



Earnings Presentation

3rd Quarter 2024



Cautionary Statements

Forward Looking:

This press release 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 among others, 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; geopolitical instability, including wars, conflicts, civil unrest, and terrorist attacks and the potential impact, directly or indirectly, on our business; the effects of weather-related or natural disasters, which may negatively affect our operations and/or our loan portfolio and increase our cost of conducting business; public health events (such as the COVID-19 pandemic) and governmental and societal responses to them; changes in the legislative or regulatory environment, including changes in accounting standards and tax laws, that may adversely affect our business; our ability to close the transaction with Village Bank when expected or at all because required approvals and other conditions to closing are not received or satisfied on the proposed terms or on the anticipated schedule; our integration of Village Bank's business to the extent that it may take longer or be more difficult, time-consuming or costly to accomplish than expected; deposit attrition, operating costs, customer losses and business disruption following the Village Bank transaction, including adverse effects on relationships with employees and customers; costs or difficulties related to the integration of the businesses we have acquired may be greater than expected; expected growth opportunities or 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 press release 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

\$17.2B

Total Loans

\$11.4B

Total Deposits

\$14.4B

Core ROAA

1.01%

Core ROTCE

11.65%

NIM (FTE)

2.93%

NIB Deposits /
Total Deposits

30%

10 Year Total Shareholder
Return³

222%

(1) Source: FDIC Summary of Deposits for the VA Beach-Norfolk-Newport News, VA MSA, data as of June 30, 2024

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

(3) Total Return as of 9/30/2024; Source: S&P Global, data collected 10/11/2024.

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



3rd Quarter 2024 Financial Results

Performance Highlights

| | Q3-FY24 | Q2-FY24 | Q/Q Change | Q3-FY23 | Y/Y Change |
|---|------------------|------------------|------------|------------------|------------|
| Total Revenue | \$174.52 million | \$174.97 million | -0.3% | \$172.86 million | 1.0% |
| Provision for Credit Losses | -\$1.10 million | -\$0.18 million | 520.8% | \$1.01 million | -209.3% |
| Net Income Attributable to TowneBank | \$42.95 million | \$42.86 million | 0.2% | \$44.86 million | -4.3% |
| Earnings Per Share-Diluted | \$0.57 | \$0.57 | 0.0% | \$0.60 | -5.0% |
| Return on Avg Assets | 1.00% | 1.01% | -1 bps | 1.06% | -6 bps |
| Return on Avg Tangible Common Equity ¹ | 11.54% | 12.16% | -62 bps | 13.11% | -157 bps |
| Net Interest Margin (TE) ¹ | 2.93% | 2.89% | +4 bps | 2.98% | -5 bps |
| Assets | \$17.19 billion | \$17.07 billion | 0.7% | \$16.68 billion | 3.0% |
| Loans | \$11.41 billion | \$11.45 billion | -0.3% | \$11.17 billion | 2.1% |
| Deposits | \$14.36 billion | \$14.27 billion | 0.6% | \$13.88 billion | 3.5% |
| Loans / Deposits | 79.46% | 80.24% | -78 bps | 80.49% | -103 bps |
| Noninterest Bearing Deposits / Deposits | 29.71% | 30.15% | -44 bps | 32.02% | -231 bps |
| Nonperforming Assets / Assets | 0.04% | 0.04% | 0 bps | 0.05% | -1 bps |
| Book Value per Share | \$28.59 | \$27.62 | 3.5% | \$26.28 | 8.8% |
| Tangible Book Value per Share ¹ | \$21.65 | \$20.65 | 4.8% | \$19.28 | 12.3% |
| Tangible Common Equity to Tangible Assets | 9.75% | 9.37% | +38 bps | 8.94% | +81 bps |
| Total Risk Based Capital Ratio ² | 15.53% | 15.34% | +19 bps | 15.09% | +44 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 | | |
|--|-----------------|-----------------|---------------|-----------------|----------------|------------------|------------------|---------------|
| | Q3-FY24 | Q2-FY24 | Q/Q Change | Q3-FY23 | Y/Y Change | Q3-FY24 | Q3-FY23 | Y/Y Change |
| Interest Income | \$ 196.62 | \$ 194.93 | 0.9% | \$ 182.86 | 7.5% | \$ 578.48 | \$ 521.12 | 11.0% |
| Interest Expense | 84.34 | 85.89 | (1.8%) | 69.80 | 20.8% | 253.93 | 171.07 | 48.4% |
| Net Interest Income | 112.28 | 109.05 | 3.0% | 113.06 | (0.7%) | 324.55 | 350.05 | (7.3%) |
| Provision for Credit Losses | (1.10) | (0.18) | 520.8% | 1.01 | (209.3%) | (2.15) | 16.23 | (113.3%) |
| Net Interest Income after Provision for Credit Losses | 113.38 | 109.23 | 3.8% | 112.05 | 1.2% | 326.70 | 333.81 | (2.1%) |
| Noninterest Income | 62.24 | 65.92 | (5.6%) | 59.81 | 4.1% | 192.04 | 188.53 | 1.9% |
| Noninterest Expense | 126.90 | 123.98 | 2.4% | 117.70 | 7.8% | 376.48 | 367.33 | 2.5% |
| Minority Interest in Unconsolidated Subs | 0.18 | 0.18 | (3.3%) | (0.12) | (250.9%) | 0.80 | 1.68 | (52.3%) |
| Income Before Taxes | 48.54 | 50.98 | (4.8%) | 54.27 | (10.6%) | 141.47 | 153.34 | (7.7%) |
| Provision for Income Tax Expense | 5.59 | 8.12 | (31.2%) | 9.41 | (40.6%) | 20.98 | 28.42 | (26.2%) |
| Net Income Attributable to TowneBank | \$ 42.95 | \$ 42.86 | 0.2% | \$ 44.86 | (4.3%) | \$ 120.49 | \$ 124.91 | (3.5%) |
| Earnings Per Share-Diluted | \$ 0.57 | \$ 0.57 | - | \$ 0.60 | (5.0%) | \$ 1.61 | \$ 1.67 | (4.1%) |

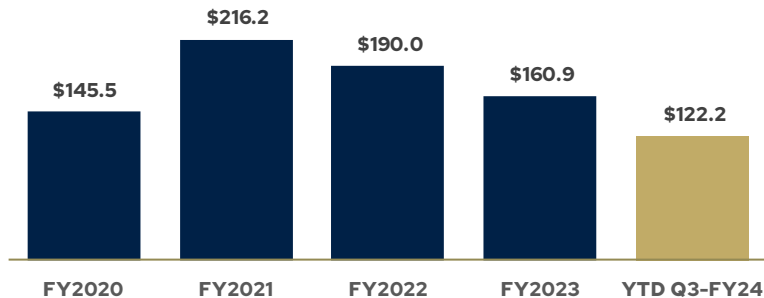
Core Net Income¹

| | | | | | | | | |
|----------------------------------|---------|-----------|----------|---------|---------|---------|---------|---------|
| One-time Adjustments After Taxes | \$ 0.44 | \$ (0.29) | (251.7%) | \$ 0.02 | 2067.4% | \$ 1.74 | \$ 4.93 | (64.8%) |
| Core Net Income | 43.39 | 42.56 | 1.9% | 44.88 | (3.3%) | 122.23 | 129.85 | (5.9%) |
| Core Earnings Per Share-Diluted | \$ 0.58 | \$ 0.57 | 1.8% | \$ 0.60 | (3.3%) | \$ 1.63 | \$ 1.74 | (6.4%) |

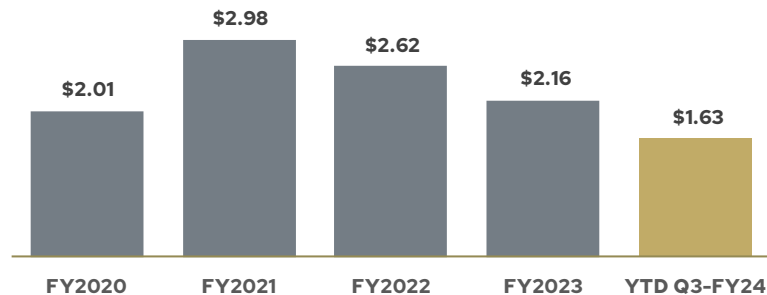
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Financial Performance Trends

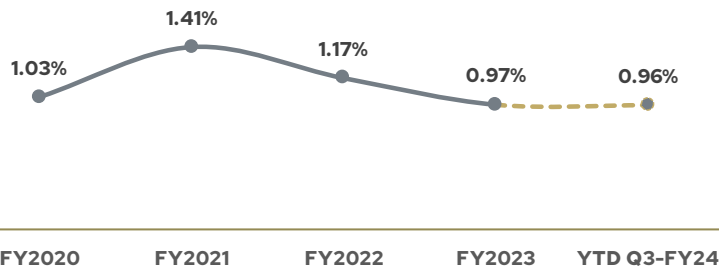
Core Net Income¹ [Dollars in millions]



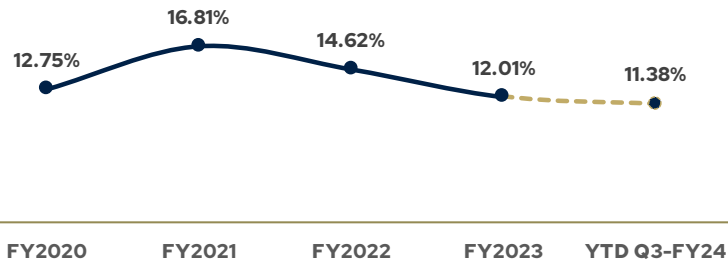
Core EPS¹



Core ROAA¹



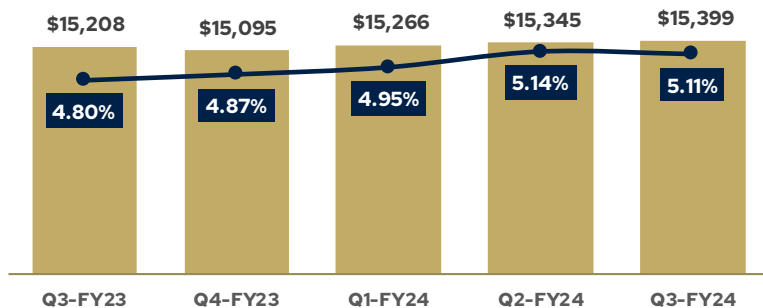
Core ROATCE¹



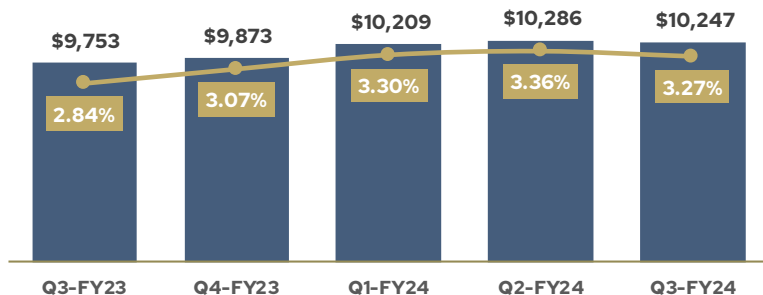
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Net Interest Income

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

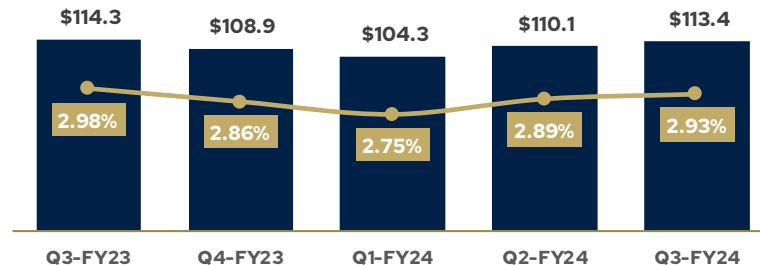


Avg. Interest Bearing Liabilities & Cost [Dollars in millions]

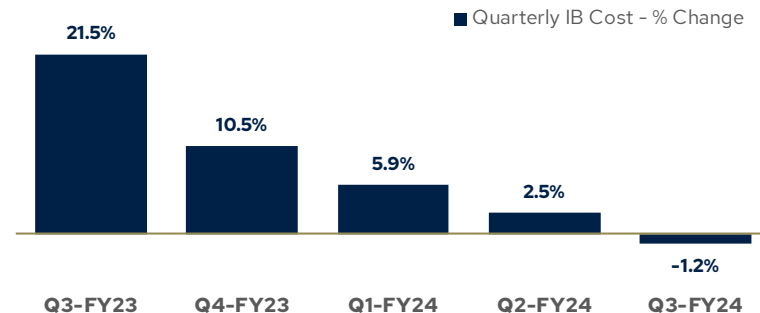


(1) Non-GAAP financial measures - see non-GAAP reconciliations

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



Interest Bearing Deposit Costs

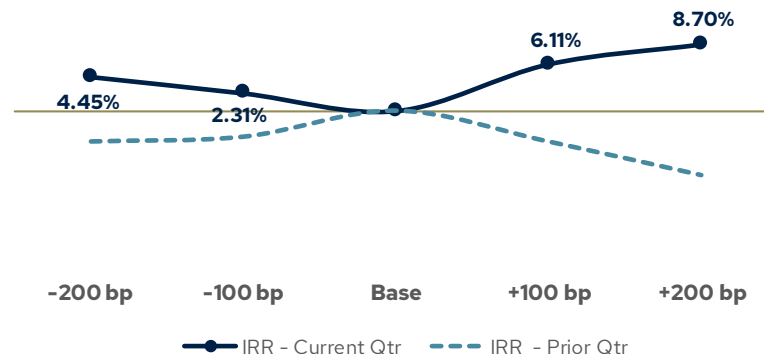


NIM & Net Interest Income Sensitivity

Net Interest Income & NIM (TE)¹

| Dollars in millions | Amount | NIM (%) |
|------------------------------|-----------------|--------------|
| Q2-FY24 | \$ 110.1 | 2.89% |
| Loans HFI | 1.6 | 0.02% |
| Recurring Accretion | (0.4) | -0.01% |
| Loans HFS | 0.3 | -0.01% |
| Investments & Cash | 0.2 | -0.02% |
| Earning Assets Mix | | -0.01% |
| Deposits | (0.1) | 0.03% |
| Borrowings | 1.7 | 0.01% |
| Sub Debt | (0.0) | 0.00% |
| Interest Bearing Funding Mix | | 0.02% |
| Other | (0.0) | 0.01% |
| Q3-FY24 | \$ 113.4 | 2.93% |

Net Interest Income Sensitivity²



Comments

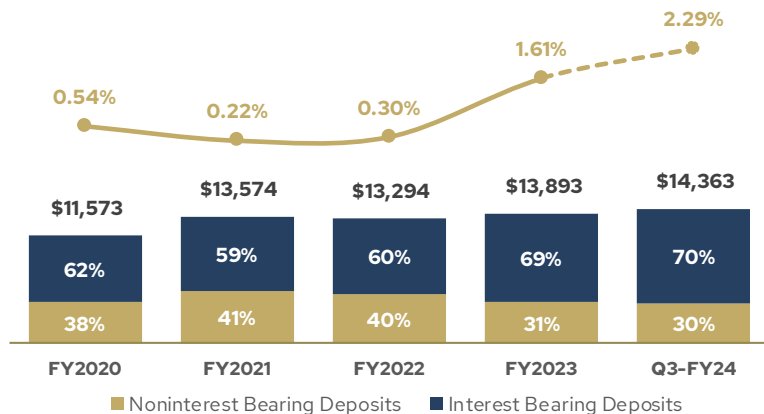
- Aggressively moved to lower interest-bearing deposit costs with Fed's 50bps decrease
- 83% of CDs reprice within 12 months
- NIM improvement for two quarters in a row and expectation for further NIM expansion in Q4-2024

(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.

Deposits

Deposit Balances and Cost [Dollars in millions]



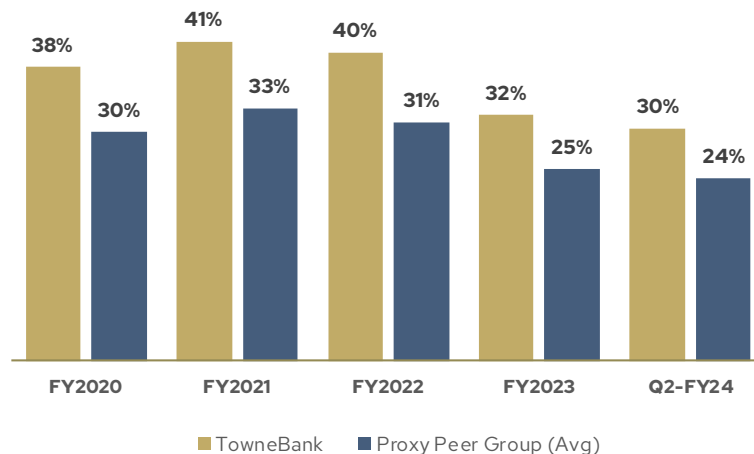
| Deposits | Q3-FY24 | % Total | Cost | Q/Q % | Y/Y % |
|----------------------------------|------------------|-------------|--------------|-------------|-------------|
| (Dollars in millions) | | | | | |
| Interest Bearing Demand | 1,645 | 11% | 0.41% | -0.7% | -1.0% |
| Money Market | 5,345 | 37% | 3.51% | 1.2% | 4.8% |
| Savings | 320 | 2% | 1.06% | 2.3% | -8.6% |
| Time Deposits | 2,785 | 19% | 4.73% | 2.6% | 20.0% |
| Interest Bearing Deposits | 10,096 | 70% | 3.28% | 1.3% | 7.0% |
| Noninterest Bearing Deposits | 4,268 | 30% | na | -0.8% | -4.0% |
| Total Deposits | \$ 14,363 | 100% | 2.29% | 0.6% | 3.5% |

(1) Source: S&P Global, data as of 08/15/2024. Peers as disclosed in the most recent TOWN proxy statement

Portfolio Highlights

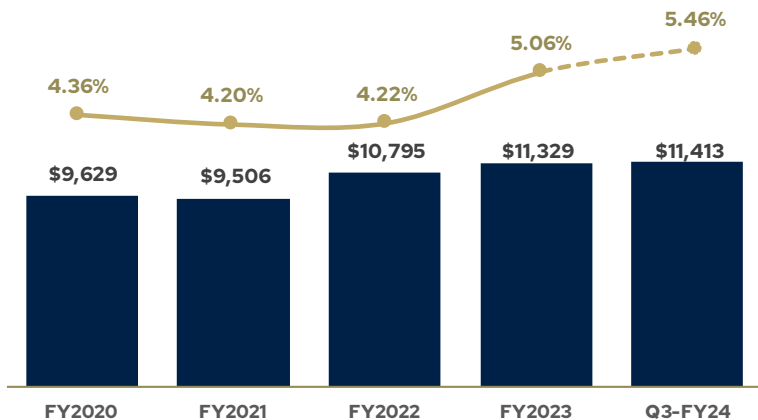
- Reached inflection with deposit costs – quarterly decrease in deposit costs
- NIB deposits in legacy Hampton Roads region equal to 36% of total regional deposits

NIB Deposits % of Total Deposits TowneBank vs Peers¹



Loans

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



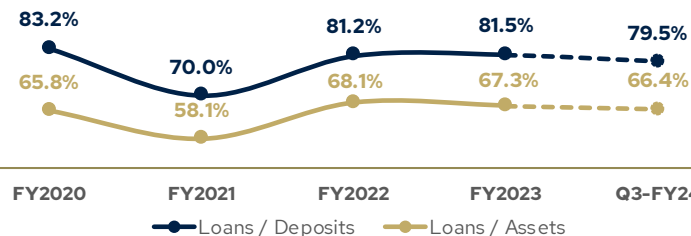
| Loans | Q3-FY24 | % Total | Q/Q % | Y/Y % |
|------------------------------|------------------|-------------|--------------|-------------|
| (Dollars in millions) | | | | |
| Construction and Development | \$ 1,119 | 10% | -6.1% | -15.6% |
| Commercial Real Estate | 5,586 | 49% | 1.3% | 6.3% |
| Residential 1-4 Family | 2,300 | 20% | 0.2% | 5.0% |
| Commercial and Industrial | 1,257 | 11% | -3.2% | 1.4% |
| Government | 522 | 5% | 0.7% | -0.3% |
| Indirect | 547 | 5% | -2.0% | -0.3% |
| Consumer & Other | 83 | 0% | 4.5% | -6.7% |
| Total Loans | \$ 11,413 | 100% | -0.3% | 2.1% |

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

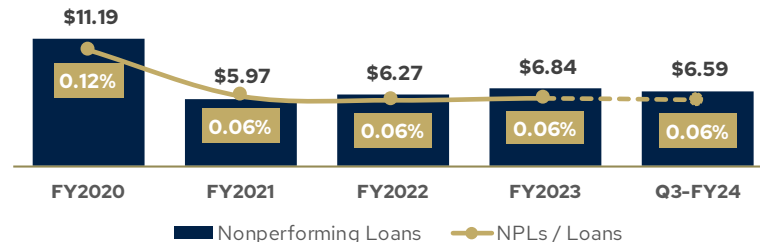
Portfolio Highlights

- Variable portfolio of \$3.3 billion at the end of Q3-24 with 40% of portfolio tied to prime rate
- Fixed rate scheduled maturities and amortization of \$1.1 billion over the next twelve months

Loans % of Deposits and Assets

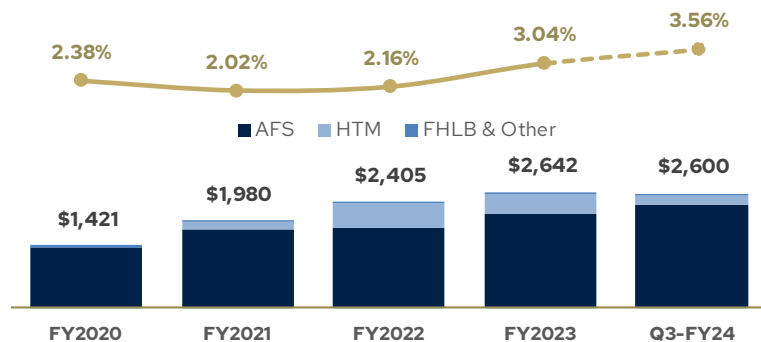


Nonperforming Loans



Investments

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



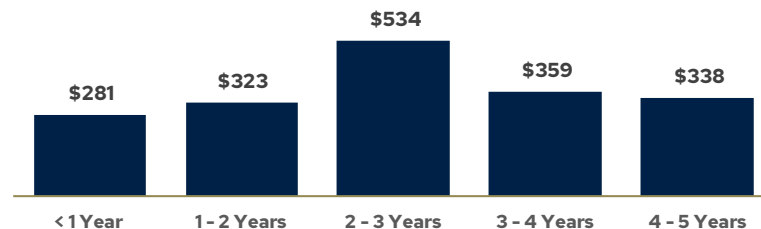
| AFS and HTM Securities ² | AFS | HTM | Total |
|-------------------------------------|-----------------|---------------|-----------------|
| (Dollars in millions) | | | |
| US Treasuries | \$ 29 | \$ 97 | \$ 126 |
| US Agencies | 315 | 102 | 418 |
| Municipals | 479 | 5 | 485 |
| Trust Preferred & Oth Corp | 102 | 2 | 104 |
| MBS Issued by GSE/GNMA | 1,550 | 6 | 1,555 |
| Securities - Amortized Cost | 2,475 | 212 | 2,687 |
| Valuation Adjustment | (111) | - | (111) |
| Credit Loss Reserve | (1) | (0) | (1) |
| Total | \$ 2,363 | \$ 212 | \$ 2,576 |

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

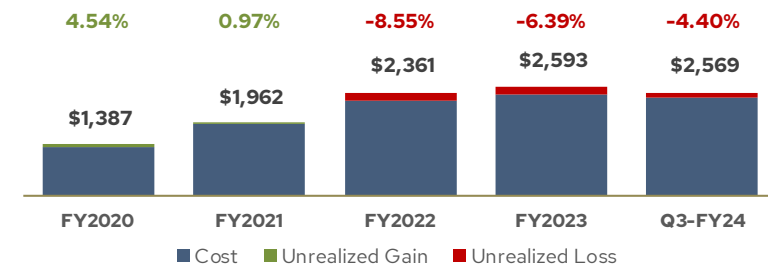
Portfolio Highlights

- \$604 million of expected cash flow from securities portfolio in the next two years
- Portfolio duration of 3.16 years at the end of Q3-24
- Portfolio: 92%/8% - AFS/HTM and 76%/24% - Fixed/Floating

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

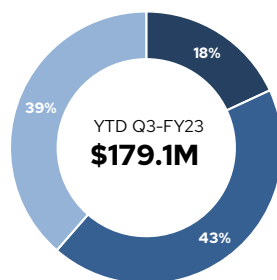
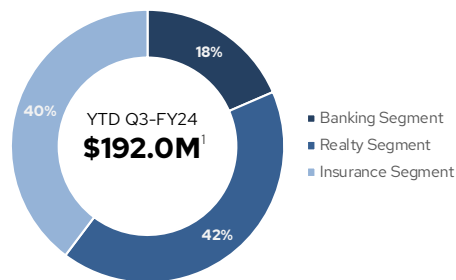


Securities FV and Unrealized Gain (Loss)



Noninterest Income

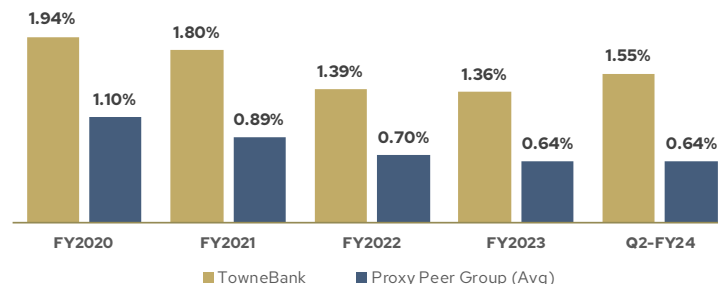
| Dollars in millions | QTD | | | | | YTD | | |
|--|-----------------|-----------------|---------------|-----------------|-------------|------------------|------------------|-------------|
| | Q3-FY24 | Q2-FY24 | Q/Q Change | Q3-FY23 | Y/Y Change | Q3-FY24 | Q3-FY23 | Y/Y Change |
| Residential Mortgage Banking Income Net | \$ 11.79 | \$ 13.42 | (12.2%) | \$ 10.65 | 10.7% | \$ 35.68 | \$ 31.38 | 13.7% |
| Insurance Commissions and Other Title Fees and Income, Net | 25.73 | 24.03 | 7.1% | 23.78 | 8.2% | 75.30 | 69.10 | 9.0% |
| Property Mgmt Income, Net | 11.22 | 14.31 | (21.6%) | 12.80 | (12.3%) | 42.31 | 40.43 | 4.6% |
| Real Estate Brokerage Income Net | - | - | - | (0.06) | (100.0%) | - | 3.56 | (100.0%) |
| Service Charges on Deposit Accounts | 3.12 | 3.35 | (7.0%) | 2.82 | 10.4% | 9.55 | 8.58 | 11.3% |
| Credit Card Merchant Fees, Net | 1.83 | 1.66 | 10.1% | 2.01 | (8.8%) | 5.04 | 5.23 | (3.6%) |
| Investment Commission Income Net | 2.84 | 2.58 | 9.9% | 2.36 | 20.0% | 7.76 | 6.58 | 17.9% |
| Bank-owned Life Insurance | 1.89 | 3.24 | (41.8%) | 1.81 | 4.0% | 6.97 | 5.20 | 34.1% |
| Other Income | 3.81 | 3.32 | 14.7% | 3.09 | 23.6% | 9.35 | 9.08 | 2.9% |
| Gain (Loss) on Equity Investment | 0.02 | - | - | 0.55 | (96.3%) | 0.02 | 9.39 | (99.8%) |
| Gain (Loss) on Investment Securities | - | - | - | - | - | 0.07 | - | - |
| Noninterest Income | \$ 62.24 | \$ 65.92 | (5.6%) | \$ 59.81 | 4.1% | \$ 192.04 | \$ 188.53 | 1.9% |



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

(2) Source: S&P Global, data as of 08/15/2024. Peers as disclosed in the most recent TOWN proxy statement

Noninterest Income % Avg Assets
TowneBank vs Peers²

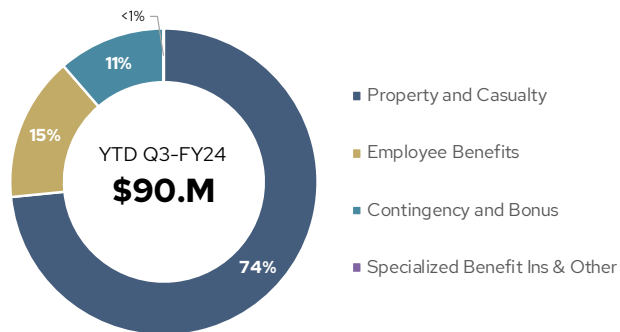


Towne Insurance

Highlights

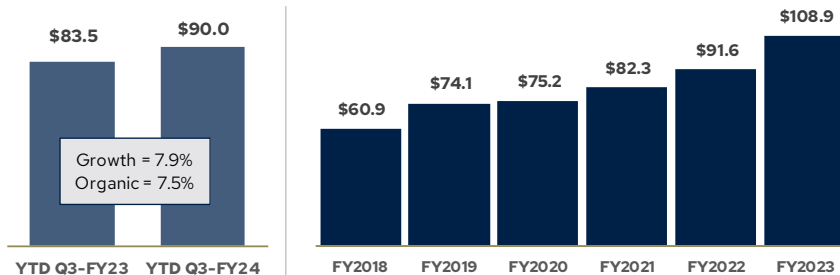
- Largest bank-owned insurance company in the country¹
- Insurance revenue of \$30.4 million in Q3-24 compared to \$29.4 million in Q3-23
- FY2023 surpassed \$100 million in total revenue with a continued focus on organic growth and expansion in growth markets
- CAGR of 12.3% from 2018 to 2023
- 27 Acquisitions since 2001

Insurance Revenue Composition

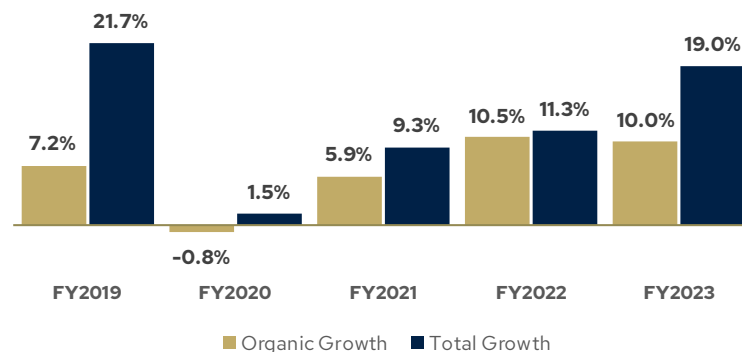


(1) Bank-owned insurance commissions and fees for commercial and savings banks; Source: S&P Global, data retrieved 10/15/2024
 (2) Income does not include travel insurance income or gains from the sales of Red Sky Travel Insurance (FY2020) and Beneflex (FY2023)

Revenues² [Dollars in millions]



Revenue Growth Trend

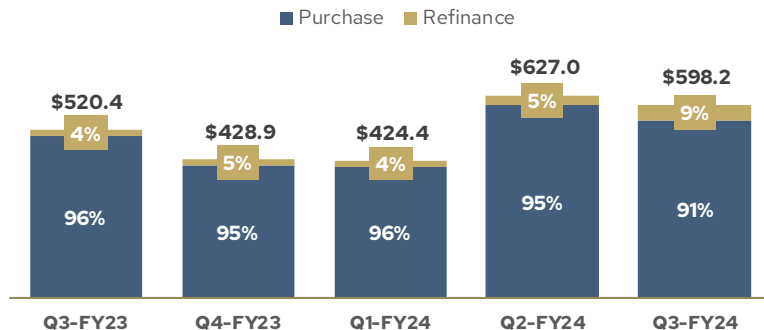


TowneBank Mortgage

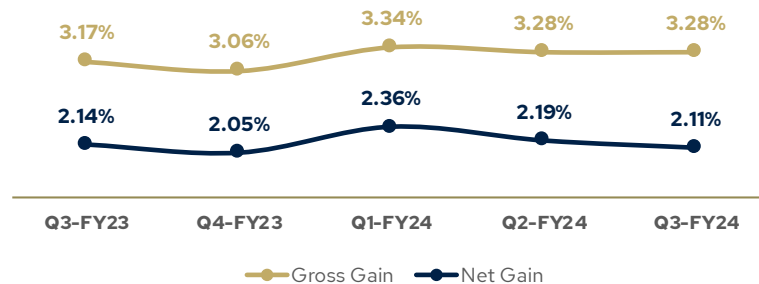
Highlights

- Mortgage banking income of \$12.2 million in Q3-24 compared to \$11.0 million in Q3-23
- Gain on sales & fees as a % of loans originated up 11 bps compared to Q3-23
- Noninterest expense levels reduced to align with expected volumes in the current environment

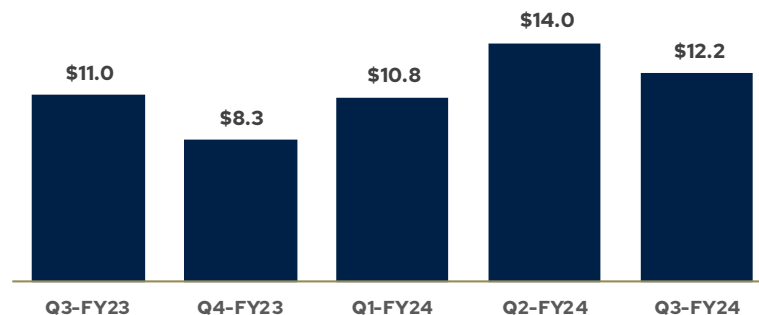
Mortgage Production [Dollars in millions]



Gain on Sales & Fees as a % of Loans Originated



Mortgage Banking Income Net [Dollars in millions]

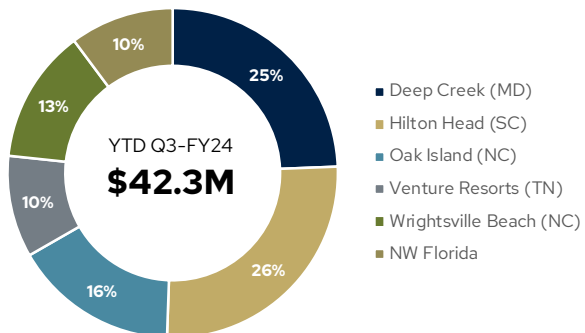


Towne Vacations

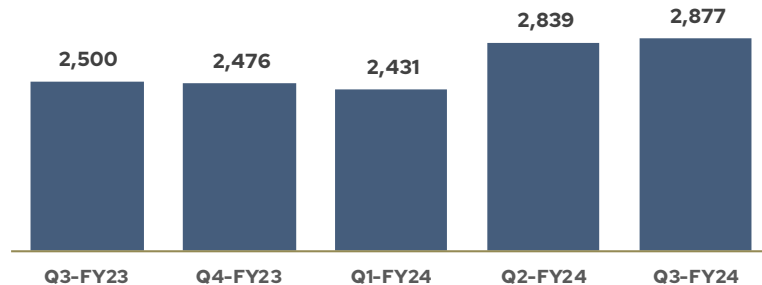
Highlights

- Property management income net of \$11.2 million in Q3-24 compared to \$12.8 million in Q3-23
- Property management locations in North Carolina, South Carolina, Maryland, Tennessee and Florida
- My Vacation Haven acquired March 1, 2024 (NW Florida)
 - Expect \$4.8 million of net revenue in FY2024
- Reservation activity has returned to pre-pandemic levels coupled by shorter booking windows

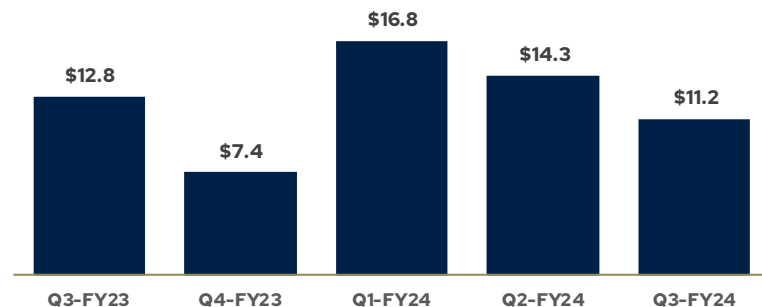
Property Management Income Net



Home Count [Quarterly Average]



Property Management Income Net [Dollars in millions]

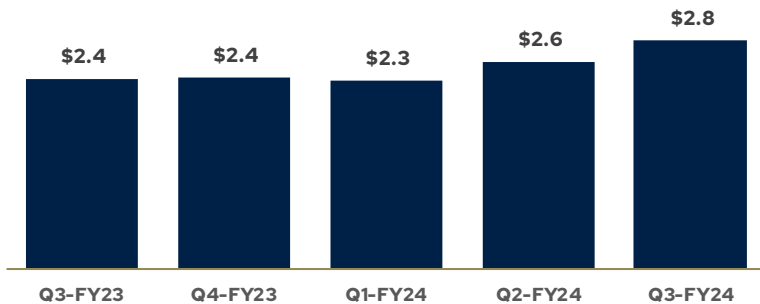


Wealth Management

Highlights

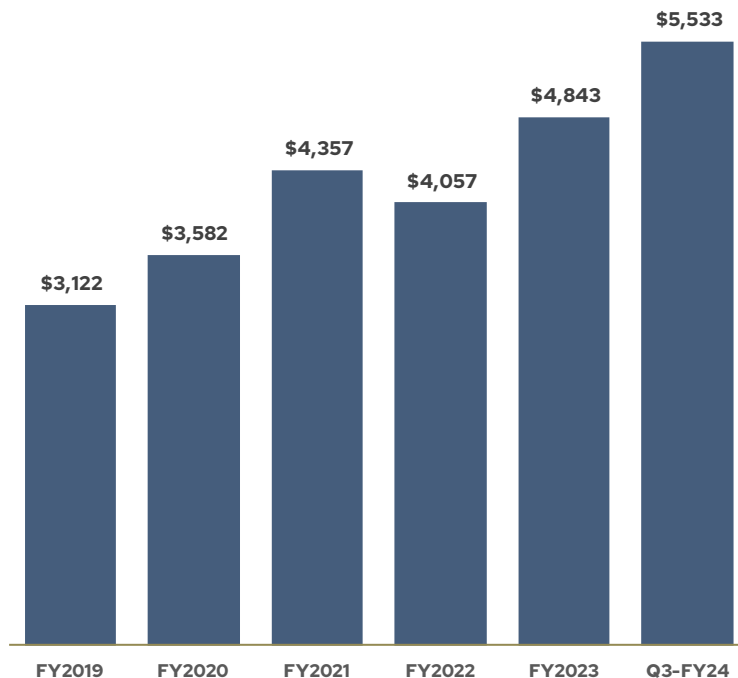
- Experienced team of advisors serves a variety of clients providing professional investment consulting or complete financial planning
- Investment commissions income net of \$2.8 million in Q3-24 compared to \$2.4 million in Q3-23
- Assets under management at the end of Q3-24 totaled \$5.5 billion, up 14% YTD
- Expect \$28.0 million of gross production¹ in FY2024 compared to \$23.3 million in FY2023

Investment Commissions Income Net [Dollars in millions]



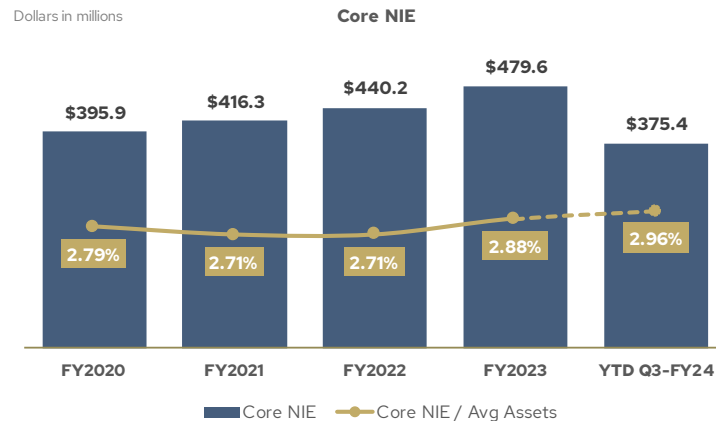
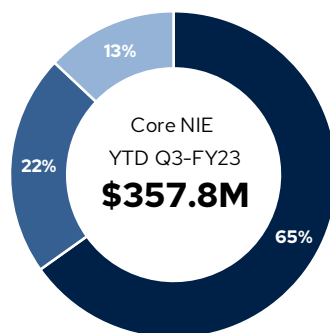
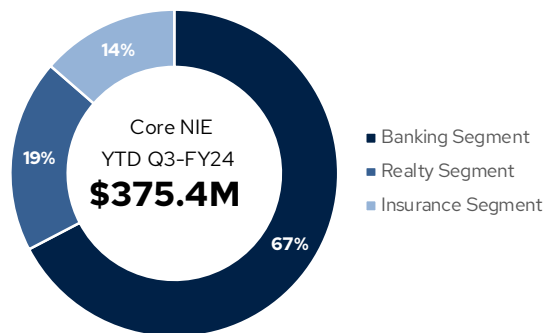
(1) Gross production is total revenue before Raymond James revenue share/expenses and advisor payout
(2) Excludes approximately \$430 million held in assets in 401k and 529 plans

Assets Under Management² [Dollars in millions]



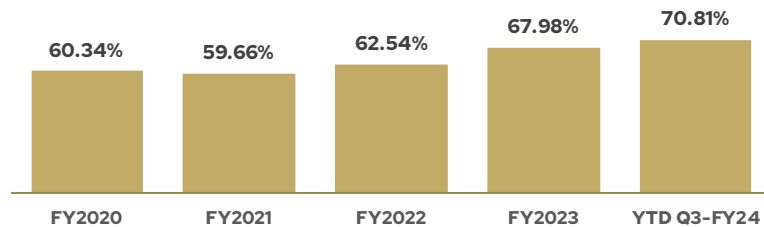
Noninterest Expense

| Dollars in millions | QTD | | | | | YTD | | |
|------------------------------------|------------------|------------------|-------------|------------------|-------------|------------------|------------------|-------------|
| | Q3-FY24 | Q2-FY24 | Q/Q Change | Q3-FY23 | Y/Y Change | Q3-FY24 | Q3-FY23 | Y/Y |
| Employee Compensation | \$ 72.12 | \$ 71.35 | 1.1% | \$ 67.26 | 7.2% | \$ 214.85 | \$ 204.12 | 5.3% |
| Occupancy, Furniture and Equipment | 14.01 | 14.35 | (2.4%) | 13.13 | 6.7% | 42.26 | 40.31 | 4.8% |
| Software and Data Processing | 11.49 | 11.66 | (1.5%) | 10.27 | 11.9% | 33.17 | 29.43 | 12.7% |
| Advertising and Marketing | 4.16 | 3.52 | 18.1% | 3.65 | 13.9% | 12.27 | 12.01 | 2.1% |
| Other Expenses | 25.12 | 23.10 | 8.7% | 23.40 | 7.4% | 73.93 | 81.45 | (9.2%) |
| Noninterest Expense | \$ 126.90 | \$ 123.98 | 2.4% | \$ 117.70 | 7.8% | \$ 376.48 | \$ 367.33 | 2.5% |
| Acquisition Related Expenses | 0.46 | 0.02 | 2317.4% | 0.57 | (19.7%) | 1.07 | 9.53 | nm |
| Core Noninterest Expense | \$ 126.44 | \$ 123.97 | 2.0% | \$ 117.13 | 7.9% | \$ 375.40 | \$ 357.79 | 4.9% |

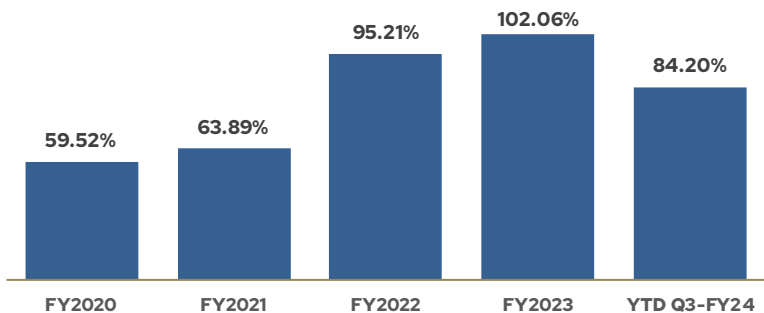


Core Efficiency Ratio¹

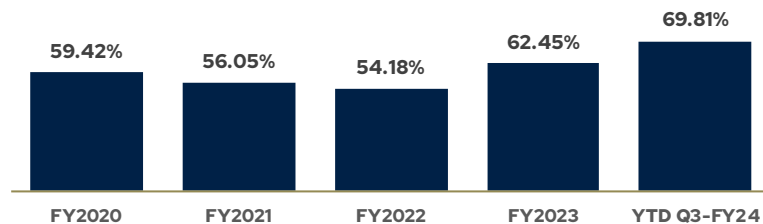
TowneBank Consolidated



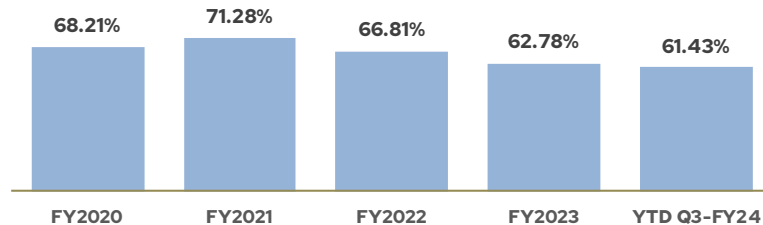
Realty Segment



Banking Segment



Insurance Segment



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

Balance Sheet Summary

| Dollars in millions | Q3-FY24 | Q2-FY24 | Q/Q Change | Q3-FY23 | Y/Y Change |
|---------------------------------|------------------|------------------|---------------|------------------|-------------|
| Cash and Cash Equivalents | \$ 1,296 | \$ 1,301 | (0.4%) | \$ 1,216 | 6.6% |
| Securities | 2,600 | 2,489 | 4.5% | 2,542 | 2.3% |
| Loans Held for Sale | 264 | 201 | 31.7% | 188 | 40.6% |
| Loans | 11,413 | 11,452 | (0.3%) | 11,173 | 2.1% |
| Allowance for Credit Losses | (123) | (126) | (1.9%) | (125) | (1.6%) |
| Net Loans | 11,289 | 11,326 | (0.3%) | 11,048 | 2.2% |
| Premises and Equipment Net | 366 | 340 | 7.5% | 336 | 9.0% |
| Goodwill | 458 | 458 | - | 457 | 0.2% |
| Intangible Assets | 63 | 65 | (3.4%) | 67 | (6.3%) |
| Bank-owned Life Insurance | 279 | 277 | 0.7% | 275 | 1.5% |
| Other Assets | 572 | 611 | (6.4%) | 552 | 3.6% |
| Assets | 17,188 | 17,069 | 0.7% | 16,680 | 3.0% |
| Noninterest Bearing Deposits | 4,268 | 4,304 | (0.8%) | 4,445 | (4.0%) |
| Interest Bearing Deposits | 10,096 | 9,969 | 1.3% | 9,436 | 7.0% |
| Deposits | 14,363 | 14,273 | 0.6% | 13,881 | 3.5% |
| Borrowings | 291 | 295 | (1.5%) | 407 | (28.6%) |
| Other Liabilities | 371 | 412 | (9.8%) | 408 | (9.1%) |
| Liabilities | 15,025 | 14,980 | 0.3% | 14,696 | 2.2% |
| Shareholders' Equity | 2,146 | 2,073 | 3.5% | 1,968 | 9.1% |
| Noncontrolling Interest | 16 | 17 | (0.6%) | 16 | 1.3% |
| Equity | 2,163 | 2,089 | 3.5% | 1,984 | 9.0% |
| Liabilities and Equities | \$ 17,188 | \$ 17,069 | 0.7% | \$ 16,680 | 3.0% |



\$17.2B

Total Assets

79%

Loans / Deposits

1.08%

ACL / Loans

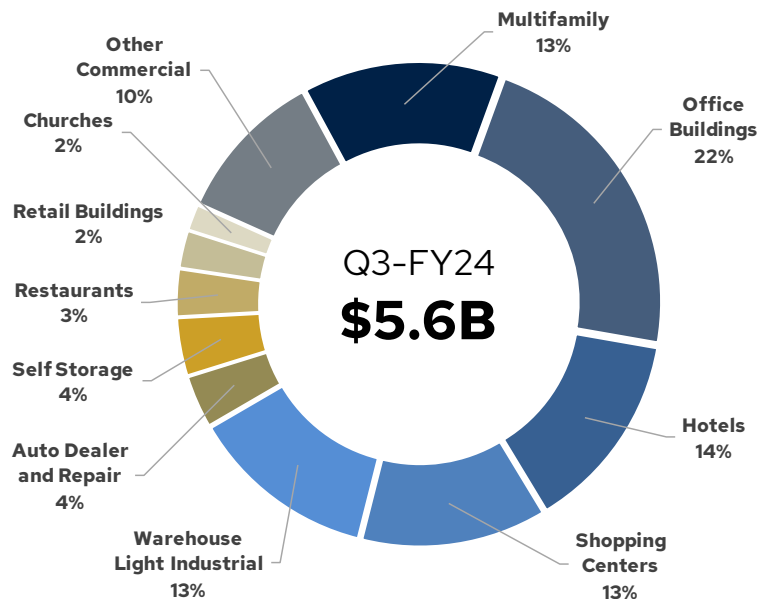
0.04%

Nonperforming Assets /
Total Assets

30%

Noninterest Bearing
Deposits / Total Deposits

Commercial Real Estate

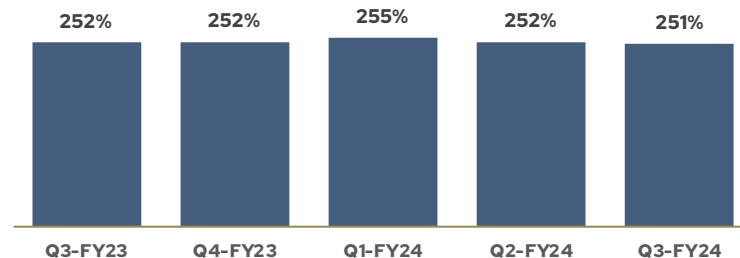


| Dollars in millions | Q3-FY24 | % Total | Q/Q % | Y/Y % |
|-------------------------------|-----------------|-------------|-------------|-------------|
| CRE-Owner Occupied | \$ 1,655 | 30% | -1.1% | -1.9% |
| CRE-Non Owner Occupied | 3,180 | 57% | 0.8% | 5.1% |
| Multifamily | 751 | 13% | 10.0% | 38.4% |
| Commercial Real Estate | \$ 5,586 | 100% | 1.3% | 6.3% |

Owner and Non-Owner Occupied

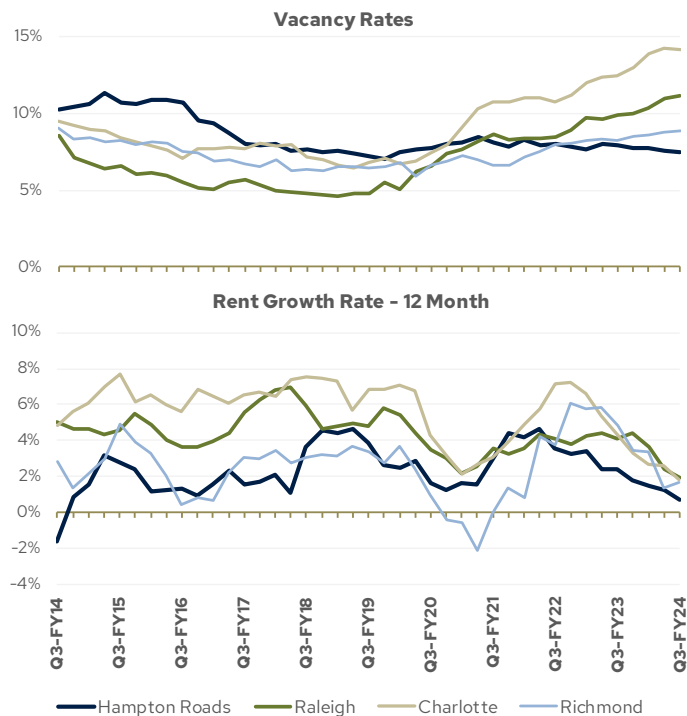
| Dollars in millions | Owner | Non-owner | Total |
|----------------------------|-----------------|-----------------|-----------------|
| Office Buildings | \$ 450 | \$ 790 | \$ 1,240 |
| Hotels | - | 759 | 759 |
| Shopping Centers | - | 703 | 703 |
| Warehouse Light Industrial | 342 | 366 | 708 |
| Auto Dealer and Repair | 170 | 30 | 200 |
| Self Storage | - | 221 | 221 |
| Restaurants | 129 | 52 | 180 |
| Retail Buildings | 72 | 72 | 144 |
| Churches | 97 | 2 | 100 |
| Other Commercial | 396 | 184 | 580 |
| Total | \$ 1,655 | \$ 3,180 | \$ 4,835 |

CRE / Total Risk Based Capital

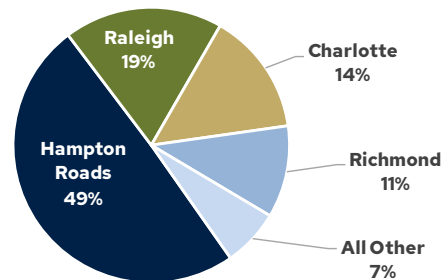


CRE – Office Buildings

Market Trends¹



(1) Source: CoStar[®] data collected 10/17/2024

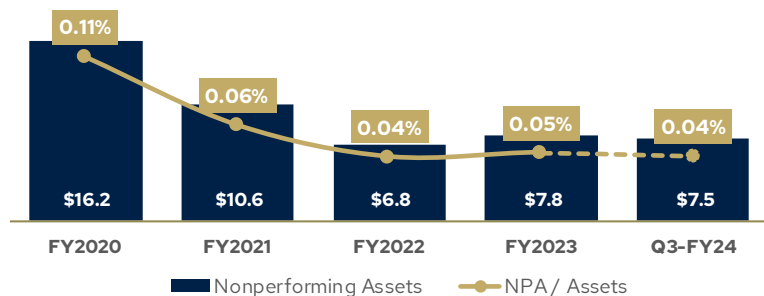


Market Comments

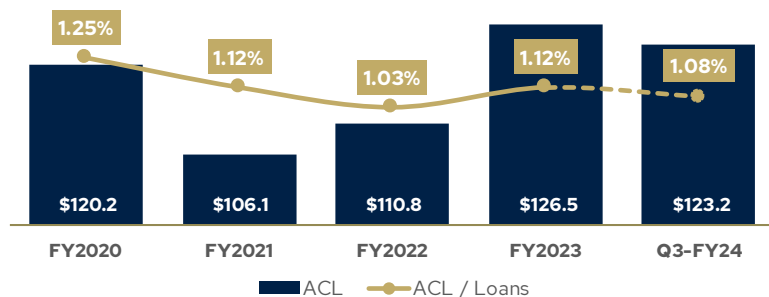
- Hampton Roads vacancy rates remain near 10-year lows at 7.4%, asking rent growth of 0.7% as office owners focus on retaining tenants rather than increasing rents, fully recovered all jobs lost at the start of the pandemic, minimal supply-side impacts due to limited office development resulting from higher interest rates and increased construction costs, 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-to high-8% range and remain near long-term averages. Rents continue to grow minimally but are forecasted to remain in line with the market's long-term 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% remains well above the ~1.0% national growth rate. Raleigh and the Research Triangle are among the fastest growing metros in the US.

Asset Quality

Nonperforming Assets¹ [Dollars in millions]

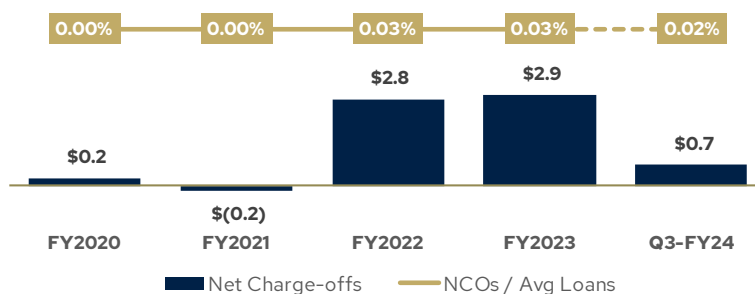


Allowance for Credit Losses [Dollars in millions]

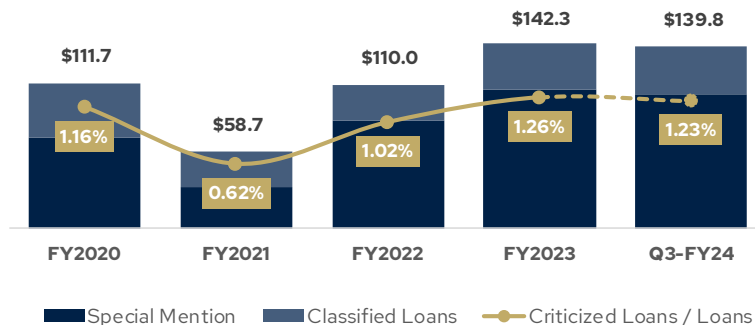


(1) Non-performing assets (Non-accrual loans/leases, repossessed assets, and real estate owned) as a percent of assets

Net Charge-offs [Dollars in millions]

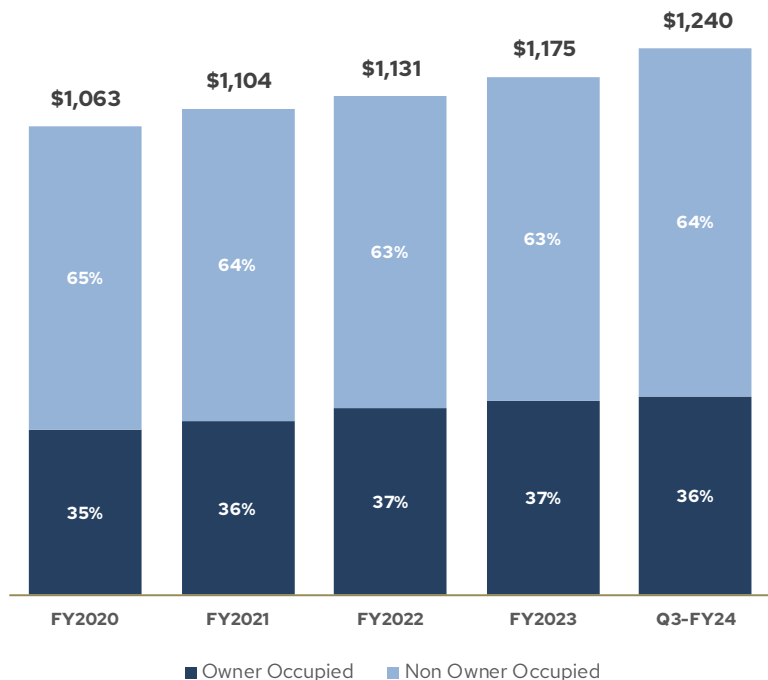


Criticized Loans [Dollars in millions]



Asset Quality – Office Buildings

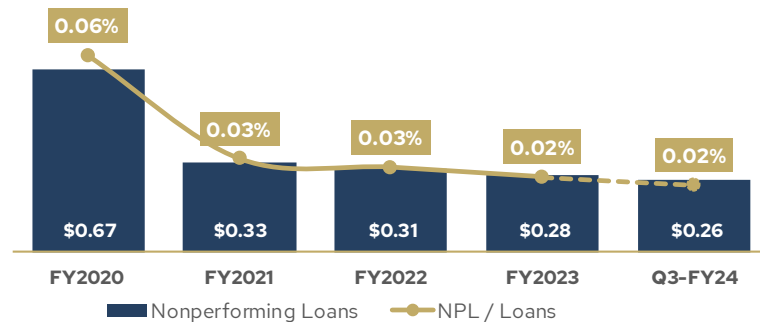
Office Buildings Portfolio [Dollars in millions]



Portfolio Statistics [Dollars in millions]

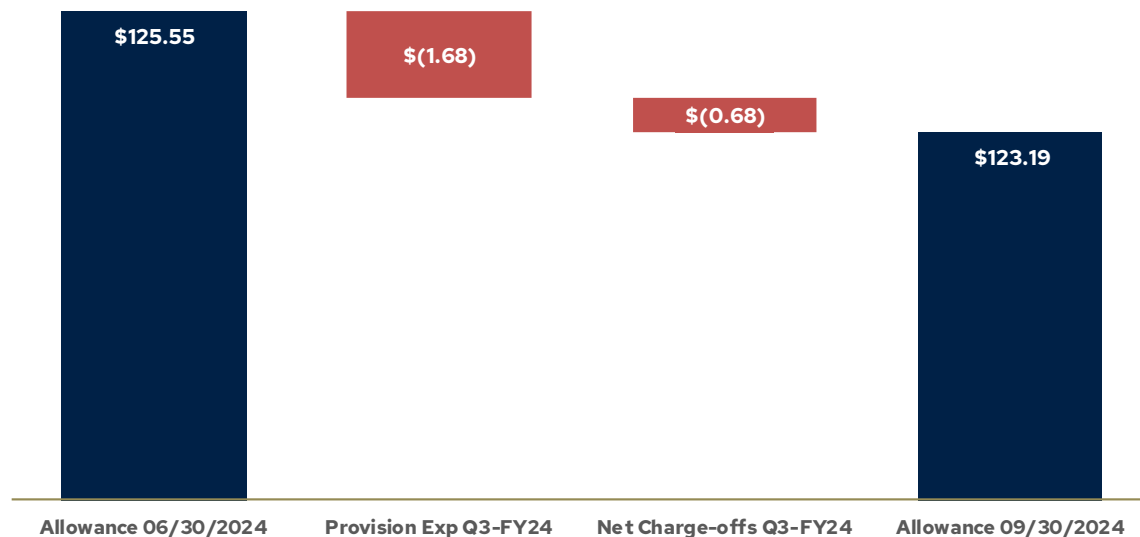
| | FY2020 | FY2021 | FY2022 | FY2023 | Q3-FY24 |
|-----------------------|---------|---------|-----------|-----------|---------|
| 30-89 Delinquencies | \$ 0.86 | \$ 0.11 | \$ 0.70 | \$ - | \$ 0.16 |
| 30-89 Delinquencies % | 0.08% | 0.01% | 0.06% | 0.00% | 0.01% |
| 90+ Delinquencies | \$ - | \$ - | \$ - | \$ - | \$ - |
| 90+ Delinquencies % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Net Charge-offs | \$ 0.02 | \$ 0.00 | \$ (0.02) | \$ (0.01) | \$ - |
| 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

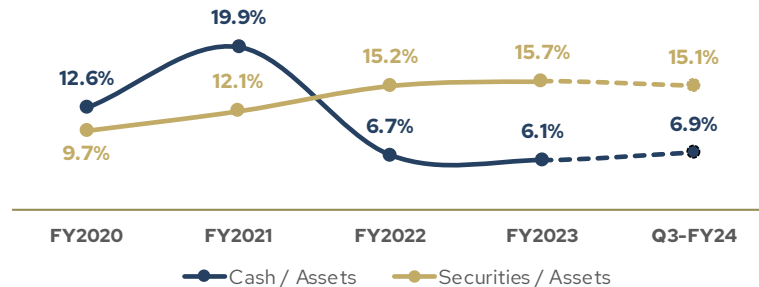
Liquidity Sources [Dollars in millions]

| | Q3-FY24 |
|--|-----------------|
| Available Liquid Funds: | |
| Cash and cash equivalents | \$ 1,296 |
| Unencumbered investment securities | 1,771 |
| Availability of Borrowings: | |
| Amount available from FHLB with loan collateral | 1,637 |
| Amount available from unsecured lines of credit with correspondent banks | 150 |
| Amount available from Federal Reserve discount window | 1,967 |
| Total Liquidity Sources | \$ 6,821 |

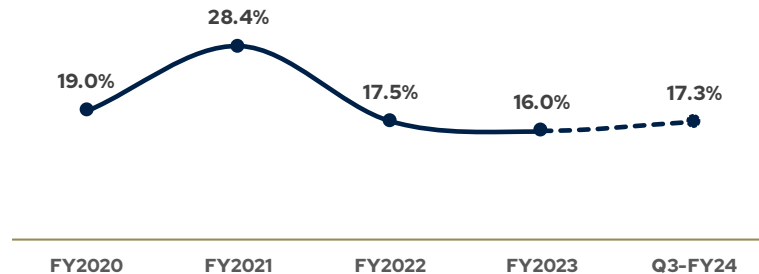
Uninsured Deposits [Dollars in millions]

| | Q3-FY24 |
|--|--------------|
| TowneBank Estimated Uninsured Deposits | \$ 6,826 |
| Less Collateralized Deposits | 627 |
| Adjusted Uninsured Deposits | 6,199 |
| TowneBank Total Deposits | 14,363 |
| Adjusted Uninsured Deposits / Total Deposits | 43% |
| Total Liquidity Sources / Adjusted Uninsured Deposits | 110% |

Cash and Securities



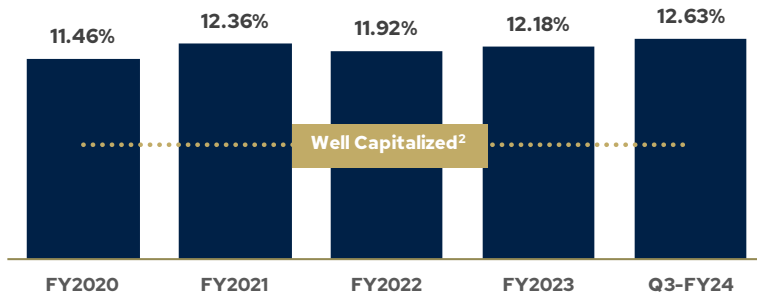
Liquidity Buffer¹



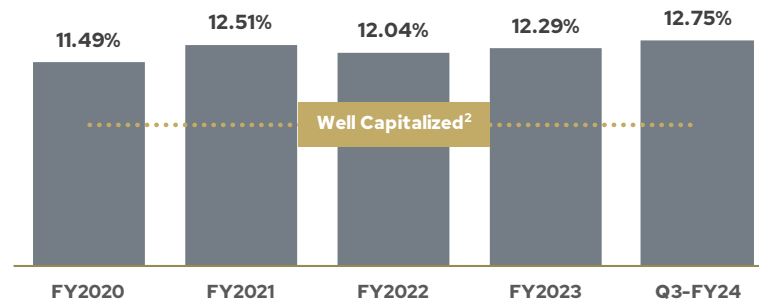
(1) Primary liquidity / total assets; primary liquidity is sum of cash & cash equivalents (excl. deferred comp and escrow at other banks) plus unencumbered investment securities

Capital

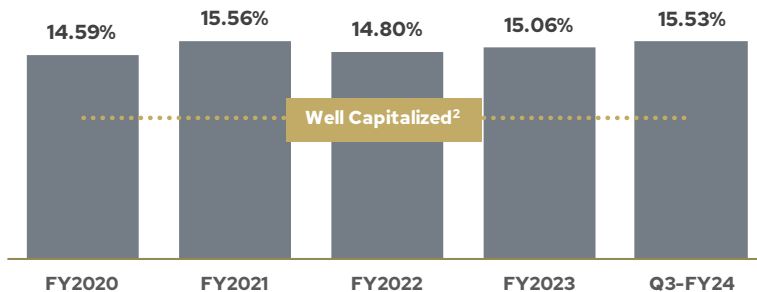
Common Equity Tier 1¹



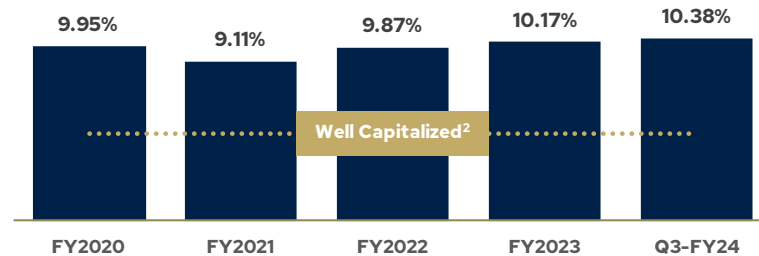
Tier 1 Risk-Based¹



Total Risk-Based¹



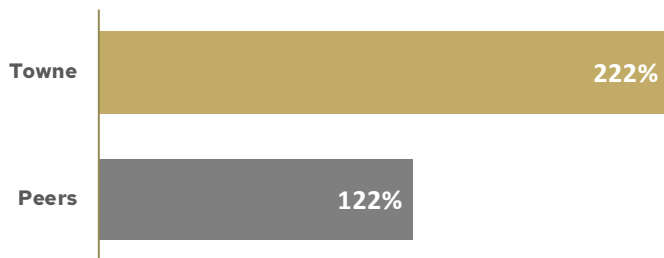
Tier 1 Leverage¹



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

Shareholder Value

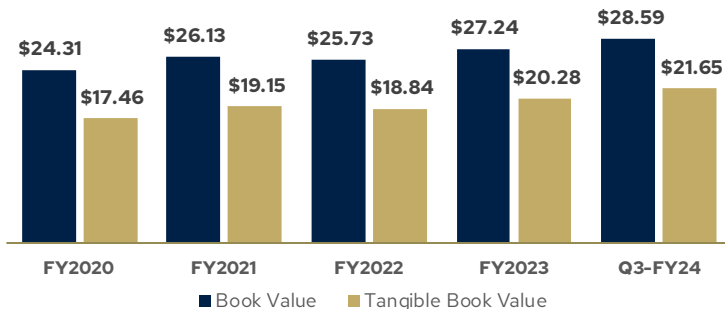
10Yr Total Shareholder Return - TowneBank vs Peers⁽¹⁾



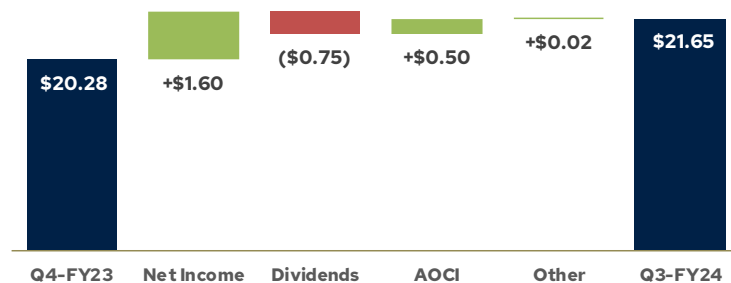
Dividends



Book Value and Tangible Book Value per Share

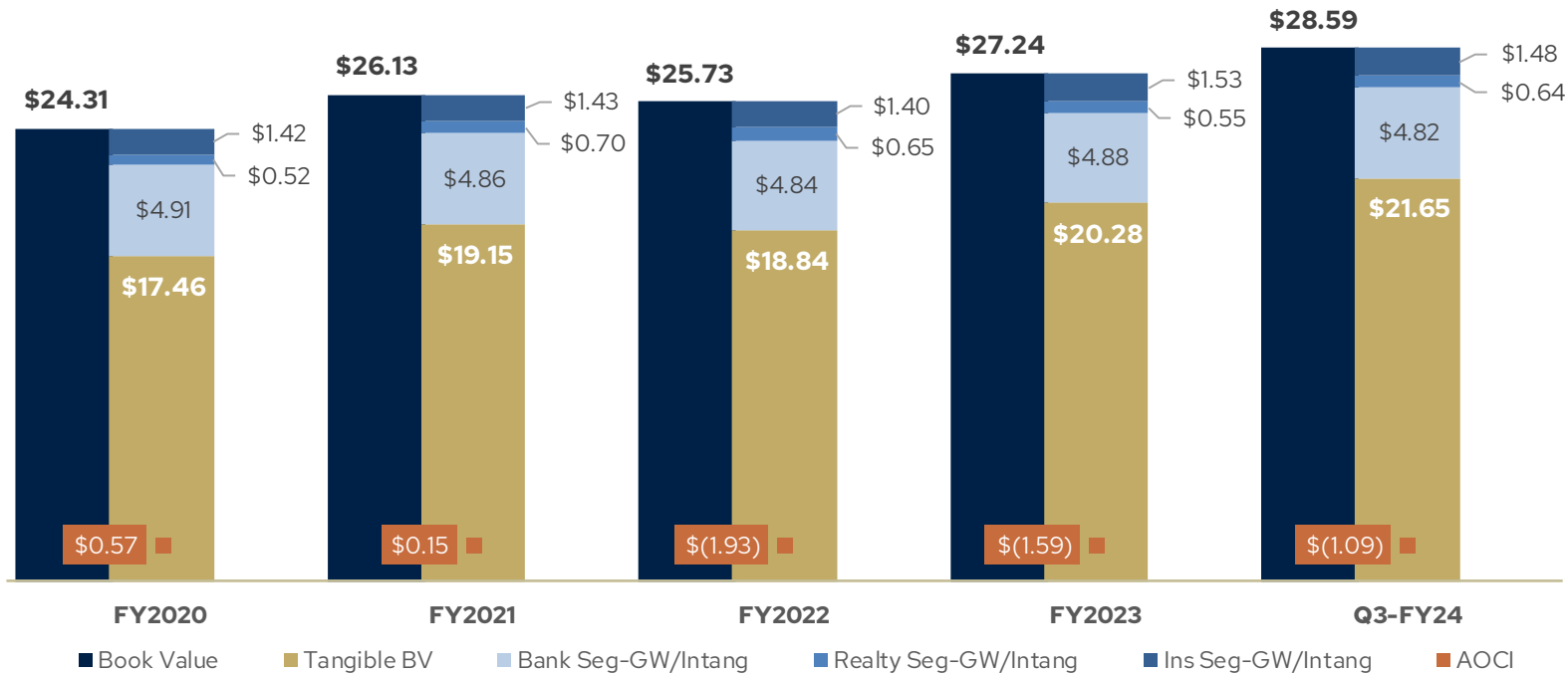


Tangible Book Value Roll Forward



(1) 10Yr Total Return as of 9/30/2024; Source: S&P Global, data collected 10/15/2024. 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

- Expecting annual loan growth of approximately 1.0%
- Relatively stable reserve levels for the short-term based on loan growth, credit quality and economic forecasts

Profitability

- Net interest income expected to range between \$113-\$118 million for Q4 2024⁽¹⁾⁽²⁾
- Noninterest income of \$53-\$58 million for Q4 2024
- Noninterest expense run rate projected at \$123-126 million for Q4 2024 (excluding M&A)

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 two rate cuts Q4 2024





Non-GAAP Reconciliations

Non-GAAP Reconciliations

Core Net Income and Related Metrics

| Amounts in millions except per share data | QTD | | | YTD | Year | | | |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | Q3-FY24 | Q2-FY24 | Q3-FY23 | Q3-FY24 | FY2023 | FY2022 | FY2021 | FY2020 |
| Net Income Attributable to TowneBank | \$ 42.95 | \$ 42.86 | \$ 44.86 | \$ 120.49 | \$ 153.72 | \$ 188.99 | \$ 215.38 | \$ 145.53 |
| <u>Adjustments</u> | | | | | | | | |
| Plus: Acquisition Related Expenses | 0.46 | 0.02 | 0.57 | 1.07 | 9.59 | 1.06 | 1.02 | (0.07) |
| Plus: Initial Provision for Credit Losses | - | - | - | - | 4.01 | - | - | - |
| Plus: FDIC Special Assessment | - | (0.31) | - | 0.71 | 5.17 | - | - | - |
| Less: Gain (Loss) on Equity Investment ¹ | 0.02 | - | 0.55 | 0.02 | 7.52 | - | - | - |
| Plus: Income Tax & Other Adjustments | 0.00 | (0.00) | 0.00 | (0.03) | (4.02) | (0.04) | (0.20) | 0.00 |
| Core Net Income | \$ 43.39 | \$ 42.56 | \$ 44.88 | \$ 122.23 | \$ 160.94 | \$ 190.01 | \$ 216.20 | \$ 145.47 |
| Avg Assets | \$ 17,028.14 | \$ 16,982.48 | \$ 16,762.86 | \$ 16,958.54 | \$ 16,656.69 | \$ 16,268.01 | \$ 15,384.66 | \$ 14,172.21 |
| Return on Avg Assets | 1.00% | 1.01% | 1.06% | 0.95% | 0.92% | 1.16% | 1.40% | 1.03% |
| Core Return on Avg Assets | 1.01% | 1.01% | 1.06% | 0.96% | 0.97% | 1.17% | 1.41% | 1.03% |
| Avg Common Shares Outstanding-Diluted | 75.14 | 75.04 | 74.77 | 75.04 | 74.66 | 72.58 | 72.56 | 72.35 |
| Earnings Per Share-Diluted | \$ 0.57 | \$ 0.57 | \$ 0.60 | \$ 1.61 | \$ 2.06 | \$ 2.60 | \$ 2.97 | \$ 2.01 |
| Core Earnings Per Share-Diluted | \$ 0.58 | \$ 0.57 | \$ 0.60 | \$ 1.63 | \$ 2.16 | \$ 2.62 | \$ 2.98 | \$ 2.01 |
| Avg Tangible Common Equity | \$ 1,566.45 | \$ 1,504.03 | \$ 1,443.45 | \$ 1,524.15 | \$ 1,433.66 | \$ 1,357.33 | \$ 1,338.57 | \$ 1,211.93 |
| Intangible Amort Net of Tax | 2.47 | 2.61 | 2.85 | 7.64 | 11.18 | 8.39 | 8.79 | 9.08 |
| Return on Avg Tangible Common Equity | 11.54% | 12.16% | 13.11% | 11.23% | 11.50% | 14.54% | 16.75% | 12.76% |
| Core Return on Avg Tangible Common Equity | 11.65% | 12.08% | 13.12% | 11.38% | 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 | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | Q3-FY24 | FY2023 | FY2022 | FY2021 | FY2020 |
| Total Revenue | \$ 516.59 | \$ 694.12 | \$ 686.93 | \$ 680.33 | \$ 664.33 |
| Less: Gain (Loss) on Securities Investments | 0.07 | - | - | 1.25 | 9.63 |
| Less: Gain (Loss) on Equity Investments | 0.02 | 9.38 | - | (0.03) | 17.63 |
| Total Revenue Adjusted | 516.50 | 684.75 | 686.93 | 679.11 | 637.08 |
| Noninterest Expense | \$ 376.48 | \$ 489.22 | \$ 441.28 | \$ 417.27 | \$ 395.83 |
| Less: Intangible Amortization | 9.67 | 14.15 | 10.62 | 11.13 | 11.50 |
| Noninterest Expense Adjusted | 366.80 | 475.07 | 430.66 | 406.15 | 384.33 |
| Efficiency Ratio | 71.02% | 69.38% | 62.69% | 59.81% | 60.33% |
| Less: Acquisition Related Expenses | 1.07 | 9.59 | 1.06 | 1.02 | (0.07) |
| Core Efficiency Ratio | 70.81% | 67.98% | 62.54% | 59.66% | 60.34% |

Core Efficiency Ratio – Realty Segment

| Amounts in millions | YTD | Year | | | |
|---|---------------|----------------|---------------|---------------|---------------|
| | Q3-FY24 | FY2023 | FY2022 | FY2021 | FY2020 |
| Total Revenue | \$ 82.47 | \$ 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 | 82.47 | 94.84 | 117.11 | 184.46 | 170.46 |
| Noninterest Expense | \$ 71.99 | \$ 100.12 | \$ 114.65 | \$ 121.66 | \$ 104.12 |
| Less: Intangible Amortization | 2.09 | 2.90 | 3.10 | 2.81 | 2.63 |
| Noninterest Expense Adjusted | 69.90 | 97.22 | 111.54 | 118.85 | 101.49 |
| Efficiency Ratio | 84.76% | 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 | 84.20% | 102.06% | 95.21% | 63.89% | 59.52% |

Core Efficiency Ratio – Banking Segment

| Amounts in millions | YTD | Year | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | Q3-FY24 | FY2023 | FY2022 | FY2021 | FY2020 |
| Total Revenue | \$ 358.77 | \$ 499.53 | \$ 495.49 | \$ 430.21 | \$ 411.99 |
| Less: Gain (Loss) on Securities Investments | 0.07 | - | - | 1.25 | 9.63 |
| Less: Gain (Loss) on Equity Investments | - | - | - | (0.03) | - |
| Total Revenue Adjusted | 358.70 | 499.53 | 495.49 | 428.99 | 402.35 |
| Noninterest Expense | \$ 254.36 | \$ 326.17 | \$ 272.39 | \$ 244.01 | \$ 243.45 |
| Less: Intangible Amortization | 3.35 | 5.15 | 3.01 | 3.55 | 4.35 |
| Noninterest Expense Adjusted | 251.01 | 321.02 | 269.39 | 240.46 | 239.10 |
| Efficiency Ratio | 69.98% | 64.26% | 54.37% | 56.05% | 59.42% |
| Less: Acquisition Related Expenses | 0.61 | 9.08 | 0.96 | - | - |
| Core Efficiency Ratio | 69.81% | 62.45% | 54.18% | 56.05% | 59.42% |

Core Efficiency Ratio – Insurance Segment

| Amounts in millions | YTD | Year | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | Q3-FY24 | FY2023 | FY2022 | FY2021 | FY2020 |
| Total Revenue | \$ 76.32 | \$ 90.92 | \$ 74.34 | \$ 65.66 | \$ 81.89 |
| Less: Gain (Loss) on Securities Investments | - | - | - | - | - |
| Less: Gain (Loss) on Equity Investments | 0.02 | 0.54 | - | - | 17.63 |
| Total Revenue Adjusted | 76.30 | 90.38 | 74.34 | 65.66 | 64.26 |
| Noninterest Expense | \$ 51.10 | \$ 62.93 | \$ 54.24 | \$ 51.60 | \$ 48.25 |
| Less: Intangible Amortization | 4.23 | 6.10 | 4.51 | 4.77 | 4.51 |
| Noninterest Expense Adjusted | 46.87 | 56.83 | 49.73 | 46.83 | 43.74 |
| Efficiency Ratio | 61.43% | 62.88% | 66.89% | 71.32% | 68.06% |
| Less: Acquisition Related Expenses | 0.00 | 0.09 | 0.06 | 0.03 | (0.10) |
| Core Efficiency Ratio | 61.43% | 62.78% | 66.81% | 71.28% | 68.21% |

Non-GAAP Reconciliations

Tax Equivalent (TE) Adjustments

| Amounts in millions | Q3-FY24 | Q2-FY24 | Q1-FY24 | Q4-FY23 | Q3-FY23 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Loans TE Adjustment | \$ 0.82 | \$ 0.82 | \$ 0.84 | \$ 0.84 | \$ 0.85 |
| Securities TE Adjustment | 0.29 | 0.26 | 0.27 | 0.35 | 0.35 |
| Tax-Equivalent Adjustment | 1.11 | 1.09 | 1.11 | 1.18 | 1.20 |
| <u>Yield & Margin Impacts:</u> | | | | | |
| Loan Yield | 5.43% | 5.42% | 5.34% | 5.19% | 5.10% |
| Loan Yield (TE) | 5.46% | 5.45% | 5.37% | 5.22% | 5.13% |
| Securities Investment Yield | 3.51% | 3.63% | 3.07% | 3.20% | 3.15% |
| Securities Investment Yield (TE) | 3.56% | 3.67% | 3.12% | 3.25% | 3.20% |
| Earning Asset Yield | 5.08% | 5.11% | 4.92% | 4.84% | 4.77% |
| Earning Asset Yield (TE) | 5.11% | 5.14% | 4.95% | 4.87% | 4.80% |
| Net Interest Margin (GAAP) | 2.90% | 2.86% | 2.72% | 2.83% | 2.95% |
| Net Interest Margin (TE) | 2.93% | 2.89% | 2.75% | 2.86% | 2.98% |

Tangible Book Value per Share

| Amounts in millions except per share data | Q3-FY24 | Q2-FY24 | Q1-FY24 | Q4-FY23 | Q3-FY23 |
|---|-------------|-------------|-------------|-------------|-------------|
| Shareholders' Equity (Common) | \$ 2,146.28 | \$ 2,072.79 | \$ 2,049.53 | \$ 2,039.97 | \$ 1,967.99 |
| Goodwill and Intangible Assets | 520.88 | 523.08 | 526.38 | 520.97 | 524.18 |
| Tangible Common Equity | \$ 1,625.40 | \$ 1,549.71 | \$ 1,523.15 | \$ 1,519.00 | \$ 1,443.81 |
| Common Shares Outstanding | 75.07 | 75.04 | 74.99 | 74.89 | 74.89 |
| Tangible Book Value per Share | \$ 21.65 | \$ 20.65 | \$ 20.31 | \$ 20.28 | \$ 19.28 |



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