



Investor Presentation

2nd Quarter 2024



Cautionary Statements

Forward Looking:

This presentation contains certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the beliefs, expectations, or opinions of TowneBank and its management regarding future events, many of which, by their nature, are inherently uncertain. Forward-looking statements may be identified by the use of such words as: "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional terms, such as "will," "would," "should," "could," "may," "likely," "probably," or "possibly." These statements may address issues that involve significant risks, uncertainties, estimates, and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include competitive pressures in the banking industry that may increase significantly; changes in the interest rate environment that may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; an unforeseen outflow of cash or deposits or an inability to access the capital markets, which could jeopardize our overall liquidity or capitalization; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; insufficiency of our allowance for credit losses due to market conditions, inflation, changing interest rates or other factors; adverse developments in the financial industry generally, such as the recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; unusual and infrequently occurring events, such as weather-related or natural disasters, acts of war or terrorism, or public health events (such as the COVID-19 pandemic); changes in the legislative or regulatory environment, including changes in accounting standards and tax laws, that may adversely affect our business; costs or difficulties related to the integration of the businesses we have acquired may be greater than expected; expected cost savings associated with pending or recently completed acquisitions may not be fully realized or realized within the expected time frame; cybersecurity threats or attacks, whether directed at us or at vendors or other third parties with which we interact, the implementation of new technologies, and the ability to develop and maintain reliable electronic systems; our competitors may have greater financial resources and develop products that enable them to compete more successfully; changes in business conditions; changes in the securities market; and changes in our local economy with regard to our market area. Any forward-looking statements made by us or on our behalf speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events, or otherwise. For additional information on factors that could materially influence forward-looking statements included in this report, see the "Risk Factors" in TowneBank's Annual Report on Form 10-K for the year ended December 31, 2023 and related disclosures in other filings that have been, or will be, filed by TowneBank with the Federal Deposit Insurance Corporation.

Non-GAAP Financial Measures:

This presentation contains certain financial measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Such non-GAAP financial measures include the following: fully tax-equivalent net interest margin, core operating earnings, core net income, tangible book value per common share, total risk-based capital ratio, tier one leverage ratio, tier one capital ratio, and the tangible common equity to tangible assets ratio. Management uses these non-GAAP financial measures to assess the performance of TowneBank's core business and the strength of its capital position. Management believes that these non-GAAP financial measures provide meaningful additional information about TowneBank to assist investors in evaluating operating results, financial strength, and capitalization. The non-GAAP financial measures should be considered as additional views of the way our financial measures are affected by significant charges for credit costs and other factors. These non-GAAP financial measures should not be considered as a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. The computations of the non-GAAP financial measures used in this presentation are referenced in a footnote or in the appendix to this presentation.

TowneBank at a Glance

Consistent Focus on Earnings and Growth

Earnings Growth

23.5%

CAGR FY00 – FY23

#1 Deposit Market Share
in Hampton Roads¹

Ranked on

Forbes

Best Banks List²

6 Years in a Row

Total Assets

\$17.1B

Total Loans

\$11.5B

Total Deposits

\$14.3B

Core ROAA

1.01%

Core ROTCE

12.08%

NIM (FTE)

2.89%

NIB Deposits /
Total Deposits

30.2%

10 Year Total Shareholder
Return³

129%

(1) Source: FDIC Summary of Deposits for the VA Beach-Norfolk-Newport News, VA MSA, data as of June 30, 2023

(2) © 2024, Forbes Media LLC. Used with permission

(3) Total Return as of 6/30/2024; Source: S&P Global, data collected 7/16/2024.

Note: Financial results for the quarter ending June 30, 2024



Introduction

About TowneBank

Commitment

We value all employees and members by embracing their diverse talents, perspectives, and experiences, and by fostering inclusion that inspires innovation, encourages respect, and promotes success.

Mission

We will be a relationship and friendship driven local bank focused on basic human values that will serve to create a warm sense of belonging and financial well-being among our family members.

Strategy

We will offer a competitive array of business and personal financial services, delivered with only the highest ethical standards. Our commitment to exquisite service for our members will lead to our ability to create a reasonable rate of return for our shareholders, a bright future for our dedicated bankers, and a leadership role for our bank in promoting the social, cultural, and economic well-being of our community.

Community Commitment

We will strive to be a source of community pride by being a leader in community support activities through involvement of Towne family members, and the funding and fundraising activities of the TowneBank Foundation.



Unique Value Proposition

- BANKING
- WEALTH MANAGEMENT
- INSURANCE
- MORTGAGE
- PROPERTY MANAGEMENT

The central graphic features a grid of nine icons on a light beige background. In the center is a white circle containing a blue laurel wreath with a large blue letter 'T' in the middle. Surrounding this central logo are nine icons, each with a corresponding text label below it in bold, dark blue font:

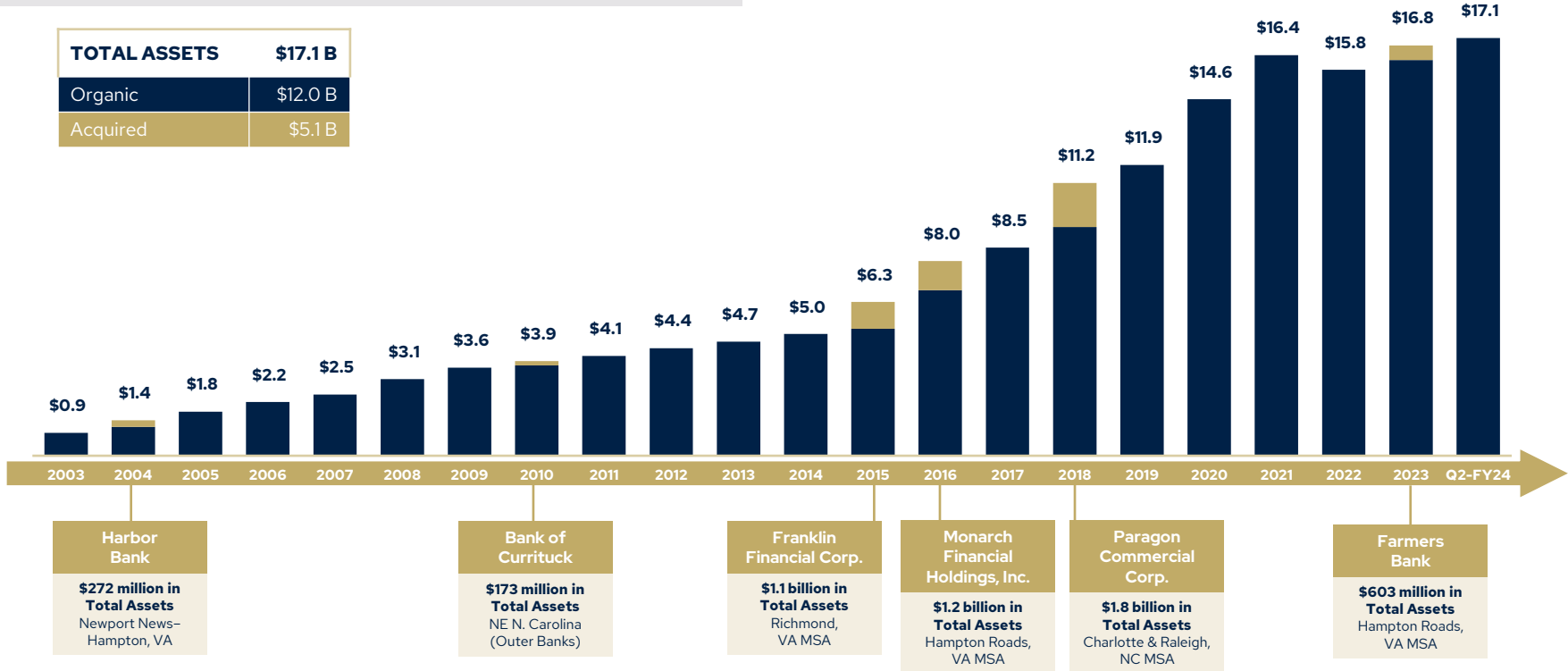
- Superior Shareholder Value**: Icon of three vertical bars with horizontal lines, resembling a candlestick chart.
- Super Community Bank Model**: Icon of a classical building with a pediment and columns, with three figures standing in front.
- Local Decision Making**: Icon of a hand pointing to a location pin on a map.
- Extraordinary Member Experiences**: Icon of a person wearing a headset with a microphone, and five stars below.
- Invested Insider Ownership (7.8%)¹**: Icon of two stylized human figures, one larger than the other.
- Commitment to Community Service & Engagement**: Icon of two hands holding a house.
- Culture of Caring**: Icon of two hands shaking in a firm grip.
- Embracing Diverse Talents, Perspectives & Experiences**: Icon of three stylized human figures of different heights and colors.

(1) Source: S&P Global, Ownership Summary data as of 7/19/2024

Disciplined Acquirer and Experienced Integrator

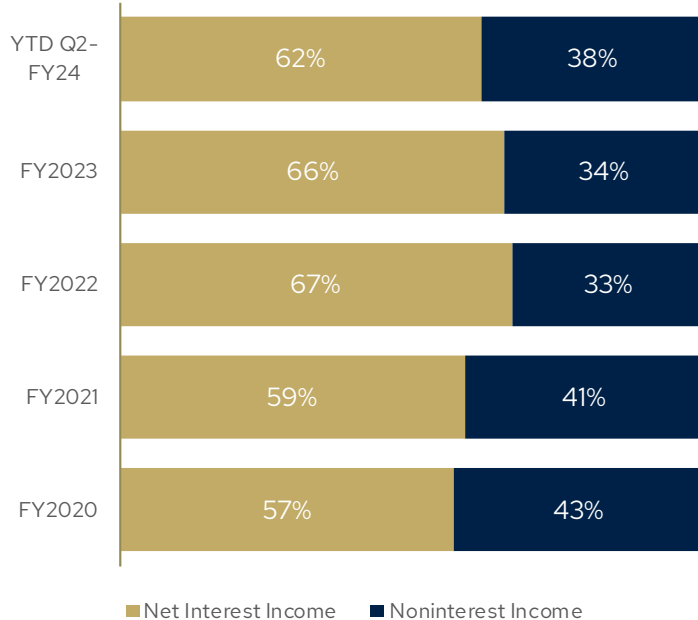
Total Assets [Dollars in billions]

TOTAL ASSETS	\$17.1 B
Organic	\$12.0 B
Acquired	\$5.1 B

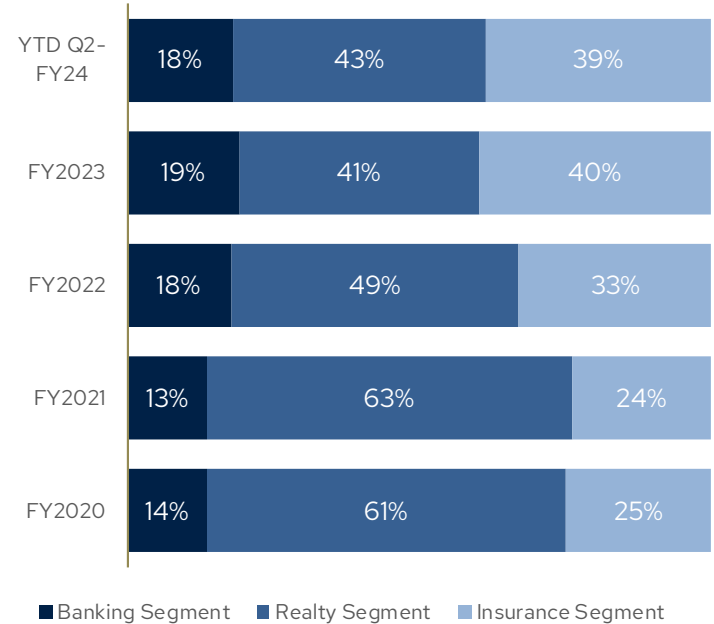


Diversified Business Model

Total Revenue



Noninterest Income¹



(1) Normalized noninterest income excludes gain (loss) on investment securities, gain of \$544 thousand on sale of Beneflex (2023), gain of \$8.83 million on sale of BHHS Towne Realty (2023) and the gain of \$17.6 million on the sale of Red Sky Travel Insurance (2020)

Insurance Revenue

TowneBank Rank: Bank-owned Insurance Commission and Fees¹

2010 Ranking	Q1-24 Ranking
Truist Bank	TowneBank
Citibank, N.A.	Frost Bank
Discover Bank	Discover Bank
Bank of America, National Association	Trustmark National Bank
JPMorgan Chase Bank, National Association	First-Citizens Bank & Trust Company
Wells Fargo Bank, National Association	Univest Bank and Trust Co.
Cadence Bank	Peoples Bank
Eastern Bank	The Adirondack Trust Company
TD Bank, N.A.	Choice Financial Group
PNC Bank, National Association	Salem Five Cents Savings Bank
Associated Bank, National Association	Washington Federal Bank
Manufacturers and Traders Trust Company	Pinnacle Bank
Frost Bank	Provident Bank
Trustmark National Bank	Fifth Third Bank, National Association
Fifth Third Bank, National Association	Benchmark Bank
Barclays Bank Delaware	First State Community Bank
TowneBank	MountainOne Bank
U.S. Bank National Association	Renasant Bank
First Horizon Bank	First United Bank and Trust Company
HSBC Bank USA, National Association	Citizens Bank, National Association

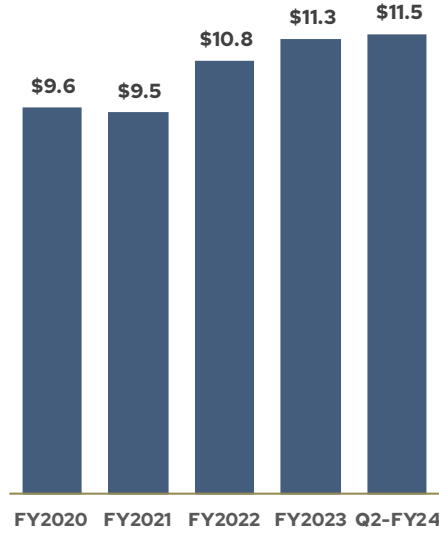
(1) Bank-owned insurance commissions and fees for commercial and savings banks; Source: S&P Global, data retrieved 5/1/2024

Balance Sheet: Consistency & Stability

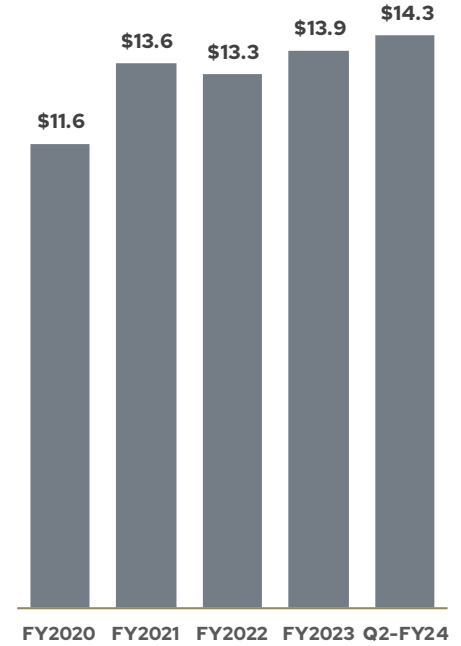
Total Assets [Dollars in billions]



Total Loans [Dollars in billions]



Total Deposits [Dollars in billions]



Our Bank Reach

Hampton Roads

Loans	\$5.5 billion
Deposits	\$8.8 billion
Branches	27
Avg Branch	\$261 million

Raleigh/Greenville

Loans	\$1.8 billion
Deposits	\$1.5 billion
Branches	5
Avg Branch	\$305 million

Richmond

Loans	\$1.3 billion
Deposits	\$1.5 billion
Branches	9
Avg Branch	\$171 million

Charlotte

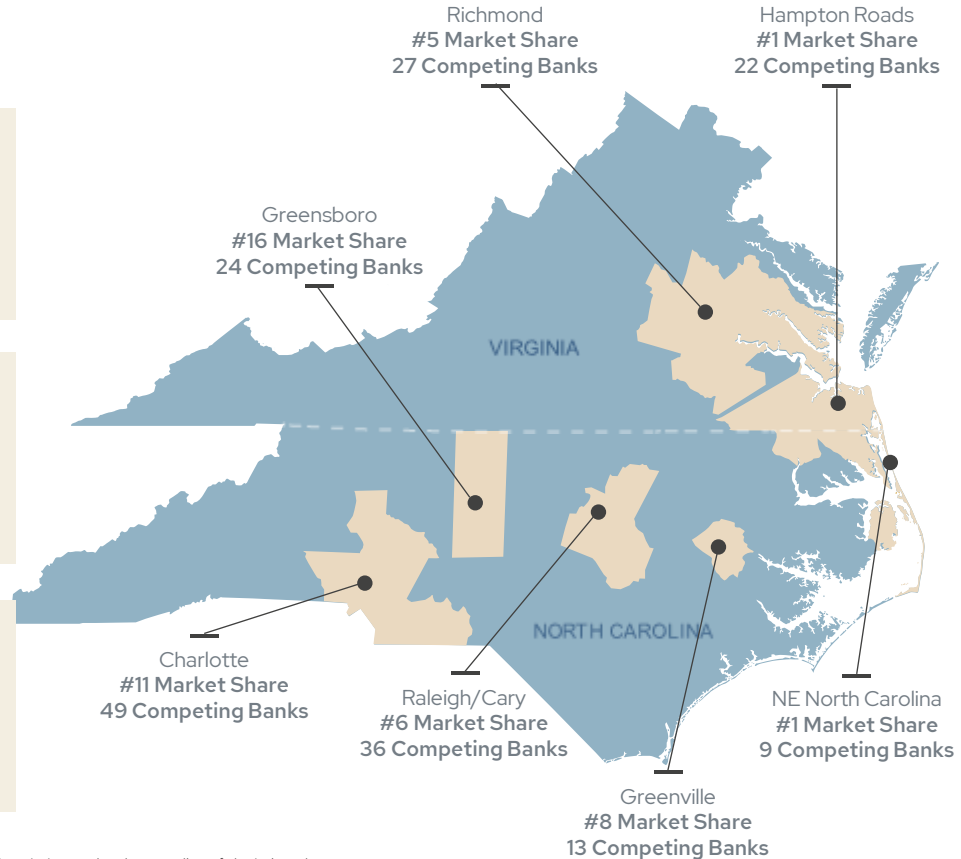
Loans	\$1.3 billion
Deposits	\$956 million
Branches	3
Avg Branch	\$319 million

NE North Carolina

Loans	\$329 million
Deposits	\$814 million
Branches	6
Avg Branch	\$136 million

Greensboro

Loans	\$251 million
Deposits	\$131 million
Branches	1
Avg Branch	\$131 million



(1) Deposit data from FDIC Market Share Report as of June 30, 2023; Competing Banks' count excludes institutions with no deposits in stated market regardless of physical or other presence

Awards & Recognition



Best Bank to Work For
Ranked Nationally as Best Bank to Work For 2023



Bauer 5-Star Rating
One of the Strongest Financial Institutions in the Nation 2023



Ranked Among the Best Banks in the Nation
2024



#3 in Statewide Corporate Giving
Virginia Business 2023



Top 100 Brokers of US Business
Towne Insurance 2023



Outstanding CRA Rating
Compliance with Community Reinvestment Act (CRA) regulations, six consecutive Outstanding Ratings since 2007



Greenwich Excellence Small Business Banking
Among 500+ financial institutions, only 39 are rated as excellent by their business clients 2023

RAYMOND JAMES[®]

Top 4 in Assets Under Management
Raymond James Financial Institution Division
Towne Investment Group | Towne Wealth Management 2023¹



BERKSHIRE HATHAWAY HomeServices

A Top 20 Affiliate
Berkshire Elite Circle Award
Berkshire Hathaway | RW Towne Realty 2023



Best of Business
Gold award for best business bank
CoVaBIZ 2024



CIVIC 50 Hampton Roads
Among the most community-minded businesses. 2023



Platinum and Bronze
Presented to Top Producing Loan Officers
TowneBank Mortgage 2022

1. Top Assets Under Management (AUM) Raymond James FID is an internal Raymond James honor. This ranking is based on prior AUM. Re-qualification is required annually. This ranking is not based in anyway on the individual's abilities in regard to providing investment advice or management. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual client's experience. No fee is paid in exchange for this award/rating.

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2nd Quarter 2024 Financial Results

Performance Highlights

	Q2-FY24	Q1-FY24	Q/Q Change	Q2-FY23	Y/Y Change
Total Revenue	\$175.0 million	\$167.1 million	4.7%	\$181.6 million	-3.6%
Provision for Credit Losses	-\$0.2 million	-\$0.9 million	-79.8%	\$3.6 million	-105.0%
Net Income Attributable to TowneBank	\$42.9 million	\$34.7 million	23.6%	\$41.7 million	2.7%
Earnings Per Share-Diluted	\$0.57	\$0.46	23.9%	\$0.56	1.8%
Return on Avg Assets	1.01%	0.83%	+18 bps	0.99%	+2 bps
Return on Avg Tangible Common Equity ¹	12.16%	9.98%	+218 bps	12.48%	-32 bps
Net Interest Margin (TE) ¹	2.89%	2.75%	+14 bps	3.01%	-12 bps
Assets	\$17.1 billion	\$16.9 billion	1.1%	\$17.2 billion	-0.9%
Loans	\$11.5 billion	\$11.5 billion	0.0%	\$11.2 billion	2.2%
Deposits	\$14.3 billion	\$14.1 billion	1.0%	\$13.8 billion	3.7%
Loans / Deposits	80.24%	81.07%	-83 bps	81.41%	-117 bps
Noninterest Bearing Deposits / Deposits	30.15%	29.69%	+46 bps	34.68%	-453 bps
Nonperforming Assets / Assets	0.04%	0.05%	-1 bps	0.05%	-1 bps
Book Value per Share	\$27.62	\$27.33	1.1%	\$26.36	4.8%
Tangible Book Value per Share ¹	\$20.65	\$20.31	1.7%	\$19.31	6.9%
Tangible Common Equity to Tangible Assets	9.37%	9.31%	+6 bps	8.66%	+71 bps
Total Risk Based Capital Ratio ²	15.34%	15.10%	+24 bps	14.88%	+46 bps

(1) Non-GAAP financial measure – see non-GAAP reconciliations
(2) Current reporting period regulatory capital ratios are preliminary

Income Statement Summary

Dollars in millions, except per share data	QTD					YTD		
	Q2-FY24	Q1-FY24	Q/Q Change	Q2-FY23	Y/Y Change	Q2-FY24	Q2-FY23	Y/Y Change
Interest Income	\$ 194.93	\$ 186.92	4.3%	\$ 174.86	11.5%	\$ 381.85	\$ 338.26	12.9%
Interest Expense	85.89	83.70	2.6%	61.25	40.2%	169.59	101.27	67.5%
Net Interest Income	109.05	103.22	5.6%	113.61	(4.0%)	212.27	236.99	(10.4%)
Provision for Credit Losses	(0.18)	(0.88)	(79.8%)	3.56	(105.0%)	(1.05)	15.23	(106.9%)
Net Interest Income after Provision for Credit Losses	109.23	104.10	4.9%	110.06	(0.8%)	213.32	221.76	(3.8%)
Noninterest Income	65.92	63.88	3.2%	67.96	(3.0%)	129.81	128.72	0.8%
Noninterest Expense	123.98	125.59	(1.3%)	125.23	(1.0%)	249.58	249.63	(0.0%)
Minority Interest in Unconsolidated Subs	0.18	0.44	(58.4%)	1.65	(88.9%)	0.62	1.80	(65.3%)
Income Before Taxes	50.98	41.95	21.5%	51.13	(0.3%)	92.93	99.06	(6.2%)
Provision for Income Tax Expense	8.12	7.26	11.9%	9.42	(13.7%)	15.39	19.01	(19.1%)
Net Income Attributable to TowneBank	\$ 42.86	\$ 34.69	23.6%	\$ 41.72	2.7%	\$ 77.54	\$ 80.05	(3.1%)
Earnings Per Share-Diluted	\$ 0.57	\$ 0.46	23.9%	\$ 0.56	1.8%	\$ 1.03	\$ 1.07	(3.7%)

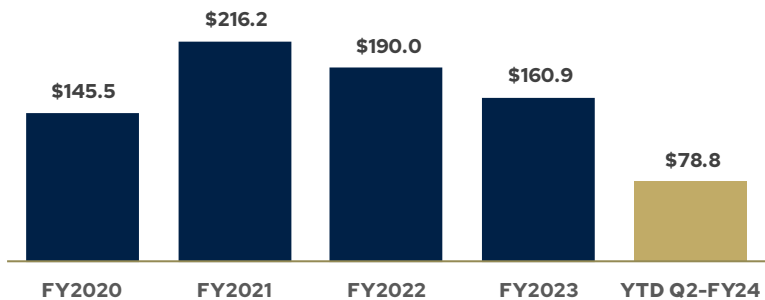
Core Net Income¹

One-time Adjustments After Taxes	\$ (0.29)	\$ 1.58	(118.4%)	\$ (3.06)	(90.4%)	\$ 1.29	\$ 4.91	(73.7%)
Core Net Income	42.56	36.27	17.4%	38.66	10.1%	78.84	84.96	(7.2%)
Core Earnings Per Share-Diluted	\$ 0.57	\$ 0.48	18.8%	\$ 0.52	9.6%	\$ 1.05	\$ 1.14	(7.8%)

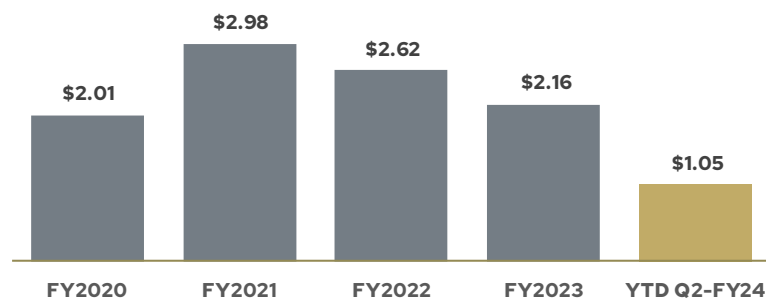
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Financial Performance Trends

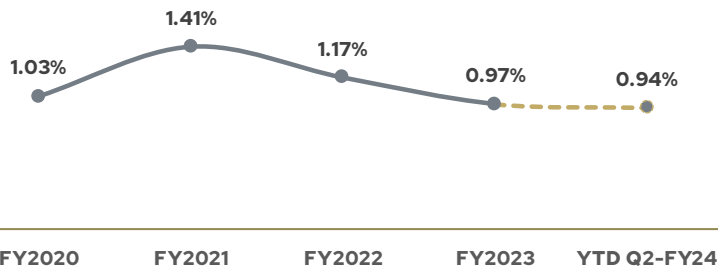
Core Net Income¹ [Dollars in millions]



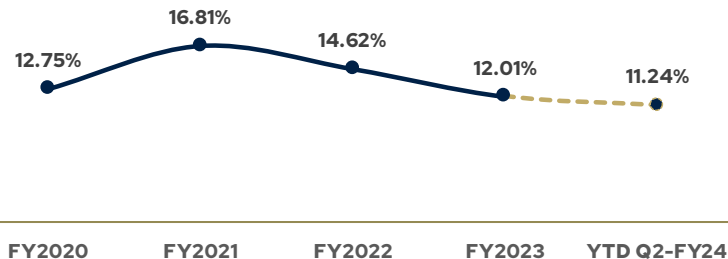
Core EPS¹



Core ROAA¹



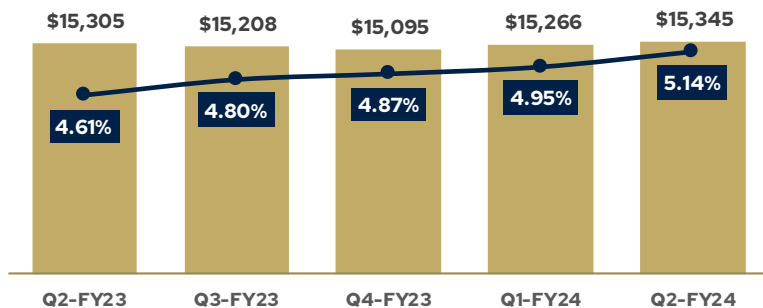
Core ROATCE¹



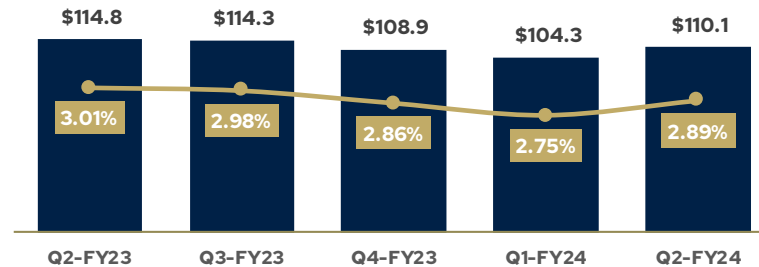
(1) Non-GAAP financial measure - see non-GAAP reconciliations

Net Interest Income

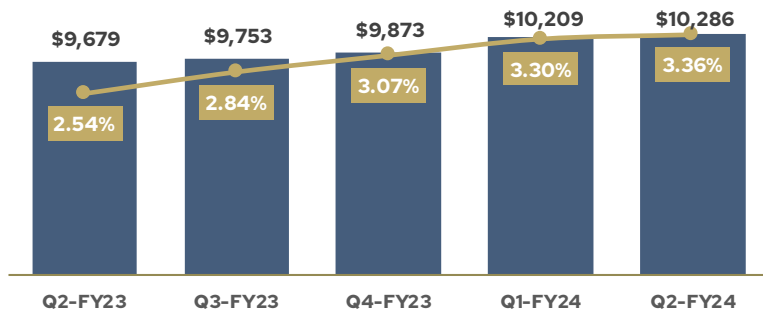
Avg. Earning Assets & Yield (TE)¹ [Dollars in millions]



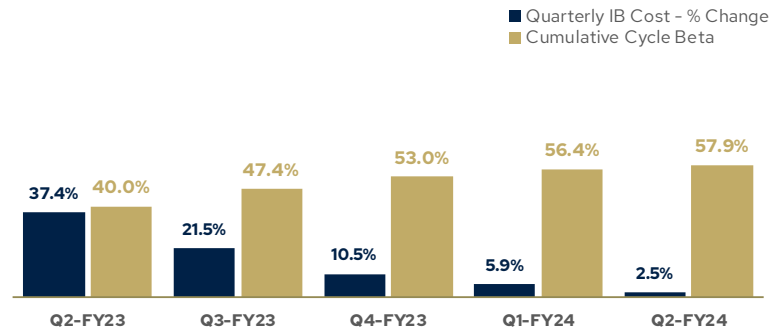
Net Interest Income & NIM (TE)¹ [Dollars in millions]



Avg. Interest Bearing Liabilities & Cost [Dollars in millions]



Interest Bearing Deposit Costs



(1) Non-GAAP financial measures - see non-GAAP reconciliations

NIM & Net Interest Income Sensitivity

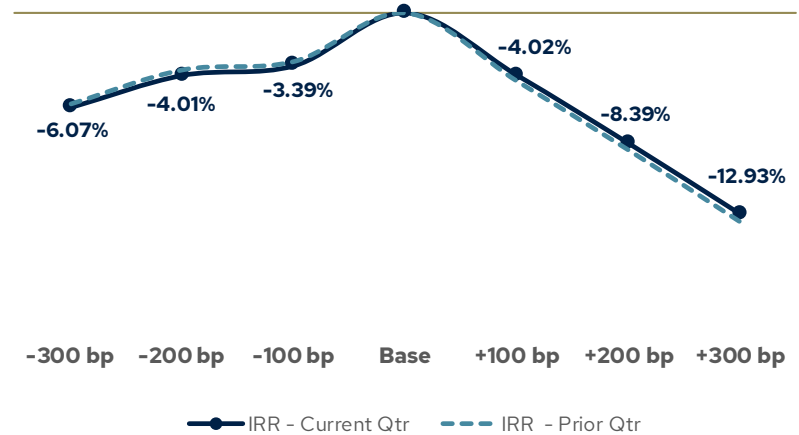
Net Interest Income & NIM (TE)¹

Dollars in millions	Amount	NIM (%)
Q1-FY24	\$ 104.3	2.75%
Loans HFI	3.5	0.06%
Recurring Accretion	0.0	0.00%
Loans HFS	1.2	0.01%
Investments & Cash	3.2	0.10%
Earning Assets Mix		0.02%
Deposits	(3.7)	-0.05%
Borrowings	1.5	0.00%
Sub Debt	-	0.00%
Interest Bearing Funding Mix		0.01%
Other	(0.0)	-0.01%
Q2-FY24	\$ 110.1	2.89%

(1) Non-GAAP financial measure - see non-GAAP reconciliations

(2) The interest sensitivity chart is a one-year result on net interest income of an instantaneous and permanent rate shock. The results include assumptions about deposit rate changes that may or may not occur.

Net Interest Income Sensitivity²

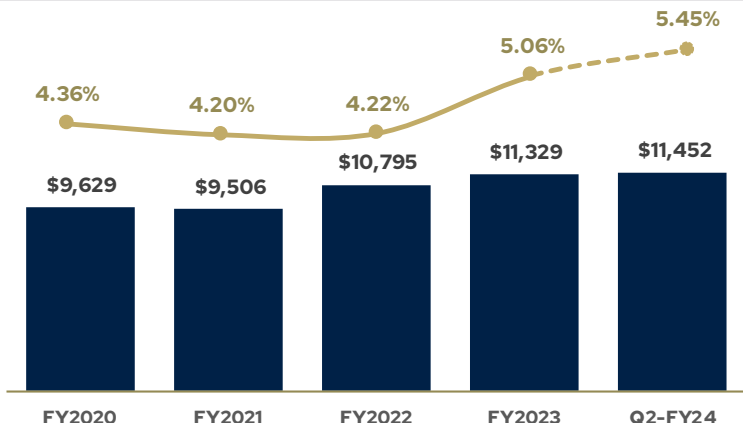


Comments

- Cumulative cycle-to-date beta of approximately 58%
- 95% of CDs reprice within 12 months
- Expectation for further NIM expansion throughout second half of FY2024

Loans

Loans Balances & Yield (TE)⁽¹⁾ [Dollars in millions]



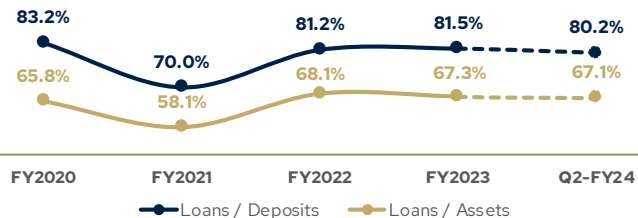
Loans	Q2-FY24	% Total	Q/Q %	Y/Y %
<small>(Dollars in millions)</small>				
Construction and Development	\$ 1,191	10%	-5.2%	-12.7%
Commercial Real Estate	5,512	48%	0.7%	5.1%
Residential 1-4 Family	2,296	20%	1.2%	5.8%
Commercial and Industrial	1,298	11%	0.5%	3.0%
Government	518	5%	-2.0%	-0.6%
Indirect	558	5%	0.5%	-0.7%
Consumer & Other	80	1%	1.7%	-9.2%
Total Loans	\$ 11,452	100%	0.0%	2.2%

(1) Non-GAAP financial measure – see non-GAAP reconciliations

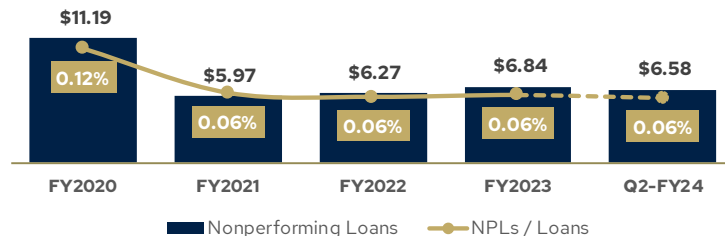
Portfolio Highlights

- Variable portfolio of \$3.2 billion at the end of Q2-24
- 41% of variable portfolio tied to prime rate
- Scheduled maturities and amortization of \$1.2 billion for the remainder of FY2024

Loans % of Deposits and Assets

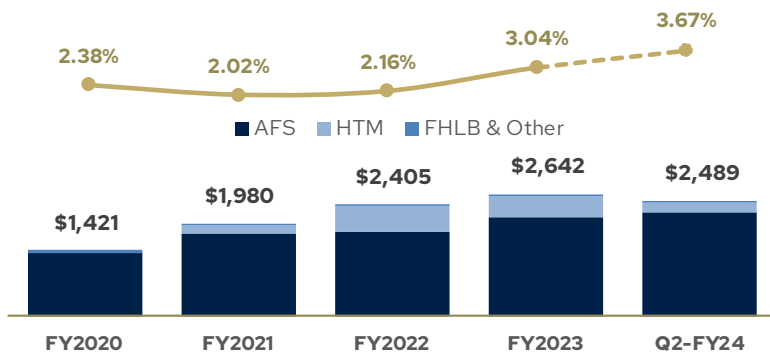


Nonperforming Loans



Investments

Investment Balances & Yield (TE)¹ [Dollars in millions]



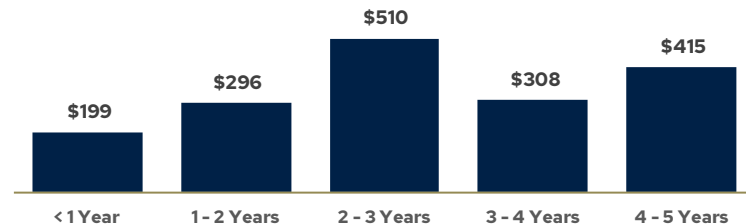
	AFS	HTM	Total
AFS and HTM Securities²			
(Dollars in millions)			
US Treasuries	\$ 29	\$ 97	\$ 126
US Agencies	313	102	416
Municipals	479	5	485
Trust Preferred & Oth Corp	102	2	104
MBS Issued by GSE/GNMA	1,502	6	1,507
Securities - Amortized Cost	2,425	212	2,638
Valuation Adjustment	(173)	-	(173)
Credit Loss Reserve	(2)	(0)	(2)
Total	\$ 2,251	\$ 212	\$ 2,463

(1) Non-GAAP financial measure – see non-GAAP reconciliations
 (2) AFS and HTM portfolio, excludes FHLB and other equity securities

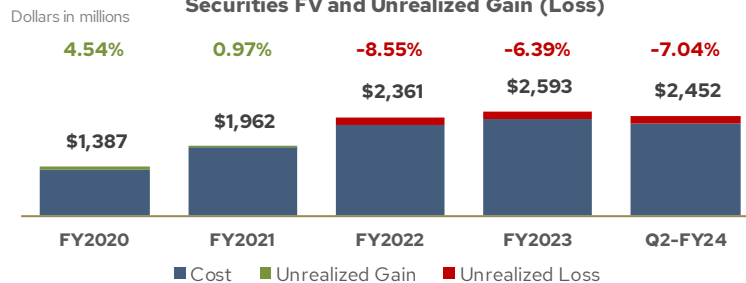
Portfolio Highlights

- \$495 million of expected cash flow from securities portfolio in the next two years
- Portfolio duration of 3.35 years at the end of Q2-24
- Portfolio: 92%/8% - AFS/HTM and 77%/23% - Fixed/Floating

Expected Cashflows from Investments (As of Jun 30, 2024)

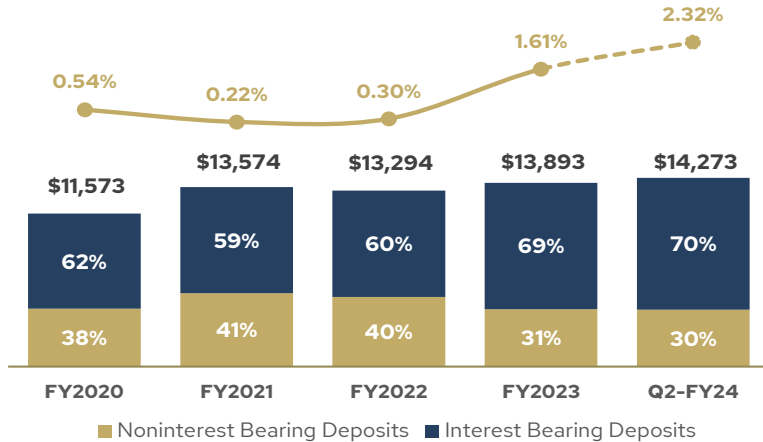


Securities FV and Unrealized Gain (Loss)



Deposits

Deposit Balances and Cost [Dollars in millions]



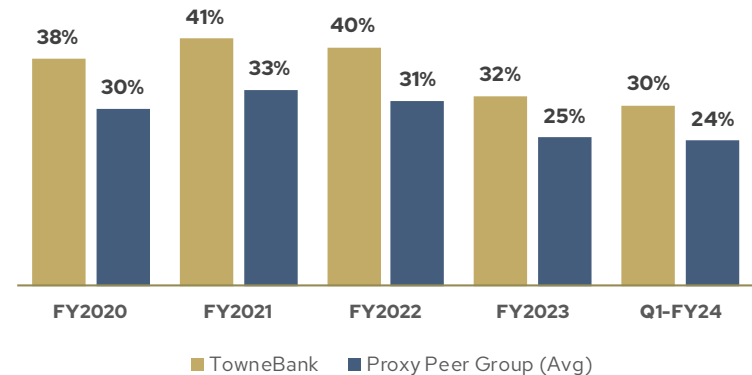
Deposits	Q2-FY24	% Total	Cost	Q/Q %	Y/Y %
<small>(Dollars in millions)</small>					
Interest Bearing Demand	1,657	12%	0.41%	0.6%	-4.7%
Money Market	5,283	37%	3.55%	0.2%	10.3%
Savings	313	2%	1.07%	-4.1%	-13.5%
Time Deposits	2,716	19%	4.89%	1.0%	29.3%
Interest Bearing Deposits	9,969	70%	3.32%	0.4%	10.9%
Noninterest Bearing Deposits	4,304	30%	na	2.6%	-9.9%
Total Deposits	\$ 14,273	100%	2.32%	1.0%	3.7%

(1) Source: S&P Global, data as of 05/13/2024. Peers as disclosed in the most recent TOWN proxy statement

Portfolio Highlights

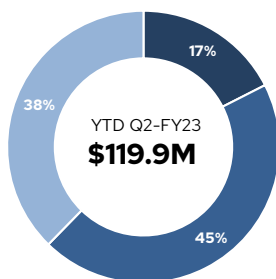
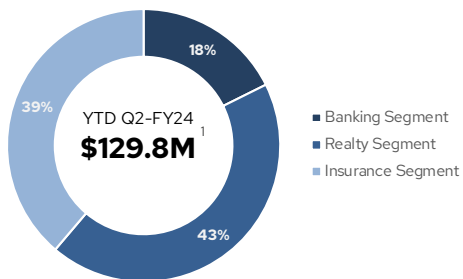
- First sequential increase in NIB deposits since June 2022 driven primarily by commercial relationships
- Continued migration into higher yielding deposit products, specifically into time deposits. Additionally, new branch openings along with grand opening CD specials impacting CD mix and cost.
- NIB deposits in legacy Hampton Roads region equal to 36% of total regional deposits

NIB Deposits % of Total Deposits TowneBank vs Peers¹

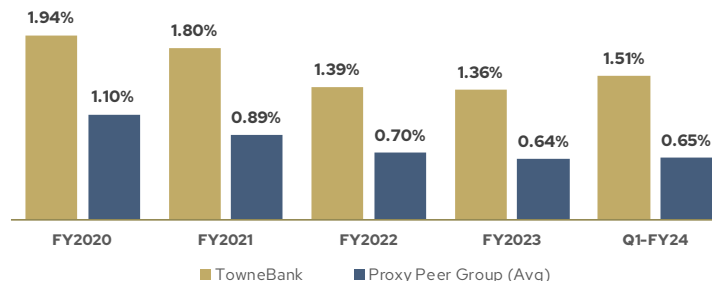


Noninterest Income

Dollars in millions	QTD					YTD		
	Q2-FY24	Q1-FY24	Q/Q Change	Q2-FY23	Y/Y Change	Q2-FY24	Q2-FY23	Y/Y Change
Residential Mortgage Banking Income Net	\$ 13.42	\$ 10.48	28.1%	\$ 11.36	18.2%	\$ 23.90	\$ 20.73	15.3%
Insurance Commissions and Other Title Fees and Income, Net	24.03	25.54	(5.9%)	22.50	6.8%	49.57	45.32	9.4%
Property Mgmt Income, Net	14.31	16.77	(14.7%)	12.10	18.3%	31.09	27.63	12.5%
Real Estate Brokerage Income Net	-	-	-	1.83	(100.0%)	-	3.62	(100.0%)
Service Charges on Deposit Accounts	3.35	3.08	8.9%	3.02	11.2%	6.43	5.75	11.8%
Credit Card Merchant Fees, Net	1.66	1.55	7.2%	1.68	(1.2%)	3.21	3.23	(0.4%)
Investment Commission Income Net	2.58	2.34	10.1%	2.17	19.1%	4.92	4.22	16.7%
Bank-owned Life Insurance	3.24	1.84	75.8%	1.71	89.3%	5.08	3.38	50.2%
Other Income	3.32	2.21	50.7%	2.76	20.4%	5.53	6.00	(7.8%)
Gain (Loss) on Equity Investment	-	-	-	8.83	(100.0%)	-	8.83	(100.0%)
Gain (Loss) on Investment Securities	-	0.07	(100.0%)	-	-	0.07	-	-
Noninterest Income	\$ 65.92	\$ 63.88	3.2%	\$ 67.96	(3.0%)	\$ 129.81	\$ 128.72	0.8%



Noninterest Income % Avg Assets
TowneBank vs Peers²



(1) Core noninterest income excluding gain (loss) on equity investments

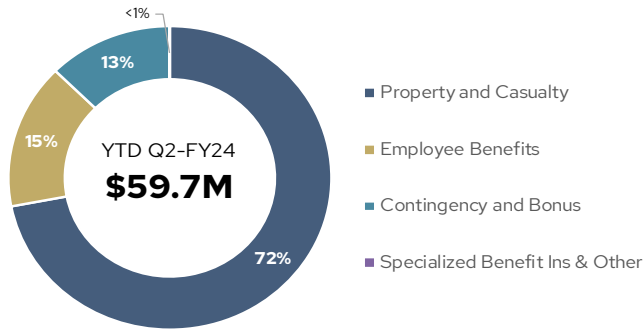
(2) Source: S&P Global, data as of 05/13/2024. Peers as disclosed in the most recent TOWN proxy statement

Towne Insurance

Highlights

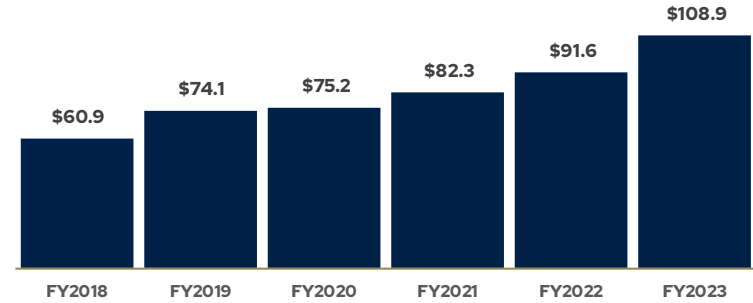
- Largest Bank-owned insurance company in the country¹
- Insurance revenue of \$29.6 million in Q2-24 compared to \$27.4 million in Q2-23
- FY2023 surpassed \$100 million in total revenue with a continued focus on organic growth and expansion in growth markets
- CAGR of 12.3% from 2018 to 2023
- 27 Acquisitions since 2001

Insurance Revenue Composition

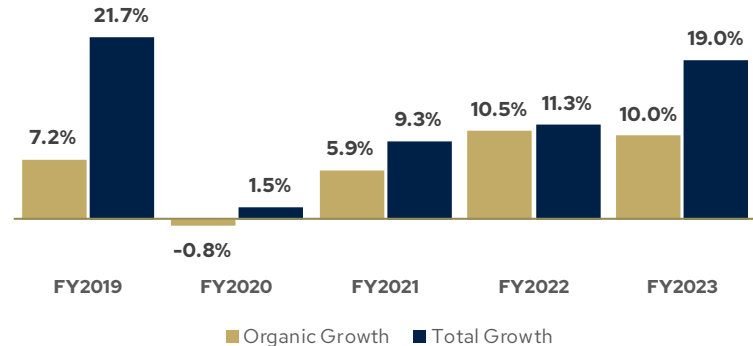


(1) Bank-owned insurance commissions and fees for commercial and savings banks; Source: S&P Global, data retrieved 5/1/2024
 (2) Income does not include travel insurance income or gains from the sales of Red Sky Travel Insurance (FY2020) and Beneflex (FY2023)

Revenues² [Dollars in millions]



Revenue Growth Trend

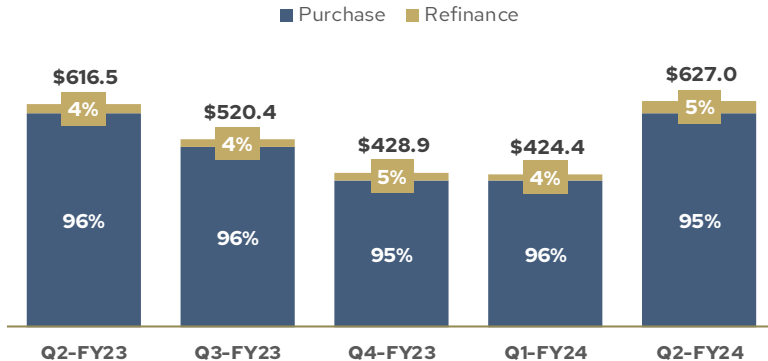


TowneBank Mortgage

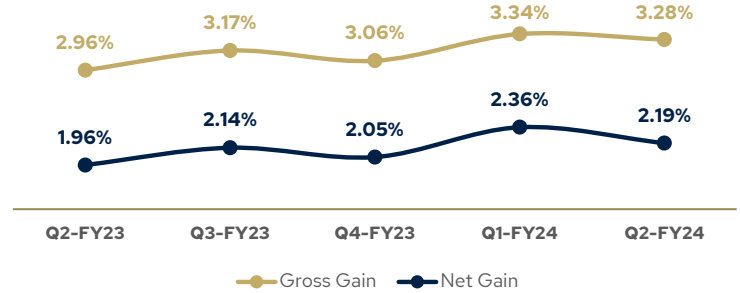
Highlights

- Mortgage banking income of \$14.0 million in Q2-24 compared to \$12.2 million in Q2-23
- Gain on sales & fees as a % of loans originated up 32 bps compared to Q2-23
- Pretax gain of \$2.0 million in Q2-24 compared to a pretax loss of \$2.2 million in Q2-23
- Noninterest expense levels reduced to align with expected volumes in the current environment

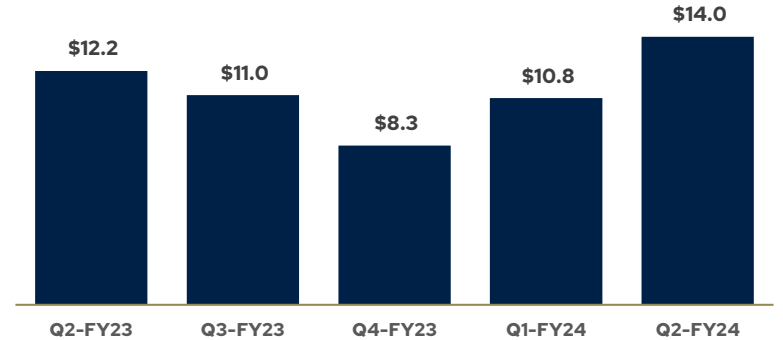
Mortgage Production [Dollars in millions]



Gain on Sales & Fees as a % of Loans Originated



Mortgage Banking Income Net [Dollars in millions]

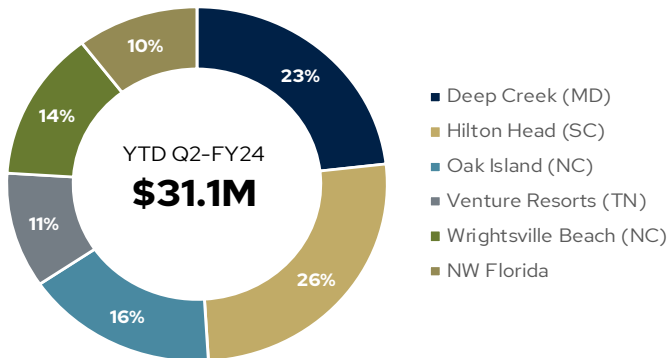


Towne Vacations

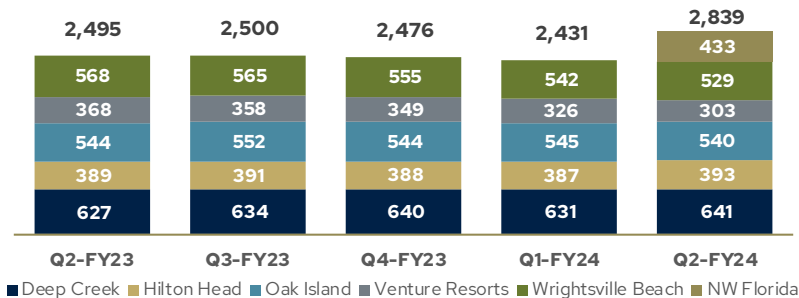
Highlights

- Property management income net of \$14.3 million in Q2-24 compared to \$12.0 million in Q2-23
- Property management locations in North Carolina, South Carolina, Maryland, Tennessee and Florida
- My Vacation Haven acquired March 1, 2024 (NW Florida)
 - Expect \$6.1 million of net revenue in FY2024
- Reservation activity has returned to pre-pandemic levels coupled by shorter booking windows

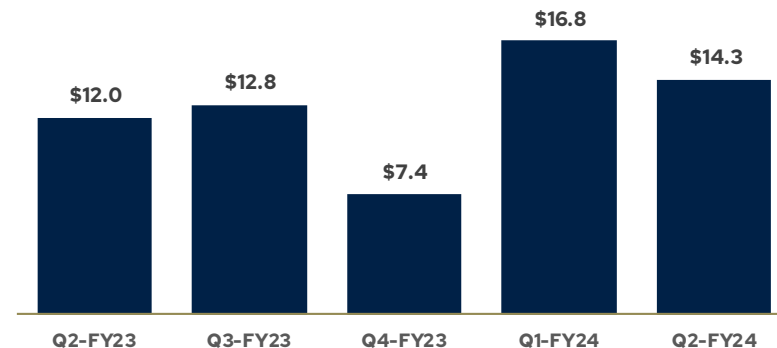
Property Management Income Net



Home Count [Quarterly Average]

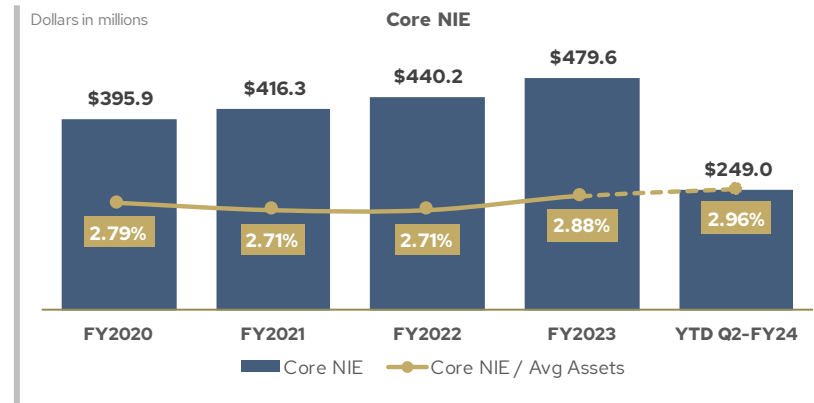
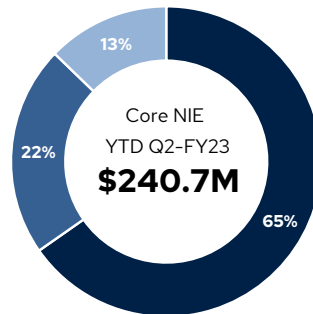
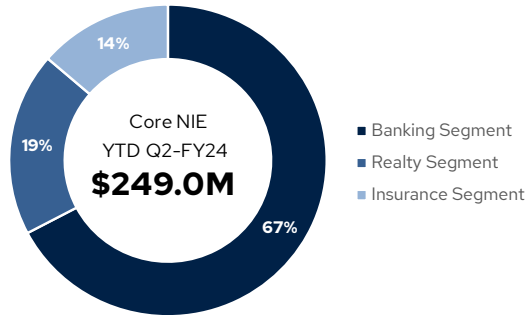


Property Management Income Net [Dollars in millions]



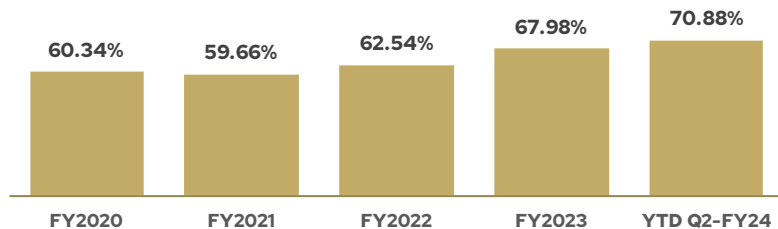
Noninterest Expense

Dollars in millions	QTD					YTD		
	Q2-FY24	Q1-FY24	Q/Q Change	Q2-FY23	Y/Y Change	Q2-FY24	Q2-FY23	Y/Y
Employee Compensation	\$ 71.35	\$ 71.38	(0.0%)	\$ 67.45	5.8%	\$ 142.73	\$ 136.87	4.3%
Occupancy, Furniture and Equipment	14.35	13.90	3.2%	13.88	3.4%	28.25	27.18	3.9%
Software and Data Processing	11.66	10.02	16.4%	10.18	14.6%	21.68	19.16	13.2%
Advertising and Marketing	3.52	4.58	(23.1%)	3.96	(11.0%)	8.11	8.36	(3.0%)
Other Expenses	23.10	25.72	(10.2%)	29.77	(22.4%)	48.81	58.06	(15.9%)
Noninterest Expense	\$ 123.98	\$ 125.59	(1.3%)	\$ 125.23	(1.0%)	\$ 249.58	\$ 249.63	(0.0%)
Acquisition Related Expenses	0.02	0.59	(96.8%)	3.00	(99.4%)	0.61	8.96	nm
Core Noninterest Expense	\$ 123.97	\$ 125.00	(0.8%)	\$ 122.23	1.4%	\$ 248.96	\$ 240.66	3.4%

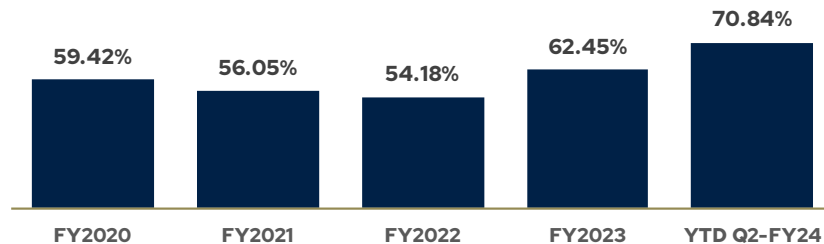


Core Efficiency Ratio¹

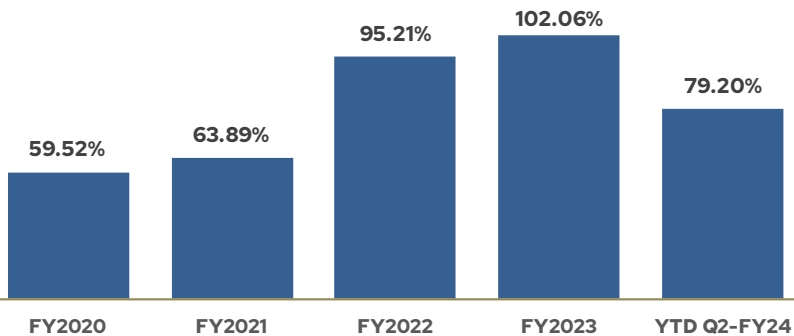
TowneBank Consolidated



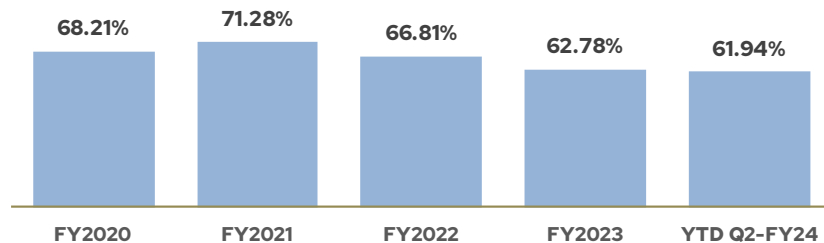
Banking Segment



Realty Segment



Insurance Segment



(1) Non-GAAP financial measure – see non-GAAP reconciliations

Balance Sheet Summary

Dollars in millions	Q2-FY24	Q1-FY24	Q/Q Change	Q2-FY23	Y/Y Change
Cash and Cash Equivalents	\$ 1,301	\$ 1,101	18.2%	\$ 1,636	(20.5%)
Securities	2,489	2,542	(2.1%)	2,608	(4.6%)
Loans Held for Sale	201	151	33.2%	230	(12.5%)
Loans	11,452	11,452	(0.0%)	11,208	2.2%
Allowance for Credit Losses	(126)	(126)	(0.2%)	(124)	1.7%
Net Loans	11,326	11,327	(0.0%)	11,085	2.2%
Premises and Equipment Net	340	343	(0.6%)	327	4.2%
Goodwill	458	458	-	457	0.2%
Intangible Assets	65	69	(4.8%)	71	(7.9%)
Bank-owned Life Insurance	277	279	(0.7%)	273	1.5%
Other Assets	611	615	(0.7%)	539	13.4%
Assets	17,069	16,884	1.1%	17,225	(0.9%)
Noninterest Bearing Deposits	4,304	4,194	2.6%	4,775	(9.9%)
Interest Bearing Deposits	9,969	9,932	0.4%	8,992	10.9%
Deposits	14,273	14,126	1.0%	13,767	3.7%
Borrowings	295	291	1.4%	1,060	(72.1%)
Other Liabilities	412	401	2.6%	408	0.8%
Liabilities	14,980	14,818	1.1%	15,235	(1.7%)
Shareholders' Equity	2,073	2,050	1.1%	1,974	5.0%
Noncontrolling Interest	17	16	1.1%	17	(0.8%)
Equity	2,089	2,066	1.1%	1,990	5.0%
Liabilities and Equities	\$ 17,069	\$ 16,884	1.1%	\$ 17,225	(0.9%)



\$17.1B

Total Assets

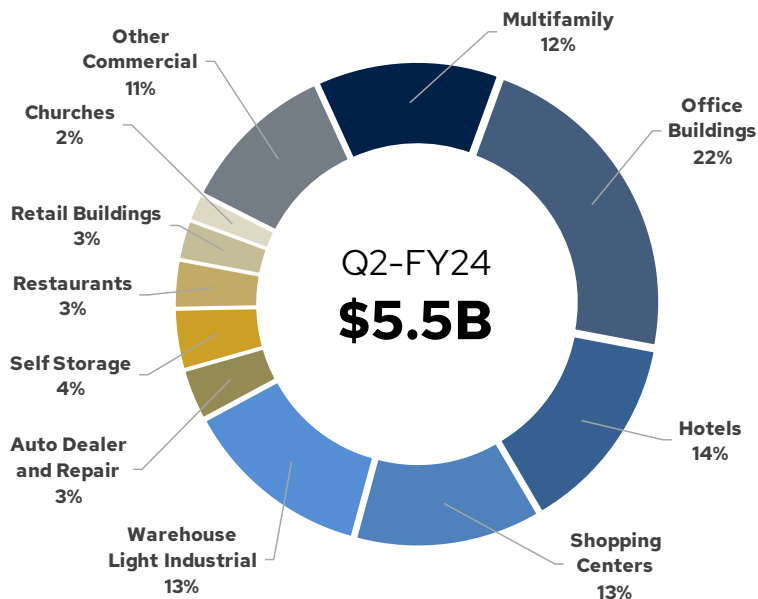
80.24%
Loans / Deposits

1.10%
ACL / Loans

0.04%
Nonperforming Assets /
Total Assets

30.15%
Noninterest Bearing
Deposits / Total Deposits

Commercial Real Estate

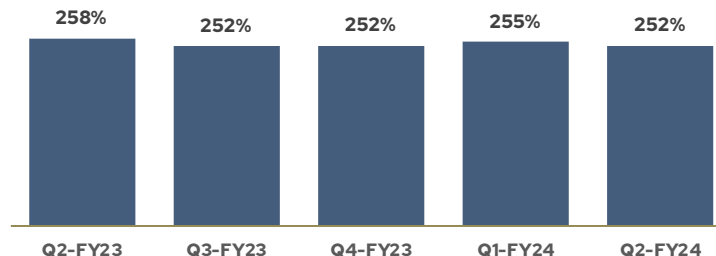


Dollars in millions	Q2-FY24	% Total	Q/Q %	Y/Y %
CRE-Owner Occupied	\$ 1,674	30%	-1.6%	-0.8%
CRE-Non Owner Occupied	3,156	57%	-0.7%	4.0%
Multifamily	683	13%	14.7%	31.1%
Commercial Real Estate	\$ 5,512	100%	0.7%	5.1%

Owner and Non-Owner Occupied

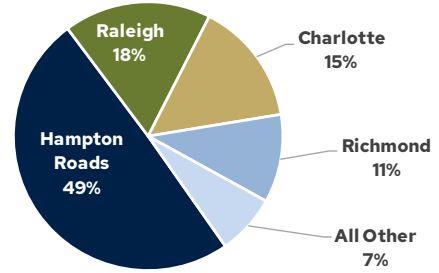
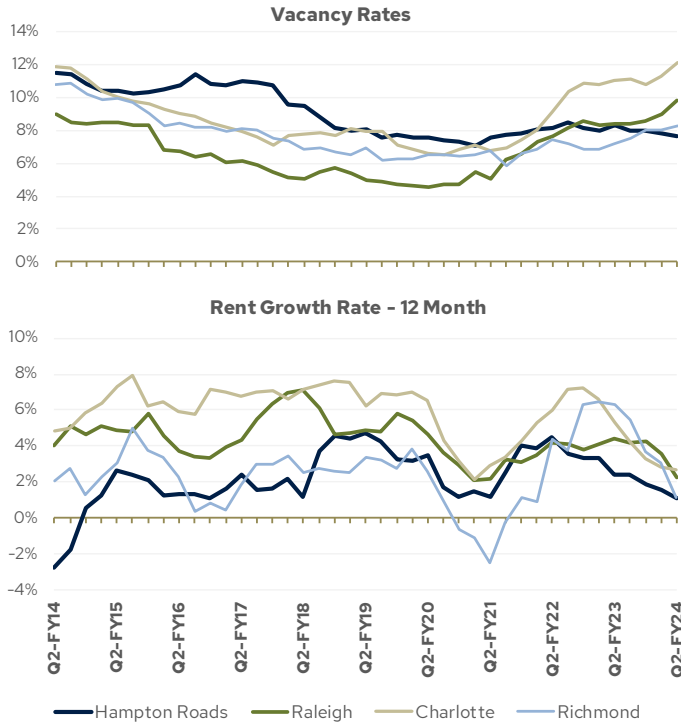
Dollars in millions	Owner	Non-owner	Total
Office Buildings	\$ 449	\$ 787	\$ 1,236
Hotels	-	749	749
Shopping Centers	-	697	697
Warehouse Light Industrial	361	352	713
Auto Dealer and Repair	160	30	191
Self Storage	-	226	226
Restaurants	128	51	179
Retail Buildings	73	75	148
Churches	99	2	101
Other Commercial	403	187	590
Total	\$ 1,674	\$ 3,156	\$ 4,830

CRE / Total Risk Based Capital



CRE – Office Buildings

Market Trends¹



Market Comments

- Hampton Roads vacancy rates remain near 10-year lows at 7.6%, asking rent growth of 1.1% as office owners focus on retaining tenants rather than increasing rents, fully recovered all jobs lost at the start of the pandemic, minimal supply-side impacts due to limited office development, greater affordability than national benchmarks or nearby regional markets and the economy is stable due to defense spending, tourism, and the Port.
- Richmond vacancy rates have stabilized in the mid-8% range and remain near long-term averages. Rents continue to grow minimally but are forecasted to remain near the market's 3-year annual average as office owners pass along their increased operating expenses. Jobs lost at the beginning of the pandemic have been fully recovered and the economy continues to improve. Asking rents and an educated workforce leave Richmond as an attractive alternative along this section of the East Coast from Charlotte to Baltimore.
- While vacancy rates have generally increased throughout most of our North Carolina footprint since 2019, they continue to benefit from full jobs recovery, strong population growth and an educated workforce, particularly in office-using sectors. Annual rent growth in the 2.0-3.0% range remains well above the 1.0% national growth rate. Raleigh and the Research Triangle are among the fastest growing metros in the US.

(1) Source: CoStar[®], data collected 7/22/2024

Office Buildings

Owner Occupied Maturities¹ [Dollars in millions]

	Notes	Balances	WAR
Mature in 2024	55	\$ 17.68	5.97%
Mature in 2025	58	38.84	4.51%
2024 & 2025 Maturities	113	\$ 56.52	4.96%

Non Owner Occupied Maturities¹ [Dollars in millions]

	Notes	Balances	WAR
Mature in 2024	31	\$ 62.65	4.85%
Mature in 2025	35	52.97	5.90%
2024 & 2025 Maturities	66	\$ 115.62	5.33%

(1) Notes and balances do not include construction loans and the acquired Farmers Bank loans were assigned a TowneBank collateral code

(2) To be considered an owner occupied property, the related business/tenant must occupy more than 50% of the space or pay more than 50% of the rent. By their nature, owner occupied buildings are dependent on the operations of the related business/tenant so DSC is not available for the collateral property.

Top 5 Owner Occupied Loans [Dollars in millions]

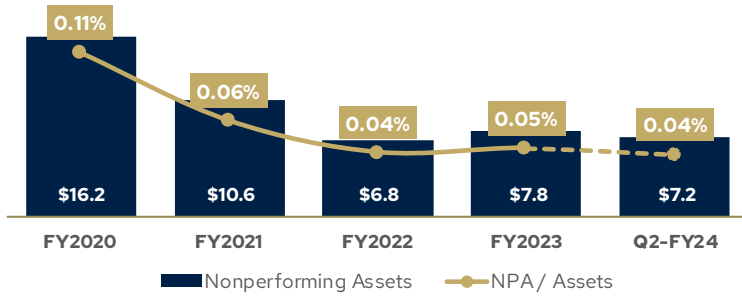
Loan	Region	Exposure	Balances	LTV	DSCR ²
1	Richmond	\$ 42.00	\$ 21.39	72%	
2	Raleigh	19.12	19.12	35%	
3	Peninsula	15.13	15.13	85%	
4	Charlotte	11.29	11.29	86%	
5	Peninsula	9.10	9.10	41%	
Total		\$ 96.64	\$ 76.03		

Top 5 Non Owner Occupied Loans [Dollars in millions]

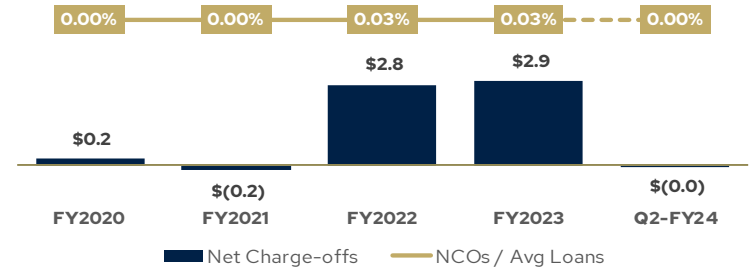
Loan	Region	Exposure	Balances	LTV	DSCR
1	Richmond	\$ 27.97	\$ 27.97	67%	1.33
2	Triad	20.00	18.88	40%	1.91
3	Virginia Beach	18.71	18.71	58%	1.93
4	Virginia Beach	16.75	16.75	50%	1.81
5	Charlotte	14.19	14.19	59%	1.56
Total		\$ 97.62	\$ 96.50		

Asset Quality

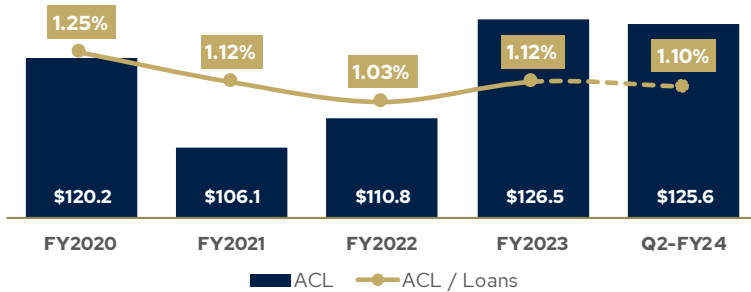
Nonperforming Assets¹ [Dollars in millions]



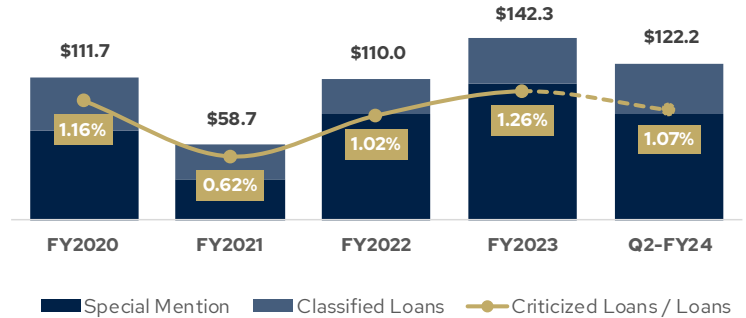
Net Charge-offs [Dollars in millions]



Allowance for Credit Losses [Dollars in millions]



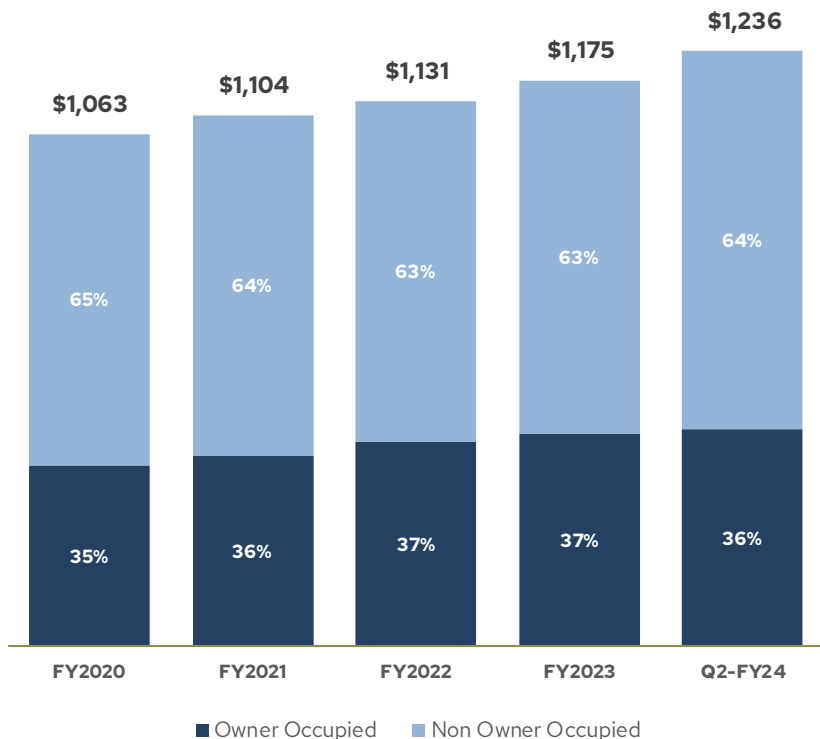
Criticized Loans [Dollars in millions]



(1) Non-performing assets (Non-accrual loans/leases, repossessed assets, and real estate owned) as a percent of assets

Asset Quality – Office Buildings

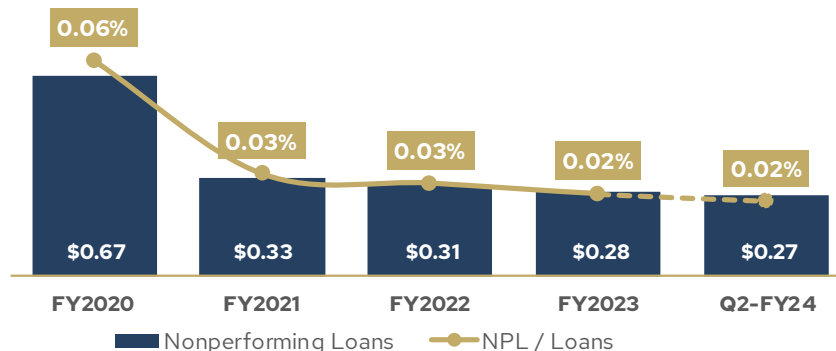
Office Buildings Portfolio [Dollars in millions]



Portfolio Statistics [Dollars in millions]

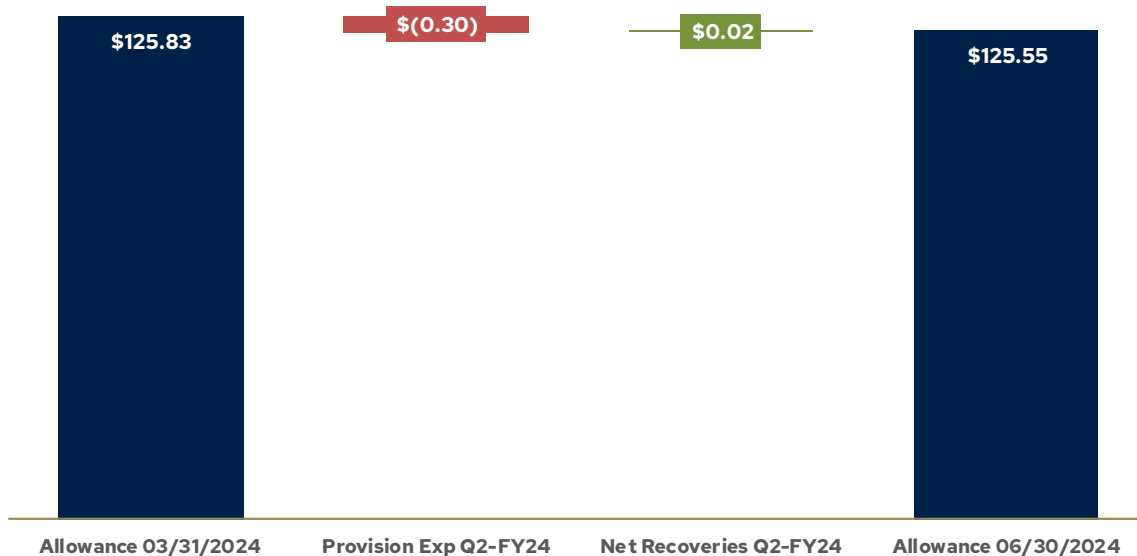
	FY2020	FY2021	FY2022	FY2023	Q2-FY24
30-89 Delinquencies	\$ 0.86	\$ 0.11	\$ 0.70	\$ -	\$ 0.19
30-89 Delinquencies %	0.08%	0.01%	0.06%	0.00%	0.02%
90+ Delinquencies	\$ -	\$ -	\$ -	\$ -	\$ -
90+ Delinquencies %	0.00%	0.00%	0.00%	0.00%	0.00%
Net Charge-offs	\$ 0.02	\$ 0.00	\$ (0.02)	\$ (0.01)	\$ (0.03)
Net Charge-offs %	0.00%	0.00%	0.00%	0.00%	0.00%

Nonperforming Loans [Dollars in millions]



Current Expected Credit Loss (CECL)

Allowance for Credit Losses [Dollars in millions]



ACL / Loans



MACROECONOMIC FORECAST

Weighted Moody's economic sectors

REASONABLE & SUPPORTABLE FORECAST PERIOD

2 Years

REVERSION PERIOD AND APPROACH

4 quarter reversion period with a blended transition approach

KEY MACROECONOMIC VARIABLES

Price Indices
GDP
Interest Rates
Disposable Income

Liquidity

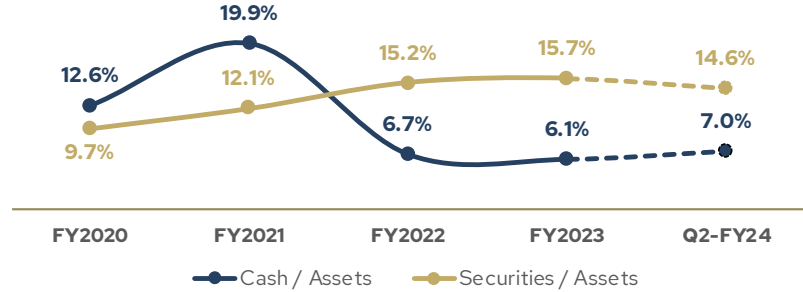
Liquidity Sources [Dollars in millions]

Q2-FY24	
Available Liquid Funds:	
Cash and cash equivalents	\$ 1,301
Unencumbered investment securities	1,576
Availability of Borrowings:	
Amount available from FHLB with loan collateral	1,725
Amount available from unsecured lines of credit with correspondent banks	150
Amount available from Federal Reserve discount window	1,718
Total Liquidity Sources	\$ 6,471

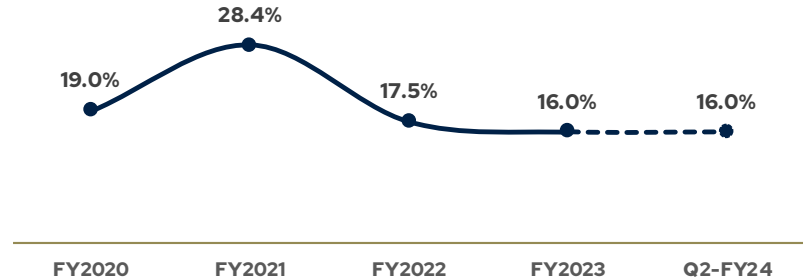
Uninsured Deposits [Dollars in millions]

Q2-FY24	
TowneBank Estimated Uninsured Deposits	\$ 6,840
Less Collateralized Deposits	675
Adjusted Uninsured Deposits	6,166
TowneBank Total Deposits	14,273
Adjusted Uninsured Deposits / Total Deposits	43%
Total Liquidity Sources / Adjusted Uninsured Deposits	105%

Cash and Securities



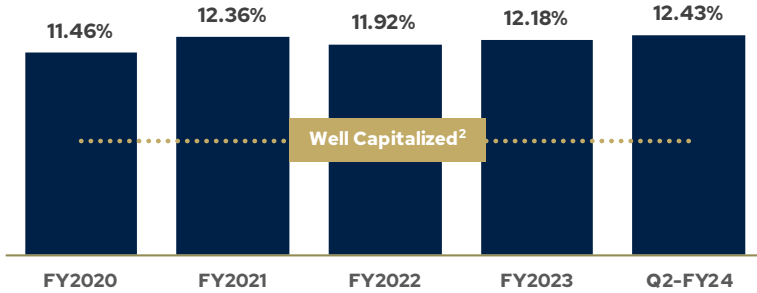
Liquidity Buffer¹



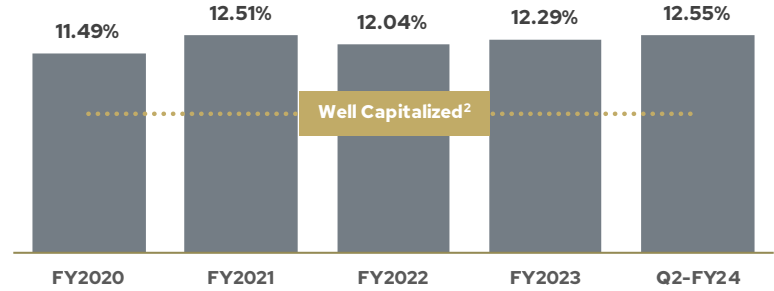
(1) Primary liquidity / total assets; primary liquidity is sum of cash & cash equivalents (excl. deferred comp and escrow at other banks) plus unencumbered investment securities

Capital

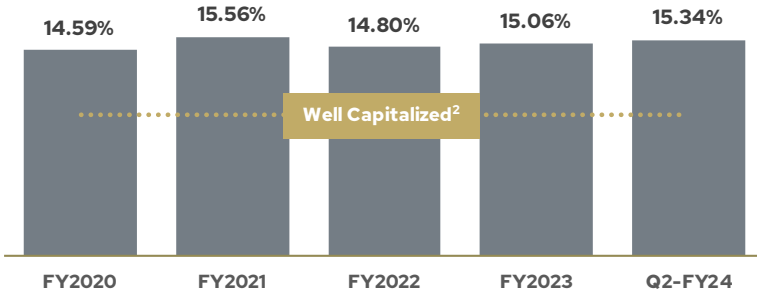
Common Equity Tier 1¹



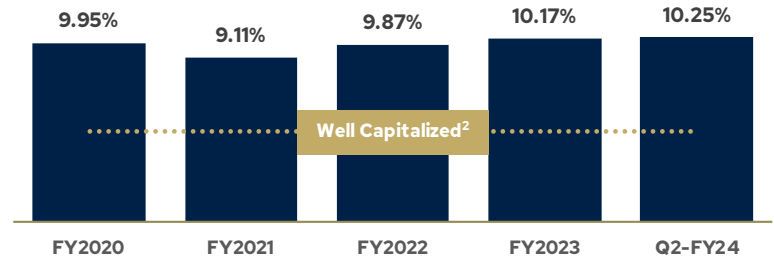
Tier 1 Risk-Based¹



Total Risk-Based¹



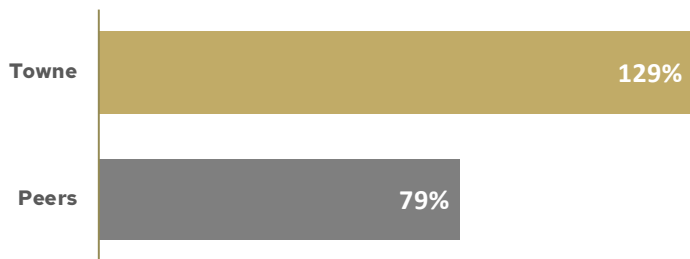
Tier 1 Leverage¹



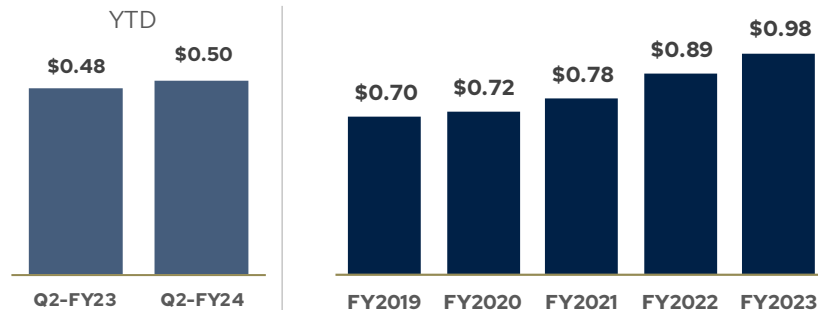
(1) Current reporting period regulatory capital ratios are preliminary
 (2) FDIC "Well Capitalized" under prompt corrective action rules

Shareholder Value

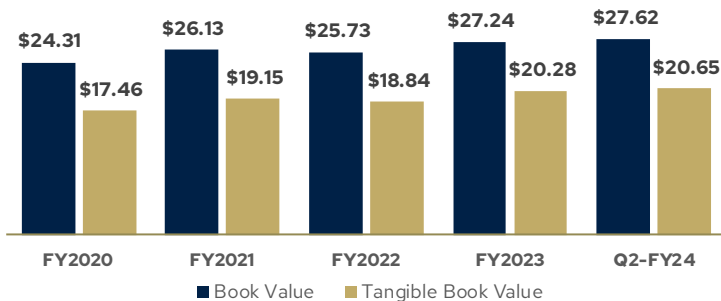
10Yr Total Shareholder Return - TowneBank vs Peers¹



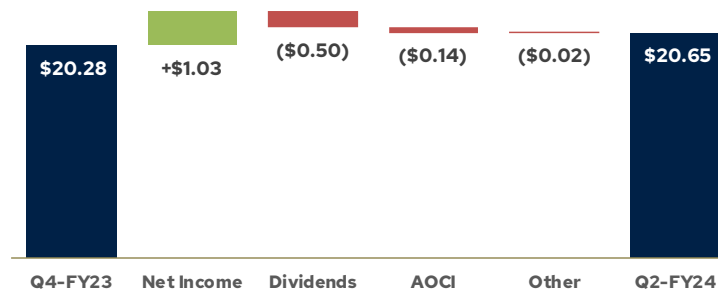
Dividends



Book Value and Tangible Book Value per Share

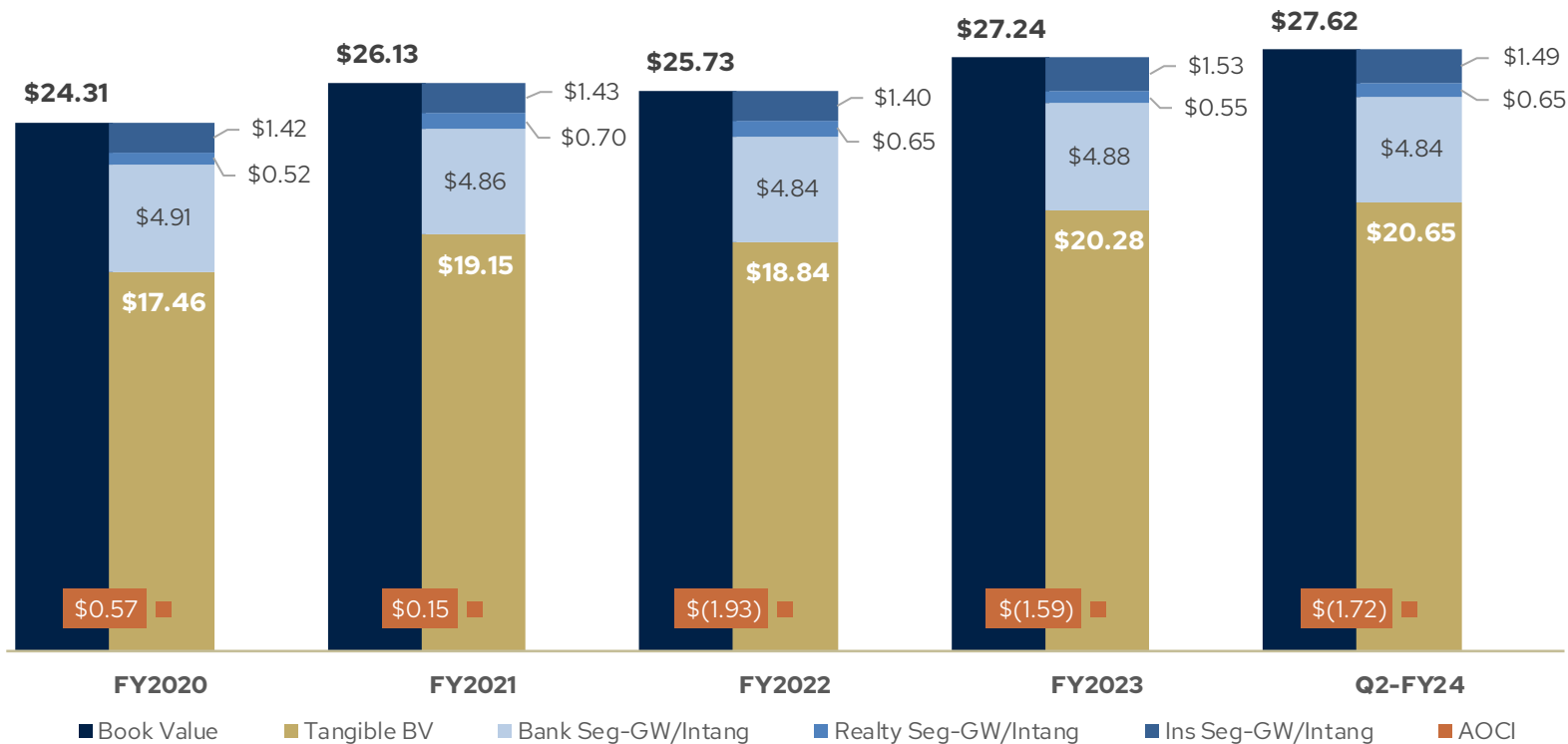


Tangible Book Value Roll Forward



(1) 10Yr Total Return as of 6/30/2024; Source: S&P Global, data collected 7/16/2024. Peer group median - peers as disclosed in the most recent TOWN proxy statement

Book Value and Tangible Book Value



Outlook Summary

Loans and Asset Quality

- Targeting annualized loan and deposit growth in the low to mid-single digits
- Relative stable reserve levels for the short-term based on loan growth, credit quality and economic forecasts

Profitability

- Net interest income expected to range between \$112-\$118 million for Q3 2024⁽¹⁾⁽²⁾
- Net interest income expected to range between \$455-\$465 million for FY2024⁽¹⁾⁽²⁾
- Noninterest income of \$245-\$250 million for FY2024
- Noninterest expense run rate projected at \$245-255 million for remainder of FY2024

Strategic

- Strong capital and liquidity levels to support continued growth
- Diversified business model with proven ability to capitalize during disruptive economic environments
- Valuable deposit franchise
- Opportunistic M&A across all lines of business

⁽¹⁾Tax equivalent

⁽²⁾Assumes one rate cut in 2024





Non-GAAP Reconciliations

Non-GAAP Reconciliations

Core Net Income and Related Metrics

Amounts in millions except per share data	QTD			Year			
	Q2-FY24	Q1-FY24	Q2-FY23	FY2023	FY2022	FY2021	FY2020
Net Income Attributable to TowneBank	\$ 42.86	\$ 34.69	\$ 41.72	\$ 153.72	\$ 188.99	\$ 215.38	\$ 145.53
<u>Adjustments</u>							
Plus: Acquisition Related Expenses	0.02	0.59	3.00	9.59	1.06	1.02	(0.07)
Plus: Initial Provision for Credit Losses	-	-	-	4.01	-	-	-
Plus: FDIC Special Assessment	(0.31)	1.29	-	5.17	-	-	-
Less: Gain (Loss) on Equity Investment ¹	-	-	6.98	7.52	-	-	-
Plus: Income Tax & Other Adjustments	(0.00)	(0.30)	0.92	(4.02)	(0.04)	(0.20)	0.00
Core Net Income	\$ 42.56	\$ 36.27	\$ 38.66	\$ 160.94	\$ 190.01	\$ 216.20	\$ 145.47
Avg Assets	\$ 16,982.48	\$ 16,864.23	\$ 16,826.97	\$ 16,656.69	\$ 16,268.01	\$ 15,384.66	\$ 14,172.21
Return on Avg Assets	1.01%	0.83%	0.99%	0.92%	1.16%	1.40%	1.03%
Core Return on Avg Assets	1.01%	0.87%	0.92%	0.97%	1.17%	1.41%	1.03%
Avg Common Shares Outstanding-Diluted	75.04	74.98	74.70	74.66	72.58	72.56	72.35
Earnings Per Share-Diluted	\$ 0.57	\$ 0.46	\$ 0.56	\$ 2.06	\$ 2.60	\$ 2.97	\$ 2.01
Core Earnings Per Share-Diluted	\$ 0.57	\$ 0.48	\$ 0.52	\$ 2.16	\$ 2.62	\$ 2.98	\$ 2.01
Avg Tangible Common Equity	\$ 1,504.03	\$ 1,501.49	\$ 1,432.51	\$ 1,433.66	\$ 1,357.33	\$ 1,338.57	\$ 1,211.93
Intangible Amort Net of Tax	2.61	2.56	2.85	11.18	8.39	8.79	9.08
Return on Avg Tangible Common Equity	12.16%	9.98%	12.48%	11.50%	14.54%	16.75%	12.76%
Core Return on Avg Tangible Common Equity	12.08%	10.40%	11.62%	12.01%	14.62%	16.81%	12.75%

(1) Gain on sale of Beneflex in Q3-23 and BHHS Towne Realty (79% ownership stake) in Q2-23

Non-GAAP Reconciliations

Core Efficiency Ratio – TowneBank Consolidated

Amounts in millions	YTD	Year			
	Q2-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 174.97	\$ 694.12	\$ 686.93	\$ 680.33	\$ 664.33
Less: Gain (Loss) on Securities Investments	-	-	-	1.25	9.63
Less: Gain (Loss) on Equity Investments	-	9.38	-	(0.03)	17.63
Total Revenue Adjusted	174.97	684.75	686.93	679.11	637.08
Noninterest Expense	\$ 123.98	\$ 489.22	\$ 441.28	\$ 417.27	\$ 395.83
Less: Intangible Amortization	3.30	14.15	10.62	11.13	11.50
Noninterest Expense Adjusted	120.69	475.07	430.66	406.15	384.33
Efficiency Ratio	68.98%	69.38%	62.69%	59.81%	60.33%
Less: Acquisition Related Expenses	0.02	9.59	1.06	1.02	(0.07)
Core Efficiency Ratio	68.96%	67.98%	62.54%	59.66%	60.34%

Core Efficiency Ratio – Banking Segment

Amounts in millions	YTD	Year			
	Q2-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 121.24	\$ 499.53	\$ 495.49	\$ 430.21	\$ 411.99
Less: Gain (Loss) on Securities Investments	-	-	-	1.25	9.63
Less: Gain (Loss) on Equity Investments	-	-	-	(0.03)	-
Total Revenue Adjusted	121.24	499.53	495.49	428.99	402.35
Noninterest Expense	\$ 83.13	\$ 326.17	\$ 272.39	\$ 244.01	\$ 243.45
Less: Intangible Amortization	1.12	5.15	3.01	3.55	4.35
Noninterest Expense Adjusted	82.01	321.02	269.39	240.46	239.10
Efficiency Ratio	67.64%	64.26%	54.37%	56.05%	59.42%
Less: Acquisition Related Expenses	0.00	9.08	0.96	-	-
Core Efficiency Ratio	67.64%	62.45%	54.18%	56.05%	59.42%

Core Efficiency Ratio – Realty Segment

Amounts in millions	YTD	Year			
	Q2-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 58.08	\$ 103.67	\$ 117.11	\$ 184.46	\$ 170.46
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	-	8.83	-	-	-
Total Revenue Adjusted	58.08	94.84	117.11	184.46	170.46
Noninterest Expense	\$ 47.92	\$ 100.12	\$ 114.65	\$ 121.66	\$ 104.12
Less: Intangible Amortization	1.46	2.90	3.10	2.81	2.63
Noninterest Expense Adjusted	46.46	97.22	111.54	118.85	101.49
Efficiency Ratio	80.00%	102.51%	95.25%	64.43%	59.54%
Less: Acquisition Related Expenses	0.47	0.43	0.05	0.99	0.03
Core Efficiency Ratio	79.20%	102.06%	95.21%	63.89%	59.52%

Core Efficiency Ratio – Insurance Segment

Amounts in millions	YTD	Year			
	Q2-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 24.81	\$ 90.92	\$ 74.34	\$ 65.66	\$ 81.89
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	-	0.54	-	-	17.63
Total Revenue Adjusted	24.81	90.38	74.34	65.66	64.26
Noninterest Expense	\$ 16.94	\$ 62.93	\$ 54.24	\$ 51.60	\$ 48.25
Less: Intangible Amortization	1.40	6.10	4.51	4.77	4.51
Noninterest Expense Adjusted	15.54	56.83	49.73	46.83	43.74
Efficiency Ratio	62.63%	62.88%	66.89%	71.32%	68.06%
Less: Acquisition Related Expenses	-	0.09	0.06	0.03	(0.10)
Core Efficiency Ratio	62.63%	62.78%	66.81%	71.28%	68.21%

Non-GAAP Reconciliations

Tax Equivalent (TE) Adjustments

Amounts in millions	Q2-FY24	Q1-FY24	Q4-FY23	Q3-FY23	Q2-FY23
Loans TE Adjustment	\$ 0.82	\$ 0.84	\$ 0.84	\$ 0.85	\$ 0.84
Securities TE Adjustment	0.26	0.27	0.35	0.35	0.35
Tax-Equivalent Adjustment	1.09	1.11	1.18	1.20	1.18
<u>Yield & Margin Impacts:</u>					
Loan Yield	5.42%	5.34%	5.19%	5.10%	4.97%
Loan Yield (TE)	5.45%	5.37%	5.22%	5.13%	5.00%
Securities Investment Yield	3.63%	3.07%	3.20%	3.15%	2.83%
Securities Investment Yield (TE)	3.67%	3.12%	3.25%	3.20%	2.89%
Earning Asset Yield	5.11%	4.92%	4.84%	4.77%	4.58%
Earning Asset Yield (TE)	5.14%	4.95%	4.87%	4.80%	4.61%
Net Interest Margin (GAAP)	2.86%	2.72%	2.83%	2.95%	2.98%
Net Interest Margin (TE)	2.89%	2.75%	2.86%	2.98%	3.01%

Tangible Book Value per Share

Amounts in millions except per share data	Q2-FY24	Q1-FY24	Q4-FY23	Q3-FY23	Q2-FY23
Shareholders' Equity (Common)	\$ 2,072.79	\$ 2,049.53	\$ 2,039.97	\$ 1,967.99	\$ 1,973.84
Goodwill and Intangible Assets	523.08	526.38	520.97	524.18	527.80
Tangible Common Equity	\$ 1,549.71	\$ 1,523.15	\$ 1,519.00	\$ 1,443.81	\$ 1,446.04
Common Shares Outstanding	75.04	74.99	74.89	74.89	74.88
Tangible Book Value per Share	\$ 20.65	\$ 20.31	\$ 20.28	\$ 19.28	\$ 19.31



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