such provisions from the two (2) agreements Award shall control for the period during which both agreements would otherwise be in effect.

8. Indemnification.

(a) To the maximum extent permitted by law, the Employer shall indemnify and hold Executive harmless (including advances of attorneys' fees and other litigation expenses) for losses or damages incurred by Executive as a result subject to withholding of all causes of action arising from Executive's performance of duties for applicable taxes. The Company shall have the benefit of right to require the Employer, whether or not the claim is asserted during the Employment Period. Executive shall be covered under any directors' Participant (or if applicable, permitted assigns, heirs and officers' insurance that Employer maintains for its directors and other officers in the same manner and on the same basis as Employer's directors and officers.

(b) In the event Executive becomes a party, or is threatened Designated Beneficiaries) to be made a party, to any action, suit, or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, remit to the full extent permitted by law, advance all expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement ("Expenses") incurred by Executive Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any Shares in connection with the investigation, defense, settlement, Award. Except as otherwise provided by the Committee, such withholding obligations may be satisfied (a) through cash payment by the Participant, (b) through the surrender of Shares that the Participant already owns (c) by withholding from wages or appeal other amounts otherwise payable to the Participant, or (d) through the surrender of any threatened, pending, or completed action, suit, or proceeding; Shares to which the Participant is otherwise entitled under the Plan; *provided*, *however*, that Executive must provide the Employer with a written undertaking from Executive (i) to reimburse the Employer for all Expenses actually paid except as otherwise specifically provided by the Employer Committee, such Shares under clause (d) may not be used to satisfy more than the maximum individual statutory tax rate for each applicable tax jurisdiction, or on behalf of Executive in the event it such lesser amount as may be determined that Executive is not entitled to indemnification established by the Employer for such Expenses, and (ii) to assign the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Employer all rights of Executive to indemnification, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of Executive. Company.

9. Section 6. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employer:

Bridgewater Bancshares, Inc.
Attention: General Counsel
4450 Excelsior Blvd, Suite 100
St. Louis Park, MN 55416

If to Executive: Executive's address on file with the Employer

---

or to such other address as either Party may furnish to the other in writing, except that notices Non-Transferability of changes of address shall be effective only upon receipt.

10. Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal laws of the State of Minnesota applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction, and any court action commenced to enforce this Agreement shall have as its sole and exclusive venue the County of Hennepin, Minnesota.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral, specifically including the Prior Employment Agreement. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions shall remain in full force and effect. The various covenants and provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any covenant contained in this Agreement is too broad to permit enforcement to its full extent, such covenant shall be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

12. Withholding of Taxes Award. The Employer may withhold from Award, or any benefits payable under this Agreement all federal, state, city and other taxes portion thereof, is not transferable except as may be required pursuant to any law, governmental regulation or ruling.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

13. No Assignment. Executive's rights to receive benefits under this Agreement shall not be assignable or transferable whether designated by pledge, creation of a security interest or otherwise, other than a transfer the Participant by will or by the laws of descent and distribution or distribution. In pursuant to a domestic relations order. Except as provided in the event immediately preceding sentence, the Award shall not be assigned, transferred, pledged, hypothecated or otherwise disposed of by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge, hypothecation or other disposition of the Award contrary to the provisions hereof, or the levy of any attempted assignment attachment or transfer contrary similar process upon the Award, shall be null and void and without effect.

Section 7. Dividend Equivalents. The Participant shall not be entitled to this receive a payment equal in value to any dividends and distributions paid with respect to the RSUs during the Restricted Period or prior to settlement of the RSUs pursuant to Section 4(a) above.

Section 8. No Rights as Shareholder13., the Employer The Participant shall not have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure rights of a Shareholder with respect to the benefit RSUs, including but not limited to, voting rights, prior to the settlement of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. the RSUs pursuant to Section 4(a) above.

14. Section 9. Heirs and Successors. This Award Agreement shall be binding upon, and inure to the benefit of, the Employer, Company and its successors and assigns.

15. assigns, and upon any person acquiring all or substantially all of the Company's assets or business. If any right

Amendment. Designated Beneficiary This Agreement" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form as the Committee may not require. The Participant's designation of beneficiary may be amended or modified except by written agreement signed revoked from time to time by the Parties.

16. Code Section 409A.

(a) This Agreement may be amended to the extent necessary (including retroactively) by the Bank to avoid the application of taxes or interest under Code Section 409A, while maintaining to the maximum extent practicable the original intent of this Agreement. If it is determined that any payments or benefits due hereunder upon Executive's termination of employment are subject to Code Section 409A, no such payments or benefits shall be payable unless such termination constitutes a "separation from service" within the meaning of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made Participant in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). This Section 16any procedures established by the Committee. If a Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any benefits that would have been provided to the Participant shall not be construed as provided to the legal representative of the estate of the Participant. If a guarantee Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the provision of any particular tax effect for Executive's the Designated Beneficiary's benefits under this Award Agreement, then any benefits that would have been

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

provided to the Designated Beneficiary shall be provided to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of this Award Agreement and the Bank does not guarantee that Plan shall be vested in the Committee, and the Committee shall have all powers with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of this Award Agreement or the Plan by the Committee and any such benefits will satisfy decision made by the Committee with respect to this Award Agreement or the Plan shall be final and binding on all persons.

Section 11. Plan Governs. Notwithstanding any provision of this Award Agreement to the contrary, this Award Agreement shall be subject to the terms of the Plan, which is incorporated herein by reference, a copy of which may be obtained by the Participant from the office of the General Counsel of the Company. This Award Agreement shall be subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time. Notwithstanding any provision of this Award Agreement to the contrary, in the event of any discrepancy between the corporate records of the Company and this Award Agreement, the corporate records of the Company shall control.

Section 12. Not an Employment Contract. Neither the Award nor this Award Agreement shall confer on the Participant any rights with respect to continuance of employment or other service with the Company or a Subsidiary, nor shall they interfere in any way with any right the Company or a Subsidiary may otherwise have to terminate or modify the terms of the Participant's employment or other service at any time.

Section 13. Amendment. Without limitation of Section 16 and Section 17 below, this Award Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended in writing by the Participant and the Company without the consent of any other person.

Section 14. Governing Law. This Award Agreement, the Plan and all actions taken in connection herewith and therewith shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws, except as superseded by applicable federal law.

Section 15. Validity. If any provision of this Award Agreement is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Award Agreement shall be construed and enforced as if such illegal or invalid provision had never been included herein.

Section 16. Section 409A Amendment. The Award is intended to be exempt from, or otherwise is compliant with, Code Section 409A or any other provision and this Award Agreement shall be administered and interpreted in accordance with such intent. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Award Agreement without the consent of the Code.

(b) Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A; and the Participant hereby acknowledges and consents to such rights of the Committee. Notwithstanding any

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

provision of this Agreement to the contrary, if Executive the Participant is determined to be a "specified employee" (as defined in Code Section 409A) as of the date of the Participant's Termination Date, of Service, then the six (6)-month payment delay rule under Code Section 409A shall apply as set forth therein. All delayed payments shall be accumulated and paid in a lump-sum payment as of the first day of the seventh month following the date of the Participant's Termination Date of Service (or, if earlier, as of Executive's Employee's death). Any portion of the benefits hereunder that were not otherwise due to be paid during the six (6)-month period following the Termination Date shall be paid to Executive in accordance with the payment schedule established herein.

17. Definitions. As used in this Agreement, the terms defined in this Section 17 have the meanings set forth below.

(a) "Affiliate" means each company, corporation, partnership, Financial Institution or other entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, where "control" means (i) the ownership of fifty-one percent (51%) or more of the Voting Securities or other voting or equity interests of any corporation, partnership, joint venture or other business entity or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, partnership, joint venture or other business entity.

(b) "Base Compensation" means the amount equal to the sum of (i) the greater of Executive's then-current Annual Base Salary or Executive's Annual Base Salary as of the date one (1) day prior to the Change in Control, and (ii) the amount of any cash incentive bonus paid (or payable) for the most recently completed fiscal year of the Employer.

(c) "Board" means the board of directors of the Company.

(d) "Change in Control" means:

(i) the consummation of the acquisition by any "person" (as such term is defined in Section 13(d) or 14(d) of the 1934 Act) of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934 (the "1934 Act")) of fifty percent (50%) or more of the combined voting power of the then outstanding Voting Securities of the Company; or

(ii) the individuals who, as of the Effective Date, are members of the Board cease for any reason to constitute a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of a majority of the Board, and such new director shall, for purposes of this Agreement, be considered as a member of the Board; or

(iii) the consummation by the Company of: (A) a merger or consolidation if the shareholders immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation; or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any provision in this definition to the contrary, a Change in Control shall not be deemed to occur solely because fifty percent (50%) or more of the combined voting power of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

then outstanding securities of the Company are acquired by (A) a trustee or other fiduciary holding securities under one (1) or more employee benefit plans maintained for employees of the Company or an Affiliate or (B) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders in the same proportion as their ownership of stock immediately prior to such acquisition.

Further notwithstanding any provision in this definition to the contrary, in the event that

Section 17. Clawback. The Award and any amount or benefit received under this Agreement constitutes deferred compensation and the settlement of or distribution of such amount or benefit is to be triggered by a Change in Control, then such settlement or distribution Plan shall be subject to the event constituting the Change in Control also constituting a "change in control event" under Code Section 409A.

(e) "Covered Period" means the period beginning six (6) months prior to a Change in Control and ending twenty-four (24) months after the Change in Control.

(f) "Disability" means that (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical potential cancellation, recoupment, rescission, payback or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Employer.

(g) "Good Reason" means the occurrence of any one (1) of the following events, unless Executive agrees in writing that such event shall not constitute Good Reason:

(i) an adverse change in the nature, scope or status of Executive's position, authorities or duties from those in effect other action in accordance with Section 2 immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(ii) a reduction of ten percent (10%) or more in Executive's Annual Base Salary or annual cash incentive bonus opportunity (each as measured as of the Effective Date), or a material reduction in Executive's aggregate benefits or other compensation plans as in effect immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(iii) relocation of Executive's primary place of employment by more than twenty-five (25) miles from Executive's primary place of employment immediately following the Effective Date or a requirement that Executive engage in travel that is materially greater than immediately following the Effective Date;

(iv) failure by an acquirer to assume this Agreement at the time of a Change in Control; or

(v) a material breach by the Employer of this Agreement.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Notwithstanding any provision in this definition to the contrary, prior to Executive's Termination for Good Reason, Executive must give the Company written notice of the existence of any condition set forth in clause (i) – (v) immediately above within ninety (90) days of its initial existence and the Company shall have thirty (30) days from the date of such notice in which to cure the condition giving rise to Good Reason, if curable. If, during such thirty (30)-day period, the Company cures the condition giving rise to Good Reason, the condition shall not constitute Good Reason. Further notwithstanding any

---

provision in this definition to the contrary, in order to constitute a Termination for Good Reason, such Termination must occur within twenty-four (24) months of the initial existence of the applicable condition.

(h) "Release" means a general release and waiver substantially in the form attached hereto as Exhibit A.

(i) "Termination" means termination of Executive's employment with the Employer following the Effective Date and prior to the end of the Employment Period either:

(i) by the Employer, other than a Termination for Cause or a termination as a result of Executive's death or Disability; or

(ii) by Executive for Good Reason.

(j) "Termination Date" means the date of termination of Executive's employment with the Employer.

(k) "Termination for Cause" means only a termination of Executive's employment with the Employer as a result of:

(i) Executive's willful continuing failure, that is not remedied within twenty (20) days after receipt of written notice of such failure from the Employer, to perform Executive's obligations hereunder;

(ii) Executive's conviction of, or the pleading of *nolo contendere* to, a crime of embezzlement or fraud or a felony under the laws of the United States or any state thereof;

(iii) Executive's breach of fiduciary responsibility; or

(iv) an act of dishonesty by Executive that is materially injurious to the Employer.

Any determination of a Termination for Cause under this Agreement shall be made by resolution adopted by at least a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

two-thirds (2/3) vote of the Board at a meeting called and held for that purpose. Executive shall be provided with reasonable notice of such meeting and shall be given the opportunity to be heard, with the presence of counsel, prior to such vote being taken by the Board.

(l) "Voting Securities" means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

18. Survival. The provisions of Sections 5 through 18 shall survive the termination of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

BRIDGEWATER BANCSHARES, INC.

By: _____
David Juran(Signature)
Chair of the Compensation Committee of the
Board of Directors
_____(Date)

_____3229 Norcrest Avenue N_____(Address)

_____Stillwater, MN 55082_____
(Address)

JERRY BAACK

BRIDGEWATER BANK

By: _____
David Juran
Chair of the Compensation Committee of the
Board of Directors

EXHIBIT A

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Release and Waiver of Claims

This Release and Waiver of Claims ("Agreement") is made and entered into by and among Bridgewater Bancshares, Inc. (the "Company"), Bridgewater Bank (the "Bank" and together with the Company, the "Employer") and [_____] ("Executive," and together with the Company, the "Parties").

Recitals

A. The Parties desire to settle fully and amicably all issues between them, including any issues arising out of Executive's employment with the Employer and the termination of that employment.

B. Executive and the Employer are parties to that certain Employment Agreement, made and entered into [_____], as amended (the "Employment Agreement").

Agreements

For and in consideration of the mutual promises contained herein, and for other good and sufficient consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Employment. Executive's employment with the Employer shall be terminated effective as of the close of business on [_____] (the "Termination Date").

2. Compensation and Benefits. Subject to the terms of this Agreement, the Employer shall compensate Executive under this Agreement as follows (collectively, the "Severance Payments"):

(a) Severance Amount. [_____].

(b) Accrued Salary and Paid Time Off. Executive shall be entitled to a lump sum payment in an amount equal to Executive's earned but unpaid annual base salary and accrued but unused paid time off for the period ending on the Termination Date, with such payment to be made on the first payroll date following the Termination Date.

(c) COBRA Benefits. Executive and Executive's qualified beneficiaries, as applicable, shall be entitled to continuation of group health coverage following the Termination Date under the Employer's group health plan, to the extent required under the Consolidated Omnibus Budget Reconciliation Act of 1986, with Executive required to pay the same amount as Executive would pay if Executive continued in employment with the Employer during such period as described in Section 4(e) of the Employment Agreement.

(d) Executive Acknowledgement. Executive acknowledges that, subject to fulfillment of all obligations provided for herein, Executive has been fully compensated by the Employer, including under all applicable laws, and that nothing further is owed to Executive with respect to wages, bonuses, severance, other compensation, or benefits. Executive further acknowledges that the Severance Payments (other than (b) and (c) immediately above) are

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

consideration for Executive's promises contained in this Agreement, and that the Severance Payments are above and beyond any wages, bonuses, severance, other compensation, or benefits to which Executive is entitled from the Employer under the terms of Executive's employment or under any other contract or law that Executive would be entitled to absent execution of this Agreement.

(e) Withholding. The Severance Payments shall be subject to all taxes and other payroll deductions required by law.

3. Termination of Benefits. Except as provided in Section 2 above or as may be required by law, Executive's participation in all employee benefit (pension and welfare) and compensation plans of the Employer shall cease as of the Termination Date. Nothing contained herein shall limit or otherwise impair Executive's right to receive pension or similar benefit payments that are vested as of the Termination Date under any applicable tax-qualified pension Company or other plans, pursuant to the terms of the applicable plan.

4. Release of Claims and Waiver of Rights. Executive, on Executive's own behalf and that of Executive's heirs, executors, attorneys, administrators, successors, and assigns, fully and forever releases and discharges the Company, its predecessors, successors, parents, subsidiaries, affiliates, and assigns, and its and their directors, officers, trustees, employees, agents, and shareholders, both in their individual and official capacities, and the current and former trustees and administrators of each retirement and other benefit plan applicable to the employees and former employees of the Employer, both in their official and individual capacities Subsidiary clawback policy (the "Releasees Policy"), from all liability, claims, demands, actions, and causes of action Executive now has, may have had, or may ever have, whether currently known or unknown, relating to acts or omissions as of or prior to Executive's execution of this Agreement (the "Release and Waiver"), including liability, claims, demands, actions, and causes of action:

(a) Relating to Executive's employment or other association with the Employer, or the termination of such employment;

(b) Relating to wages, bonuses, other compensation, or benefits;

(c) Relating to any employment or change in control contract;

(d) Relating to any employment law, including

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(i) The United States and State of Minnesota Constitutions,

(ii) The Minnesota Human Rights Act,

(iii) The Civil Rights Act of 1964,

(iv) The Civil Rights Act of 1991,

(v) The Equal Pay Act,

(vi) The Employee Retirement Income Security Act of 1974,

(vii) The Age Discrimination in Employment Act (the "**ADEA**"),

(viii) The Older Workers Benefit Protection Act,

(ix) The Worker Adjustment and Retraining Notification Act,

(x) The Americans with Disabilities Act,

(xi) The Family and Medical Leave Act,

(xii) The Occupational Safety and Health Act,

(xiii) The Fair Labor Standards Act,

(xiv) The National Labor Relations Act,

(xv) The Genetic Information Nondiscrimination Act,

(xvi) The Rehabilitation Act,

(xvii) The Fair Credit Reporting Act,

(xviii) Executive Order 11246,

(xix) Executive Order 11141, and

(xx) Each other federal, state, and local statute, ordinance, and regulation relating to employment;

(e) **Relating to any right of payment for disability;**

(f) **Relating to any statutory or contractual right of payment; and**

(g) **For relief on the basis of any alleged tort or breach of contract under the common law of the State of Minnesota or any other state, including defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel, and negligence.**

Executive acknowledges that statutes exist that render null and void releases and waivers of any claims, rights, demands, liabilities, actions, and causes of action that are unknown to the releasing or waiving party at the time of execution of the release and waiver. Executive waives, surrenders, and shall forego any protection to which Executive would otherwise be entitled by virtue of the existence of any such statutes in any jurisdiction, including the State of Minnesota.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

5. Exclusions from General Release. Excluded from the Release and Waiver are any claims or rights arising pursuant to this Agreement and any claims or rights that cannot be waived by law, as well as Executive's right to file a charge with an administrative agency or participate in any agency investigation, including with the Equal Employment Opportunity Commission. Executive is, however, waiving the right to recover any money in connection with a charge or investigation and the right to recover any money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission or any other federal or state agency, except where such waivers are prohibited by law.

6. Covenant Not to Sue.

(a) **A "covenant not to sue" is a legal term that means Executive promises not to file a lawsuit in court. It is different from the Release and Waiver. Besides waiving and releasing the claims covered by Section 4 above, Executive shall never sue the Releasees in any forum for any reason covered by the Release and Waiver. Notwithstanding this covenant not to sue, Executive may bring a claim against the Employer to enforce this Agreement or to challenge the validity of this Agreement under the ADEA. If Executive sues any of the Releasees in violation of this Agreement, Executive shall be liable to them for their reasonable attorneys' fees and costs (including the costs of experts, evidence, and counsel) and other litigation costs incurred in defending against Executive's suit. In addition, if Executive sues any of the Releasees in violation of this Agreement, the Employer can require Executive to return all but a sum of $100 of the Severance Payments, which sum is, by itself, adequate consideration for the promises and covenants in this Agreement. In that event, the Employer shall have no obligation to make any further Severance Payments.**

(b) **If Executive has previously filed any lawsuit against any of the Releasees, Executive shall immediately take all necessary steps and execute all necessary documents to withdraw or dismiss such lawsuit to the extent Executive's agreement to withdraw, dismiss, or not file a lawsuit would not be a violation of any applicable law, or regulation.**

7. Restrictive Covenants. Section 7 of the Employment Agreement (entitled "Restrictive Covenants"), shall continue in full force and effect as if fully restated herein.

8. No Admissions. The Employer denies that any of the Releasees have taken any improper action against Executive, and this Agreement shall not be admissible in any proceeding as evidence of improper action by any of the Releasees.

9. Confidentiality of Agreement. Executive shall keep the existence and the terms of this Agreement confidential, except for Executive's immediate family members and Executive's legal and tax advisors in connection with services related hereto and except as may be required by law or in connection with the preparation of tax returns.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

10. Non-Waiver. The Employer's waiver of a breach of this Agreement by Executive shall not be construed or operate as a waiver of any subsequent breach by Executive of the same or of any other provision of this Agreement.

11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Minnesota, without regard to principles of conflict of laws (whether in the State of Minnesota

---

or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Minnesota.

12. Entire Agreement. This Agreement sets forth the entire agreement of the Parties regarding the subject matter hereof, and shall be final and binding as to all claims that have been or could have been advanced on behalf of Executive pursuant to any claim arising out of or related in any way to Executive's employment with the Employer and the termination of that employment. This Agreement may not be amended, modified, altered, or changed except by express written consent of the Parties.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Enforcement. The provisions of this Agreement shall be regarded as divisible and separable and if any provision should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. If the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction or requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and Executive hereby consents that any court of competent jurisdiction may so modify such scope in any proceeding brought to enforce such restriction or requirement. In addition, Executive stipulates that breach by Executive of restrictions and requirements under this Agreement will cause irreparable damage to the Releasees in the case of Executive's breach and that the Employer would not have entered into this Agreement without Executive binding Executive to these restrictions and requirements. In the event of Executive's breach of this Agreement, in addition to any other remedies the Employer may have, and without bond and without prejudice to any other rights

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

and remedies that the Employer may have for Executive's breach of this Agreement, the Employer shall be relieved of any obligation to provide Severance Payments and shall be entitled to an injunction to prevent or restrain any such violation by Executive and all persons directly or indirectly acting for or with Executive.

16. Construction. In this Agreement, unless otherwise stated, the following uses apply: (a) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all regulations promulgated under or implementing the statute or law, as amended, or its successors, as in effect at the relevant time; (b) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including, " and the words "to," "until," and "ending on" (and the like) mean "to, and including"; (c) references to a governmental or quasi-governmental agency, authority, or instrumentality also refer to a regulatory body that succeeds to the functions of the agency, authority, or instrumentality; (d) the words "include," "includes," and "including" (and the like) mean "include, without limitation," "includes, without limitation," and "including, without limitation," (and the like) respectively; (e) the words "hereof," "herein," "hereto," "hereby," (and the like) refer to this Agreement as a whole; (f) any reference to a document or set of documents, and the rights and obligations of the parties under any such documents, means such document or documents as amended from time to time, and all modifications, extensions, renewals, substitutions, or replacements thereof; (g) all words used shall be construed to be of such gender or number as the circumstances and context require; and (h) the captions and headings of preambles, recitals, sections, and exhibits appearing in or attached to this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement, nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions.

17. Future Cooperation. In connection with any and all claims, disputes, or negotiations, or governmental, internal, or other investigations, lawsuits, or administrative proceedings (the "Legal Matters") involving any of the Releasees (collectively, the "Disputing Parties" and, individually, each a

---

"Disputing Party"), Executive shall make herself reasonably available, upon reasonable notice from the Company and without the necessity of subpoena, to provide information and documents, provide declarations and statements regarding a Disputing Party, meet with attorneys and other representatives of a Disputing Party, prepare for and give depositions and testimony, and otherwise cooperate in the investigation, defense, and prosecution of any and all such Legal Matters, as may, in the good faith and judgment of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

the Company, be reasonably requested. The Company shall consult with Executive and make reasonable efforts to schedule such assistance so as not to materially disrupt Executive's business and personal affairs. The Employer shall reimburse all reasonable expenses incurred by Executive in connection with such assistance, including travel, meals, rental car, and hotel expenses, if any; *provided* such expenses are approved in advance by the Company and are documented in a manner consistent with expense reporting policies of the Employer as may be in effect from time to time.

18. Representations By accepting this Award Agreement, the Participant hereby acknowledges and consents to the Company's or a Subsidiary's application, implementation and enforcement of (a) the Policy and any similar policy established by Executive. Executive acknowledges eachthe Company or a Subsidiary that may apply to the Participant, whether adopted prior to or following the date of the following:

(a) Executive is aware that this Agreement includes a release of all known and unknown claims.

(b) Executive is legally competent to execute this Award Agreement and Executive has not relied on (b) any statements provision of applicable law relating to cancellation, rescission, payback or explanations made by recoupment of compensation, and agrees that the EmployerCompany or its attorneys not otherwise set forth herein. a Subsidiary may take such actions as may be necessary to effectuate the Policy, any similar policy and applicable law, without further consideration or action.

* ****

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

In witness whereof, IN WITNESS WHEREOF, the Parties have Company has caused this Award Agreement to be executed in its name and on its behalf, and by accepting this Award Agreement, the Participant acknowledges understanding and acceptance of, and agrees to, the terms of the Plan and this Award Agreement, all as of dates set forth below their the Grant Date.

BRIDGEWATER BANCSHARES, INC.

By: _____

Print Name: _____

Title: _____

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

BRIDGEWATER BANCSHARES, INC.

By:
6
[Name]
[Title]

Date:

BRIDGEWATER BANK

By:
[Name]
[Title]

Date:

EXECUTIVE

[Name]

Date:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Installment	Restricted Period will end on:
[__] RSUs	[Date]
[__] RSUs	[Date]
[__] RSUs	[Date]
[__] RSUs	[Date]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(iii) **(ii)** **Either for Executive Participant or any Financial Institution, solicit the business of any person or entity known to Executive Participant to be a customer of the Company or any of its Affiliates, Subsidiaries, where Executive Participant had significant contact with such person or entity, with respect to products, activities or services that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates; or Subsidiaries.**

(iv) **Serve as the agent, broker or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

within the Restrictive Area, with respect to products, activities or services that Executive devoted time to on behalf of the Company or any of its Affiliates and that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates.

(d) Section 4.Works Made for Hire Provisions Settlement of RSUs. The Parties acknowledge that all work performed by Executive for Delivery of Shares or other amounts under this Award Agreement and the Company or any of its Affiliates Plan shall be deemed a "work made for hire." subject to the following:

(a) *Delivery of Shares*. The Company shall at all times own deliver to the Participant one Share free and have exclusive right, title clear of any restrictions in settlement of each of the vested and interest in and to all Confidential Information and Inventions, and unrestricted RSUs within 30 days following the end of the respective Restricted Period or the date on which the Award otherwise vests under the Plan.

(b) *Compliance with Applicable Laws.* Notwithstanding any other term of this Award Agreement or the Plan, the Company shall retain the exclusive right have no obligation to license, sell, transfer and otherwise use and dispose of the same. Any and all enhancements of the technology of the Company or any of its Affiliates that are developed by Executive shall be the exclusive property of the Company. Executive hereby assigns to the Company any right, title and interest in and to all Inventions that Executive may have, by law or equity, without additional consideration of any kind whatsoever from the Company or any of its Affiliates. Executive shall execute and deliver any instruments Shares or documents and do all other things (including the giving of testimony) requested by the Company (both during and after the termination of Executive's employment with the Employer) in order to vest more fully in the Company or any of its Affiliates all ownership rights in the Inventions (including obtaining patent, copyright or trademark protection therefor in the United States and/or foreign countries). For purposes of this Section 7(d), "Inventions" shall mean all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas and software conceived, compiled or developed by Executive in the course of Executive's employment with the Bank or any of its Affiliates and/or comprised, in whole or part, of Confidential Information. Notwithstanding the foregoing sentence, Inventions shall not include: (i) any inventions independently developed by Executive and not derived, in whole or part, from any Confidential Information or (ii) any invention made by Executive prior to Executive's exposure to any Confidential Information.

(e) Remedies for Breach of Restrictive Covenant. Executive has reviewed the provisions of this Agreement with legal counsel, or has been given adequate opportunity to seek such counsel, and Executive acknowledges that the covenants contained in this Section 7 are reasonable with respect to their duration, geographical area and scope. Executive further acknowledges that the restrictions contained in this Section 7 are reasonable and necessary for the protection of the legitimate business interests of the Employer, that they create no undue hardships, that any violation of these restrictions would cause substantial injury to the Employer and such interests, and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer, in addition to and not in limitation of, make any other rights,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

remedies distribution of benefits under this Award Agreement or damages available the Plan unless such delivery or distribution complies with all applicable laws and the applicable rules of any securities exchange or similar entity.

(c) *Certificates Not Required.* To the extent that this Award Agreement and the Plan provide for the issuance of Shares, such issuance may be effected on a non-certificated basis, to the Employer under this Agreement or otherwise at extent not prohibited by applicable law or in equity, shall be entitled to preliminary and permanent injunctive relief to prevent the applicable rules of any securities exchange or restrain any such violation by Executive and any and all persons directly or indirectly acting for or with Executive, as the case may be. If Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified herein computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by Executive. similar entity.

(f) Section 5. Other Agreements Withholding. In All deliveries of Shares pursuant to the event of the existence of another agreement between the Parties that (a) is in effect during the Restrictive Period, and (b) contains restrictive covenants that conflict with any of the provisions of this Section 7, then the more restrictive of such provisions from the two (2) agreements Award shall control for the period during which both agreements would otherwise be in effect.

8. Indemnification.

(a) To the maximum extent permitted by law, the Employer shall indemnify and hold Executive harmless (including advances of attorneys' fees and other litigation expenses) for losses or damages incurred by Executive as a result subject to withholding of all causes of action arising from Executive's performance of duties for applicable taxes. The Company shall have the benefit of right to require the Employer, whether or not the claim is asserted during the Employment Period. Executive shall be covered under any directors' Participant (or if applicable, permitted assigns, heirs and officers' insurance that Employer maintains for its directors and other officers in the same manner and on the same basis as Employer's directors and officers.

(b) In the event Executive becomes a party, or is threatened Designated Beneficiaries) to be made a party, to any action, suit, or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, remit to the full extent permitted by law, advance all expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement ("Expenses") incurred by Executive Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any Shares in connection with the investigation, defense, settlement, Award. Except as otherwise provided by the Committee, such withholding obligations may be satisfied (a) through cash payment by the Participant, (b) through the surrender of Shares that the Participant already owns (c) by withholding from wages or appeal other amounts otherwise payable to the Participant, or (d) through the surrender of any threatened, pending, or completed action, suit, or proceeding; Shares to which the Participant is otherwise entitled under the Plan; *provided*, *however*, that Executive must provide the Employer with a written undertaking from Executive (i) to reimburse the Employer for all Expenses actually paid except as otherwise specifically provided by the Employer Committee, such Shares under clause (d) may not be used to satisfy more than the maximum individual statutory tax rate for each applicable tax jurisdiction, or on behalf of Executive in the event it such lesser

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

amount as may be determined that Executive is not entitled to indemnification established by the Employer for such Expenses, and (ii) to assign the Employer all rights of Executive to indemnification, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of Executive. Company.

9. Section 6. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employer:

Bridgewater Bancshares, Inc.
Attention: General Counsel
4450 Excelsior Blvd, Suite 100
St. Louis Park, MN 55416

If to Executive: Executive's address on file with the Employer

---

or to such other address as either Party may furnish to the other in writing, except that notices Non-Transferability of changes of address shall be effective only upon receipt.

10. Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal laws of the State of Minnesota applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction, and any court action commenced to enforce this Agreement shall have as its sole and exclusive venue the County of Hennepin, Minnesota.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral, specifically including the Prior Employment Agreement. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions shall remain in full force and effect. The various covenants and provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any covenant contained in this Agreement is too broad to permit enforcement to its full extent, such covenant shall be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

12. Withholding of Taxes Award. The Employer may withhold from Award, or any benefits payable under this Agreement all federal, state, city and other taxes portion

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

thereof, is not transferable except as may be required pursuant to any law, governmental regulation or ruling.

13. No Assignment. Executive's rights to receive benefits under this Agreement shall not be assignable or transferable whether designated by pledge, creation of a security interest or otherwise, other than a transfer the Participant by will or by the laws of descent and distribution or distribution. In pursuant to a domestic relations order. Except as provided in the event immediately preceding sentence, the Award shall not be assigned, transferred, pledged, hypothecated or otherwise disposed of by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge, hypothecation or other disposition of the Award contrary to the provisions hereof, or the levy of any attempted assignment attachment or transfer contrary similar process upon the Award, shall be null and void and without effect.

Section 7. Dividend Equivalents. The Participant shall not be entitled to this receive a payment equal in value to any dividends and distributions paid with respect to the RSUs during the Restricted Period or prior to settlement of the RSUs pursuant to Section 4(a) above.

Section 8. No Rights as Shareholder13., the Employer The Participant shall not have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure rights of a Shareholder with respect to the benefit RSUs, including but not limited to, voting rights, prior to the settlement of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. the RSUs pursuant to Section 4(a) above.

14. Section 9. Heirs and Successors. This Award Agreement shall be binding upon, and inure to the benefit of, the Employer, Company and its successors and assigns.

15. assigns, and upon any person acquiring all or substantially all of the Company's assets or business. If any right
Amendment. Designated Beneficiary This Agreement" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form as the Committee may not require. The Participant's designation of beneficiary may be amended or modified except by written agreement signed revoked from time to time by the Parties.

16. Code Section 409A.

(a) This Agreement may be amended to the extent necessary (including retroactively) by the Bank to avoid the application of taxes or interest under Code Section 409A, while maintaining to the maximum extent practicable the original intent of this Agreement. If it is determined that any payments or benefits due hereunder upon Executive's termination of employment are subject to Code Section 409A, no such payments or benefits shall be payable unless such termination constitutes a "separation from service" within the meaning of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made Participant in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). This Section 16any procedures established by the Committee. If a Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any benefits that would have been provided to the Participant shall not be construed as provided to the legal representative of the estate of the Participant. If a guarantee Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the provision of any particular tax effect for Executive's the Designated Beneficiary's benefits under this Award Agreement, then any benefits that would have been

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

provided to the Designated Beneficiary shall be provided to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of this Award Agreement and the Bank does not guarantee that Plan shall be vested in the Committee, and the Committee shall have all powers with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of this Award Agreement or the Plan by the Committee and any such benefits will satisfy decision made by the Committee with respect to this Award Agreement or the Plan shall be final and binding on all persons.

Section 11. Plan Governs. Notwithstanding any provision of this Award Agreement to the contrary, this Award Agreement shall be subject to the terms of the Plan, which is incorporated herein by reference, a copy of which may be obtained by the Participant from the office of the General Counsel of the Company. This Award Agreement shall be subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time. Notwithstanding any provision of this Award Agreement to the contrary, in the event of any discrepancy between the corporate records of the Company and this Award Agreement, the corporate records of the Company shall control.

Section 12. Not an Employment Contract. Neither the Award nor this Award Agreement shall confer on the Participant any rights with respect to continuance of employment or other service with the Company or a Subsidiary, nor shall they interfere in any way with any right the Company or a Subsidiary may otherwise have to terminate or modify the terms of the Participant's employment or other service at any time.

Section 13. Amendment. Without limitation of Section 16 and Section 17 below, this Award Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended in writing by the Participant and the Company without the consent of any other person.

Section 14. Governing Law. This Award Agreement, the Plan and all actions taken in connection herewith and therewith shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws, except as superseded by applicable federal law.

Section 15. Validity. If any provision of this Award Agreement is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Award Agreement shall be construed and enforced as if such illegal or invalid provision had never been included herein.

Section 16. Section 409A Amendment. The Award is intended to be exempt from, or otherwise is compliant with, Code Section 409A or any other provision and this Award Agreement shall be administered and interpreted in accordance with such intent. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Award Agreement without the consent of the Code.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(b) Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A; and the Participant hereby acknowledges and consents to such rights of the Committee. Notwithstanding any provision of this Agreement to the contrary, if Executive the Participant is determined to be a "specified employee" (as defined in Code Section 409A) as of the date of the Participant's Termination Date, of Service, then the six (6)-month payment delay rule under Code Section 409A shall apply as set forth therein. All delayed payments shall be accumulated and paid in a lump-sum payment as of the first day of the seventh month following the date of the Participant's Termination Date of Service (or, if earlier, as of Executive's Employee's death). Any portion of the benefits hereunder that were not otherwise due to be paid during the six (6)-month period following the Termination Date shall be paid to Executive in accordance with the payment schedule established herein.

17. Definitions. As used in this Agreement, the terms defined in this Section 17 have the meanings set forth below.

(a) "Affiliate" means each company, corporation, partnership, Financial Institution or other entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, where "control" means (i) the ownership of fifty-one percent (51%) or more of the Voting Securities or other voting or equity interests of any corporation, partnership, joint venture or other business entity or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, partnership, joint venture or other business entity.

(b) "Base Compensation" means the amount equal to the sum of (i) the greater of Executive's then-current Annual Base Salary or Executive's Annual Base Salary as of the date one (1) day prior to the Change in Control, and (ii) the amount of any cash incentive bonus paid (or payable) for the most recently completed fiscal year of the Employer.

(c) "Board" means the board of directors of the Company.

(d) "Change in Control" means:

(i) the consummation of the acquisition by any "person" (as such term is defined in Section 13(d) or 14(d) of the 1934 Act) of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934 (the "1934 Act")) of fifty percent (50%) or more of the combined voting power of the then outstanding Voting Securities of the Company; or

(ii) the individuals who, as of the Effective Date, are members of the Board cease for any reason to constitute a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of a majority of the Board, and such new director shall, for purposes of this Agreement, be considered as a member of the Board; or

(iii) the consummation by the Company of: (A) a merger or consolidation if the shareholders immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation; or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any provision in this definition to the contrary, a Change in Control shall not be deemed to occur solely because fifty percent (50%) or more of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

---

then outstanding securities of the Company are acquired by (A) a trustee or other fiduciary holding securities under one (1) or more employee benefit plans maintained for employees of the Company or an Affiliate or (B) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders in the same proportion as their ownership of stock immediately prior to such acquisition.

Further notwithstanding any provision in this definition to the contrary, in the event that

Section 17. Clawback. The Award and any amount or benefit received under this Agreement constitutes deferred compensation and the settlement of or distribution of such amount or benefit is to be triggered by a Change in Control, then such settlement or distribution Plan shall be subject to the event constituting the Change in Control also constituting a "change in control event" under Code Section 409A.

(e) "Covered Period" means the period beginning six (6) months prior to a Change in Control and ending twenty-four (24) months after the Change in Control.

(f) "Disability" means that (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical potential cancellation, recoupment, rescission, payback or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Employer.

(g) "Good Reason" means the occurrence of any one (1) of the following events, unless Executive agrees in writing that such event shall not constitute Good Reason:

(i) an adverse change in the nature, scope or status of Executive's position, authorities or duties from those in effect other action in accordance with the terms of any applicable Company or Subsidiary clawback policy (the "Section 2 Policy immediately following") or any applicable law, as may be in effect from time to time. By accepting this Award Agreement, the Effective Date, Participant hereby acknowledges and consents to the Company's or if applicable a Subsidiary's application, implementation and greater, immediately enforcement of (a) the Policy and any similar policy established by the Company or a Subsidiary that may apply to the Participant, whether adopted prior to the Covered Period;

(ii) a reduction of ten percent (10%) or more in Executive's Annual Base Salary or annual cash incentive bonus opportunity (each as measured as of the Effective Date), or a material reduction in Executive's aggregate benefits or other compensation plans as in effect immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(iii) relocation of Executive's primary place of employment by more than twenty-five (25) miles from Executive's primary place of employment immediately following the Effective Date or a requirement that Executive engage in travel that is materially greater than immediately following the Effective Date;

(iv) failure by an acquirer to assume this Agreement at the time of a Change in Control; or

(v) a material breach by the Employer of this Agreement.

Notwithstanding any provision in this definition to the contrary, prior to Executive's Termination for Good Reason, Executive must give the Company written notice of the existence of any condition set forth in clause (i) – (v) immediately above within ninety (90) days of its initial existence and the Company shall have thirty (30) days from the date of such notice in which this Award Agreement and (b) any provision of applicable law relating to cure the condition giving rise to Good Reason, if curable. If, during such thirty (30)-day period, cancellation, rescission, payback or recoupment of compensation, and agrees that the Company cures or a Subsidiary may take such actions as may be necessary to effectuate the condition giving rise to Good Reason, the condition shall not constitute Good Reason. Further notwithstanding Policy, any similar policy and applicable law, without further consideration or action.

* ****

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

provision in this definition to the contrary, in order to constitute a Termination for Good Reason, such Termination must occur within twenty-four (24) months of the initial existence of the applicable condition.

(h) "Release" means a general release and waiver substantially in the form attached hereto as Exhibit A.

(i) "Termination" means termination of Executive's employment with the Employer following the Effective Date and prior to the end of the Employment Period either:

(i) by the Employer, other than a Termination for Cause or a termination as a result of Executive's death or Disability; or

(ii) by Executive for Good Reason.

(j) "Termination Date" means the date of termination of Executive's employment with the Employer.

(k) "Termination for Cause" means only a termination of Executive's employment with the Employer as a result of:

(i) Executive's willful continuing failure, that is not remedied within twenty (20) days after receipt of written notice of such failure from the Employer, to perform Executive's obligations hereunder;

(ii) Executive's conviction of, or the pleading of *nolo contendere* to, a crime of embezzlement or fraud or a felony under the laws of the United States or any state thereof;

(iii) Executive's breach of fiduciary responsibility; or

(iv) an act of dishonesty by Executive that is materially injurious to the Employer.

Any determination of a Termination for Cause under this Agreement shall be made by resolution adopted by at least a two-thirds (2/3) vote of the Board at a meeting called and held for that purpose. Executive shall be provided with reasonable notice of such meeting and shall be given the opportunity to be heard, with the presence of counsel, prior to such vote being taken by the Board.

(l) "Voting Securities" means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

18. Survival. The provisions of Sections 5 through 18 shall survive the termination of this Agreement.

[Signature page follows]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

In witness whereof IN WITNESS WHEREOF, the Parties have Company has caused this Award Agreement to be executed in its name and on its behalf, and by accepting this Award Agreement, the Participant acknowledges understanding and acceptance of, and agrees to, the terms of the Plan and this Award Agreement, all as of the Effective Grant Date.

BRIDGEWATER BANCSHARES, INC. MARY JAYNE CROCKER

BY: BRIDGEWATER BANCSHARES, INC.

By:

Jerry Baack Print Name: , President and CEO(Signature)

(Date)

10758 Kiawah Dr. (Address)

Eden Prairie, MN 55344

(Address) Title:

BRIDGEWATER BANK

By:

Exhibit 19.1

INSIDER TRADING POLICY

OF

BRIDGEWATER BANCSHARES, INC.

Jerry Baack This Insider Trading Policy (this "Policy") provides guidelines to directors, officers, employees and other related parties of Bridgewater Bancshares, Inc. and its subsidiaries (collectively, the "Company").

I. APPLICABILITY OF POLICY

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

This Policy applies to all transactions in the Company's securities, including, without limitation, common stock, preferred stock and debt securities, as well as securities of other companies under certain circumstances, as described in Section V, below. The transactions covered by this Policy specifically include any transactions designed to hedge or offset any decrease in the market value of any of the Company's securities described in the preceding sentence.

The Policy applies to all directors, officers and employees of the Company, as well as to any consultants and contractors to the Company who receive or have access to "Material Nonpublic Information" (as defined below in Section VI) regarding the Company. This Policy also applies to any person who receives Material Nonpublic Information from any "Insider, President" which term, for purposes of this Policy, includes the following group of people, together with the their immediate family members[1] and CEO members of their households[2]: (a) the Company's directors and officers; (b) the Company's employees, consultants and contractors who receive or have access to Material Nonpublic Information regarding the Company; and (c) any person who possesses Material Nonpublic Information regarding the Company.

Certain terms of this Policy apply only to the Company's directors, officers on the Company's strategic leadership team, and their immediate family members that share their households, and such individuals are referred to herein as "Section 16 Persons".

II. Statement of General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading.

(a) Trading on Material Nonpublic Information. No Insider shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day

---

1 For purposes of this Policy, the term "immediate family member" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and shall include adoptive relationships.

2 For purposes of this Policy, a member of an Insider's household includes any other person who lives in such Insider's home or shares such Insider's address (except for employees or tenants of such Insider) or are financially dependent upon such Insider.

---

following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material unless such transfer is made (i) pursuant to an Approved 10b5-1 Plan, as defined below, or (ii) in a transaction with the Company or another Insider who is also in possession of such Material Nonpublic Information. As used herein, the term "Trading Day" shall mean a day on which national stock exchanges are open for trading.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(b) **Tipping. No Insider shall disclose ("tip") any Material Nonpublic Information with respect to the Company or any of the Company's business partners (as defined below in Section V) to any other person who is not a director, officer or employee of the Company, or a consultant or contractor to the Company who is subject to a confidentiality agreement with the Company, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities or the securities of the Company's business partners.**

(c) **Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.**

III. Potential Criminal and Civil Liability and/or Disciplinary Action

(a) **Liability for Insider Trading. Insiders may be subject to significant criminal and civil liability for engaging in transactions in the Company's securities at a time when they are in possession of Material Nonpublic Information regarding the Company.**

(b) **Liability for Tipping. Insiders also may be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the Canadian Securities Commissions, the stock exchanges and the Financial Industry Regulatory Authority (FINRA) use sophisticated techniques to uncover insider trading.**

(c) **Possible Disciplinary Actions. Insiders who violate this Policy also shall be subject to disciplinary action by the Company, which may include one or more of the following actions: ineligibility for future participation in the Company's equity incentive plans, reduction or elimination of annual or other bonuses or termination of employment.**

IV. Guidelines

(a) **Mandatory Black-out Period for Officers, Directors and Certain Employees; Recommended For All Employees. The period beginning two weeks before the end of each fiscal quarter and ending two Trading Days following the date of public disclosure of the financial results for each fiscal quarter is a particularly sensitive period of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that officers, directors and certain other employees will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter.**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

EXHIBIT A

RELEASE ACCORDINGLY, TO ENSURE COMPLIANCE WITH THIS POLICY AND WAIVER APPLICABLE FEDERAL AND STATE SECURITIES LAWS, ALL DIRECTORS, OFFICERS AND EMPLOYEES HAVING ACCESS TO THE COMPANY'S INTERNAL FINANCIAL STATEMENTS OR OTHER MATERIAL NONPUBLIC INFORMATION SHALL REFRAIN FROM CONDUCTING TRANSACTIONS INVOLVING THE COMPANY'S SECURITIES DURING THE PERIOD BEGINNING TWO WEEKS BEFORE THE LAST DAY OF CLAIMS

This Release the quarter and Waiver ending two Trading Days following the date of Claims ("Agreement") is made and entered into by and among Bridgewater Bancshares, Inc. (public disclosure of the "Company"), Bridgewater Bankfinancial results for each fiscal quarter (the "Bank Black-out Period" and together with). The purpose behind the Black-out Period is to establish a diligent effort to avoid any improper transaction or any transaction that has the appearance of impropriety.

From time to time, the Company also may recommend that directors, officers, selected employees and others suspend trading for a fixed or unspecified period of time because of developments known to the Company and not yet disclosed to the public. In such event, such persons will be advised of such restriction, and shall not engage in any transaction involving the Company's securities during such period and shall not disclose to others the fact of such suspension of trading.

It should be noted, however, that even outside the Black-out Period, any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days, whether or not the Company has recommended a suspension of trading to that person, or until such information otherwise ceases to constitute Material Nonpublic Information. Assuming the absence of Material Nonpublic Information, trading in the Company's securities outside of the Black-out Period should not be considered a "Employer") and [_____] ("Executive safe harbor," and together with the Company, the "Parties").

RECITALS

A. The Parties desire to settle fully all directors, officers and amicably other persons should use good judgment at all issues between them, including any issues arising out of Executive's employment with the Employer and the termination of that employment.

B. Executive and the Employer are parties to that certain Employment Agreement, made and entered into [_____], as amended (the "Employment Agreement").

AGREEMENTS

For and in consideration of the mutual promises contained herein, and for other good and sufficient consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Employment. Executive's employment with the Employer shall be terminated effective as of the close of business on [_____] (the "Termination Date").

2. Compensation and Benefits. Subject to the terms of this Agreement, the Employer shall compensate Executive under this Agreement as follows (collectively, the "Severance Payments"):

(a) **Severance Amount. [_____]. times.**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(b) Accrued Salary and Paid Time Off Pre-Clearance of Trades. Executive shall be entitled The Company has determined that all of the Company's Section 16 Persons should refrain from trading or transacting in the Company's securities or otherwise making any transfer, gift, pledge, or loan of the Company's securities without first complying with the Company's "pre-clearance" process. Each Section 16 Personis required to a lump sum payment obtain pre-clearance from the Company's General Counsel prior to commencing any transaction or other transfer involving the Company's securities, including for transactions or transfers that are not subject to the trading restrictions of this Policy, provided that pre-clearance is not required for transactions made pursuant to an Approved 10b5-1 Plan so long as pre-clearance was received prior to entering into the Approved 10b5-1 Plan.

The Company may find it necessary, from time to time, to require compliance with the pre-clearance process from certain officers, employees, consultants and contractors in an amount equal addition to Executive's earned but unpaid annual base salary and accrued but unused paid time off for Section 16 Persons. Any employee with any questions regarding trading in the period ending on Company's securities is encouraged to contact the Termination Date, with such payment to be made on the first payroll date following the Termination Date.Company's General Counsel.

(c) COBRA Benefits Prohibition Against Short Sales. Executive and Executive's qualified beneficiaries, as applicable, No director, officer or employee of the Company shall be entitled enter into any "short" position with respect to continuation any equity security of group health coverage following the Termination Date under Company or otherwise violate Section 16(c) of the Employer's group health plan, to the extent required under the Consolidated Omnibus Budget Reconciliation Securities Exchange Act of 1986, with Executive required to pay the same amount 1934, as Executive would pay if Executive continued in employment with the Employer during such period as described in Section 4(e) of the Employment Agreement. amended.

(d) Executive Acknowledgement Prohibition Against Hedging. Executive acknowledges that, subject No director, officer or employee is permitted to fulfillment of all obligations provided for herein, Executive has been fully compensated by the Employer, including under all applicable laws, and that nothing further is owed to Executive enter into any hedging transaction with respect to wages, bonuses, severance, other compensation, the Company's securities, including, but not limited to, the purchase or benefits. Executive further acknowledges that the Severance Payments (other than (b) and (c) immediately above) are consideration for Executive's promises contained in this Agreement, and that the Severance Payments are above and beyond any wages, bonuses, severance, other compensation, use of, directly or benefits to which Executive is entitled from the Employer under the terms of Executive's employment or under indirectly through any other contract persons or law that Executive would be entitled entities, any stock option, prepaid variable forward contracts, equity swaps, collars, exchange funds or any other instruments designed to absent execution offset any decrease in the market value of this Agreement. the Company's securities.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(e) **Withholding Pledging of Company Securities. The Severance Payments shall be subject to all taxes and other payroll deductions required Except for any Company securities held by law.**

3. Termination of Benefits. Except Section 16 Persons pledged as provided in Section 2 above or as may be required by law, Executive's participation in all employee benefit (pension and welfare) and compensation plans of the Employer shall cease collateral as of the Termination Date. Nothing contained herein shall limit or otherwise impair Executive's right date on which this Policy was adopted, Section 16 Persons are prohibited from pledging the Company's securities as collateral, including, but not limited to, receive pension or similar benefit payments that are vested as holding any such securities in a margin account, without the prior approval of the Termination Date under Nominating and ESG Committee.

(f) **Section 16 Persons. Each year, the Board of Directors of the Company will identify the Section 16 Persons and the Company's General Counsel will notify any applicable tax-qualified pension new Section 16 Persons of their status as such. These individuals will be required to comply with Section 16 of the Securities and Exchange Act of 1934, as amended, and the Company will inform them of these obligations.**

(g) **Individual Responsibility. Every officer, director and employee of, and contractor or other plans, pursuant consultant to, the terms Company has the individual responsibility to comply with this Policy against insider trading, even if such person only trades outside the Black-out Period. An Insider may, from time to time, have to forego a proposed transaction in the Company's or one if its business partner's securities even if he or she planned to make the transaction before learning of the applicable plan. Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forgo anticipated profit by waiting.**

4. V. Release Applicability of Claims and Waiver of Rights. Policy to Inside Information Regarding Other Companies

Executive, on Executive's own behalf and that of Executive's heirs, executors, attorneys, administrators, successors, and assigns, fully and forever releases and discharges the Company, its predecessors, successors, parents, subsidiaries, affiliates, and assigns, and its and their directors, officers, trustees, employees, agents, and shareholders, both in their individual and official capacities, This Policy and the current and former trustees and administrators of each retirement and guidelines described herein also apply to Material Nonpublic Information relating to other benefit plan applicable to companies, including the employees and former employees of the Employer, both in their official and individual capacities (the " Company's customers, vendors or suppliers ("Releasees business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company.

Civil and criminal penalties, termination of employment and other consequences, may result from trading on Material Nonpublic Information regarding the Company's business partners. All employees should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to information related directly to the Company.

VI. Definition of Material Nonpublic Information

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

It is not possible to define all liability, claims, demands, actions, and causes categories of action Executive now has, may have had, or may ever have, whether currently known or unknown, relating to acts or omissions as of or prior to Executive's execution of this Agreement (the "Release and Waiver material"), including liability, claims, demands, actions, and causes of action:

(a) **Relating information. Information should be regarded as material, however, if there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to Executive's employment or other association with the Employer, or the termination of such employment;**

(b) **Relating to wages, bonuses, other compensation, or benefits;**

(c) **Relating to any employment or change in control contract;**

(d) **Relating to any employment law, including**

(i) The United States and State of Minnesota Constitutions,

(ii) The Minnesota Human Rights Act,

(iii) The Civil Rights Act of 1964,

(iv) The Civil Rights Act of 1991,

(v) The Equal Pay Act,

(vi) The Employee Retirement Income Security Act of 1974,

(vii) The Age Discrimination in Employment Act (the "**ADEA**"),

(viii) The Older Workers Benefit Protection Act,

(ix) The Worker Adjustment and Retraining Notification Act,

(x) The Americans with Disabilities Act,

(xi) The Family and Medical Leave Act,

(xii) The Occupational Safety and Health Act,

(xiii) The Fair Labor Standards Act,

(xiv) The National Labor Relations Act,

(xv) The Genetic Information Nondiscrimination Act,

(xvi) The Rehabilitation Act,

(xvii) The Fair Credit Reporting Act,

(xviii) Executive Order 11246,

(xix) Executive Order 11141, and

(xx) Each other federal, state, and local statute, ordinance, and regulation relating to employment;

(e) **Relating to any right of payment for disability;**

(f) **Relating to any statutory or contractual right of payment; and**

(g) **For relief have a substantial effect on the basis price of any alleged tort or breach of contract under the common law of the State of Minnesota or any other state, including defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel, and negligence. an issuer's securities.**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Executive acknowledges that statutes exist that render null and void releases and waivers While it may be difficult under this standard to determine whether particular information is material, there are various categories of any claims, rights, demands, liabilities, actions, and causes of action information that are unknown particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include, but is not limited to:

- Financial results
- Projections of future earnings or losses
- Dividend declarations
- News of a pending or proposed acquisition, merger, joint venture or sale of the Company
- Gain or loss of a substantial customer
- Stock splits or consolidations
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Major changes in senior management
- Cybersecurity risks and incidents, including vulnerabilities and breaches

Either positive or negative information may be material. Nonpublic information is information that has not been previously disclosed to the releasing general public and is otherwise not available to the general public.

VII. CERTAIN EXCEPTIONS

(a) Exercise of Stock Options. The trading restrictions of this Policy do not apply to the exercise of a stock option acquired pursuant to the Company's stock option or waiving party at equity incentive plans or to the time of execution election to have the Company withhold shares subject to an option as payment of the release and waiver. Executive waives, surrenders, and shall forego option exercise price through a net exercise or to satisfy tax withholding requirements. This Policy does apply, however, to any protection to which Executive would otherwise be entitled by virtue sale of the existence stock as part of any such statutes in any jurisdiction, including the State a broker-assisted cashless exercise of Minnesota.

5. Exclusions from General Release. Excluded from the Release and Waiver are any claims or rights arising pursuant to this Agreement and any claims or rights that cannot be waived by law, as well as Executive's right to file a charge with an administrative agency or participate in any agency investigation, including with the Equal Employment Opportunity Commission. Executive is, however, waiving the right to recover any money in connection with a charge or investigation and the right to recover any money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission option, or any other federal or state agency, except where such waivers are prohibited by law.

6. Covenant Not to Sue.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(a) A “covenant not to sue” is a legal term that means Executive promises not to file a lawsuit in court. It is different from the Release and Waiver. Besides waiving and releasing the claims covered by Section 4 above, Executive shall never sue the Releasees in any forum for any reason covered by the Release and Waiver. Notwithstanding this covenant not to sue, Executive may bring a claim against the Employer to enforce this Agreement or to challenge the validity of this Agreement under the ADEA. If Executive sues any of the Releasees in violation of this Agreement, Executive shall be liable to them for their reasonable attorneys’ fees and costs (including the costs of experts, evidence, and counsel) and other litigation costs incurred in defending against Executive’s suit. In addition, if Executive sues any of the Releasees in violation of this Agreement, the Employer can require Executive to return all but a sum of $100 of the Severance Payments, which sum is, by itself, adequate consideration market sale for the promises and covenants in this Agreement. In that event, purpose of generating the Employer shall have no obligation cash needed to make any further Severance Payments. pay the exercise price of an option.

(b) Restricted Stock Awards. The trading restrictions of this Policy do not apply to the vesting of restricted stock or to the election to surrender to the Company or to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of restricted stock. The Policy does apply, however, to any market sale upon the vesting of such restricted stock.

(c) Pre-Existing/10b5-1 Trading Plans. The trading restrictions of this Policy do not apply to transactions made pursuant to a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 (“Rule 10b-5”) that complies with this Policy and that has been reviewed and approved by the Company’s General Counsel (“Approved 10b5-1 Plan”). 10b5-1 Plans may not be adopted by participants during a Black-out Period or when the participant is aware of Material Nonpublic Information. If Executive has previously filed any lawsuit against any the Insider enters into an Approved 10b5-1 Plan at a time that is not during a Black-out Period and while the Insider is not in possession of Material Nonpublic Information, trades may be made pursuant to the Approved 10b5-1 Plan even if the Insider may be in possession of Material Nonpublic Information or the Company is in a Black-out Period at the actual time of the Releasees, Executive shall immediately take all necessary steps and execute all necessary documents to withdraw or dismiss such lawsuit to the extent Executive’s agreement to withdraw, dismiss, or not file a lawsuit would trade. 10b5-1 Plans may not be adopted by participants during a violation Black-out Period or when the participant is aware of any applicable law Material Nonpublic Information. Generally, a trading plan must specify the amount of securities to buy or regulation.

7. Restrictive Covenants. Section 7 of sell, the Employment Agreement (entitled “Restrictive Covenants”), shall continue in full force and effect price at which to buy or sell, as if fully restated herein.

8. No Admissions. The Employer denies that any of the Releasees have taken any improper action against Executive, and this Agreement shall not be admissible in any proceeding well as evidence of improper action by any of the Releasees.

9. Confidentiality of Agreement. Executive shall keep the existence and the terms of this Agreement confidential, except for Executive’s immediate family members and Executive’s legal and tax advisors in connection with services related hereto and except as may be required by law or in connection with the preparation of tax returns.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

10. Non-Waiver. The Employer's waiver of a breach of this Agreement by Executive shall not be construed or operate as a waiver of any subsequent breach by Executive of the same or of any other provision of this Agreement.

11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Minnesota, without regard to principles of conflict of laws (whether in the State of Minnesota

---

or any other jurisdiction) specific time periods for the trades. Please note that would cause some brokers require use of their own form trading plan. Additionally, all persons entering into a 10b5-1 plan must act in good faith with respect to the application implementation and operation of the laws of 10b5-1 plan, including with respect to any jurisdiction other than modification to the State of Minnesota.

12. Entire Agreement. This Agreement sets forth plan and actions related to the entire agreement plan. Section 16 Persons must include a representation in their 10b5-1 plans certifying, at the time of the Parties regarding adoption of a new or modified plan, that: (1) they are not aware of Material Nonpublic Information about the subject matter hereof, Company or its securities; and shall be final (2) they are adopting the plan in good faith and binding not as part of a plan or scheme to all claims that have been evade the prohibitions of Rule 10b-5.

Section 16 Persons may not initiate trades under an Approved 10b5-1 Plan until the later of: (i) 90 days after adoption or could have been advanced on behalf modification of Executive pursuant the plan; or (ii) two business days following the disclosure in Forms 10-K or 10-Q of the issuer's financial results for the fiscal quarter in which the plan was adopted or modified (but not to any claim arising out exceed 120 days following plan adoption or modification). For employees of or related in any way to Executive's employment with the Employer and the termination of that employment. This Agreement Company who are not Section 16 Persons, trades under an Approved 10b5-1 Plan may not be amended, modified, altered, or changed except by express written consent made until 30 days after the adoption of the Parties.plan.

13. Counterparts. This Agreement Any modification or termination of an Approved 10b5-1 Plan must comply with this Policy and such modification or termination may only be adopted (i) upon receipt of approval of the Company's General Counsel, (ii) at a time that is not during a Black-out Period, and (iii) while the Insider is not in possession of Material Nonpublic Information. Modifications to existing Approved 10b5-1 Plans that do not change the sales or purchase prices or price ranges, the amount of securities to be sold or purchased, or the timing of transactions under the plan (such as an adjustment for stock splits or a change in account information) will not trigger a new cooling-off period referred to in the preceding paragraph.

Generally, persons may not have more than one 10b5-1 plan for open market purchases or sales of the Company's securities; provided that two successive trading

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

plans may be executed maintained so long as (i) one of them is a successor trading plan under which trades are not authorized to begin until completion or expiration of the predecessor plan and (ii) the predecessor plan is not terminated early. Additionally, persons are generally limited to one single-trade plan (one designed to effect the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction) in any number of counterparts, each of which shall 12 month period. All 10b5-1 plans must be deemed an original, but all of which together shall constitute one and the same Agreement.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Enforcement. The provisions of this Agreement shall be regarded as divisible and separable and if any provision should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. If the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction or requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and Executive hereby consents that any court of competent jurisdiction may so modify such scope in any proceeding brought to enforce such restriction or requirement. In addition, Executive stipulates that breach by Executive of restrictions and requirements under this Agreement will cause irreparable damage to the Releasees in the case of Executive's breach and that the Employer would not have entered into this Agreement without Executive binding Executive to these restrictions and requirements. In the event of Executive's breach of this Agreement, operated in addition to any other remedies the Employer may have, and without bond and without prejudice to any other rights and remedies that the Employer may have for Executive's breach of this Agreement, the Employer shall be relieved of any obligation to provide Severance Payments and shall be entitled to an injunction to prevent or restrain any such violation by Executive and accordance with all persons directly or indirectly acting for or with Executive.

16. Construction. In this Agreement, unless otherwise stated, the following uses apply: (a) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all regulations promulgated under or implementing the statute or law, as amended, or its successors, as in effect at the relevant time; (b) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including, " and the words "to," "until," and "ending on" (and the like) mean "to, and including"; (c) references to a governmental or quasi-governmental agency, authority, or instrumentality also refer to a regulatory body that succeeds to the functions of the agency, authority, or instrumentality; (d) the words "include," "includes," and "including" (and the like) mean "include, without limitation," "includes, without limitation," and "including, without limitation," (and the like) respectively; (e) the words "hereof," "herein," "hereto," "hereby," (and the like) refer to this Agreement as a whole; (f) any reference to a document or set of documents, and the rights and obligations of the parties under any such documents, means such document or documents applicable SEC rules, as amended from time to time, and all modifications, extensions, renewals, substitutions, or replacements thereof; (g) all words used shall be construed time.

The Company considers the adherence to the securities laws to be of such gender utmost importance, and an Insider's reliance on a trading plan will not necessarily relieve the Insider of liability.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(d) **Bona Fide Gifts of Company Stock. Bona fide gifts of the Company's securities made by an Insider to immediate family members or number as to a family trust controlled by the Insider are also generally exempt from the trading restrictions of this Policy. Whether a gift is bona fide, however, will depend on the circumstances and context require; and (h) surrounding the captions and headings gift. For example, gifts to dependent children followed by a sale of preambles, recitals, sections, and exhibits appearing in or attached to this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement, nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions.**

17. Future Cooperation. In connection with any and all claims, disputes, or negotiations, or governmental, internal, or other investigations, lawsuits, or administrative proceedings (the "Legal Matters") involving any of the Releasees (collectively, the "Disputing Parties gift" shares by the donee in close proximity to the time of the gift, however, may imply some economic benefit to the donor, and individually, each a therefore, may make the gift non-bona fide.

" Disputing Party"), Executive shall make herself reasonably available, upon reasonable notice from the Company and without the necessity of subpoena, to provide information and documents, provide declarations and statements regarding a Disputing Party, meet with attorneys and other representatives of a Disputing Party, prepare for and give depositions and testimony, and otherwise cooperate in the investigation, defense, and prosecution of any and all such Legal Matters, as may, in the good faith and judgment of the Company, be reasonably requested. The Company shall consult with Executive and make reasonable efforts to schedule such assistance so as not to materially disrupt Executive's business and personal affairs. The Employer shall reimburse all reasonable expenses incurred by Executive in connection with such assistance, including travel, meals, rental car, and hotel expenses, if any; *provided* such expenses are approved in advance by the Company and are documented in a manner consistent with expense reporting policies of the Employer as may be in effect from time to time.

18. VIII. Representations by Executive. Executive acknowledges each of the following:

(a) Executive is aware that this Agreement includes a release of all known and unknown claims.

(b) Executive is legally competent to execute this Agreement and Executive has not relied on any statements or explanations made by the Employer or its attorneys not otherwise set forth herein.

(c) Any modifications, material or otherwise, made to this Agreement shall not restart or affect in any manner the original 21-day consideration period.

(d) Executive has been offered at least 21 days to consider this Agreement.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(e) **Executive has been afforded the opportunity to be advised by legal counsel regarding the terms of this Agreement, including the Release and Waiver, and to negotiate such terms.**

(f) **Executive, without coercion of any kind, freely, knowingly, and voluntarily enters into this Agreement.**

(g) **Executive has the right to rescind the Release and Waiver by written notice to the Employer within 15 calendar days after Executive has signed this Agreement, and the Release and Waiver shall not become effective or enforceable until 15 calendar days after Executive has signed this Agreement, as evidenced by the date set forth below Executive's signature on the signature page hereto. Any such rescission must be in writing and delivered by hand, or sent by U.S. Mail within such 15-day period, to the attention of [_____]. If delivered by U.S. Mail, the rescission must be: (i) postmarked within the 15-day period and (ii) sent by certified mail, return receipt requested.**

[Signature page follows]

In witness whereof, the Parties have executed this Agreement as of dates set forth below their

---

respective signatures below.

Bridgewater Bancshares, Inc.	**Executive**
By: _____	_____
[Name]	[Name]
[Title]	
Date:_____	Date:_____

Bridgewater Bank

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

By: _____

[Name]

[Title]

Date: _____

Exhibit 10.29 Amendments

BRIDGEWATER BANCSHARES, INC.

EMPLOYMENT AGREEMENT

ThisEmployment Agreement("Agreement") is madeThe Nominating and entered into as of January 1, 2022 (the "Effective Date"), by and among Bridgewater Bancshares, Inc.(the "Company"), Bridgewater Bank (the "Bank" and together with the Company, the "Employer") and Joseph Mark Chybowski ("Executive," and together with the Company, the "Parties").

RECITALS

A. The Bank is a wholly-owned subsidiary of the Company.

B. Executive is currently employed by Employer pursuant to that certain employment agreement by and between Executive and Employer dated October 1, 2017, as amended (the "Prior Employment Agreement").

C. The Employer desires to employ Executive as the Employer's Chief Financial Officer pursuant to the terms of this Agreement.

D. Executive desires to be employed by the Employer as the Employer's Chief Financial Officer pursuant to the terms of this Agreement.

E. The Parties have made commitments to each other on a variety of important issues concerning Executive's employment, including the performance that will be expected of Executive, the compensation Executive will be paid, how long and under what circumstances Executive will remain employed and the financial details relating to any decision that either the Employer or Executive may make to terminate this Agreement.

AGREEMENTS

In consideration of the foregoing and the mutual promises and covenants of the Parties set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby expressly covenant and agree as follows:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

1. Employment Period. The Employer shall employ Executive, and Executive shall be so employed, during the Employment Period in accordance with the terms of this Agreement. The "Employment Period" shall be the period beginning on the Effective Date and ending on December 31, 2024, unless sooner terminated as provided herein. The Employment Period shall automatically be extended for one (1) additional year beginning on January 1, 2025 and on each January 1 thereafter unless either Party notifies the other Party, by written notice delivered no later than ninety (90) days prior to such January 1, that the Employment Period shall not be extended for an additional year. Notwithstanding any provision of this Agreement to the contrary, if a Change in Control occurs during the Employment Period, this Agreement shall remain in effect for the two (2)-year period following the Change in Control and shall then terminate.

2. Duties.During the Employment Period, Executive shall devote Executive's full business time, energies and talents to serving as the Employer's Chief Financial Officer, at the direction of the

---

Company's President and Chief Executive Officer (the "CEO"). Executive shall have such duties and responsibilities as may be assigned to Executive from time to time by the CEO, which duties and responsibilities shall be commensurate with Executive's position, shall perform all duties assigned to Executive faithfully and efficiently, subject to the direction of the CEO and shall have such authorities and powers as are inherent to the undertakings applicable to Executive's position and necessary to carry out the responsibilities and duties required of Executive hereunder. Executive shall perform the duties required by this Agreement at the Bank's headquarters (as determined by the Bank) unless the nature of such duties requires otherwise. Notwithstanding the foregoing provisions of this Section 2, during the Employment Period, Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the CEO, inhibit, prohibit, interfere with or conflict with Executive's duties under this Agreement or conflict in any material way with the business of the Company or an Affiliate; *provided, however,* that Executive shall not serve on the board of directors of any business (other than the Company, the Bank or any Affiliate of either) or hold any other position with any business without receiving the prior written consent of the CEO.

3. Compensation and Benefits. Subject to the terms of this Agreement, during the Employment Period, while Executive is employed by the Employer, the Employer shall compensate Executive for Executive's services as follows:

(a) Executive shall be compensated at an annual rate of Three Hundred Seventy-Five Thousand Dollars ($375,000) (the "Annual Base Salary"), which shall be payable in accordance with the normal payroll practices of the Employer then in effect. Beginning on January 1, 2023 and on each anniversary of such date, Executive's Annual Base Salary shall be reviewed, and may be adjusted, by the CEO.

(b) During the Employment Period, the Employer shall pay an automobile allowance to Executive not to exceed Eight Hundred Fifty Dollars ($850) per month. The automobile allowance shall be reviewed from time to time by the CEO and may be increased subject to the sole discretion of the CEO. At any time after the date of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

this Agreement, the CEO may, in its sole discretion, eliminate Executive's monthly automobile allowance and instead provide Executive with an Employer-owned automobile for Executive's use.

(c) Once every year during the Employment Period, Executive shall be entitled to receive, at Executive's option and at the Company's expense, an executive physical exam at the Mayo clinic in Rochester, Minnesota.

(d) During the Employment Period, Executive and Executive's dependents, as the case may be, shall be eligible to participate, subject to the terms thereof, in all pension and similar benefit plans (including qualified, non-qualified and supplemental plans) and all medical, dental, vision, disability, group and executive life, accidental death and travel accident insurance and other similar welfare benefit plans and programs of the Employer, as may be in effect from time to time, on as favorable a basis as other similarly situated senior executives.

(e) Executive shall receive paid time off in accordance with the Employer's policies for executive officers as such policies may exist from time to time.

4. Rights upon Termination. Executive's right to benefits, if any, for periods after the Termination Date shall be determined in accordance with this Section 4:

(a) Minimum Benefits. If the Termination Date occurs during the Employment Period for any reason, Executive shall be entitled to the following benefits ("Minimum Benefits") in addition to any other benefits to which Executive may be entitled under the following provisions of this Section 4 or the express terms of any employee benefit plan or as required by law:

(i) Executive's earned but unpaid Annual Base Salary for the period ending on the Termination Date;

(ii) Executive's earned but unpaid incentive bonus, if any, for any completed fiscal year preceding the Termination Date; and

Any benefits to be provided to Executive pursuant to this Section 4(a) shall be provided within thirty (30) days after the Termination Date.

(b) Termination for Cause, Death, Disability or Voluntary Resignation. If the Termination Date occurs following the Effective Date and prior to the end of the Employment Period and is a result of a Termination for Cause, Executive's death or Disability, or termination by Executive other than for Good Reason, then, other than the Minimum Benefits, Executive shall have no right to benefits under this Agreement (and the Employer shall have no obligation to provide any such benefits) for periods after the Termination Date.

(c) Termination other than for Cause or Termination for Good Reason. If Executive's employment with the Employer is subject to a Termination other than during a Covered Period, then, in addition to the Minimum Benefits, the Employer shall provide Executive the following benefits:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(i) Commencing on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, Executive shall receive the Severance Amount described in Section 4(c)(ii) (less any amount described in Section 4(c)(iii)), with such amount to be paid in twelve (12) substantially equal monthly installments (subject to the remaining provisions of this paragraph), with each successive payment being due on the next monthly payroll date following the first installment, *provided* that any such monthly installments that would have been paid in the sixty (60)-day period following the Termination Date but for the Release requirement in Section 5 shall be paid on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, and the number of remaining substantially equal monthly installments to be made shall be reduced from twelve (12) by any such "catch-up" payments that are made.

(ii) For purposes of this Agreement, "Severance Amount" means (A) for any Termination other than during a Covered Period, an amount equal to one hundred percent (100%) of Executive's then-current Annual Base Salary as of the respective Termination; or (B) for a Termination during a Covered Period, an amount equal to two hundred percent (200%) of Executive's Base Compensation as of the respective Termination.

(iii) To the extent any portion of the Severance Amount exceeds the "safe harbor" amount described in Treasury Regulation §1.409A-1(b)(9)(iii)(A), Executive shall receive such portion of the Severance Amount that exceeds the "safe harbor" amount in a single lump sum payment payable on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date.

(iv) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits described in Section 4(e).

(d) Termination upon a Change in Control. If Executive's employment with the Employer is subject to a Termination within a Covered Period, then, in addition to Minimum Benefits, the Employer shall provide Executive the following benefits:

(i) On the sixtieth (60th) day following the Termination Date, the Employer shall pay Executive a lump sum payment in an amount equal to the Severance Amount.

(ii) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits provided in Section 4(e).

(e) Medical, Dental and Vision Benefits. If Executive's employment with the Bank is subject to a Termination, then, to the extent that Executive or any of Executive's dependents may be covered under the terms of any medical, dental or vision plans maintained for active employees of the Bank or any Affiliate, the Bank shall provide Executive and those dependents with coverage equivalent to the coverage received while Executive was employed with the Bank for as long as Executive is eligible for and elects coverage under the health care continuation rules of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Executive will be required to pay the same amount as Executive would pay if Executive continued in active employment

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

with the Bank during such period. Such coverage shall be provided only to the extent that it does not result in any additional tax or other penalty being imposed on the Bank or any Affiliate. The coverage under this Section 4(e) may be procured directly by the Bank (or any Affiliate, if appropriate) apart from and outside of the terms of the respective plans, *provided* that Executive and Executive's dependents comply with all of the terms of the substitute medical, dental or vision plans, and *provided*, *further*, that the cost to the Bank shall not exceed the cost for continued COBRA coverage. In the event Executive or any of Executive's dependents is or becomes eligible for coverage under the terms of any other medical, dental or vision plan of a subsequent employer with plan benefits that are comparable to Bank (or any Affiliate) plan benefits, the Bank's obligations under this Section 4(e) shall cease with respect to the eligible Executive and dependents. Executive and Executive's dependents must notify the Bank (or any Affiliate) of any subsequent employment and eligibility for such comparable coverage.

(f) Other Benefits. Executive's rights following a termination of employment with the Employer and its Affiliates for any reason with respect to any benefits, incentives or awards provided to Executive pursuant to the terms of any plan, program or arrangement sponsored or maintained by the Employer or an Affiliate, whether tax-qualified or not, which are not specifically addressed herein, shall be subject to the terms of such plan, program or arrangement, and this Agreement shall have no effect upon such terms except as specifically provided herein.

(g) Removal from any Boards and Positions. Upon Executive's termination of employment for any reason under this Agreement, Executive shall be deemed to resign (i) if a member, from the Board and board of directors of any Affiliate and any other board to which Executive has been appointed or nominated by or on behalf of the Employer, (ii) from each position with the Company or any Affiliate, including as an officer of the Company, the Bank, or any of their respective Affiliates and (iii) as a fiduciary of any employee benefit plan of the Employer.

5. Release.Notwithstanding any provision of this Agreement to the contrary, no payments or benefits shall be owed to Executive under Section 4(c), 4(d) or 4(e)unless Executive executes and delivers to the Company a Release within forty-five (45) days following the Termination Date, and any applicable revocation period has expired prior to the sixtieth (60th) day following the Termination Date.

6. [Reserved]

---

7. Restrictive Covenants.

(a) Confidential Information.

(i) Executive acknowledges that, during the course of Executive's employment with the Employer, Executive may produce and have access to confidential and/or proprietary, non-public information concerning the Company or its Affiliates, including marketing materials, financial and other information concerning customers and prospective customers, customer lists, records, data, trade secrets, proprietary business information, pricing and profitability information and policies, strategic planning, commitments, plans, procedures, litigation, pending litigation and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

other information not generally available to the public (collectively, "Confidential Information"). Executive shall not directly or indirectly use, disclose, copy or make lists of Confidential Information for the benefit of anyone other than the Company, either during or after Executive's employment with the Company, except to the extent such disclosure is authorized in writing by the Company, required by law or any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by Executive of Executive's duties hereunder. If Executive receives a subpoena or other court order or is otherwise required by law to provide information to a governmental authority or other person concerning the activities of the Company or any of its Affiliates, or Executive's activities in connection with the business of the Company or any of its Affiliates, Executive shall immediately notify the Company of such subpoena, court order or other requirement and deliver forthwith to the Company a copy thereof and any attachments and non-privileged correspondence related thereto. Executive shall take reasonable precautions to protect against the inadvertent disclosure of Confidential Information. Executive shall abide by the Employer's reasonable policies, as in effect from time to time, respecting avoidance of interests conflicting with those of the Company and its Affiliates.

(ii) Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).Nothing in this Agreement shall be construed to authorize, or limitliability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

(iii) Nothing contained in this Section 7(a) shall limit Executive's ability to file a charge or complaint with any governmental, administrative or judicial agency (each, an "Agency") pursuant to any applicable whistleblower statute or program (each, a "Whistleblower Program"). Executive acknowledges that this Section 7(a) does not limit (i) his ability to communicate, in connection with a charge or complaint pursuant to any Whistleblower Program with any Agency or otherwise participate in any investigation or proceeding that may be conducted by such Agency, including providing documents or other information, without notice to the Company, or (ii) his right to receive an award for information provided to such Agency pursuant to any Whistleblower Program.

(b) Documents and Property.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(i) All records, files, documents and other materials or copies thereof relating to the business of the Company or its Affiliates that Executive prepares, receives or uses shall be and remain the sole property of the Company and, other than in connection with the performance by Executive of Executive's duties hereunder, shall not be removed from the premises of the Company or any of its Affiliates without the Company's prior written connect, and shall be promptly returned to the Company upon Executive's termination of employment for any reason, together with all copies (including copies or recordings in electronic form), abstracts, notes or reproductions of any kind made from or about the records, files, documents or other materials.

(ii) Executive acknowledges that Executive's access to and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and all Company and Affiliate information contained therein, is restricted to legitimate business purposes on behalf of the Company. Any other access to or use of such systems, network, equipment and information is without authorization and is prohibited except that Executive may use an Employer-provided computer for reasonable personal use in accordance with the Company's Acceptable Use and Responsibility Policy as in effect from time to time. The restrictions contained in this Section 7(b) extend to any personal computers or other electronic devices of Executive that are used for business purposes relating to the Company or any Affiliate. Executive shall not transfer any Company or Affiliate information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to the Company. Upon the termination of Executive's employment with the Employer for any reason, Executive's authorization to access and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and any Company and Affiliate information contained therein, shall cease.

(c) Non-Competition and Non-Solicitation. The Parties have jointly reviewed the operations of the Company and the Bank and have agreed that the primary service areaESG Committee of the Company's operations and the Bank's lending and deposit taking functions in which Executive will actively participate extends to an area that encompasses a twenty-five (25)-mile radius from each banking or other office locationBoard of the Company, the Bank and any Affiliates (the "Restrictive Area"). Therefore, as an essential ingredient of and in consideration of this Agreement and Executive's employment with the Employer, Executive, during Executive's employment with the Employer and for a period of twelve (12) months immediately following the termination of Executive's employment for any reason (the "Restrictive Period"), whether such termination occurs during the Employment Period or thereafter,Directors shall not directly or indirectly do any of the following (all of which are collectively referred to in this Agreement as the "Restrictive Covenant"):

(i) Engage or invest in, own, manage, operate, finance, control, participate in the ownership, management, operation or control of, be employed by, associated with or in any manner connected with, serve as a director, officer or consultant to, lend Executive's name or any similar name to, lend Executive's credit to or render services or advice to, in each case in the capacity that Executive provided services to the Company or any Affiliate, any person, firm, partnership, corporation or trust that owns, operates or is in the process of forming a bank, savings bank, savings and loan association, credit union or similar financial institution (each, a "Financial Institution") with an office located, or to be located at an address identified in a filing with any regulatory authority, within the Restrictive Area; *provided*, *however*,that the ownership by Executive of shares of the capital stock of any Financial Institution, which shares are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System and which do not represent more than five (5) percent (5%) of the institution's outstanding capital stock, shall not violate any terms of this Agreement;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(ii) Either for Executive or any Financial Institution: (A) induce or attempt to induce any employee of the Company or any of its Affiliates with whom Executive had significant contact

---

to leave the employ of the Company or any of its Affiliates; (B) in any way interfere with the relationship between the Company or any of its Affiliates and any employee of the Company or any of its Affiliates with whom Executive had significant contact; or (C) induce or attempt to induce any customer, supplier, licensee or business relation of the Company or any of its Affiliates with whom Executive had significant contact to cease doing business with the Company or any of its Affiliates or in any way interfere with the relationship between the Company or any of its Affiliates and their respective customers, suppliers, licensees or business relations with whom Executive had significant contact;

(iii) Either for Executive or any Financial Institution, solicit the business of any person or entity known to Executive to be a customer of the Company or any of its Affiliates, where Executive had significant contact with such person or entity, with respect to products, activities or services that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates; or

(iv) Serve as the agent, broker or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution within the Restrictive Area, with respect to products, activities or services that Executive devoted time to on behalf of the Company or any of its Affiliates and that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates.

(d) Works Made for Hire Provisions. The Parties acknowledge that all work performed by Executive responsible for the Company or any oversight of its Affiliates shall be deemed a "work made for hire." all matters relating to this Policy. The Company shall at all times own Nominating and have exclusive right, title and interest in and to all Confidential Information and Inventions, and the Company shall retain the exclusive right to license, sell, transfer and otherwise use and dispose of the same. Any and all enhancements of the technology of the Company or any of its Affiliates that are developed by Executive shall be the exclusive property of the Company. Executive hereby assigns to the Company any right, title and interest in and to all Inventions that Executive may have, by law or equity, without additional consideration of any kind whatsoever from the Company or any of its Affiliates. Executive shall execute and deliver any instruments or documents and do all other things (including the giving of testimony) requested by the Company (both during and after the termination of Executive's employment with the Employer) in order to vest more fully in the Company or any of its Affiliates all ownership rights in the Inventions (including obtaining patent, copyright or trademark protection therefor in the United States and/or foreign countries). For purposes of this Section 7(d), "Inventions" shall mean all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas and software conceived, compiled or developed by Executive in the course of Executive's employment with the Bank or any of its Affiliates and/or comprised, in whole or part, of Confidential

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Information. Notwithstanding the foregoing sentence, Inventions shall not include: (i) any inventions independently developed by Executive and not derived, in whole or part, from any Confidential Information or (ii) any invention made by Executive prior to Executive's exposure to any Confidential Information.

(e) Remedies for Breach of Restrictive Covenant. Executive has reviewed the provisions of this Agreement with legal counsel, or has been given adequate opportunity to seek such counsel, and Executive acknowledges that the covenants contained in this Section 7 are reasonable with respect to their duration, geographical area and scope. Executive further acknowledges that the restrictions contained in this Section 7 are reasonable and necessary for the protection of the legitimate business interests of the Employer, that they create no undue hardships, that any violation of these restrictions would cause substantial injury to the Employer and such interests, and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer, in addition to and not in limitation of, any other rights,

---

remedies or damages available to the Employer under this Agreement or otherwise at law or in equity, shall be entitled to preliminary and permanent injunctive relief to prevent or restrain any such violation by Executive and any and all persons directly or indirectly acting for or with Executive, as the case may be. If Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to ESG Committee will have the duration specified herein computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began sole and absolute discretionary authority to run and the date of the first violation of the Restrictive Covenant by Executive.

(f) Other Agreements. In the event of the existence of another agreement between the Parties that (a) is in effect during the Restrictive Period, and (b) contains restrictive covenants that conflict with approve any of the provisions of amendments to this Section 7, then the more restrictive of such provisions from the two (2) agreements shall control for the period during which both agreements would otherwise be in effect.

8. Indemnification.

(a) To the maximum extent permitted by law, the Employer shall indemnify and hold Executive harmless (including advances of attorneys' fees and other litigation expenses) for losses or damages incurred by Executive as a result of all causes of action arising from Executive's performance of duties for the benefit of the Employer, whether or not the claim is asserted during the Employment Period. Executive shall be covered under any directors' and officers' insurance that Employer maintains for its directors and other officers in the same manner and on the same basis as Employer's directors and officers.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(b) In the event Executive becomes a party, or is threatened to be made a party, to any action, suit, or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, to the full extent permitted by law, advance all expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement ("Expenses") incurred by Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending, or completed action, suit, or proceeding; *provided, however*, that Executive must provide the Employer with a written undertaking from Executive (i) to reimburse the Employer for all Expenses actually paid by the Employer to or on behalf of Executive in the event it be determined that Executive is not entitled to indemnification by the Employer for such Expenses, and (ii) to assign the Employer all rights of Executive to indemnification, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of Executive.

9. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employer: Policy.

Bridgewater Bancshares, Inc.
Attention: General Counsel
4450 Excelsior Blvd, Suite 100
St. Louis Park, MN 55416

If to Executive: Executive's address on file with the Employer

---

or to such other address as either Party may furnish to the other in writing, except that notices of changes of address shall be effective only upon receipt.

10. Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal laws of the State of Minnesota applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction, and any court action commenced to enforce this Agreement shall have as its sole and exclusive venue the County of Hennepin, Minnesota.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral, specifically including the Prior Employment Agreement. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions shall remain in full force and effect. The various covenants and provisions of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any covenant contained in this Agreement is too broad to permit enforcement to its full extent, such covenant shall be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

12. Withholding of Taxes. The Employer may withhold from any benefits payable under this Agreement all federal, state, city and other taxes as may be required pursuant to any law, governmental regulation or ruling.

13. No Assignment. Executive's rights to receive benefits under this Agreement shall not be assignable or transferable whether by pledge, creation of a security interest or otherwise, other than a transfer by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this Section 13, the Employer shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Amendment. This Agreement may not be amended or modified except by written agreement signed by the Parties.

16. Code Section 409A.

(a) This Agreement may be amended to the extent necessary (including retroactively) by the Bank to avoid the application of taxes or interest under Code Section 409A, while maintaining to the maximum extent practicable the original intent of this Agreement. If it is determined that any payments or benefits due hereunder upon Executive's termination of employment are subject to Code Section 409A, no such payments or benefits shall be payable unless such termination constitutes a "separation from service" within the meaning of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). This Section 16 shall not be construed as a guarantee of any particular tax effect for Executive's benefits under this Agreement

---

and the Bank does not guarantee that any such benefits will satisfy the provisions of Code Section 409A or any other provision of the Code.

(b) Notwithstanding any provision of this Agreement to the contrary, if Executive is determined to be a "specified employee" (as defined in Code Section 409A) as of the Termination Date, then the six (6)-month payment delay rule under Code Section 409A shall apply as set forth therein. All delayed payments shall be accumulated and paid in a lump-sum payment as of the first day of the seventh month following the Termination Date (or, if earlier, as of Executive's death). Any portion of the benefits

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

hereunder that were not otherwise due to be paid during the six (6)-month period following the Termination Date shall be paid to Executive in accordance with the payment schedule established herein.

17. Definitions. As used in this Agreement, the terms defined in this Section 17 have the meanings set forth below.

(a) "Affiliate" means each company, corporation, partnership, Financial Institution or other entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, where "control" means (i) the ownership of fifty-one percent (51%) or more of the Voting Securities or other voting or equity interests of any corporation, partnership, joint venture or other business entity or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, partnership, joint venture or other business entity.

(b) "Base Compensation" means the amount equal to the sum of (i) the greater of Executive's then-current Annual Base Salary or Executive's Annual Base Salary as of the date one (1) day prior to the Change in Control, and (ii) the amount of any cash incentive bonus paid (or payable) for the most recently completed fiscal year of the Employer.

(c) "Board" means the board of directors of the Company.

(d) "Change in Control" means:

(i) the consummation of the acquisition by any "person" (as such term is defined in Section 13(d) or 14(d) of the 1934 Act) of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934 (the "1934 Act")) of fifty percent (50%) or more of the combined voting power of the then outstanding Voting Securities of the Company; or

(ii) the individuals who, as of the Effective Date, are members of the Board cease for any reason to constitute a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of a majority of the Board, and such new director shall, for purposes of this Agreement, be considered as a member of the Board; or

(iii) the consummation by the Company of: (A) a merger or consolidation if the shareholders immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation; or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any provision in this definition to the contrary, a Change in Control shall not be deemed to occur solely because fifty percent (50%) or more of the combined voting power of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

then outstanding securities of the Company are acquired by (A) a trustee or other fiduciary holding securities under one (1) or more employee benefit plans maintained for employees of the Company or an Affiliate or (B) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders in the same proportion as their ownership of stock immediately prior to such acquisition.

Further notwithstanding any provision in this definition to the contrary, in the event that any amount or benefit under this Agreement constitutes deferred compensation and the settlement of or distribution of such amount or benefit is to be triggered by a Change in Control, then such settlement or distribution shall be subject to the event constituting the Change in Control also constituting a "change in control event" under Code Section 409A.

(e) "Covered Period" means the period beginning six (6) months prior to a Change in Control and ending twenty-four (24) months after the Change in Control.

(f) "Disability" means that (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Employer.

(g) "Good Reason" means the occurrence of any one (1) of the following events, unless Executive agrees in writing that such event shall not constitute Good Reason:

(i) an adverse change in the nature, scope or status of Executive's position, authorities or duties from those in effect in accordance with Section 2 immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(ii) a reduction of ten percent (10%) or more in Executive's Annual Base Salary or annual cash incentive bonus opportunity (each as measured as of the Effective Date), or a material reduction in Executive's aggregate benefits or other compensation plans as in effect immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(iii) relocation of Executive's primary place of employment by more than twenty-five (25) miles from Executive's primary place of employment immediately following the Effective Date or a requirement that Executive engage in travel that is materially greater than immediately following the Effective Date;

(iv) failure by an acquirer to assume this Agreement at the time of a Change in Control; or

(v) a material breach by the Employer of this Agreement.

Notwithstanding any provision in this definition to the contrary, prior to Executive's Termination for Good Reason, Executive must give the Company written notice of the existence of any condition set forth in clause (i) – (v) immediately above within ninety (90) days of its initial existence and the Company shall have thirty (30) days from the date of such notice in which to cure the condition giving rise to Good Reason, if curable. If, during such thirty (30)-day

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

provision in this definition to the contrary, in order to constitute a Termination for Good Reason, such Termination must occur within twenty-four (24) months of the initial existence of the applicable condition.

(h) "Release" means a general release and waiver substantially in the form attached hereto as Exhibit A.

(i) "Termination" means termination of Executive's employment with the Employer following the Effective Date and prior to the end of the Employment Period either:

(i) by the Employer, other than a Termination for Cause or a termination as a result of Executive's death or Disability; or

(ii) by Executive for Good Reason.

(j) "Termination Date" means the date of termination of Executive's employment with the Employer.

(k) "Termination for Cause" means only a termination of Executive's employment with the Employer as a result of:

(i) Executive's willful continuing failure, that is not remedied within twenty (20) days after receipt of written notice of such failure from the Employer, to perform Executive's obligations hereunder;

(ii) Executive's conviction of, or the pleading of *nolo contendere* to, a crime of embezzlement or fraud or a felony under the laws of the United States or any state thereof;

(iii) Executive's breach of fiduciary responsibility; or

(iv) an act of dishonesty by Executive that is materially injurious to the Employer.

Any determination of a Termination for Cause under this Agreement shall be made by resolution adopted by at least a two-thirds (2/3) vote of the Board at a meeting called and held for that purpose. Executive shall be provided with reasonable notice of such meeting and shall be given the opportunity to be heard, with the presence of counsel, prior to such vote being taken by the Board.

(l) "Voting Securities" means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

18. Survival. The provisions of Sections 5 through 18 shall survive the termination of this Agreement.

[Signature page follows]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

BRIDGEWATER BANCSHARES, INC. JOSEPH MARK CHYBOWSKI

By: _____
Jerry Baack, President and CEO(Signature)

_____(Date)

15015 Idaho Ct. _____(Address)

Savage, MN 55378 _____
(Address)
BRIDGEWATER BANK

By: _____
Jerry Baack, President and CEO

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Agreement") is made and entered into by and among Bridgewater Bancshares, Inc.(the "Company"), Bridgewater Bank (the "Bank" and together with the Company, the "Employer") and [_____] ("Executive," and together with the Company, the "Parties").

RECITALS

A. The Parties desire to settle fully and amicably all issues between them, including any issues arising out of Executive's employment with the Employer and the termination of that employment.

B. Executive and the Employer are parties to that certain Employment Agreement, made and entered into [_____], as amended (the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

"Employment Agreement").

AGREEMENTS

For and in consideration of the mutual promises contained herein, and for other good and sufficient consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Employment. Executive's employment with the Employer shall be terminated effective as of the close of business on [_____] (the "Termination Date").

2. Compensation and Benefits. Subject to the terms of this Agreement, the Employer shall compensate Executive under this Agreement as follows (collectively, the "Severance Payments"):

(a) **Severance Amount. [_____].**

(b) **Accrued Salary and Paid Time Off. Executive shall be entitled to a lump sum payment in an amount equal to Executive's earned but unpaid annual base salary and accrued but unused paid time off for the period ending on the Termination Date, with such payment to be made on the first payroll date following the Termination Date.**

(c) **COBRA Benefits. Executive and Executive's qualified beneficiaries, as applicable, shall be entitled to continuation of group health coverage following the Termination Date under the Employer's group health plan, to the extent required under the Consolidated Omnibus Budget Reconciliation Act of 1986, with Executive required to pay the same amount as Executive would pay if Executive continued in employment with the Employer during such period as described in Section 4(e) of the Employment Agreement.**

(d) **Executive Acknowledgement. Executive acknowledges that, subject to fulfillment of all obligations provided for herein, Executive has been fully compensated by the Employer, including under all applicable laws, and that nothing further is owed to Executive with respect to wages, bonuses, severance, other compensation, or benefits. Executive further acknowledges that the Severance Payments (other than (b) and (c) immediately above) are consideration for Executive's promises contained in this Agreement, and that the Severance Payments are above and beyond any wages, bonuses, severance, other compensation, or benefits to which Executive is entitled from the Employer under the terms of Executive's employment or under any other contract or law that Executive would be entitled to absent execution of this Agreement.**

(e) **Withholding. The Severance Payments shall be subject to all taxes and other payroll deductions required by law.**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

3. Termination of Benefits. Except as provided in Section 2 above or as may be required by law, Executive's participation in all employee benefit (pension and welfare) and compensation plans of the Employer shall cease as of the Termination Date. Nothing contained herein shall limit or otherwise impair Executive's right to receive pension or similar benefit payments that are vested as of the Termination Date under any applicable tax-qualified pension or other plans, pursuant to the terms of the applicable plan.

4. Release of Claims and Waiver of Rights. Executive, on Executive's own behalf and that of Executive's heirs, executors, attorneys, administrators, successors, and assigns, fully and forever releases and discharges the Company, its predecessors, successors, parents, subsidiaries, affiliates, and assigns, and its and their directors, officers, trustees, employees, agents, and shareholders, both in their individual and official capacities, and the current and former trustees and administrators of each retirement and other benefit plan applicable to the employees and former employees of the Employer, both in their official and individual capacities (the "Releasees"), from all liability, claims, demands, actions, and causes of action Executive now has, may have had, or may ever have, whether currently known or unknown, relating to acts or omissions as of or prior to Executive's execution of this Agreement (the "Release and Waiver"), including liability, claims, demands, actions, and causes of action:

(a) **Relating to Executive's employment or other association with the Employer, or the termination of such employment;**

(b) **Relating to wages, bonuses, other compensation, or benefits;**

(c) **Relating to any employment or change in control contract;**

(d) **Relating to any employment law, including**

(i) The United States and State of Minnesota Constitutions,

(ii) The Minnesota Human Rights Act,

(iii) The Civil Rights Act of 1964,

(iv) The Civil Rights Act of 1991,

(v) The Equal Pay Act,

(vi) The Employee Retirement Income Security Act of 1974,

(vii) The Age Discrimination in Employment Act (the "**ADEA**"),

(viii) The Older Workers Benefit Protection Act,

(ix) The Worker Adjustment and Retraining Notification Act,

(x) The Americans with Disabilities Act,

(xi) The Family and Medical Leave Act,

(xii) The Occupational Safety and Health Act,

(xiii) The Fair Labor Standards Act,

(xiv) The National Labor Relations Act,

(xv) The Genetic Information Nondiscrimination Act,

(xvi) The Rehabilitation Act,

(xvii) The Fair Credit Reporting Act,

(xviii) Executive Order 11246,

(xix) Executive Order 11141, and

(xx) Each other federal, state, and local statute, ordinance, and regulation relating to employment;

(e) **Relating to any right of payment for disability;**

(f) **Relating to any statutory or contractual right of payment; and**

(g) **For relief on the basis of any alleged tort or breach of contract under the common law of the State of Minnesota or any other state, including**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel, and negligence.

Executive acknowledges that statutes exist that render null and void releases and waivers of any claims, rights, demands, liabilities, actions, and causes of action that are unknown to the releasing or waiving party at the time of execution of the release and waiver. Executive waives, surrenders, and shall forego any protection to which Executive would otherwise be entitled by virtue of the existence of any such statutes in any jurisdiction, including the State of Minnesota.

5. Exclusions from General Release. Excluded from the Release and Waiver are any claims or rights arising pursuant to this Agreement and any claims or rights that cannot be waived by law, as well as Executive's right to file a charge with an administrative agency or participate in any agency investigation, including with the Equal Employment Opportunity Commission. Executive is, however, waiving the right to recover any money in connection with a charge or investigation and the right to recover any money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission or any other federal or state agency, except where such waivers are prohibited by law.

6. Covenant Not to Sue.

(a) A "covenant not to sue" is a legal term that means Executive promises not to file a lawsuit in court. It is different from the Release and Waiver. Besides waiving and releasing the claims covered by Section 4 above, Executive shall never sue the Releasees in any forum for any reason covered by the Release and Waiver. Notwithstanding this covenant not to sue, Executive may bring a claim against the Employer to enforce this Agreement or to challenge the validity of this Agreement under the ADEA. If Executive sues any of the Releasees in violation of this Agreement, Executive shall be liable to them for their reasonable attorneys' fees and costs (including the costs of experts, evidence, and counsel) and other litigation costs incurred in defending against Executive's suit. In addition, if Executive sues any of the Releasees in violation of this Agreement, the Employer can require Executive to return all but a sum of $100 of the Severance Payments, which sum is, by itself, adequate consideration for the promises and covenants in this Agreement. In that event, the Employer shall have no obligation to make any further Severance Payments.

(b) If Executive has previously filed any lawsuit against any of the Releasees, Executive shall immediately take all necessary steps and execute all necessary documents to withdraw or dismiss such lawsuit to the extent Executive's agreement to withdraw, dismiss, or not file a lawsuit would not be a violation of any applicable law or regulation.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

7. Restrictive Covenants. Section 7 of the Employment Agreement (entitled "Restrictive Covenants"), shall continue in full force and effect as if fully restated herein.

8. No Admissions. The Employer denies that any of the Releasees have taken any improper action against Executive, and this Agreement shall not be admissible in any proceeding as evidence of improper action by any of the Releasees.

9. Confidentiality of Agreement. Executive shall keep the existence and the terms of this Agreement confidential, except for Executive's immediate family members and Executive's legal and tax advisors in connection with services related hereto and except as may be required by law or in connection with the preparation of tax returns.

10. Non-Waiver. The Employer's waiver of a breach of this Agreement by Executive shall not be construed or operate as a waiver of any subsequent breach by Executive of the same or of any other provision of this Agreement.

11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Minnesota, without regard to principles of conflict of laws (whether in the State of Minnesota

---

or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Minnesota.

12. Entire Agreement. This Agreement sets forth the entire agreement of the Parties regarding the subject matter hereof, and shall be final and binding as to all claims that have been or could have been advanced on behalf of Executive pursuant to any claim arising out of or related in any way to Executive's employment with the Employer and the termination of that employment. This Agreement may not be amended, modified, altered, or changed except by express written consent of the Parties.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Enforcement. The provisions of this Agreement shall be regarded as divisible and separable and if any provision should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. If the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction or requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and Executive hereby consents that any court of competent jurisdiction may

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

so modify such scope in any proceeding brought to enforce such restriction or requirement. In addition, Executive stipulates that breach by Executive of restrictions and requirements under this Agreement will cause irreparable damage to the Releasees in the case of Executive's breach and that the Employer would not have entered into this Agreement without Executive binding Executive to these restrictions and requirements. In the event of Executive's breach of this Agreement, in addition to any other remedies the Employer may have, and without bond and without prejudice to any other rights and remedies that the Employer may have for Executive's breach of this Agreement, the Employer shall be relieved of any obligation to provide Severance Payments and shall be entitled to an injunction to prevent or restrain any such violation by Executive and all persons directly or indirectly acting for or with Executive.

16. Construction. In this Agreement, unless otherwise stated, the following uses apply: (a) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all regulations promulgated under or implementing the statute or law, as amended, or its successors, as in effect at the relevant time; (b) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including, " and the words "to," "until," and "ending on" (and the like) mean "to, and including"; (c) references to a governmental or quasi-governmental agency, authority, or instrumentality also refer to a regulatory body that succeeds to the functions of the agency, authority, or instrumentality; (d) the words "include," "includes," and "including" (and the like) mean "include, without limitation," "includes, without limitation," and "including, without limitation," (and the like) respectively; (e) the words "hereof," "herein," "hereto," "hereby," (and the like) refer to this Agreement as a whole; (f) any reference to a document or set of documents, and the rights and obligations of the parties under any such documents, means such document or documents as amended from time to time, and all modifications, extensions, renewals, substitutions, or replacements thereof; (g) all words used shall be construed to be of such gender or number as the circumstances and context require; and (h) the captions and headings of preambles, recitals, sections, and exhibits appearing in or attached to this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement, nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions.

17. Future Cooperation. In connection with any and all claims, disputes, or negotiations, or governmental, internal, or other investigations, lawsuits, or administrative proceedings (the "Legal Matters") involving any of the Releasees (collectively, the "Disputing Parties" and, individually, each a

---

"Disputing Party"), Executive shall make herself reasonably available, upon reasonable notice from the Company and without the necessity of subpoena, to provide information and documents, provide declarations and statements regarding a Disputing Party, meet with attorneys and other representatives of a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Disputing Party, prepare for and give depositions and testimony, and otherwise cooperate in the investigation, defense, and prosecution of any and all such Legal Matters, as may, in the good faith and judgment of the Company, be reasonably requested. The Company shall consult with Executive and make reasonable efforts to schedule such assistance so as not to materially disrupt Executive's business and personal affairs. The Employer shall reimburse all reasonable expenses incurred by Executive in connection with such assistance, including travel, meals, rental car, and hotel expenses, if any; *provided* such expenses are approved in advance by the Company and are documented in a manner consistent with expense reporting policies of the Employer as may be in effect from time to time.

18. Representations by Executive. Executive acknowledges each of the following:

(a) **Executive is aware that this Agreement includes a release of all known and unknown claims.**

(b) **Executive is legally competent to execute this Agreement and Executive has not relied on any statements or explanations made by the Employer or its attorneys not otherwise set forth herein.**

(c) **Any modifications, material or otherwise, made to this Agreement shall not restart or affect in any manner the original 21-day consideration period.**

(d) **Executive has been offered at least 21 days to consider this Agreement.**

(e) **Executive has been afforded the opportunity to be advised by legal counsel regarding the terms of this Agreement, including the Release and Waiver, and to negotiate such terms.**

(f) **Executive, without coercion of any kind, freely, knowingly, and voluntarily enters into this Agreement.**

(g) **Executive has the right to rescind the Release and Waiver by written notice to the Employer within 15 calendar days after Executive has signed this Agreement, and the Release and Waiver shall not become effective or enforceable until 15 calendar days after Executive has signed this Agreement, as evidenced by the date set forth below Executive's signature on the signature page hereto. Any such rescission must be in writing and delivered by hand, or sent by U.S. Mail within such 15-day period, to the attention of [_____]. If delivered by U.S. Mail, the rescission must be: (i) postmarked within the 15-day period and (ii) sent by certified mail, return receipt requested.**

[Signature page follows]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of dates set forth below their

---

respective signatures below.

BRIDGEWATER BANCSHARES, INC.	**EXECUTIVE**
By: _____	_____
[Name]	[Name]
[Title]	
Date: _____	Date: _____

BRIDGEWATER BANK

By: _____
[Name]
[Title]

Date: _____

Exhibit 10.30

BRIDGEWATER BANCSHARES, INC.

EMPLOYMENT AGREEMENT

ThisEmployment Agreement("Agreement") is made and entered into as of January 1, 2022 (the "Effective Date"), by and among Bridgewater Bancshares, Inc.(the "Company"), Bridgewater Bank (the "Bank" and together with the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Company, the "Employer") and Jeffrey D. Shellberg ("Executive," and together with the Company, the "Parties").

RECITALS

A. The Bank is a wholly-owned subsidiary of the Company.

B. Executive is currently employed by Employer pursuant to that certain employment agreement by and between Executive and Employer dated October 1, 2017, as amended (the "Prior Employment Agreement").

C. The Employer desires to employ Executive as the Employer's Corporate Secretary, Executive Vice President and Chief Credit Officer pursuant to the terms of this Agreement.

D. Executive desires to be employed by the Employer as the Employer's Corporate Secretary, Executive Vice President and Chief Credit Officer pursuant to the terms of this Agreement.

E. The Parties have made commitments to each other on a variety of important issues concerning Executive's employment, including the performance that will be expected of Executive, the compensation Executive will be paid, how long and under what circumstances Executive will remain employed and the financial details relating to any decision that either the Employer or Executive may make to terminate this Agreement.

AGREEMENTS

In consideration of the foregoing and the mutual promises and covenants of the Parties set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby expressly covenant and agree as follows:

1. Employment Period. The Employer shall employ Executive, and Executive shall be so employed, during the Employment Period in accordance with the terms of this Agreement. The "Employment Period" shall be the period beginning on the Effective Date and ending on December 31, 2024, unless sooner terminated as provided herein. The Employment Period shall automatically be extended for one (1) additional year beginning on January 1, 2025 and on each January 1 thereafter unless either Party notifies the other Party, by written notice delivered no later than ninety (90) days prior to such January 1, that the Employment Period shall not be extended for an additional year. Notwithstanding any provision of this Agreement to the contrary, if a Change in Control occurs during the Employment Period, this Agreement shall remain in effect for the two (2)-year period following the Change in Control and shall then terminate.

2. Duties.During the Employment Period, Executive shall devote Executive's full business time, energies and talents to serving as the Employer's Corporate Secretary, Executive Vice President and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Chief Credit Officer, at the direction of the Company's President and Chief Executive Officer (the "CEO"). Executive shall have such duties and responsibilities as may be assigned to Executive from time to time by the CEO, which duties and responsibilities shall be commensurate with Executive's position, shall perform all duties assigned to Executive faithfully and efficiently, subject to the direction of the CEO and shall have such authorities and powers as are inherent to the undertakings applicable to Executive's position and necessary to carry out the responsibilities and duties required of Executive hereunder. Executive shall perform the duties required by this Agreement at the Bank's headquarters (as determined by the Bank) unless the nature of such duties requires otherwise. Notwithstanding the foregoing provisions of this Section 2, during the Employment Period, Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the CEO, inhibit, prohibit, interfere with or conflict with Executive's duties under this Agreement or conflict in any material way with the business of the Company or an Affiliate; *provided, however,* that Executive shall not serve on the board of directors of any business (other than the Company, the Bank or any Affiliate of either) or hold any other position with any business without receiving the prior written consent of the CEO.

3. Compensation and Benefits. Subject to the terms of this Agreement, during the Employment Period, while Executive is employed by the Employer, the Employer shall compensate Executive for Executive's services as follows:

(a) Executive shall be compensated at an annual rate of Three Hundred Sixty-Five Thousand Dollars ($365,000) (the "Annual Base Salary"), which shall be payable in accordance with the normal payroll practices of the Employer then in effect. Beginning on January 1, 2023 and on each anniversary of such date, Executive's Annual Base Salary shall be reviewed, and may be adjusted, by the CEO.

(b) During the Employment Period, the Employer shall pay an automobile allowance to Executive not to exceed Eight Hundred Fifty Dollars ($850) per month. The automobile allowance shall be reviewed from time to time by the CEO and may be increased subject to the sole discretion of the CEO. At any time after the date of this Agreement, the CEO may, in its sole discretion, eliminate Executive's monthly automobile allowance and instead provide Executive with an Employer-owned automobile for Executive's use.

(c) Once every year during the Employment Period, Executive shall be entitled to receive, at Executive's option and at the Company's expense, an executive physical exam at the Mayo clinic in Rochester, Minnesota.

(d) During the Employment Period, Executive and Executive's dependents, as the case may be, shall be eligible to participate, subject to the terms thereof, in all pension and similar benefit plans (including qualified, non-qualified and supplemental plans) and all medical, dental, vision, disability, group and executive life, accidental death and travel accident insurance and other similar welfare benefit plans and programs of the Employer, as may be in effect from time to time, on as favorable a basis as other similarly situated senior executives.

(e) Executive shall receive paid time off in accordance with the Employer's policies for executive officers as such policies may exist from time to time.

4. Rights upon Termination. Executive's right to benefits, if any, for periods after the Termination Date shall be determined in accordance with this Section 4:

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(a) Minimum Benefits. If the Termination Date occurs during the Employment Period for any reason, Executive shall be entitled to the following benefits ("Minimum Benefits") in addition to any other benefits to which Executive may be entitled under the following provisions of this Section 4 or the express terms of any employee benefit plan or as required by law:

(i) Executive's earned but unpaid Annual Base Salary for the period ending on the Termination Date;

(ii) Executive's earned but unpaid incentive bonus, if any, for any completed fiscal year preceding the Termination Date; and

Any benefits to be provided to Executive pursuant to this Section 4(a) shall be provided within thirty (30) days after the Termination Date.

(b) Termination for Cause, Death, Disability or Voluntary Resignation. If the Termination Date occurs following the Effective Date and prior to the end of the Employment Period and is a result of a Termination for Cause, Executive's death or Disability, or termination by Executive other than for Good Reason, then, other than the Minimum Benefits, Executive shall have no right to benefits under this Agreement (and the Employer shall have no obligation to provide any such benefits) for periods after the Termination Date.

(c) Termination other than for Cause or Termination for Good Reason. If Executive's employment with the Employer is subject to a Termination other than during a Covered Period, then, in addition to the Minimum Benefits, the Employer shall provide Executive the following benefits:

(i) Commencing on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, Executive shall receive the Severance Amount described in Section 4(c)(ii) (less any amount described in Section 4(c)(iii)), with such amount to be paid in twelve (12) substantially equal monthly installments (subject to the remaining provisions of this paragraph), with each successive payment being due on the next monthly payroll date following the first installment, *provided* that any such monthly installments that would have been paid in the sixty (60)-day period following the Termination Date but for the Release requirement in Section 5 shall be paid on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date, and the number of remaining substantially equal monthly installments to be made shall be reduced from twelve (12) by any such "catch-up" payments that are made.

(ii) For purposes of this Agreement, "Severance Amount" means (A) for any Termination other than during a Covered Period, an amount equal to one hundred percent (100%) of Executive's then-current Annual Base Salary as of the respective Termination; or (B) for a Termination during a Covered Period, an amount equal to two hundred percent (200%) of Executive's Base Compensation as of the respective Termination.

(iii) To the extent any portion of the Severance Amount exceeds the "safe harbor" amount described in Treasury Regulation §1.409A-1(b)(9)(iii)(A), Executive shall receive such portion of the Severance Amount that exceeds the "safe

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

harbor" amount in a single lump sum payment payable on the first Employer payroll date that occurs on or following the sixtieth (60th) day following the Termination Date.

(iv) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits described in Section 4(e).

(d) Termination upon a Change in Control. If Executive's employment with the Employer is subject to a Termination within a Covered Period, then, in addition to Minimum Benefits, the Employer shall provide Executive the following benefits:

(i) On the sixtieth (60th) day following the Termination Date, the Employer shall pay Executive a lump sum payment in an amount equal to the Severance Amount.

(ii) Executive (and Executive's dependents, as may be applicable) shall be entitled to the benefits provided in Section 4(e).

(e) Medical, Dental and Vision Benefits. If Executive's employment with the Bank is subject to a Termination, then, to the extent that Executive or any of Executive's dependents may be covered under the terms of any medical, dental or vision plans maintained for active employees of the Bank or any Affiliate, the Bank shall provide Executive and those dependents with coverage equivalent to the coverage received while Executive was employed with the Bank for as long as Executive is eligible for and elects coverage under the health care continuation rules of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Executive will be required to pay the same amount as Executive would pay if Executive continued in active employment with the Bank during such period. Such coverage shall be provided only to the extent that it does not result in any additional tax or other penalty being imposed on the Bank or any Affiliate. The coverage under this Section 4(e) may be procured directly by the Bank (or any Affiliate, if appropriate) apart from and outside of the terms of the respective plans, *provided* that Executive and Executive's dependents comply with all of the terms of the substitute medical, dental or vision plans, and *provided*, *further*, that the cost to the Bank shall not exceed the cost for continued COBRA coverage. In the event Executive or any of Executive's dependents is or becomes eligible for coverage under the terms of any other medical, dental or vision plan of a subsequent employer with plan benefits that are comparable to Bank (or any Affiliate) plan benefits, the Bank's obligations under this Section 4(e) shall cease with respect to the eligible Executive and dependents. Executive and Executive's dependents must notify the Bank (or any Affiliate) of any subsequent employment and eligibility for such comparable coverage.

(f) Other Benefits. Executive's rights following a termination of employment with the Employer and its Affiliates for any reason with respect to any benefits, incentives or awards provided to Executive pursuant to the terms of any plan, program or arrangement sponsored or maintained by the Employer or an Affiliate, whether tax-qualified or not, which are not specifically addressed herein, shall be subject to the terms of such plan, program or arrangement, and this Agreement shall have no effect upon such terms except as specifically provided herein.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(g) Removal from any Boards and Positions. Upon Executive's termination of employment for any reason under this Agreement, Executive shall be deemed to resign (i) if a member, from the Board and board of directors of any Affiliate and any other board to which Executive has been appointed or nominated by or on behalf of the Employer, (ii) from each position with the Company or any Affiliate, including as an officer of the Company, the Bank, or any of their respective Affiliates and (iii) as a fiduciary of any employee benefit plan of the Employer.

5. Release.Notwithstanding any provision of this Agreement to the contrary, no payments or benefits shall be owed to Executive under Section 4(c), 4(d) or 4(e)unless Executive executes and delivers to the Company a Release within forty-five (45) days following the Termination Date, and any applicable revocation period has expired prior to the sixtieth (60th) day following the Termination Date.

6. [Reserved]

---

7. Restrictive Covenants.

(a) Confidential Information.

(i) Executive acknowledges that, during the course of Executive's employment with the Employer, Executive may produce and have access to confidential and/or proprietary, non-public information concerning the Company or its Affiliates, including marketing materials, financial and other information concerning customers and prospective customers, customer lists, records, data, trade secrets, proprietary business information, pricing and profitability information and policies, strategic planning, commitments, plans, procedures, litigation, pending litigation and other information not generally available to the public (collectively, "Confidential Information"). Executive shall not directly or indirectly use, disclose, copy or make lists of Confidential Information for the benefit of anyone other than the Company, either during or after Executive's employment with the Company, except to the extent such disclosure is authorized in writing by the Company, required by law or any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by Executive of Executive's duties hereunder. If Executive receives a subpoena or other court order or is otherwise required by law to provide information to a governmental authority or other person concerning the activities of the Company or any of its Affiliates, or Executive's activities in connection with the business of the Company or any of its Affiliates, Executive shall immediately notify the Company of such subpoena, court order or other requirement and deliver forthwith to the Company a copy thereof and any attachments and non-privileged correspondence related thereto. Executive shall take reasonable precautions to protect against the inadvertent disclosure of Confidential Information. Executive shall abide by the Employer's reasonable policies, as in effect from time to time, respecting avoidance of interests conflicting with those of the Company and its Affiliates.

(ii) Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).Nothing in this Agreement shall be construed to authorize, or limitliability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

(iii) Nothing contained in this Section 7(a) shall limit Executive's ability to file a charge or complaint with any governmental, administrative or judicial agency (each, an "Agency") pursuant to any applicable whistleblower statute or program (each, a "Whistleblower Program"). Executive acknowledges that this Section 7(a) does not limit (i) his ability to communicate, in connection with a charge or complaint pursuant to any Whistleblower Program with any Agency or otherwise participate in any investigation or proceeding that may be conducted by such Agency, including providing documents or other information, without notice to the Company, or (ii) his right to receive an award for information provided to such Agency pursuant to any Whistleblower Program.

(b) Documents and Property.

(i) All records, files, documents and other materials or copies thereof relating to the business of the Company or its Affiliates that Executive prepares, receives or uses shall be and remain the sole property of the Company and, other than in connection with the performance by Executive of Executive's duties hereunder, shall not be removed from the premises of the Company or any of its Affiliates without the Company's prior written connect, and shall be promptly returned to the Company upon Executive's termination of employment for any reason, together with all copies (including copies or recordings in electronic form), abstracts, notes or reproductions of any kind made from or about the records, files, documents or other materials.

(ii) Executive acknowledges that Executive's access to and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and all Company and Affiliate information contained therein, is restricted to legitimate business purposes on behalf of the Company. Any other access to or use of such systems, network, equipment and information is without authorization and is prohibited except that Executive may use an Employer-provided computer for reasonable personal use in accordance with the Company's Acceptable Use and Responsibility Policy as in effect from time to time. The restrictions contained in this Section 7(b) extend to any personal computers or other electronic devices of Executive that are used for business purposes relating to the Company or any Affiliate. Executive shall not transfer any Company or Affiliate information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to the Company. Upon the termination of Executive's employment with the Employer for

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

any reason, Executive's authorization to access and permission to use the Company's and any Affiliate's computer systems, networks and equipment, and any Company and Affiliate information contained therein, shall cease.

(c) Non-Competition and Non-Solicitation. The Parties have jointly reviewed the operations of the Company and the Bank and have agreed that the primary service area of the Company's operations and the Bank's lending and deposit taking functions in which Executive will actively participate extends to an area that encompasses a twenty-five (25)-mile radius from each banking or other office location of the Company, the Bank and any Affiliates (the "Restrictive Area"). Therefore, as an essential ingredient of and in consideration of this Agreement and Executive's employment with the Employer, Executive, during Executive's employment with the Employer and for a period of twelve (12) months immediately following the termination of Executive's employment for any reason (the "Restrictive Period"), whether such termination occurs during the Employment Period or thereafter, shall not directly or indirectly do any of the following (all of which are collectively referred to in this Agreement as the "Restrictive Covenant"):

(i) Engage or invest in, own, manage, operate, finance, control, participate in the ownership, management, operation or control of, be employed by, associated with or in any manner connected with, serve as a director, officer or consultant to, lend Executive's name or any similar name to, lend Executive's credit to or render services or advice to, in each case in the capacity that Executive provided services to the Company or any Affiliate, any person, firm, partnership, corporation or trust that owns, operates or is in the process of forming a bank, savings bank, savings and loan association, credit union or similar financial institution (each, a "Financial Institution") with an office located, or to be located at an address identified in a filing with any regulatory authority, within the Restrictive Area; *provided*, *however*,that the ownership by Executive of shares of the capital stock of any Financial Institution, which shares are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System and which do not represent more than five (5) percent (5%) of the institution's outstanding capital stock, shall not violate any terms of this Agreement;

(ii) Either for Executive or any Financial Institution: (A) induce or attempt to induce any employee of the Company or any of its Affiliates with whom Executive had significant contact

---

to leave the employ of the Company or any of its Affiliates; (B) in any way interfere with the relationship between the Company or any of its Affiliates and any employee of the Company or any of its Affiliates with whom Executive had significant contact; or (C) induce or attempt to induce any customer, supplier, licensee or business relation of the Company or any of its Affiliates with whom Executive had significant contact to cease doing business with the Company or any of its Affiliates or in any way interfere with the relationship between the Company or any of its Affiliates and their respective customers, suppliers, licensees or business relations with whom Executive had significant contact;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(iii) Either for Executive or any Financial Institution, solicit the business of any person or entity known to Executive to be a customer of the Company or any of its Affiliates, where Executive had significant contact with such person or entity, with respect to products, activities or services that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates; or

(iv) Serve as the agent, broker or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution within the Restrictive Area, with respect to products, activities or services that Executive devoted time to on behalf of the Company or any of its Affiliates and that compete in whole or in part with the products, activities or services of the Company or any of its Affiliates.

(d) Works Made for Hire Provisions. The Parties acknowledge that all work performed by Executive for the Company or any of its Affiliates shall be deemed a "work made for hire." The Company shall at all times own and have exclusive right, title and interest in and to all Confidential Information and Inventions, and the Company shall retain the exclusive right to license, sell, transfer and otherwise use and dispose of the same. Any and all enhancements of the technology of the Company or any of its Affiliates that are developed by Executive shall be the exclusive property of the Company. Executive hereby assigns to the Company any right, title and interest in and to all Inventions that Executive may have, by law or equity, without additional consideration of any kind whatsoever from the Company or any of its Affiliates. Executive shall execute and deliver any instruments or documents and do all other things (including the giving of testimony) requested by the Company (both during and after the termination of Executive's employment with the Employer) in order to vest more fully in the Company or any of its Affiliates all ownership rights in the Inventions (including obtaining patent, copyright or trademark protection therefor in the United States and/or foreign countries). For purposes of this Section 7(d), "Inventions" shall mean all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas and software conceived, compiled or developed by Executive in the course of Executive's employment with the Bank or any of its Affiliates and/or comprised, in whole or part, of Confidential Information. Notwithstanding the foregoing sentence, Inventions shall not include: (i) any inventions independently developed by Executive and not derived, in whole or part, from any Confidential Information or (ii) any invention made by Executive prior to Executive's exposure to any Confidential Information.

(e) Remedies for Breach of Restrictive Covenant. Executive has reviewed the provisions of this Agreement with legal counsel, or has been given adequate opportunity to seek such counsel, and Executive acknowledges that the covenants contained in this Section 7 are reasonable with respect to their duration, geographical area and scope. Executive further acknowledges that the restrictions contained in this Section 7 are reasonable and necessary for the protection of the legitimate business interests of the Employer, that they create no undue hardships, that any violation of these restrictions would cause substantial injury to the Employer and such interests, and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer, in addition to and not in limitation of, any other rights,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

remedies or damages available to the Employer under this Agreement or otherwise at law or in equity, shall be entitled to preliminary and permanent injunctive relief to prevent or restrain any such violation by Executive and any and all persons directly or indirectly acting for or with Executive, as the case may be. If Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified herein computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by Executive.

(f) Other Agreements. In the event of the existence of another agreement between the Parties that (a) is in effect during the Restrictive Period, and (b) contains restrictive covenants that conflict with any of the provisions of this Section 7, then the more restrictive of such provisions from the two (2) agreements shall control for the period during which both agreements would otherwise be in effect.

8. Indemnification.

(a) To the maximum extent permitted by law, the Employer shall indemnify and hold Executive harmless (including advances of attorneys' fees and other litigation expenses) for losses or damages incurred by Executive as a result of all causes of action arising from Executive's performance of duties for the benefit of the Employer, whether or not the claim is asserted during the Employment Period. Executive shall be covered under any directors' and officers' insurance that Employer maintains for its directors and other officers in the same manner and on the same basis as Employer's directors and officers.

(b) In the event Executive becomes a party, or is threatened to be made a party, to any action, suit, or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, to the full extent permitted by law, advance all expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement ("Expenses") incurred by Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending, or completed action, suit, or proceeding; ***provided, however***, that Executive must provide the Employer with a written undertaking from Executive (i) to reimburse the Employer for all Expenses actually paid by the Employer to or on behalf of Executive in the event it be determined that Executive is not entitled to indemnification by the Employer for such Expenses, and (ii) to assign the Employer all rights of Executive to indemnification, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of Executive.

9. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employer:

Bridgewater Bancshares, Inc.
Attention: General Counsel
4450 Excelsior Blvd, Suite 100
St. Louis Park, MN 55416

If to Executive: Executive's address on file with the Employer

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

or to such other address as either Party may furnish to the other in writing, except that notices of changes of address shall be effective only upon receipt.

10. Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal laws of the State of Minnesota applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction, and any court action commenced to enforce this Agreement shall have as its sole and exclusive venue the County of Hennepin, Minnesota.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral, specifically including the Prior Employment Agreement. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions shall remain in full force and effect. The various covenants and provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any covenant contained in this Agreement is too broad to permit enforcement to its full extent, such covenant shall be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

12. Withholding of Taxes. The Employer may withhold from any benefits payable under this Agreement all federal, state, city and other taxes as may be required pursuant to any law, governmental regulation or ruling.

13. No Assignment. Executive's rights to receive benefits under this Agreement shall not be assignable or transferable whether by pledge, creation of a security interest or otherwise, other than a transfer by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this Section 13, the Employer shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Amendment. This Agreement may not be amended or modified except by written agreement signed by the Parties.

16. Code Section 409A.

(a) This Agreement may be amended to the extent necessary (including retroactively) by the Bank to avoid the application of taxes or interest under Code

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Section 409A, while maintaining to the maximum extent practicable the original intent of this Agreement. If it is determined that any payments or benefits due hereunder upon Executive's termination of employment are subject to Code Section 409A, no such payments or benefits shall be payable unless such termination constitutes a "separation from service" within the meaning of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). This Section 16 shall not be construed as a guarantee of any particular tax effect for Executive's benefits under this Agreement

---

and the Bank does not guarantee that any such benefits will satisfy the provisions of Code Section 409A or any other provision of the Code.

(b) Notwithstanding any provision of this Agreement to the contrary, if Executive is determined to be a "specified employee" (as defined in Code Section 409A) as of the Termination Date, then the six (6)-month payment delay rule under Code Section 409A shall apply as set forth therein. All delayed payments shall be accumulated and paid in a lump-sum payment as of the first day of the seventh month following the Termination Date (or, if earlier, as of Executive's death). Any portion of the benefits hereunder that were not otherwise due to be paid during the six (6)-month period following the Termination Date shall be paid to Executive in accordance with the payment schedule established herein.

17. Definitions. As used in this Agreement, the terms defined in this Section 17 have the meanings set forth below.

(a) "Affiliate" means each company, corporation, partnership, Financial Institution or other entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, where "control" means (i) the ownership of fifty-one percent (51%) or more of the Voting Securities or other voting or equity interests of any corporation, partnership, joint venture or other business entity or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, partnership, joint venture or other business entity.

(b) "Base Compensation" means the amount equal to the sum of (i) the greater of Executive's then-current Annual Base Salary or Executive's Annual Base Salary as of the date one (1) day prior to the Change in Control, and (ii) the amount of any cash incentive bonus paid (or payable) for the most recently completed fiscal year of the Employer.

(c) "Board" means the board of directors of the Company.

(d) "Change in Control" means:

(i) the consummation of the acquisition by any "person" (as such term is defined in Section 13(d) or 14(d) of the 1934 Act) of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

1934 (the "1934 Act")) of fifty percent (50%) or more of the combined voting power of the then outstanding Voting Securities of the Company; or

(ii) the individuals who, as of the Effective Date, are members of the Board cease for any reason to constitute a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of a majority of the Board, and such new director shall, for purposes of this Agreement, be considered as a member of the Board; or

(iii) the consummation by the Company of: (A) a merger or consolidation if the shareholders immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation; or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any provision in this definition to the contrary, a Change in Control shall not be deemed to occur solely because fifty percent (50%) or more of the combined voting power of the

---

then outstanding securities of the Company are acquired by (A) a trustee or other fiduciary holding securities under one (1) or more employee benefit plans maintained for employees of the Company or an Affiliate or (B) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders in the same proportion as their ownership of stock immediately prior to such acquisition.

Further notwithstanding any provision in this definition to the contrary, in the event that any amount or benefit under this Agreement constitutes deferred compensation and the settlement of or distribution of such amount or benefit is to be triggered by a Change in Control, then such settlement or distribution shall be subject to the event constituting the Change in Control also constituting a "change in control event" under Code Section 409A.

(e) "Covered Period" means the period beginning six (6) months prior to a Change in Control and ending twenty-four (24) months after the Change in Control.

(f) "Disability" means that (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Employer.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(g) "Good Reason" means the occurrence of any one (1) of the following events, unless Executive agrees in writing that such event shall not constitute Good Reason:

(i) an adverse change in the nature, scope or status of Executive's position, authorities or duties from those in effect in accordance with Section 2 immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(ii) a reduction of ten percent (10%) or more in Executive's Annual Base Salary or annual cash incentive bonus opportunity (each as measured as of the Effective Date), or a material reduction in Executive's aggregate benefits or other compensation plans as in effect immediately following the Effective Date, or if applicable and greater, immediately prior to the Covered Period;

(iii) relocation of Executive's primary place of employment by more than twenty-five (25) miles from Executive's primary place of employment immediately following the Effective Date or a requirement that Executive engage in travel that is materially greater than immediately following the Effective Date;

(iv) failure by an acquirer to assume this Agreement at the time of a Change in Control; or

(v) a material breach by the Employer of this Agreement.

Notwithstanding any provision in this definition to the contrary, prior to Executive's Termination for Good Reason, Executive must give the Company written notice of the existence of any condition set forth in clause (i) – (v) immediately above within ninety (90) days of its initial existence and the Company shall have thirty (30) days from the date of such notice in which to cure the condition giving rise to Good Reason, if curable. If, during such thirty (30)-day period, the Company cures the condition giving rise to Good Reason, the condition shall not constitute Good Reason. Further notwithstanding any

---

provision in this definition to the contrary, in order to constitute a Termination for Good Reason, such Termination must occur within twenty-four (24) months of the initial existence of the applicable condition.

(h) "Release" means a general release and waiver substantially in the form attached hereto as Exhibit A.

(i) "Termination" means termination of Executive's employment with the Employer following the Effective Date and prior to the end of the Employment Period either:

(i) by the Employer, other than a Termination for Cause or a termination as a result of Executive's death or Disability; or

(ii) by Executive for Good Reason.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(j) "Termination Date" means the date of termination of Executive's employment with the Employer.

(k) "Termination for Cause" means only a termination of Executive's employment with the Employer as a result of:

(i) Executive's willful continuing failure, that is not remedied within twenty (20) days after receipt of written notice of such failure from the Employer, to perform Executive's obligations hereunder;

(ii) Executive's conviction of, or the pleading of *nolo contendere* to, a crime of embezzlement or fraud or a felony under the laws of the United States or any state thereof;

(iii) Executive's breach of fiduciary responsibility; or

(iv) an act of dishonesty by Executive that is materially injurious to the Employer.

Any determination of a Termination for Cause under this Agreement shall be made by resolution adopted by at least a two-thirds (2/3) vote of the Board at a meeting called and held for that purpose. Executive shall be provided with reasonable notice of such meeting and shall be given the opportunity to be heard, with the presence of counsel, prior to such vote being taken by the Board.

(l) "Voting Securities" means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

18. Survival. The provisions of Sections 5 through 18 shall survive the termination of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

BRIDGEWATER BANCSHARES, INC.

By: _____
Jerry Baack, President and CEO(Signature)

_____(Date)

_____10245 57th Ave North_____(Address)

_____Plymouth, MN 55442_____
(Address)

JEFFREY D. SHELLBERG

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

BRIDGEWATER BANK

By: _____
Jerry Baack, President and CEO

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Agreement") is made and entered into by and among Bridgewater Bancshares, Inc.(the "Company"), Bridgewater Bank (the "Bank" and together with the Company, the "Employer") and [_____] ("Executive," and together with the Company, the "Parties").

RECITALS

A. The Parties desire to settle fully and amicably all issues between them, including any issues arising out of Executive's employment with the Employer and the termination of that employment.

B. Executive and the Employer are parties to that certain Employment Agreement, made and entered into [_____], as amended (the "Employment Agreement").

AGREEMENTS

For and in consideration of the mutual promises contained herein, and for other good and sufficient consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Employment. Executive's employment with the Employer shall be terminated effective as of the close of business on [_____] (the "Termination Date").

2. Compensation and Benefits. Subject to the terms of this Agreement, the Employer shall compensate Executive under this Agreement as follows (collectively, the "Severance Payments"):

(a) Severance Amount. [_____].

(b) Accrued Salary and Paid Time Off. Executive shall be entitled to a lump sum payment in an amount equal to Executive's earned but unpaid annual base salary and accrued but unused paid time off for the period ending on the Termination Date, with such payment to be made on the first payroll date following the Termination Date.

(c) COBRA Benefits. Executive and Executive's qualified beneficiaries, as applicable, shall be entitled to continuation of group health

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

coverage following the Termination Date under the Employer's group health plan, to the extent required under the Consolidated Omnibus Budget Reconciliation Act of 1986, with Executive required to pay the same amount as Executive would pay if Executive continued in employment with the Employer during such period as described in Section 4(e) of the Employment Agreement.

(d) Executive Acknowledgement. Executive acknowledges that, subject to fulfillment of all obligations provided for herein, Executive has been fully compensated by the Employer, including under all applicable laws, and that nothing further is owed to Executive with respect to wages, bonuses, severance, other compensation, or benefits. Executive further acknowledges that the Severance Payments (other than (b) and (c) immediately above) are consideration for Executive's promises contained in this Agreement, and that the Severance Payments are above and beyond any wages, bonuses, severance, other compensation, or benefits to which Executive is entitled from the Employer under the terms of Executive's employment or under any other contract or law that Executive would be entitled to absent execution of this Agreement.

(e) Withholding. The Severance Payments shall be subject to all taxes and other payroll deductions required by law.

3. Termination of Benefits. Except as provided in Section 2 above or as may be required by law, Executive's participation in all employee benefit (pension and welfare) and compensation plans of the Employer shall cease as of the Termination Date. Nothing contained herein shall limit or otherwise impair Executive's right to receive pension or similar benefit payments that are vested as of the Termination Date under any applicable tax-qualified pension or other plans, pursuant to the terms of the applicable plan.

4. Release of Claims and Waiver of Rights. Executive, on Executive's own behalf and that of Executive's heirs, executors, attorneys, administrators, successors, and assigns, fully and forever releases and discharges the Company, its predecessors, successors, parents, subsidiaries, affiliates, and assigns, and its and their directors, officers, trustees, employees, agents, and shareholders, both in their individual and official capacities, and the current and former trustees and administrators of each retirement and other benefit plan applicable to the employees and former employees of the Employer, both in their official and individual capacities (the "Releasees"), from all liability, claims, demands, actions, and causes of action Executive now has, may have had, or may ever have, whether currently known or unknown, relating to acts or omissions as of or prior to Executive's execution of this Agreement (the "Release and Waiver"), including liability, claims, demands, actions, and causes of action:

(a) Relating to Executive's employment or other association with the Employer, or the termination of such employment;

(b) Relating to wages, bonuses, other compensation, or benefits;

(c) Relating to any employment or change in control contract;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(d) **Relating to any employment law, including**

(i) The United States and State of Minnesota Constitutions,

(ii) The Minnesota Human Rights Act,

(iii) The Civil Rights Act of 1964,

(iv) The Civil Rights Act of 1991,

(v) The Equal Pay Act,

(vi) The Employee Retirement Income Security Act of 1974,

(vii) The Age Discrimination in Employment Act (the "**ADEA**"),

(viii) The Older Workers Benefit Protection Act,

(ix) The Worker Adjustment and Retraining Notification Act,

(x) The Americans with Disabilities Act,

(xi) The Family and Medical Leave Act,

(xii) The Occupational Safety and Health Act,

(xiii) The Fair Labor Standards Act,

(xiv) The National Labor Relations Act,

(xv) The Genetic Information Nondiscrimination Act,

(xvi) The Rehabilitation Act,

(xvii) The Fair Credit Reporting Act,

(xviii) Executive Order 11246,

(xix) Executive Order 11141, and

(xx) Each other federal, state, and local statute, ordinance, and regulation relating to employment;

(e) **Relating to any right of payment for disability;**

(f) **Relating to any statutory or contractual right of payment; and**

(g) **For relief on the basis of any alleged tort or breach of contract under the common law of the State of Minnesota or any other state, including defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel, and negligence.**

Executive acknowledges that statutes exist that render null and void releases and waivers of any claims, rights, demands, liabilities, actions, and causes of action that are unknown to the releasing or waiving party at the time of execution of the release and waiver. Executive waives, surrenders, and shall forego any protection to which Executive would otherwise be entitled by virtue of the existence of any such statutes in any jurisdiction, including the State of Minnesota.

5. Exclusions from General Release. Excluded from the Release and Waiver are any claims or rights arising pursuant to this Agreement and any claims or rights that cannot be waived by law, as well as Executive's right to file a charge with an administrative agency or participate in any agency investigation, including with the Equal Employment Opportunity Commission. Executive is, however, waiving the right to recover any money in connection with a charge or

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

investigation and the right to recover any money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission or any other federal or state agency, except where such waivers are prohibited by law.

6. Covenant Not to Sue.

(a) A "covenant not to sue" is a legal term that means Executive promises not to file a lawsuit in court. It is different from the Release and Waiver. Besides waiving and releasing the claims covered by Section 4 above, Executive shall never sue the Releasees in any forum for any reason covered by the Release and Waiver. Notwithstanding this covenant not to sue, Executive may bring a claim against the Employer to enforce this Agreement or to challenge the validity of this Agreement under the ADEA. If Executive sues any of the Releasees in violation of this Agreement, Executive shall be liable to them for their reasonable attorneys' fees and costs (including the costs of experts, evidence, and counsel) and other litigation costs incurred in defending against Executive's suit. In addition, if Executive sues any of the Releasees in violation of this Agreement, the Employer can require Executive to return all but a sum of $100 of the Severance Payments, which sum is, by itself, adequate consideration for the promises and covenants in this Agreement. In that event, the Employer shall have no obligation to make any further Severance Payments.

(b) If Executive has previously filed any lawsuit against any of the Releasees, Executive shall immediately take all necessary steps and execute all necessary documents to withdraw or dismiss such lawsuit to the extent Executive's agreement to withdraw, dismiss, or not file a lawsuit would not be a violation of any applicable law or regulation.

7. Restrictive Covenants. Section 7 of the Employment Agreement (entitled "Restrictive Covenants"), shall continue in full force and effect as if fully restated herein.

8. No Admissions. The Employer denies that any of the Releasees have taken any improper action against Executive, and this Agreement shall not be admissible in any proceeding as evidence of improper action by any of the Releasees.

9. Confidentiality of Agreement. Executive shall keep the existence and the terms of this Agreement confidential, except for Executive's immediate family members and Executive's legal and tax advisors in connection with services related hereto and except as may be required by law or in connection with the preparation of tax returns.

10. Non-Waiver. The Employer's waiver of a breach of this Agreement by Executive shall not be construed or operate as a waiver of any subsequent breach by Executive of the same or of any other provision of this Agreement.

11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Minnesota, without regard to principles of conflict of laws (whether in the State of Minnesota

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Minnesota.

12. Entire Agreement. This Agreement sets forth the entire agreement of the Parties regarding the subject matter hereof, and shall be final and binding as to all claims that have been or could have been advanced on behalf of Executive pursuant to any claim arising out of or related in any way to Executive's employment with the Employer and the termination of that employment. This Agreement may not be amended, modified, altered, or changed except by express written consent of the Parties.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

14. Successors. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns.

15. Enforcement. The provisions of this Agreement shall be regarded as divisible and separable and if any provision should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. If the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction or requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and Executive hereby consents that any court of competent jurisdiction may so modify such scope in any proceeding brought to enforce such restriction or requirement. In addition, Executive stipulates that breach by Executive of restrictions and requirements under this Agreement will cause irreparable damage to the Releasees in the case of Executive's breach and that the Employer would not have entered into this Agreement without Executive binding Executive to these restrictions and requirements. In the event of Executive's breach of this Agreement, in addition to any other remedies the Employer may have, and without bond and without prejudice to any other rights and remedies that the Employer may have for Executive's breach of this Agreement, the Employer shall be relieved of any obligation to provide Severance Payments and shall be entitled to an injunction to prevent or restrain any such violation by Executive and all persons directly or indirectly acting for or with Executive.

16. Construction. In this Agreement, unless otherwise stated, the following uses apply: (a) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all regulations promulgated under or implementing the statute or law, as amended, or its successors, as in effect at the relevant time; (b) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including, " and the words "to," "until," and "ending on" (and the like) mean "to, and including"; (c) references to a governmental or quasi-governmental agency, authority, or instrumentality also refer to a regulatory body that succeeds to the functions of the agency, authority, or instrumentality; (d) the words "include," "includes," and "including" (and the like) mean "include, without limitation," "includes, without limitation," and "including, without limitation," (and the like) respectively; (e) the words "hereof," "herein," "hereto," "hereby," (and the like) refer to this Agreement as a whole; (f) any reference to a document or set of documents, and the rights and

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

obligations of the parties under any such documents, means such document or documents as amended from time to time, and all modifications, extensions, renewals, substitutions, or replacements thereof; (g) all words used shall be construed to be of such gender or number as the circumstances and context require; and (h) the captions and headings of preambles, recitals, sections, and exhibits appearing in or attached to this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement, nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions.

17. Future Cooperation. In connection with any and all claims, disputes, or negotiations, or governmental, internal, or other investigations, lawsuits, or administrative proceedings (the "Legal Matters") involving any of the Releasees (collectively, the "Disputing Parties" and, individually, each a

"Disputing Party"), Executive shall make herself reasonably available, upon reasonable notice from the Company and without the necessity of subpoena, to provide information and documents, provide declarations and statements regarding a Disputing Party, meet with attorneys and other representatives of a Disputing Party, prepare for and give depositions and testimony, and otherwise cooperate in the investigation, defense, and prosecution of any and all such Legal Matters, as may, in the good faith and judgment of the Company, be reasonably requested. The Company shall consult with Executive and make reasonable efforts to schedule such assistance so as not to materially disrupt Executive's business and personal affairs. The Employer shall reimburse all reasonable expenses incurred by Executive in connection with such assistance, including travel, meals, rental car, and hotel expenses, if any; *provided* such expenses are approved in advance by the Company and are documented in a manner consistent with expense reporting policies of the Employer as may be in effect from time to time.

18. Representations by Executive. Executive acknowledges each of the following:

(a) Executive is aware that this Agreement includes a release of all known and unknown claims.

(b) Executive is legally competent to execute this Agreement and Executive has not relied on any statements or explanations made by the Employer or its attorneys not otherwise set forth herein.

(c) Any modifications, material or otherwise, made to this Agreement shall not restart or affect in any manner the original 21-day consideration period.

(d) Executive has been offered at least 21 days to consider this Agreement.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

(e) **Executive has been afforded the opportunity to be advised by legal counsel regarding the terms of this Agreement, including the Release and Waiver, and to negotiate such terms.**

(f) **Executive, without coercion of any kind, freely, knowingly, and voluntarily enters into this Agreement.**

(g) **Executive has the right to rescind the Release and Waiver by written notice to the Employer within 15 calendar days after Executive has signed this Agreement, and the Release and Waiver shall not become effective or enforceable until 15 calendar days after Executive has signed this Agreement, as evidenced by the date set forth below Executive's signature on the signature page hereto. Any such rescission must be in writing and delivered by hand, or sent by U.S. Mail within such 15-day period, to the attention of [_____]. If delivered by U.S. Mail, the rescission must be: (i) postmarked within the 15-day period and (ii) sent by certified mail, return receipt requested.**

[Signature page follows]

-18-

In witness whereof, the Parties have executed this Agreement as of dates set forth below their

-19-

---

respective signatures below.

Bridgewater Bancshares, Inc.	**Executive**
By: _____	_____
[Name]	[Name]
[Title]	
Date: _____	Date: _____

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

BRIDGEWATER BANK

By: _____

[Name]

[Title]

Date: _____

Exhibit 10.31 21.1

Bridgewater Bancshares, Inc. LIST OF SUBSIDIARIES OF BRIDGEWATER BANCSHARES, INC.

EMPLOYMENT AGREEMENT

ThisEmployment Agreement("Agreement") is made and entered into as of January 1, 2022 (the "Effective Date"), by and among Bridgewater Bancshares, Inc.(the "Company"), Bridgewater Bank (the "Bank" and together with the Company, the "Employer") and Nicholas Place ("Executive," and together with the Company, the "Parties").

RECITALS

A. The Bank is a wholly-owned subsidiary of the Company.

B. Executive is currently employed by Employer pursuant to that certain employment agreement by and between Executive and Employer dated October 1, 2017, as amended (the "Prior Employment Agreement").

C. The Employer desires to employ Executive as the Employer's Chief Lending Officer pursuant to the terms of this Agreement.

D. Executive desires to be employed by the Employer as the Employer's Bank's Chief Lending Officer pursuant to the terms of this Agreement.

E. The Parties have made commitments to each other on a variety of important issues concerning Executive's employment, including the performance that will be expected of Executive, the compensation Executive will be paid, how long and under what circumstances Executive will remain employed and the financial details relating to any decision that either the Employer or Executive may make to terminate this Agreement.

AGREEMENTS

In consideration of the foregoing and the mutual promises and covenants of the Parties set forth in this Agreement, and for other good and valuable

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby expressly covenant and agree as follows:

1. Employment Period. The Employer shall employ Executive, and Executive shall be so employed, during the Employment Period in accordance with the terms of this Agreement. The "Employment Period" shall be the period beginning on the Effective Date and ending on December 31, 2024, unless sooner terminated as provided herein. The Employment Period shall automatically be extended for one (1) additional year beginning on January 1, 2025 and on each January 1 thereafter unless either Party notifies the other Party, by written notice delivered no later than ninety (90) days prior to such January 1, that the Employment Period shall not be extended for an additional year. Notwithstanding any provision of this Agreement to the contrary, if a Change in Control occurs during the Employment Period, this Agreement shall remain in effect for the two (2)-year period following the Change in Control and shall then terminate.

2. Duties.During the Employment Period, Executive shall devote Executive's full business time, energies and talents to serving as the Employer's Chief Lending Officer, at the direction of the Company's President and Chief Executive Officer (the "CEO"). Executive shall have such duties and responsibilities as may be assigned to Executive from time to time by the CEO, which duties and responsibilities shall be

---

Exhibit 10.31

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA R

©2024, Refinitiv. All rights reserved. Patents Pending.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV