

Item 2.02 Results of Operations and Financial Condition.

On October 23, 2024, TowneBank issued a press release announcing its results of operations and financial condition for the third quarter ended September 30, 2024. The press release is being furnished as Exhibit 99.1 to this report and incorporated by reference into this Item 2.02.

Item 7.01 Regulation FD Disclosure.

On October 23, 2024, TowneBank issued an earnings presentation, which contains information that the members of TowneBank management will use during visits with investors, analysts, and other interested parties to assist their understanding of TowneBank. The earnings presentation is being furnished as Exhibit 99.2 to this report and incorporated by reference into this Item 7.01.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.* The following exhibits are being furnished, and not filed, as part of this report.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated October 23, 2024
99.2	Earnings Presentation 3 rd Quarter 2024

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TowneBank
(Registrant)

Date: October 24, 2024

By: /s/ William B. Littreal
William B. Littreal
Senior Executive Vice President
and Chief Financial Officer



News Release

FOR IMMEDIATE RELEASE

TOWNEBANK REPORTS THIRD QUARTER 2024 EARNINGS

Suffolk, VA., October 23, 2024 - TowneBank (the "Company" or "Towne") (NASDAQ: TOWN) today reported earnings for the quarter ended September 30, 2024 of \$42.95 million, or \$0.57 per diluted share, compared to \$44.86 million, or \$0.60 per diluted share, for the quarter ended September 30, 2023.

Excluding certain items affecting comparability, core earnings (non-GAAP) were \$43.39 million, or \$0.58 per diluted share, in the current quarter compared to \$44.88 million, or \$0.60 per diluted share, for the quarter ended September 30, 2023.

"Our third quarter results continued to deliver increased net interest income and noninterest income contributions from our diverse business model which were in line with expectations. We remain committed to prudent balance sheet management strategies. We were also excited to announce our partnership with Village Bank which will meaningfully enhance our Richmond presence, which is core to our franchise future growth. Lastly, the recently released FDIC Deposit Market Share Report for 2024 continues to demonstrate the strength of our Main Street banking model and core deposit franchise, resulting in the #1 market share, or 30%, in our legacy Virginia Beach-Norfolk-Newport News, VA-NC MSA," said G. Robert Aston, Jr., Executive Chairman.

Highlights for Third Quarter 2024:

- Total revenues were \$174.52 million, an increase of \$1.65 million, or 0.96%, compared to third quarter 2023. Noninterest income increased \$2.43 million, driven by growth in residential mortgage banking income and insurance commissions. Partially offsetting the increase in noninterest income was a \$0.78 million decline in net interest income.
- Total deposits were \$14.36 billion, an increase of \$482.37 million, or 3.48%, compared to third quarter 2023. Total deposits increased 0.63%, or \$90.58 million, in comparison to June 30, 2024, 2.52% on an annualized basis.

- Noninterest-bearing deposits decreased 3.99%, to \$4.27 billion, compared to third quarter 2023 and represented 29.71% of total deposits. Compared to the linked quarter, noninterest-bearing deposits decreased 0.84%.
- Loans held for investment were \$11.41 billion, an increase of \$239.55 million, or 2.14%, compared to September 30, 2023, but a decrease of \$39.23 million, or 0.34%, compared to June 30, 2024.
- Annualized return on common shareholders' equity was 8.18% compared to 9.04% in third quarter 2023. Annualized return on average tangible common shareholders' equity (non-GAAP) was 11.54% compared to 13.11% in third quarter 2023.
- Net interest margin was 2.90% for the quarter and tax-equivalent net interest margin (non-GAAP) was 2.93%, including purchase accounting accretion of 3 basis points, compared to the prior year quarter net interest margin of 2.95% and tax-equivalent net interest margin (non-GAAP) of 2.98%, including purchase accounting accretion of 5 basis points.
- Compared to the linked quarter, net interest margin increased 4 bp and spread increased 6 bp.
- The effective tax rate was 11.52% in the quarter compared to 17.34% in third quarter 2023 and 15.93% in the linked quarter. The lower effective tax rate in the current quarter was primarily due to the impact on state and federal taxes from the increase in credits and losses related to LIHTC investment properties placed in service during the period.

"Growth has certainly been challenging in the current environment but we believe our balance sheet is well positioned to support mid-single digit growth rates as we look ahead to next year. We plan to aggressively expand Towne Insurance and evaluate other opportunities to enhance our fee-based lines of business to further drive our differentiated business model," stated William I. Foster III, President and Chief Executive Officer.

Quarterly Net Interest Income:

- Net interest income was \$112.28 million compared to \$113.06 million for the quarter ended September 30, 2023. The decrease was driven by increased deposit costs, which were mostly offset by higher yields on earning assets.
- On an average basis, loans held for investment, with a yield of 5.46%, represented 74.16% of earning assets at September 30, 2024 compared to a yield of 5.13% and 73.45% of earning assets in the third quarter of 2023.
- The cost of interest-bearing deposits was 3.28% for the quarter ended September 30, 2024, compared to 2.77% in second quarter 2023. Interest expense on deposits increased \$17.96 million,

or 27.98%, over the prior year quarter driven by the increase in rate and growth in interest-bearing deposits.

- Our total cost of deposits increased to 2.29% from 1.84% for the quarter ended September 30, 2023 due to a combination of higher interest-bearing deposit balances coupled with higher rates. The Federal Reserve Open Market Committee lowered the overnight funds rate late in the third quarter. Management is expecting the decrease to have favorable impact on deposit costs in the fourth quarter of 2024.
- Average interest-earning assets totaled \$15.40 billion at September 30, 2024 compared to \$15.21 billion at September 30, 2023, an increase of 1.26%. The Company anticipates approximately \$604 million of cash flows from its securities portfolio to be available for reinvestment in the next twenty-four months.
- Average interest-bearing liabilities totaled \$10.25 billion, an increase of \$493.95 million, or 5.06%, from prior year, driven by deposit growth. Borrowings have declined between periods. There were no short term FHLB borrowings in the third quarter of 2024, compared to an average of \$248.91 million in the prior year quarter.

Quarterly Provision for Credit Losses:

- The quarterly provision for credit losses was a benefit of \$1.10 million compared to an expense of \$1.01 million in the prior year quarter and a benefit of \$177 thousand in the linked quarter.
- The allowance for credit losses on loans decreased \$2.36 million in third quarter 2024, compared to the linked quarter. The decrease in the allowance was driven by a modest decline in the loan portfolio, primarily in higher-risk real estate construction and development loans, combined with continued strength in credit quality, and improvements in macroeconomic forecast scenarios utilized in our model.
- Net loan charge-offs were \$0.68 million in the quarter compared to net recoveries of \$1.07 million in the prior year quarter and \$19 thousand in the linked quarter. Year-to-date 2024, net loan charge-offs were \$1.18 million compared to net loan charge-offs of \$2.81 million in first nine months of 2023.
- The ratio of net charge-offs to average loans on an annualized basis was 0.02% in third quarter 2024, compared to (0.04)% in third quarter 2023 and 0.00% in the linked quarter.
- The allowance for credit losses on loans represented 1.08% of total loans at September 30, 2024, compared to 1.12% at September 30, 2023, and 1.10% at June 30, 2024. The allowance for credit losses on loans was 18.70 times nonperforming loans compared to 17.60 times at September 30,

2023 and 19.08 times at June 30, 2024.

Quarterly Noninterest Income:

- Total noninterest income was \$62.24 million compared to \$59.81 million in 2023, an increase of \$2.43 million, or 4.06%.
- Residential mortgage banking income was \$11.79 million compared to \$10.65 million in third quarter 2023. Loan volume increased to \$598.18 million in third quarter 2024 from \$520.41 million in third quarter 2023. Both, the number of loans originated and the per-loan average balance increased in third quarter 2024 compared to third quarter 2023. Refinance activities increased in the quarter after more than a year of low activity. Residential purchase activity was 91.49% of production volume in the third quarter of 2024 compared to 95.96% in third quarter 2023. Management expects mortgage production volumes to be positively impacted by any additional reductions in the Federal Reserve overnight rate.
- While level with the linked quarter at 3.28%, gross margins on residential mortgage sales increased 11 basis points from 3.17% in third quarter 2023.
- Total net insurance commissions increased \$1.95 million, or 8.20%, to \$25.73 million in third quarter 2024 compared to 2023. This increase was primarily attributable to increases in property and casualty commissions, which were driven by organic growth.
- Property management fee revenue decreased 12.34%, or \$1.58 million, to \$11.22 million in third quarter 2024 compared to 2023. Reservation levels declined compared to the prior year.

Quarterly Noninterest Expense:

- Total noninterest expense was \$126.90 million compared to \$117.70 million in 2023, an increase of \$9.20 million, or 7.81%. This increase was primarily attributable to growth in salaries and employee benefits of \$4.87 million, professional fees of \$1.95 million, software of \$0.66 million, data processing of \$0.56 million, and advertising and marketing of \$0.51 million.
- Salaries and benefits expense increases were driven by an increase in banking personnel and production incentives.
- Investment in technology related to banking services and information monitoring continued to drive both direct and indirect costs. Professional fees increased due to consulting and outside services. Software costs increased due to higher core system costs, while data processing increased due to higher processing costs and merchant fee increases.
- Advertising and marketing increased, driven by business development.

Consolidated Balance Sheet Highlights:

- Management is focused on strategic balance sheet management with a concentration on controlled loan growth and maintaining strong levels of liquidity.
- Total assets were \$17.19 billion for the quarter ended September 30, 2024, a \$119.18 million increase compared to \$17.07 billion at June 30, 2024. Total assets increased \$507.66 million, or 3.04%, from \$16.68 billion at September 30, 2023.
- Loans held for investment declined \$39.23 million, or 0.34%, compared to the linked quarter but increased \$239.55 million, or 2.14%, compared to prior year. There were declines in several loan categories from the linked quarter, with the most significant decline in the real estate construction and development category. The Company continued to maintain strong credit discipline throughout the period.
- Mortgage loans held for sale increased \$76.27 million, or 40.56%, compared to prior year and \$63.56 million, or 31.66%, compared to the linked quarter, driven by the increase in production.
- Total deposits increased \$482.37 million, or 3.48%, primarily in interest-bearing demand and time deposits, compared to prior year. In the linked quarter comparison, total deposits increased \$90.58 million, or 2.52% on an annualized basis.
- Noninterest-bearing deposits decreased \$177.23 million, or 3.99%, compared to prior year and \$36.15 million, or 0.84%, compared to the linked quarter, primarily in commercial and escrow accounts.
- Total borrowings decreased \$116.22 million, or 28.55%, compared to third quarter 2023 and \$4.35 million, or 1.47%, compared to the linked quarter. Short-term FHLB advances were zero at each of September 30, 2024, and the linked quarter end, compared to \$100 million at September 30, 2023.

Investment Securities:

- Total investment securities were \$2.60 billion compared to \$2.49 billion at June 30, 2024 and \$2.54 billion at September 30, 2023. The weighted average duration of the portfolio at September 30, 2024 was 3.1 years. The carrying value of the available-for-sale debt securities portfolio included net unrealized losses of \$110.62 million at September 30, 2024, compared to \$172.93 million at June 30, 2024 and \$238.52 million at September 30, 2023, with the changes in fair value due to the change in interest rates.

Loans and Asset Quality:

- Total loans held for investment were \$11.41 billion at September 30, 2024, \$11.45 billion June 30, 2024, and \$11.17 billion at September 30, 2023.
- Nonperforming assets were \$7.47 million, or 0.04% of total assets, compared to \$7.88 million, or 0.05%, at September 30, 2023, and \$7.16 million, or 0.04%, in the linked quarter end.
- Nonperforming loans were 0.06% of period end loans at September 30, 2024, September 30, 2023, and the linked quarter end.
- Foreclosed property consisted of \$884 thousand in repossessed autos at September 30, 2024, compared to \$276 thousand in other real estate owned and \$490 thousand in repossessed autos, for a total of \$766 thousand in foreclosed property at September 30, 2023.

Deposits and Borrowings:

- Total deposits were \$14.36 billion compared to \$14.27 billion at June 30, 2024 and \$13.88 billion at September 30, 2023.
- The ratio of period end loans held for investment to deposits was 79.46% compared to 80.24% at June 30, 2024 and 80.49% at September 30, 2023.
- Noninterest-bearing deposits were 29.71% of total deposits at September 30, 2024 compared to 30.15% at June 30, 2024 and 32.02% at September 30, 2023. Noninterest-bearing deposits declined \$177.23 million, or 3.99%, compared to September 30, 2023, and \$36.15 million, or 0.84%, compared to the linked quarter.
- Total borrowings were \$290.82 million compared to \$295.17 million at June 30, 2024 and \$407.03 million at September 30, 2023.

Capital:

- Common equity tier 1 capital ratio of 12.63%⁽¹⁾.
- Tier 1 leverage capital ratio of 10.38%⁽¹⁾.
- Tier 1 risk-based capital ratio of 12.75%⁽¹⁾.
- Total risk-based capital ratio of 15.53%⁽¹⁾.
- Book value per common share was \$28.59 compared to \$27.62 at June 30, 2024 and \$26.28 at September 30, 2023.
- Tangible book value per common share (non-GAAP) was \$21.65 compared to \$20.65 at June 30, 2024 and \$19.28 at September 30, 2023.

⁽¹⁾ Preliminary.

About TowneBank:

Founded in 1999, TowneBank is a company built on relationships, offering a full range of banking and other financial services, with a focus of serving others and enriching lives. Dedicated to a culture of caring, Towne values all employees and members by embracing their diverse talents, perspectives, and experiences.

Now celebrating 25 years, TowneBank operates 50 banking offices throughout Hampton Roads and Central Virginia, as well as Northeastern and Central North Carolina – serving as a local leader in promoting the social, cultural, and economic growth in each community. Towne offers a competitive array of business and personal banking solutions, delivered with only the highest ethical standards. Experienced local bankers providing a higher level of expertise and personal attention with local decision-making are key to the TowneBank strategy. TowneBank has grown its capabilities beyond banking to provide expertise through its affiliated companies that include Towne Wealth Management, Towne Insurance Agency, Towne Benefits, TowneBank Mortgage, TowneBank Commercial Mortgage, Berkshire Hathaway HomeServices RW Towne Realty, Towne 1031 Exchange, LLC, and Towne Vacations. With total assets of \$17.19 billion as of September 30, 2024, TowneBank is one of the largest banks headquartered in Virginia.

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.

Forward-Looking Statements:

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.

Media contact:

G. Robert Aston, Jr., Executive Chairman, 757-638-6780

William I. Foster III, President and Chief Executive Officer, 757-417-6482

Investor contact:

William B. Littreal, Chief Financial Officer, 757-638-6813

TOWNEBANK
Selected Financial Highlights (unaudited)
(dollars in thousands, except per share data)

	Three Months Ended				
	September 30,	June 30,	March 31,	December 31,	September 30,
	2024	2024	2024	2023	2023
Income and Performance Ratios:					
Total revenue	\$ 174,518	\$ 174,970	\$ 167,102	\$ 155,546	\$ 172,864
Net income	43,126	43,039	35,127	28,545	44,745
Net income available to common shareholders	42,949	42,856	34,687	28,804	44,862
Net income per common share - diluted	0.57	0.57	0.46	0.39	0.60
Book value per common share	28.59	27.62	27.33	27.24	26.28
Book value per common share - tangible ^(non-GAAP)	21.65	20.65	20.31	20.28	19.28
Return on average assets	1.00 %	1.01 %	0.83 %	0.68 %	1.06 %
Return on average assets - tangible ^(non-GAAP)	1.09 %	1.11 %	0.92 %	0.77 %	1.17 %
Return on average equity	8.12 %	8.43 %	6.84 %	5.75 %	8.96 %
Return on average equity - tangible ^(non-GAAP)	11.42 %	12.03 %	9.87 %	8.53 %	12.97 %
Return on average common equity	8.18 %	8.49 %	6.89 %	5.79 %	9.04 %
Return on average common equity - tangible ^(non-GAAP)	11.54 %	12.16 %	9.98 %	8.62 %	13.11 %
Noninterest income as a percentage of total revenue	35.66 %	37.68 %	38.23 %	30.74 %	34.60 %
Regulatory Capital Ratios (1):					
Common equity tier 1	12.63 %	12.43 %	12.20 %	12.18 %	12.19 %
Tier 1	12.75 %	12.55 %	12.32 %	12.29 %	12.31 %
Total	15.53 %	15.34 %	15.10 %	15.06 %	15.09 %
Tier 1 leverage ratio	10.38 %	10.25 %	10.15 %	10.17 %	10.06 %
Asset Quality:					
Allowance for credit losses on loans to nonperforming loans	18.70x	19.08x	18.01x	18.48x	17.60x
Allowance for credit losses on loans to period end loans	1.08 %	1.10 %	1.10 %	1.12 %	1.12 %
Nonperforming loans to period end loans	0.06 %	0.06 %	0.06 %	0.06 %	0.06 %
Nonperforming assets to period end assets	0.04 %	0.04 %	0.05 %	0.05 %	0.05 %
Net charge-offs (recoveries) to average loans (annualized)	0.02 %	— %	0.02 %	— %	(0.04)%
Net charge-offs (recoveries)	\$ 677	\$ (19)	\$ 520	\$ 68	\$ (1,074)
Nonperforming loans	\$ 6,588	\$ 6,582	\$ 6,987	\$ 6,843	\$ 7,110
Foreclosed property	884	581	780	908	766
Total nonperforming assets	\$ 7,472	\$ 7,163	\$ 7,767	\$ 7,751	\$ 7,876
Loans past due 90 days and still accruing interest	\$ 510	\$ 368	\$ 323	\$ 735	\$ 970
Allowance for credit losses on loans	\$ 123,191	\$ 125,552	\$ 125,835	\$ 126,461	\$ 125,159
Mortgage Banking:					
Loans originated, mortgage	\$ 421,571	\$ 430,398	\$ 289,191	\$ 302,616	\$ 348,387
Loans originated, joint venture	176,612	196,583	135,197	126,332	172,021
Total loans originated	\$ 598,182	\$ 626,981	\$ 424,388	\$ 428,948	\$ 520,408
Number of loans originated	1,637	1,700	1,247	1,237	1,487
Number of originators	159	169	176	181	192
Purchase %	91.49 %	94.85 %	95.66 %	95.06 %	95.96 %
Loans sold	\$ 526,998	\$ 605,134	\$ 410,895	\$ 468,014	\$ 567,291
Rate lock asset	\$ 1,548	\$ 1,930	\$ 1,681	\$ 895	\$ 1,348
Gross realized gain on sales and fees as a % of loans originated	3.28 %	3.28 %	3.34 %	3.06 %	3.17 %
Other Ratios:					
Net interest margin	2.90 %	2.86 %	2.72 %	2.83 %	2.95 %
Net interest margin-fully tax-equivalent ^(non-GAAP)	2.93 %	2.89 %	2.75 %	2.86 %	2.98 %
Average earning assets/total average assets	90.43 %	90.36 %	90.52 %	90.48 %	90.73 %
Average loans/average deposits	80.07 %	80.80 %	81.48 %	80.72 %	80.75 %
Average noninterest deposits/total average deposits	30.19 %	30.06 %	30.25 %	31.69 %	33.50 %
Period end equity/period end total assets	12.58 %	12.24 %	12.24 %	12.21 %	11.90 %
Efficiency ratio ^(non-GAAP)	70.93 %	68.98 %	73.25 %	76.17 %	66.21 %

(1) Current reporting period regulatory capital ratios are preliminary.

TOWNEBANK
Selected Data (unaudited)
(dollars in thousands)

Investment Securities	% Change				
	Q3	Q3	Q2	Q3 24 vs.	Q3 24 vs.
	2024	2023	2024	Q3 23	Q2 24
Available-for-sale securities, at fair value					
U.S. agency securities	\$ 291,814	\$ 300,161	\$ 281,934	(2.78)%	3.50 %
U.S. Treasury notes	28,655	26,721	27,701	7.24 %	3.44 %
Municipal securities	455,722	484,587	442,474	(5.96)%	2.99 %
Trust preferred and other corporate securities	91,525	74,024	88,228	23.64 %	3.74 %
Mortgage-backed securities issued by GSEs and GNMA	1,496,631	1,079,303	1,411,883	38.67 %	6.00 %
Allowance for credit losses	(1,171)	(1,343)	(1,541)	(12.81)%	(24.01)%
Total	\$ 2,363,176	\$ 1,963,453	\$ 2,250,679	20.36 %	5.00 %
Gross unrealized gains (losses) reflected in financial statements					
Total gross unrealized gains	\$ 6,703	\$ 475	\$ 1,983	1,311.16 %	238.02 %
Total gross unrealized losses	(117,319)	(238,993)	(174,911)	(50.91)%	(32.93)%
Net unrealized gains (losses) and other adjustments on AFS securities	\$ (110,616)	\$ (238,518)	\$ (172,928)	(53.62)%	(36.03)%
Held-to-maturity securities, at amortized cost					
U.S. agency securities	\$ 102,428	\$ 101,659	\$ 102,234	0.76 %	0.19 %
U.S. Treasury notes	96,942	433,015	97,171	(77.61)%	(0.24)%
Municipal securities	5,342	5,249	5,318	1.77 %	0.45 %
Trust preferred corporate securities	2,133	2,185	2,147	(2.38)%	(0.65)%
Mortgage-backed securities issued by GSEs	5,577	5,746	5,618	(2.94)%	(0.73)%
Allowance for credit losses	(77)	(85)	(79)	(9.41)%	(2.53)%
Total	\$ 212,345	\$ 547,769	\$ 212,409	(61.23)%	(0.03)%
Total gross unrealized gains	\$ 323	\$ 82	\$ 175	293.90 %	84.57 %
Total gross unrealized losses	(7,929)	(23,505)	(12,880)	(66.27)%	(38.44)%
Net unrealized gains (losses) in HTM securities	\$ (7,606)	\$ (23,423)	\$ (12,705)	(67.53)%	(40.13)%
Total unrealized gains (losses) on AFS and HTM securities	\$ (118,222)	\$ (261,941)	\$ (185,633)	(54.87)%	(36.31)%
Loans Held For Investment					
	% Change				
	Q3	Q3	Q2	Q3 24 vs.	Q3 24 vs.
	2024	2023	2024	Q3 23	Q2 24
Real estate - construction and development	\$ 1,118,669	\$ 1,325,976	\$ 1,190,768	(15.63)%	(6.05)%
Commercial real estate - owner occupied	1,655,345	1,686,888	1,673,582	(1.87)%	(1.09)%
Commercial real estate - non owner occupied	3,179,699	3,025,985	3,155,958	5.08 %	0.75 %
Real estate - multifamily	750,906	542,611	682,537	38.39 %	10.02 %
Residential 1-4 family	1,891,216	1,818,843	1,887,420	3.98 %	0.20 %
HELOC	408,565	371,861	408,273	9.87 %	0.07 %
Commercial and industrial business (C&I)	1,256,511	1,237,524	1,297,538	1.53 %	(3.16)%
Government	521,681	523,456	517,954	(0.34)%	0.72 %
Indirect	546,887	548,621	558,216	(0.32)%	(2.03)%
Consumer loans and other	83,039	91,206	79,501	(8.95)%	4.45 %
Total	\$ 11,412,518	\$ 11,172,971	\$ 11,451,747	2.14 %	(0.34)%
Deposits					
	% Change				
	Q3	Q3	Q2	Q3 24 vs.	Q3 24 vs.
	2024	2023	2024	Q3 23	Q2 24
Noninterest-bearing demand	\$ 4,267,628	\$ 4,444,861	\$ 4,303,773	(3.99)%	(0.84)%
Interest-bearing:					
Demand and money market accounts	6,990,103	6,764,415	6,940,086	3.34 %	0.72 %
Savings	319,970	350,031	312,881	(8.59)%	2.27 %
Certificates of deposits	2,785,469	2,321,498	2,715,848	19.99 %	2.56 %
Total	14,363,170	13,880,805	14,272,588	3.48 %	0.63 %

TOWNEBANK
Average Balances, Yields and Rate Paid (unaudited)
(dollars in thousands)

	Three Months Ended September 30, 2024			Three Months Ended June 30, 2024			Three Months Ended September 30, 2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)
Assets:									
Loans (net of unearned income and deferred costs)	\$ 11,419,428	\$156,610	5.46 %	\$ 11,471,669	\$155,374	5.45 %	\$ 11,169,924	\$144,457	5.13 %
Taxable investment securities	2,376,102	20,940	3.53 %	2,368,476	21,671	3.66 %	2,373,731	18,645	3.14 %
Tax-exempt investment securities	168,768	1,686	4.00 %	156,503	1,521	3.89 %	206,639	1,993	3.86 %
Total securities	2,544,870	22,626	3.56 %	2,524,979	23,192	3.67 %	2,580,370	20,638	3.20 %
Interest-bearing deposits	1,226,445	15,249	4.95 %	1,182,816	14,512	4.93 %	1,230,582	15,031	4.85 %
Mortgage loans held for sale	208,513	3,247	6.23 %	165,392	2,945	7.12 %	227,426	3,928	6.91 %
Total earning assets	15,399,256	197,732	5.11 %	15,344,856	196,023	5.14 %	15,208,302	184,054	4.80 %
Less: allowance for loan losses	(125,331)			(126,792)			(125,553)		
Total nonearning assets	1,754,216			1,764,418			1,680,110		
Total assets	<u>\$ 17,028,141</u>			<u>\$ 16,982,482</u>			<u>\$ 16,762,859</u>		
Liabilities and Equity:									
Interest-bearing deposits									
Demand and money market	\$ 6,917,622	\$ 48,896	2.81 %	\$ 6,896,176	\$ 48,161	2.81 %	\$ 6,605,853	\$ 41,381	2.49 %
Savings	315,338	842	1.06 %	317,774	845	1.07 %	356,116	938	1.05 %
Certificates of deposit	2,723,437	32,390	4.73 %	2,715,615	33,017	4.89 %	2,236,102	21,852	3.88 %
Total interest-bearing deposits	9,956,397	82,128	3.28 %	9,929,565	82,023	3.32 %	9,198,071	64,171	2.77 %
Borrowings	33,867	(25)	(0.29)%	100,165	1,627	6.43 %	299,105	3,382	4.42 %
Subordinated debt, net	256,309	2,237	3.49 %	256,093	2,236	3.49 %	255,446	2,245	3.52 %
Total interest-bearing liabilities	10,246,573	84,340	3.27 %	10,285,823	85,886	3.36 %	9,752,622	69,798	2.84 %
Demand deposits	4,305,783			4,267,590			4,633,856		
Other noninterest-bearing liabilities	370,736			383,447			389,912		
Total liabilities	14,923,092			14,936,860			14,776,390		
Shareholders' equity	2,105,049			2,045,622			1,986,469		
Total liabilities and equity	<u>\$ 17,028,141</u>			<u>\$ 16,982,482</u>			<u>\$ 16,762,859</u>		
Net interest income (tax-equivalent basis) (4)		\$113,392			\$110,137			\$114,256	
Reconciliation of Non-GAAP Financial Measures									
Tax-equivalent basis adjustment		(1,110)			(1,089)			(1,198)	
Net interest income (GAAP)		<u>\$112,282</u>			<u>\$109,048</u>			<u>\$113,058</u>	
Interest rate spread (2)(4)			1.84 %			1.78 %			1.96 %
Interest expense as a percent of average earning assets			2.18 %			2.25 %			1.82 %
Net interest margin (tax-equivalent basis) (3)(4)			2.93 %			2.89 %			2.98 %
Total cost of deposits			2.29 %			2.32 %			1.84 %

(1) Yields and interest income are presented on a tax-equivalent basis using the federal statutory tax rate of 21%.

(2) Interest spread is the average yield earned on earning assets less the average rate paid on interest-bearing liabilities. Fully tax-equivalent.

(3) Net interest margin is net interest income expressed as a percentage of average earning assets. Fully tax-equivalent.

(4) Non-GAAP.

TOWNEBANK
Average Balances, Yields and Rate Paid (unaudited)
(dollars in thousands)

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)
Assets:						
Loans (net of unearned income and deferred costs)	\$ 11,423,458	\$463,794	5.42 %	\$ 11,159,329	\$417,808	5.01 %
Taxable investment securities	2,395,007	61,327	3.41 %	2,420,634	52,656	2.90 %
Tax-exempt investment securities	162,294	4,756	3.91 %	201,535	5,883	3.89 %
Total securities	2,557,301	66,083	3.45 %	2,622,169	58,539	2.98 %
Interest-bearing deposits	1,192,319	43,995	4.93 %	1,179,952	40,168	4.55 %
Mortgage loans held for sale	163,755	7,908	6.44 %	168,822	8,079	6.38 %
Total earning assets	15,336,833	581,780	5.07 %	15,130,272	524,594	4.64 %
Less: allowance for loan losses	(126,508)			(120,420)		
Total nonearning assets	1,748,215			1,637,952		
Total assets	<u>\$ 16,958,540</u>			<u>\$ 16,647,804</u>		
Liabilities and Equity:						
Interest-bearing deposits						
Demand and money market	\$ 6,880,752	\$145,042	2.82 %	\$ 6,349,422	\$ 96,742	2.04 %
Savings	320,696	2,569	1.07 %	376,282	2,676	0.95 %
Certificates of deposit	2,674,509	94,928	4.74 %	1,964,718	47,358	3.22 %
Total interest-bearing deposits	9,875,957	242,539	3.28 %	8,690,422	146,776	2.26 %
Borrowings	115,171	4,679	5.34 %	505,856	17,644	4.60 %
Subordinated debt, net	256,094	6,710	3.49 %	253,612	6,650	3.50 %
Total interest-bearing liabilities	10,247,222	253,928	3.31 %	9,449,890	171,070	2.42 %
Demand deposits	4,265,971			4,873,945		
Other noninterest-bearing liabilities	381,547			353,459		
Total liabilities	14,894,740			14,677,294		
Shareholders' equity	2,063,800			1,970,510		
Total liabilities and equity	<u>\$ 16,958,540</u>			<u>\$ 16,647,804</u>		
Net interest income (tax-equivalent basis)(4)		\$327,852			\$353,524	
Reconciliation of Non-GAAP Financial Measures						
Tax-equivalent basis adjustment		(3,304)			(3,477)	
Net interest income (GAAP)		<u>\$324,548</u>			<u>\$350,047</u>	
Interest rate spread (2)(4)			1.76 %			2.22 %
Interest expense as a percent of average earning assets			2.21 %			1.51 %
Net interest margin (tax-equivalent basis) (3)(4)			2.86 %			3.12 %
Total cost of deposits			2.29 %			1.45 %

(1) Yields and interest income are presented on a tax-equivalent basis using the federal statutory rate of 21%.

(2) Interest spread is the average yield earned on earning assets less the average rate paid on interest-bearing liabilities. Fully tax-equivalent.

(3) Net interest margin is net interest income expressed as a percentage of average earning assets. Fully tax-equivalent.

(4) Non-GAAP.

TOWNEBANK
Consolidated Balance Sheets
(dollars in thousands, except share data)

	September 30, 2024	December 31, 2023
	(unaudited)	(audited)
ASSETS		
Cash and due from banks	\$ 131,068	\$ 85,584
Interest-bearing deposits at FRB	1,061,596	939,356
Interest-bearing deposits in financial institutions	103,400	103,417
Total Cash and Cash Equivalents	<u>1,296,064</u>	<u>1,128,357</u>
Securities available for sale, at fair value (amortized cost of \$2,474,963 and \$2,292,963, and allowance for credit losses of \$1,171 and \$1,498 at September 30, 2024 and December 31, 2023, respectively)	2,363,176	2,129,342
Securities held to maturity, at amortized cost (fair value \$204,816 and \$462,656 at September 30, 2024 and December 31, 2023, respectively)	212,422	477,592
Less: Allowance for credit losses	(77)	(84)
Securities held to maturity, net of allowance for credit losses	<u>212,345</u>	<u>477,508</u>
Other equity securities	12,681	13,792
FHLB stock	12,134	21,372
Total Securities	<u>2,600,336</u>	<u>2,642,014</u>
Mortgage loans held for sale	264,320	149,987
Loans, net of unearned income and deferred costs	11,412,518	11,329,021
Less: allowance for credit losses	(123,191)	(126,461)
Net Loans	<u>11,289,327</u>	<u>11,202,560</u>
Premises and equipment, net	365,764	337,598
Goodwill	457,619	456,335
Other intangible assets, net	63,265	64,634
BOLI	279,325	277,445
Other assets	572,000	576,109
TOTAL ASSETS	<u>\$ 17,188,020</u>	<u>\$ 16,835,039</u>
LIABILITIES AND EQUITY		
Deposits:		
Noninterest-bearing demand	\$ 4,267,628	\$ 4,342,701
Interest-bearing:		
Demand and money market accounts	6,990,103	6,757,619
Savings	319,970	336,492
Certificates of deposit	2,785,469	2,456,394
Total Deposits	<u>14,363,170</u>	<u>13,893,206</u>
Advances from the FHLB	3,405	203,958
Subordinated debt, net	256,444	255,796
Repurchase agreements and other borrowings	30,970	32,826
Total Borrowings	<u>290,819</u>	<u>492,580</u>
Other liabilities	371,316	393,375
TOTAL LIABILITIES	<u>15,025,305</u>	<u>14,779,161</u>
Preferred stock, authorized and unissued shares - 2,000,000	—	—
Common stock, \$1.667 par value: 150,000,000 shares authorized; 75,068,662 and 74,893,462 shares issued at September 30, 2024 and December 31, 2023, respectively	125,139	124,847
Capital surplus	1,117,279	1,112,761
Retained earnings	985,343	921,126
Common stock issued to deferred compensation trust, at cost: 1,056,823 and 1,004,717 shares at September 30, 2024 and December 31, 2023, respectively	(22,224)	(20,813)
Deferred compensation trust	22,224	20,813
Accumulated other comprehensive income (loss)	(81,482)	(118,762)
TOTAL SHAREHOLDERS' EQUITY	<u>2,146,279</u>	<u>2,039,972</u>
Noncontrolling interest	16,436	15,906
TOTAL EQUITY	<u>2,162,715</u>	<u>2,055,878</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 17,188,020</u>	<u>\$ 16,835,039</u>

TOWNEBANK
Consolidated Statements of Income (unaudited)
(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
INTEREST INCOME:				
Loans, including fees	\$ 155,792	\$ 143,605	\$ 461,316	\$ 415,351
Investment securities	22,334	20,292	65,257	57,519
Interest-bearing deposits in financial institutions and federal funds sold	15,249	15,031	43,995	40,168
Mortgage loans held for sale	3,247	3,928	7,908	8,079
Total interest income	<u>196,622</u>	<u>182,856</u>	<u>578,476</u>	<u>521,117</u>
INTEREST EXPENSE:				
Deposits	82,128	64,171	242,539	146,776
Advances from the FHLB	29	3,438	3,408	16,838
Subordinated debt, net	2,237	2,245	6,710	6,650
Repurchase agreements and other borrowings	(54)	(56)	1,271	806
Total interest expense	<u>84,340</u>	<u>69,798</u>	<u>253,928</u>	<u>171,070</u>
Net interest income	<u>112,282</u>	<u>113,058</u>	<u>324,548</u>	<u>350,047</u>
PROVISION FOR CREDIT LOSSES				
Net interest income after provision for credit losses	<u>113,382</u>	<u>112,051</u>	<u>326,702</u>	<u>333,815</u>
NONINTEREST INCOME:				
Residential mortgage banking income, net	11,786	10,648	35,685	31,380
Insurance commissions and related income, net	25,727	23,777	75,297	69,098
Property management income, net	11,221	12,800	42,306	40,433
Real estate brokerage income, net	—	(63)	—	3,562
Service charges on deposit accounts	3,117	2,823	9,548	8,577
Credit card merchant fees, net	1,830	2,006	5,042	5,232
Investment commissions, net	2,835	2,363	7,759	6,581
BOLI	1,886	1,814	6,966	5,196
Gain on sale of equity investment	20	554	20	9,386
Other income	3,814	3,084	9,345	9,083
Net gain/(loss) on investment securities	—	—	74	—
Total noninterest income	<u>62,236</u>	<u>59,806</u>	<u>192,042</u>	<u>188,528</u>
NONINTEREST EXPENSE:				
Salaries and employee benefits	72,123	67,258	214,849	204,124
Occupancy	9,351	9,027	28,490	27,579
Furniture and equipment	4,657	4,100	13,769	12,733
Amortization - intangibles	3,130	3,610	9,675	10,744
Software	6,790	6,130	19,947	17,922
Data processing	4,701	4,140	13,223	11,504
Professional fees	4,720	2,770	11,689	8,948
Advertising and marketing	4,162	3,653	12,268	12,012
Other expenses	17,266	17,014	52,565	61,762
Total noninterest expense	<u>126,900</u>	<u>117,702</u>	<u>376,475</u>	<u>367,328</u>
Income before income tax expense and noncontrolling interest	<u>48,718</u>	<u>54,155</u>	<u>142,269</u>	<u>155,015</u>
Provision for income tax expense	5,592	9,410	20,977	28,424
Net income	<u>\$ 43,126</u>	<u>\$ 44,745</u>	<u>\$ 121,292</u>	<u>\$ 126,591</u>
Net income attributable to noncontrolling interest	(177)	117	(800)	(1,680)
Net income attributable to TowneBank	<u>\$ 42,949</u>	<u>\$ 44,862</u>	<u>\$ 120,492</u>	<u>\$ 124,911</u>
Per common share information				
Basic earnings	\$ 0.57	\$ 0.60	\$ 1.61	\$ 1.67
Diluted earnings	\$ 0.57	\$ 0.60	\$ 1.61	\$ 1.67
Cash dividends declared	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.73

TOWNEBANK
Consolidated Balance Sheets - Five Quarter Trend
(dollars in thousands, except share data)

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)
ASSETS					
Cash and due from banks	\$ 131,068	\$ 140,028	\$ 75,802	\$ 85,584	\$ 83,949
Interest-bearing deposits at FRB	1,061,596	1,062,115	926,635	939,356	1,029,276
Interest-bearing deposits in financial institutions	103,400	99,303	98,673	103,417	102,527
Total Cash and Cash Equivalents	1,296,064	1,301,446	1,101,110	1,128,357	1,215,752
Securities available for sale	2,363,176	2,250,679	2,204,101	2,129,342	1,963,453
Securities held to maturity	212,422	212,488	312,510	477,592	547,854
Less: allowance for credit losses	(77)	(79)	(82)	(84)	(85)
Securities held to maturity, net of allowance for credit losses	212,345	212,409	312,428	477,508	547,769
Other equity securities	12,681	13,566	13,661	13,792	14,062
FHLB stock	12,134	12,134	12,139	21,372	16,634
Total Securities	2,600,336	2,488,788	2,542,329	2,642,014	2,541,918
Mortgage loans held for sale	264,320	200,762	150,727	149,987	188,048
Loans, net of unearned income and deferred costs	11,412,518	11,451,747	11,452,343	11,329,021	11,172,971
Less: Allowance for credit losses	(123,191)	(125,552)	(125,835)	(126,461)	(125,159)
Net Loans	11,289,327	11,326,195	11,326,508	11,202,560	11,047,812
Premises and equipment, net	365,764	340,348	342,569	337,598	335,522
Goodwill	457,619	457,619	457,619	456,335	456,684
Other intangible assets, net	63,265	65,460	68,758	64,634	67,496
BOLI	279,325	277,434	279,293	277,445	275,240
Other assets	572,000	610,791	615,324	576,109	551,884
TOTAL ASSETS	\$ 17,188,020	\$ 17,068,843	\$ 16,884,237	\$ 16,835,039	\$ 16,680,356
LIABILITIES AND EQUITY					
Deposits:					
Noninterest-bearing demand	\$ 4,267,628	\$ 4,303,773	\$ 4,194,132	\$ 4,342,701	\$ 4,444,861
Interest-bearing:					
Demand and money market accounts	6,990,103	6,940,086	6,916,701	6,757,619	6,764,415
Savings	319,970	312,881	326,179	336,492	350,031
Certificates of deposit	2,785,469	2,715,848	2,689,062	2,456,394	2,321,498
Total Deposits	14,363,170	14,272,588	14,126,074	13,893,206	13,880,805
Advances from the FHLB	3,405	3,591	3,775	203,958	104,139
Subordinated debt, net	256,444	256,227	256,011	255,796	255,580
Repurchase agreements and other borrowings	30,970	35,351	31,198	32,826	47,315
Total Borrowings	290,819	295,169	290,984	492,580	407,034
Other liabilities	371,316	411,770	401,307	393,375	408,305
TOTAL LIABILITIES	15,025,305	14,979,527	14,818,365	14,779,161	14,696,144
Preferred stock					
Common stock, \$1.667 par value	125,139	125,090	125,009	124,847	124,837
Capital surplus	1,117,279	1,115,759	1,114,038	1,112,761	1,111,152
Retained earnings	985,343	961,162	937,065	921,126	911,042
Common stock issued to deferred compensation trust, at cost	(22,224)	(22,756)	(20,915)	(20,813)	(20,740)
Deferred compensation trust	22,224	22,756	20,915	20,813	20,740
Accumulated other comprehensive income (loss)	(81,482)	(129,224)	(126,586)	(118,762)	(179,043)
TOTAL SHAREHOLDERS' EQUITY	2,146,279	2,072,787	2,049,526	2,039,972	1,967,988
Noncontrolling interest	16,436	16,529	16,346	15,906	16,224
TOTAL EQUITY	2,162,715	2,089,316	2,065,872	2,055,878	1,984,212
TOTAL LIABILITIES AND EQUITY	\$ 17,188,020	\$ 17,068,843	\$ 16,884,237	\$ 16,835,039	\$ 16,680,356

TOWNEBANK
Consolidated Statements of Income - Five Quarter Trend (unaudited)
(dollars in thousands, except share data)

	Three Months Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
INTEREST INCOME:					
Loans, including fees	\$ 155,792	\$ 154,549	\$ 150,974	\$ 146,810	\$ 143,605
Investment securities	22,334	22,928	19,996	20,464	20,292
Interest-bearing deposits in financial institutions and federal funds sold	15,249	14,512	14,234	13,967	15,031
Mortgage loans held for sale	3,247	2,945	1,716	2,886	3,928
Total interest income	196,622	194,934	186,920	184,127	182,856
INTEREST EXPENSE:					
Deposits	82,128	82,023	78,388	73,200	64,171
Advances from the FHLB	29	942	2,438	917	3,438
Subordinated debt, net	2,237	2,236	2,236	2,236	2,245
Repurchase agreements and other borrowings	(54)	685	640	41	(56)
Total interest expense	84,340	85,886	83,702	76,394	69,798
Net interest income	112,282	109,048	103,218	107,733	113,058
PROVISION FOR CREDIT LOSSES	(1,100)	(177)	(877)	2,446	1,007
Net interest income after provision for credit losses	113,382	109,225	104,095	105,287	112,051
NONINTEREST INCOME:					
Residential mortgage banking income, net	11,786	13,422	10,477	8,035	10,648
Insurance commissions and related income, net	25,727	24,031	25,539	21,207	23,777
Property management income, net	11,221	14,312	16,773	7,358	12,800
Real estate brokerage income, net	—	—	—	(32)	(63)
Service charges on deposit accounts	3,117	3,353	3,079	3,056	2,823
Credit card merchant fees, net	1,830	1,662	1,551	1,476	2,006
Investment commissions, net	2,835	2,580	2,343	2,380	2,363
BOLI	1,886	3,238	1,842	2,206	1,814
Other income	3,834	3,324	2,206	2,127	3,638
Net gain/(loss) on investment securities	—	—	74	—	—
Total noninterest income	62,236	65,922	63,884	47,813	59,806
NONINTEREST EXPENSE:					
Salaries and employee benefits	72,123	71,349	71,377	66,035	67,258
Occupancy	9,351	9,717	9,422	9,308	9,027
Furniture and equipment	4,657	4,634	4,478	4,445	4,100
Amortization - intangibles	3,130	3,298	3,246	3,411	3,610
Software	6,790	7,056	6,100	6,743	6,130
Data processing	4,701	4,606	3,916	3,529	4,140
Professional fees	4,720	3,788	3,180	3,339	2,770
Advertising and marketing	4,162	3,524	4,582	3,377	3,653
Other expenses	17,266	16,012	19,290	21,708	17,014
Total noninterest expense	126,900	123,984	125,591	121,895	117,702
Income before income tax expense and noncontrolling interest	48,718	51,163	42,388	31,205	54,155
Provision for income tax expense	5,592	8,124	7,261	2,660	9,410
Net income	43,126	43,039	35,127	28,545	44,745
Net income attributable to noncontrolling interest	(177)	(183)	(440)	259	117
Net income attributable to TowneBank	\$ 42,949	\$ 42,856	\$ 34,687	\$ 28,804	\$ 44,862
Per common share information					
Basic earnings	\$ 0.57	\$ 0.57	\$ 0.46	\$ 0.39	\$ 0.60
Diluted earnings	\$ 0.57	\$ 0.57	\$ 0.46	\$ 0.39	\$ 0.60
Basic weighted average shares outstanding	74,940,827	74,925,877	74,816,420	74,773,335	74,750,294
Diluted weighted average shares outstanding	75,141,661	75,037,955	74,979,501	74,793,557	74,765,515
Cash dividends declared	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

TOWNEBANK
Banking Segment Financial Information (unaudited)
(dollars in thousands)

	Three Months Ended			Nine Months Ended		Increase/(Decrease)	
	September 30,		June 30,	September 30,		YTD 2024 over 2023	
	2024	2023	2024	2024	2023	Amount	Percent
Revenue							
Net interest income	\$ 111,569	\$ 112,189	\$ 108,029	\$ 322,280	\$ 349,165	\$ (26,885)	(7.70)%
Service charges on deposit accounts	3,117	2,823	3,352	9,548	8,577	971	11.32 %
Credit card merchant fees	1,830	2,006	1,662	5,042	5,232	(190)	(3.63)%
Investment commissions, net	2,835	2,363	2,580	7,759	6,581	1,178	17.90 %
Other income	4,828	4,224	4,840	13,096	12,012	1,084	9.02 %
Subtotal	12,610	11,416	12,434	35,445	32,402	3,043	9.39 %
Net gain/(loss) on investment securities	—	—	—	74	—	74	N/M
Total noninterest income	12,610	11,416	12,434	35,519	32,402	3,117	9.62 %
Total revenue	124,179	123,605	120,463	357,799	381,567	(23,768)	(6.23)%
Provision for credit losses	(1,043)	1,206	(170)	(2,189)	16,442	(18,631)	(113.31)%
Expenses							
Salaries and employee benefits	47,148	42,727	46,640	140,261	128,161	12,100	9.44 %
Occupancy	6,963	6,637	7,194	21,217	19,717	1,500	7.61 %
Furniture and equipment	3,878	3,273	3,810	11,336	10,150	1,186	11.68 %
Amortization of intangible assets	1,072	1,296	1,117	3,352	3,918	(566)	(14.45)%
Other expenses	26,674	22,595	23,587	77,215	80,215	(3,000)	(3.74)%
Total expenses	85,735	76,528	82,348	253,381	242,161	11,220	4.63 %
Income before income tax, corporate allocation and noncontrolling interest	39,487	45,871	38,285	106,607	122,964	(16,357)	(13.30)%
Corporate allocation	1,223	1,291	1,232	3,524	3,763	(239)	(6.35)%
Income before income tax provision and noncontrolling interest	40,710	47,162	39,517	110,131	126,727	(16,596)	(13.10)%
Provision for income tax expense	3,495	7,440	5,130	12,731	21,204	(8,473)	(39.96)%
Net income	37,215	39,722	34,387	97,400	105,523	(8,123)	(7.70)%
Noncontrolling interest	(29)	—	(58)	34	—	34	N/M
Net income attributable to TowneBank	\$ 37,186	\$ 39,722	\$ 34,329	\$ 97,434	\$ 105,523	\$ (8,089)	(7.67)%
Efficiency ratio ^(non-GAAP)	68.18 %	60.86 %	67.43 %	69.89 %	62.44 %	7.45 %	11.93 %

TOWNEBANK
Realty Segment Financial Information (unaudited)
(dollars in thousands)

	Three Months Ended			Nine Months Ended		Increase/(Decrease)	
	September 30,		June 30,	September 30,		YTD 2024 over 2023	
	2024	2023	2024	2024	2023	Amount	Percent
Revenue							
Residential mortgage brokerage income, net	\$ 12,211	\$ 10,955	\$ 13,996	\$ 37,006	\$ 32,964	\$ 4,042	12.26 %
Real estate brokerage income, net	—	(63)	—	—	3,562	(3,562)	(100.00)%
Title insurance and settlement fees	—	—	—	—	443	(443)	(100.00)%
Property management fees, net	11,221	12,800	14,312	42,306	40,433	1,873	4.63 %
Income (loss) from unconsolidated subsidiary	51	(63)	67	148	(884)	1,032	116.74 %
Gain on equity investment	—	—	—	—	8,833	(8,833)	(100.00)%
Net interest and other income	906	1,163	1,317	3,007	1,984	1,023	51.56 %
Total revenue	24,389	24,792	29,692	82,467	87,335	(4,868)	(5.57)%
Provision for credit losses	(57)	(199)	(7)	35	(210)	245	116.67 %
Expenses							
Salaries and employee benefits	12,355	12,881	12,370	36,913	41,670	(4,757)	(11.42)%
Occupancy	1,638	1,669	1,811	5,019	5,559	(540)	(9.71)%
Furniture and equipment	604	600	596	1,794	1,933	(139)	(7.19)%
Amortization of intangible assets	637	742	781	2,094	2,166	(72)	(3.32)%
Other expenses	8,839	9,544	9,136	26,174	27,319	(1,145)	(4.19)%
Total expenses	24,073	25,436	24,694	71,994	78,647	(6,653)	(8.46)%
Income before income tax, corporate allocation and noncontrolling interest	373	(445)	5,005	10,438	8,898	1,540	17.31 %
Corporate allocation	(484)	(600)	(490)	(1,322)	(1,800)	478	(26.56)%
Income before income tax provision and noncontrolling interest	(111)	(1,045)	4,515	9,116	7,098	2,018	28.43 %
Provision for income tax expense	18	(99)	1,163	2,336	1,769	567	32.05 %
Net income	(129)	(946)	3,352	6,780	5,329	1,451	27.23 %
Noncontrolling interest	(148)	117	(125)	(834)	(1,680)	846	(50.36)%
Net income attributable to TowneBank	\$ (277)	\$ (829)	\$ 3,227	\$ 5,946	\$ 3,649	\$ 2,297	62.95 %
Efficiency ratio excluding gain on equity investment <small>(non-GAAP)</small>	96.09 %	99.61 %	80.54 %	84.76 %	97.43 %	(12.67)%	(13.00)%

TOWNEBANK
Insurance Segment Financial Information (unaudited)
(dollars in thousands)

	Three Months Ended			Nine Months Ended		Increase/(Decrease)	
	September 30,		June 30,	September 30,		YTD 2024 over 2023	
	2024	2023	2024	2024	2023	Amount	Percent
Commission and fee income							
Property and casualty	\$ 23,157	\$ 22,103	\$ 22,225	\$ 66,104	\$ 60,259	\$ 5,845	9.70 %
Employee benefits	4,483	4,245	4,404	13,712	13,393	319	2.38 %
Specialized benefit services	—	133	—	10	445	(435)	(97.75)%
Total commissions and fees	27,640	26,481	26,629	79,826	74,097	5,729	7.73 %
Contingency and bonus revenue	2,731	2,335	2,951	10,185	9,343	842	9.01 %
Other income	25	557	6	41	573	(532)	(92.84)%
Total revenue	30,396	29,373	29,586	90,052	84,013	6,039	7.19 %
Employee commission expense	4,446	4,906	4,771	13,728	14,340	(612)	(4.27)%
Revenue, net of commission expense	25,950	24,467	24,815	76,324	69,673	6,651	9.55 %
Salaries and employee benefits	12,620	11,650	12,339	37,675	34,293	3,382	9.86 %
Occupancy	750	721	712	2,254	2,303	(49)	(2.13)%
Furniture and equipment	175	227	228	639	650	(11)	(1.69)%
Amortization of intangible assets	1,421	1,572	1,400	4,229	4,660	(431)	(9.25)%
Other expenses	2,126	1,568	2,263	6,303	4,614	1,689	36.61 %
Total operating expenses	17,092	15,738	16,942	51,100	46,520	4,580	9.85 %
Income before income tax, corporate allocation and noncontrolling interest	8,858	8,729	7,873	25,224	23,153	2,071	8.94 %
Corporate allocation	(739)	(691)	(742)	(2,202)	(1,963)	(239)	12.18 %
Income before income tax provision and noncontrolling interest	8,119	8,038	7,131	23,022	21,190	1,832	8.65 %
Provision for income tax expense	2,079	2,069	1,831	5,910	5,451	459	8.42 %
Net income	6,040	5,969	5,300	17,112	15,739	1,373	8.72 %
Noncontrolling interest	—	—	—	—	—	—	— %
Net income attributable to TowneBank	\$ 6,040	\$ 5,969	\$ 5,300	\$ 17,112	\$ 15,739	\$ 1,373	8.72 %
Provision for income taxes	2,079	2,069	1,831	5,910	5,451	459	8.42 %
Depreciation, amortization and interest expense	1,550	1,726	1,529	4,632	5,115	(483)	(9.44)%
EBITDA ^(non-GAAP)	\$ 9,669	\$ 9,764	\$ 8,660	\$ 27,654	\$ 26,305	\$ 1,349	5.13 %
Efficiency ratio ^(non-GAAP)	60.44 %	59.21 %	62.63 %	61.43 %	60.55 %	0.88 %	1.45 %

TOWNEBANK
Reconciliation of Non-GAAP Financial Measures
(dollars in thousands)

	Three Months Ended			Nine Months Ended	
	September 30, 2024	September 30, 2023	June 30, 2024	September 30, 2024	September 30, 2023
Return on average assets (GAAP)	1.00 %	1.06 %	1.01 %	0.95 %	1.00 %
Impact of excluding average goodwill and other intangibles and amortization	0.09 %	0.11 %	0.10 %	0.09 %	0.11 %
Return on average tangible assets (non-GAAP)	1.09 %	1.17 %	1.11 %	1.04 %	1.11 %
Return on average equity (GAAP)	8.12 %	8.96 %	8.43 %	7.80 %	8.48 %
Impact of excluding average goodwill and other intangibles and amortization	3.30 %	4.01 %	3.60 %	3.31 %	3.87 %
Return on average tangible equity (non-GAAP)	11.42 %	12.97 %	12.03 %	11.11 %	12.35 %
Return on average common equity (GAAP)	8.18 %	9.04 %	8.49 %	7.86 %	8.54 %
Impact of excluding average goodwill and other intangibles and amortization	3.36 %	4.07 %	3.67 %	3.37 %	3.95 %
Return on average tangible common equity (non-GAAP)	11.54 %	13.11 %	12.16 %	11.23 %	12.49 %
Book value (GAAP)	\$ 28.59	\$ 26.28	\$ 27.62	\$ 28.59	\$ 26.28
Impact of excluding average goodwill and other intangibles and amortization	(6.94)	(7.00)	(6.97)	(6.94)	(7.00)
Tangible book value (non-GAAP)	\$ 21.65	\$ 19.28	\$ 20.65	\$ 21.65	\$ 19.28
Efficiency ratio (GAAP)	72.71 %	68.09 %	70.86 %	72.88 %	68.20 %
Impact of exclusions	(1.78)%	(1.88)%	(1.88)%	(1.86)%	(0.82)%
Efficiency ratio (non-GAAP)	70.93 %	66.21 %	68.98 %	71.02 %	67.38 %
Average assets (GAAP)	\$ 17,028,141	\$ 16,762,859	\$ 16,982,482	\$ 16,958,540	\$ 16,647,804
Less: average goodwill and intangible assets	522,219	526,445	525,122	523,335	526,375
Average tangible assets (non-GAAP)	\$ 16,505,922	\$ 16,236,414	\$ 16,457,360	\$ 16,435,205	\$ 16,121,429
Average equity (GAAP)	\$ 2,105,049	\$ 1,986,469	\$ 2,045,622	\$ 2,063,800	\$ 1,970,510
Less: average goodwill and intangible assets	522,219	526,445	525,122	523,335	526,375
Average tangible equity (non-GAAP)	\$ 1,582,830	\$ 1,460,024	\$ 1,520,500	\$ 1,540,465	\$ 1,444,135
Average common equity (GAAP)	\$ 2,088,674	\$ 1,969,898	\$ 2,029,150	\$ 2,047,482	\$ 1,954,850
Less: average goodwill and intangible assets	522,219	526,445	525,122	523,335	526,375
Average tangible common equity (non-GAAP)	\$ 1,566,455	\$ 1,443,453	\$ 1,504,028	\$ 1,524,147	\$ 1,428,475
Net income (GAAP)	\$ 42,949	\$ 44,862	\$ 42,856	\$ 120,492	\$ 124,911
Amortization of intangibles, net of tax	2,473	2,852	2,605	7,643	8,488
Tangible net income (non-GAAP)	\$ 45,422	\$ 47,714	\$ 45,461	\$ 128,135	\$ 133,399
Total revenue (GAAP)	\$ 174,518	\$ 172,864	\$ 174,970	\$ 516,590	\$ 538,575
Net (gain)/loss on investment securities	—	—	—	(74)	—
Other nonrecurring (income) loss	(20)	(554)	—	(20)	(9,386)
Total Revenue for efficiency calculation (non-GAAP)	\$ 174,498	\$ 172,310	\$ 174,970	\$ 516,496	\$ 529,189
Noninterest expense (GAAP)	\$ 126,900	\$ 117,702	\$ 123,984	\$ 376,475	\$ 367,328
Less: amortization of intangibles	3,130	3,610	3,298	9,675	10,744
Noninterest expense net of amortization (non-GAAP)	\$ 123,770	\$ 114,092	\$ 120,686	\$ 366,800	\$ 356,584

TOWNEBANK
Reconciliation of Non-GAAP Financial Measures
(dollars in thousands, except per share data)

Reconciliation of GAAP Earnings to Operating Earnings Excluding Certain Items Affecting Comparability

	Three Months Ended				
	September 30, 2024	June 30, 2024	March 31, 2023	December 31, 2023	September 30, 2023
Net income (GAAP)	\$ 42,949	\$ 42,856	\$ 34,687	\$ 28,804	\$ 44,862
<u>Adjustments</u>					
Plus: Acquisition-related expenses, net of tax	460	18	564	56	458
Plus: FDIC special assessment, net of tax	—	(310)	1,021	4,083	—
Less: Gain on sale of equity investments, net of noncontrolling interest	(16)	—	—	(1,846)	(438)
Core operating earnings, excluding certain items affecting comparability (non-GAAP)	<u>\$ 43,393</u>	<u>\$ 42,564</u>	<u>\$ 36,272</u>	<u>\$ 31,097</u>	<u>\$ 44,882</u>
Weighted average diluted shares	75,141,661	75,037,955	74,979,501	74,793,557	74,765,515
Diluted EPS (GAAP)	\$ 0.57	\$ 0.57	\$ 0.46	\$ 0.39	\$ 0.60
Diluted EPS, excluding certain items affecting comparability (non-GAAP)	\$ 0.58	\$ 0.57	\$ 0.48	\$ 0.42	\$ 0.60
Average assets	\$ 17,028,141	\$ 16,982,482	\$ 16,864,235	\$ 16,683,041	\$ 16,762,859
Average tangible equity	\$ 1,582,830	\$ 1,520,500	1,517,600	\$ 1,465,216	\$ 1,460,024
Average common tangible equity	\$ 1,566,455	\$ 1,504,028	\$ 1,501,494	\$ 1,449,052	\$ 1,443,453
Return on average assets, excluding certain items affecting comparability (non-GAAP)	1.01 %	1.01 %	0.87 %	0.74 %	1.06 %
Return on average tangible equity, excluding certain items affecting comparability (non-GAAP)	11.53 %	11.95 %	10.29 %	9.15 %	12.97 %
Return on average common tangible equity, excluding certain items affecting comparability (non-GAAP)	11.65 %	12.08 %	10.40 %	9.25 %	13.13 %
Efficiency ratio, excluding certain items affecting comparability (non-GAAP)	72.45 %	70.85 %	74.84 %	78.33 %	67.76 %

TOWNEBANK
Reconciliation of Non-GAAP Financial Measures
(dollars in thousands, except per share data)

<u>Reconciliation of GAAP Earnings to Operating Earnings Excluding Certain Items Affecting Comparability</u>	<u>Nine Months Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>
Net income (GAAP)	\$ 120,492	\$ 124,911
<u>Adjustments</u>		
Plus: Acquisition-related expenses, net of tax	1,040	7,718
Plus: FDIC special assessment, net of tax	711	—
Plus: Initial provision for acquired loans, net of tax	—	3,166
Less: Gain on sale of equity investments, net of noncontrolling interest and tax	(16)	(5,951)
Core operating earnings, excluding certain items affecting comparability (non-GAAP)	<u>\$ 122,227</u>	<u>\$ 129,844</u>
Weighted average diluted shares	75,043,848	74,618,743
Diluted EPS (GAAP)	\$ 1.61	\$ 1.67
Diluted EPS, excluding certain items affecting comparability (non-GAAP)	\$ 1.63	\$ 1.74
Average assets	\$ 16,958,540	\$ 16,647,804
Average tangible equity	\$ 1,540,465	\$ 1,444,135
Average tangible common equity	\$ 1,524,147	\$ 1,428,475
Return on average assets, excluding certain items affecting comparability (non-GAAP)	0.96 %	1.04 %
Return on average tangible equity, excluding certain items affecting comparability (non-GAAP)	11.26 %	12.81 %
Return on average common tangible equity, excluding certain items affecting comparability (non-GAAP)	11.38 %	12.95 %
Efficiency ratio, excluding certain items affecting comparability (non-GAAP)	72.68 %	67.61 %



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%)

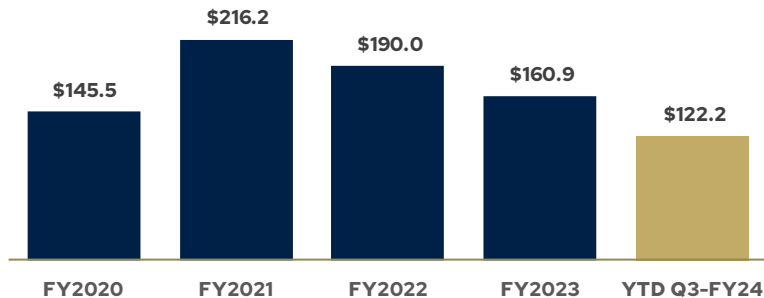
Core Net Income¹

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%)

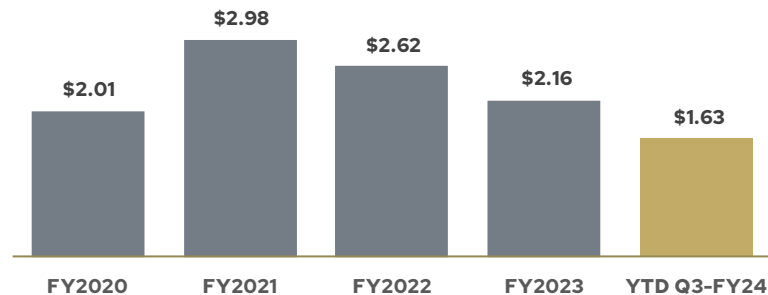
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Financial Performance Trends

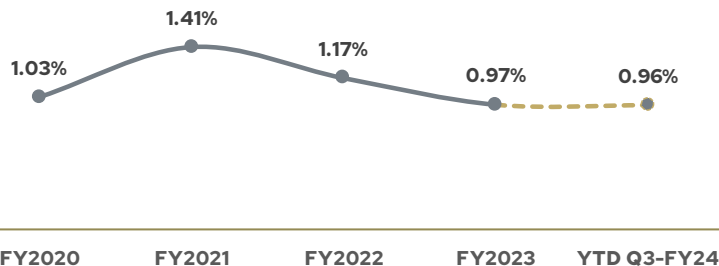
Core Net Income¹ [Dollars in millions]



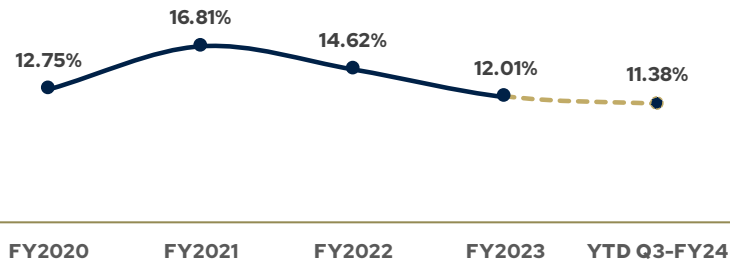
Core EPS¹



Core ROAA¹



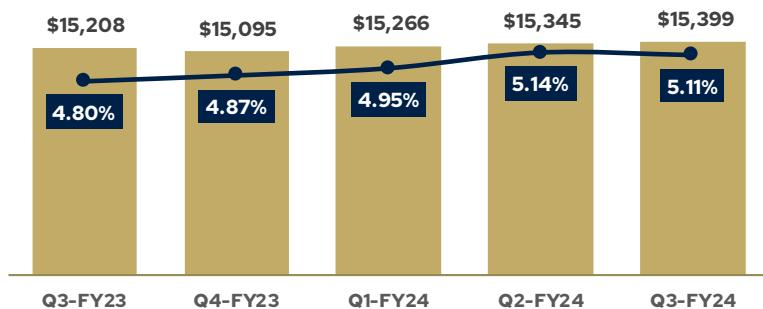
Core ROATCE¹



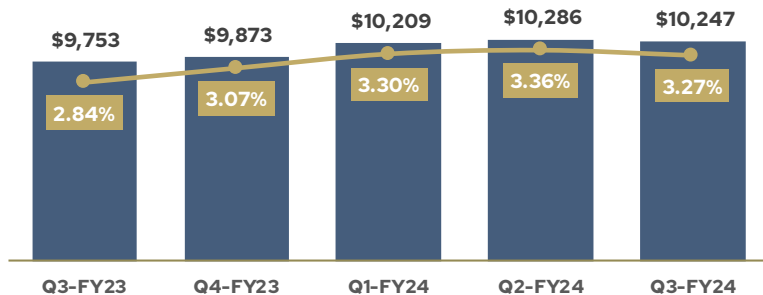
(1) Non-GAAP financial measure - see non-GAAP reconciliations

Net Interest Income

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

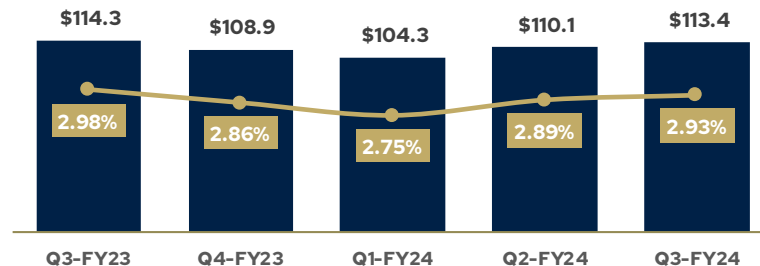


Avg. Interest Bearing Liabilities & Cost [Dollars in millions]

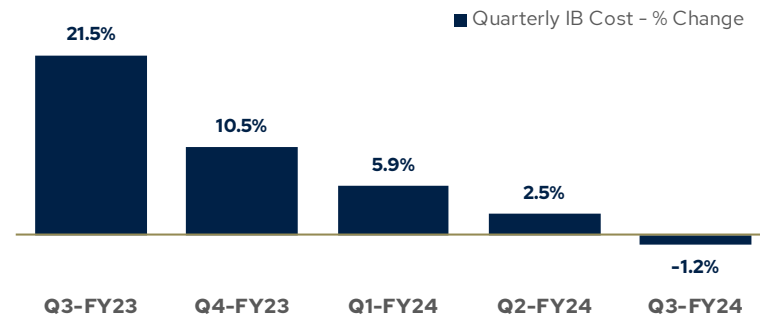


(1) Non-GAAP financial measures - see non-GAAP reconciliations

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



Interest Bearing Deposit Costs

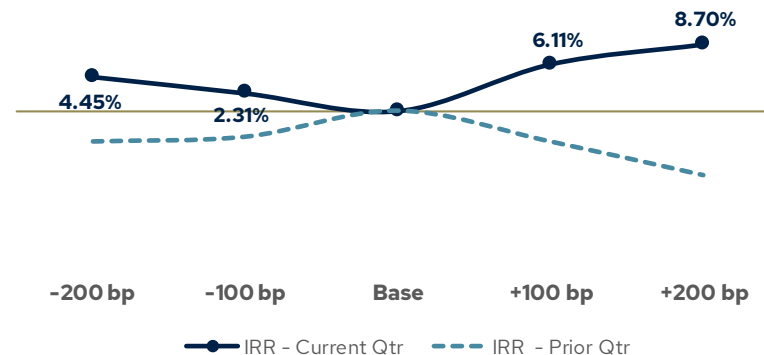


NIM & Net Interest Income Sensitivity

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

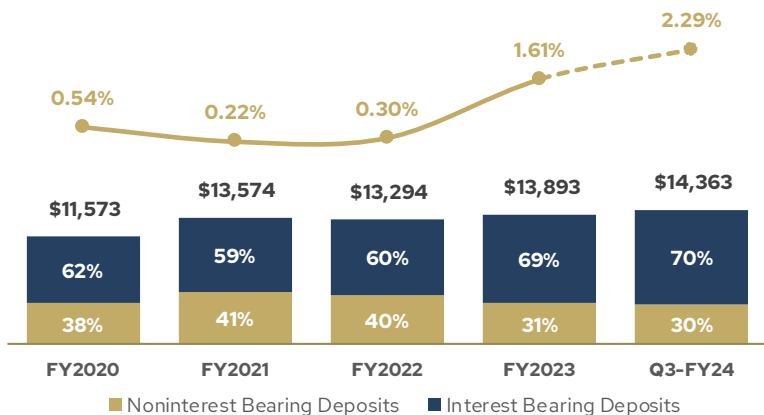
- Aggressively moved to lower interest-bearing deposit costs with Fed's 50bps decrease
- 83% of CDs reprice within 12 months
- NIM improvement for two quarters in a row and expectation for further NIM expansion in Q4-2024

(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]



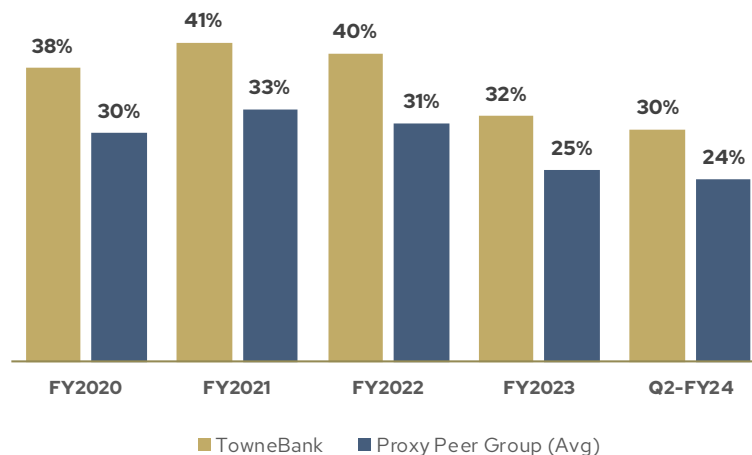
Deposits	Q3-FY24	% Total	Cost	Q/Q %	Y/Y %
(Dollars in millions)					
Interest Bearing Demand	1,645	11%	0.41%	-0.7%	-1.0%
Money Market	5,345	37%	3.51%	1.2%	4.8%
Savings	320	2%	1.06%	2.3%	-8.6%
Time Deposits	2,785	19%	4.73%	2.6%	20.0%
Interest Bearing Deposits	10,096	70%	3.28%	1.3%	7.0%
Noninterest Bearing 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

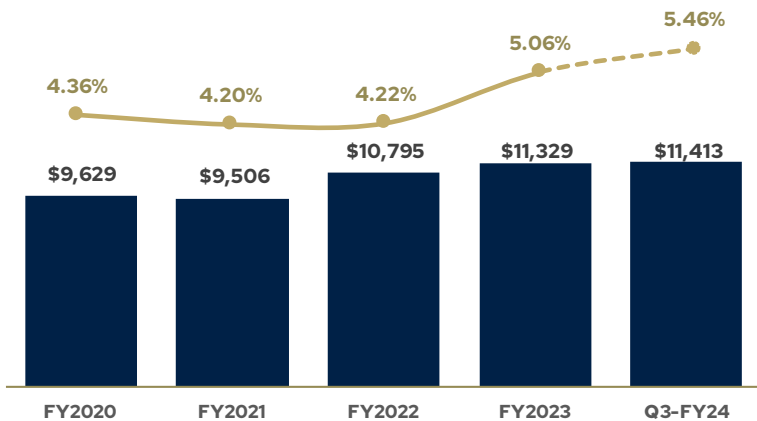
- Reached inflection with deposit costs – quarterly decrease in deposit costs
- NIB deposits in legacy Hampton Roads region equal to 36% of total regional deposits

NIB Deposits % of Total Deposits TowneBank vs Peers¹



Loans

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



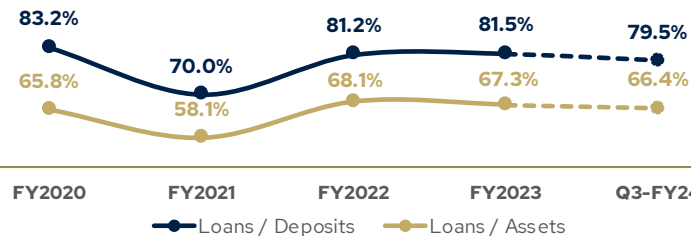
Loans	Q3-FY24	% Total	Q/Q %	Y/Y %
<small>(Dollars in millions)</small>				
Construction and Development	\$ 1,119	10%	-6.1%	-15.6%
Commercial Real Estate	5,586	49%	1.3%	6.3%
Residential 1-4 Family	2,300	20%	0.2%	5.0%
Commercial and Industrial	1,257	11%	-3.2%	1.4%
Government	522	5%	0.7%	-0.3%
Indirect	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

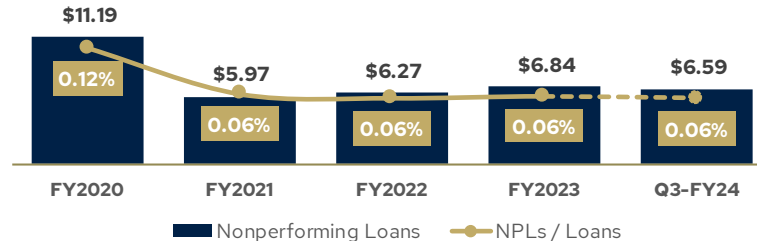
Portfolio Highlights

- 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

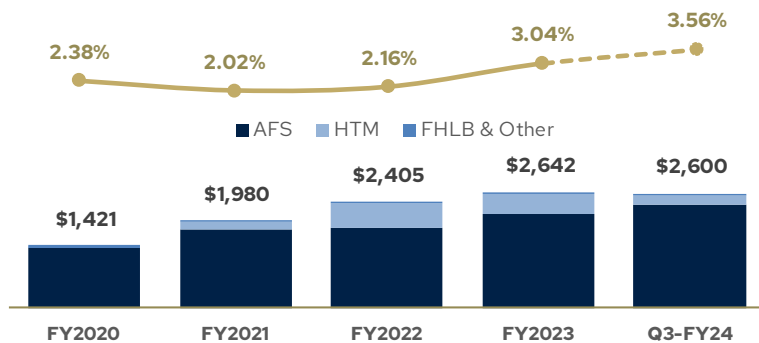


Nonperforming Loans



Investments

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



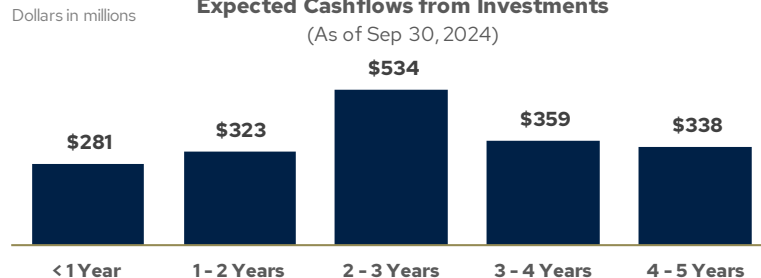
AFS and HTM Securities ²	AFS	HTM	Total
(Dollars in millions)			
US Treasuries	\$ 29	\$ 97	\$ 126
US Agencies	315	102	418
Municipals	479	5	485
Trust Preferred & Oth Corp	102	2	104
MBS Issued by GSE/GNMA	1,550	6	1,555
Securities - Amortized Cost	2,475	212	2,687
Valuation Adjustment	(111)	-	(111)
Credit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

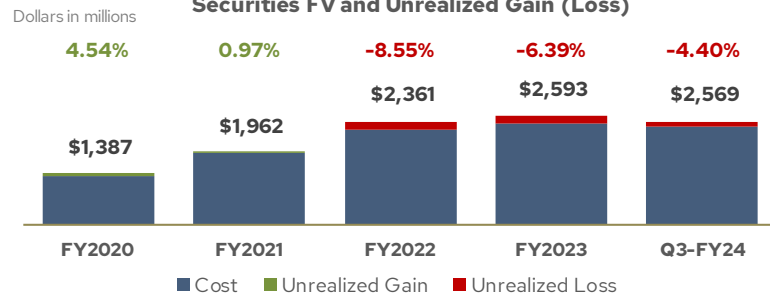
Portfolio Highlights

- \$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)

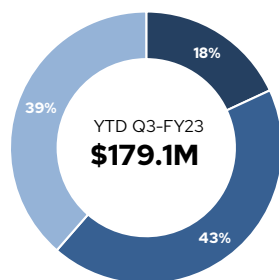
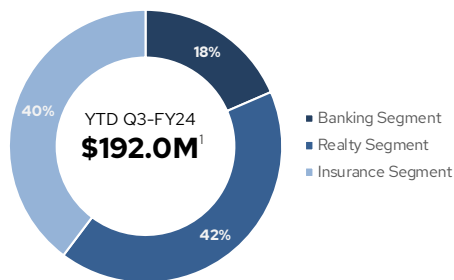


Securities FV and Unrealized Gain (Loss)

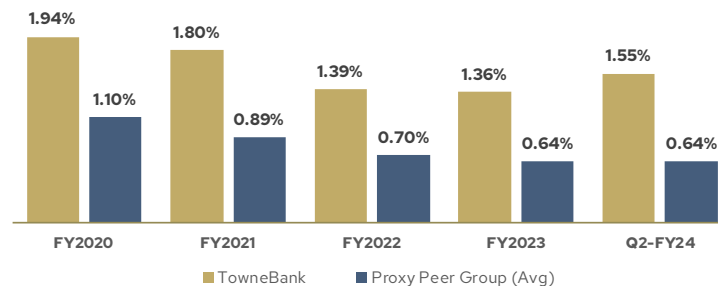


Noninterest Income

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%



Noninterest Income % Avg Assets
TowneBank vs Peers²



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

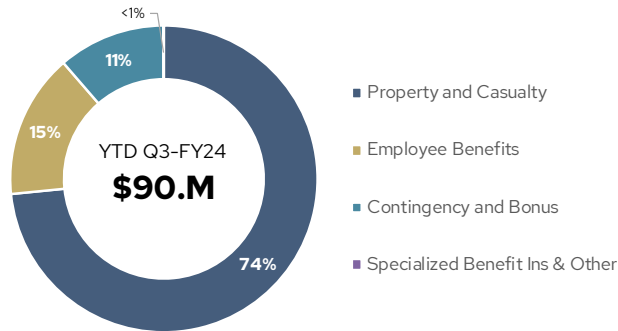
(2) Source: S&P Global, data as of 08/15/2024. Peers as disclosed in the most recent TOWN proxy statement

Towne Insurance

Highlights

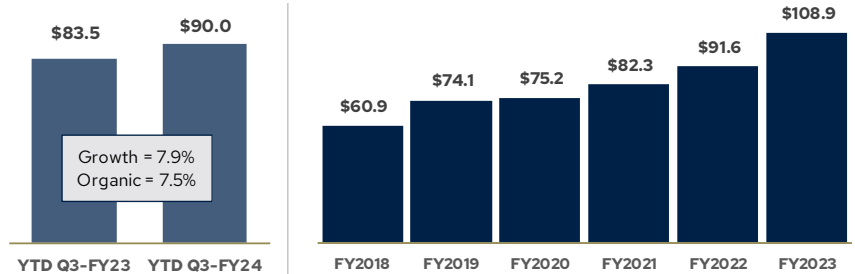
- Largest bank-owned insurance company in the country¹
- Insurance revenue of \$30.4 million in Q3-24 compared to \$29.4 million in Q3-23
- FY2023 surpassed \$100 million in total revenue with a continued focus on organic growth and expansion in growth markets
- CAGR of 12.3% from 2018 to 2023
- 27 Acquisitions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

Insurance Revenue Composition

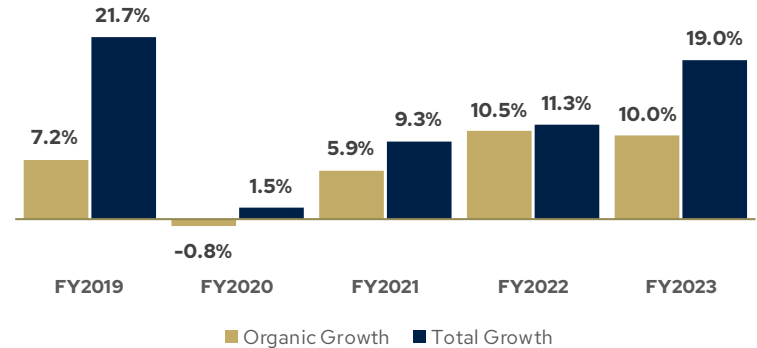


(1) Bank-owned insurance commissions and fees for commercial and savings banks; Source: S&P Global, data retrieved 10/15/2024
 (2) Income does not include travel insurance income or gains from the sales of Red Sky Travel Insurance (FY2020) and Beneflex (FY2023)

Revenues² [Dollars in millions]



Revenue Growth Trend

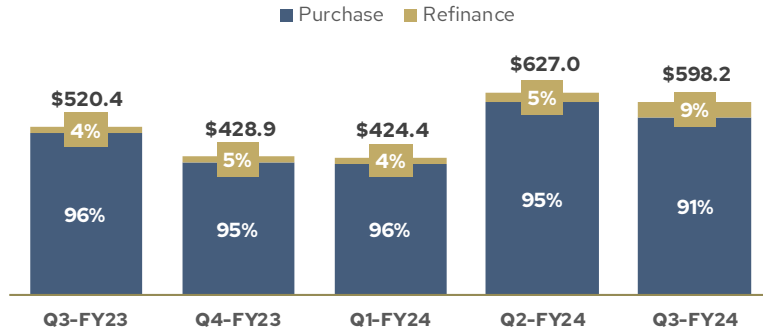


TowneBank Mortgage

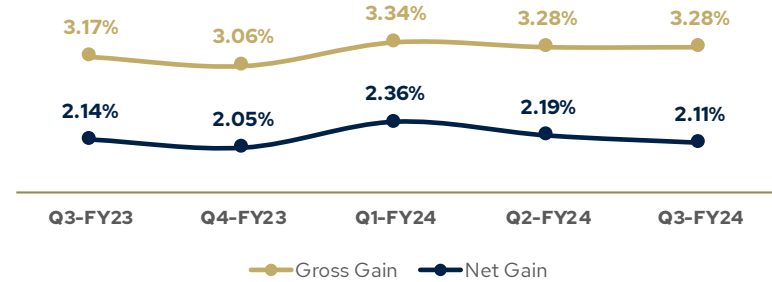
Highlights

- 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

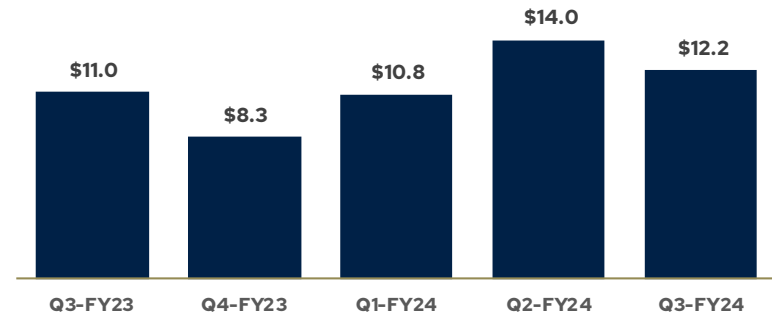
Mortgage Production [Dollars in millions]



Gain on Sales & Fees as a % of Loans Originated



Mortgage Banking Income Net [Dollars in millions]

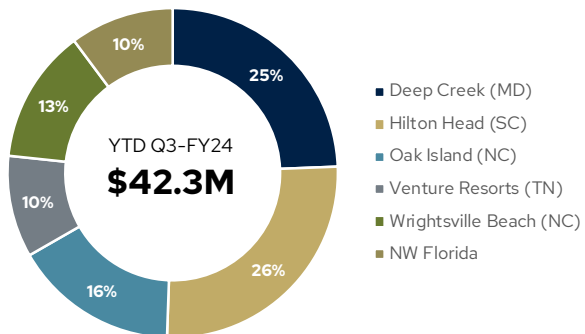


Towne Vacations

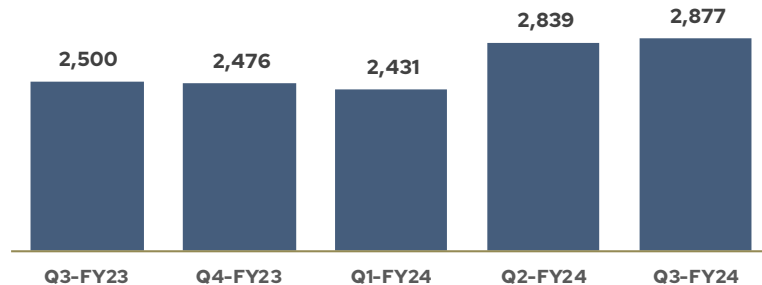
Highlights

- 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

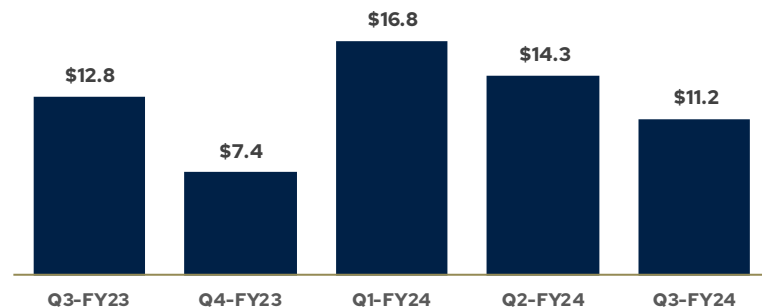
Property Management Income Net



Home Count [Quarterly Average]



Property Management Income Net [Dollars in millions]

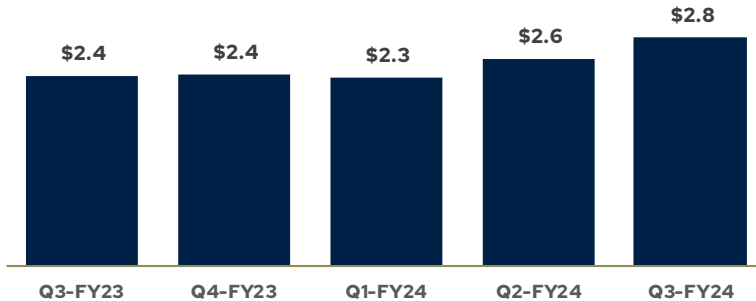


Wealth Management

Highlights

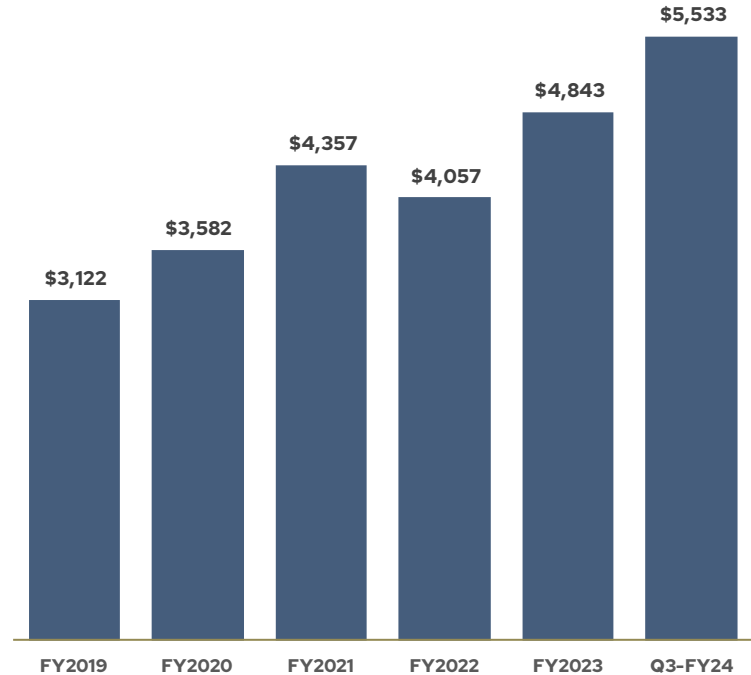
- Experienced team of advisors serves a variety of clients providing professional investment consulting or complete financial planning
- Investment commissions income net of \$2.8 million in Q3-24 compared to \$2.4 million in Q3-23
- Assets under management at the end of Q3-24 totaled \$5.5 billion, 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]



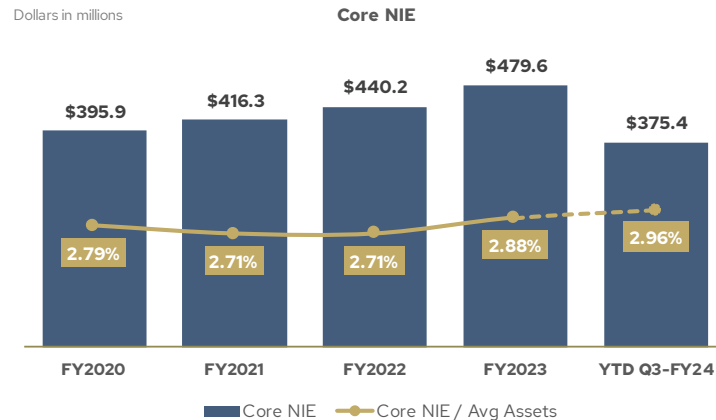
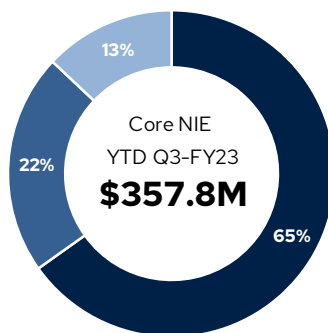
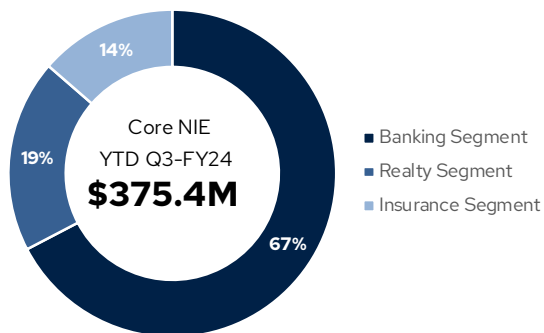
(1) Gross production is total revenue before Raymond James revenue share/expenses and advisor payout
(2) Excludes approximately \$430 million held in assets in 401k and 529 plans

Assets Under Management² [Dollars in millions]



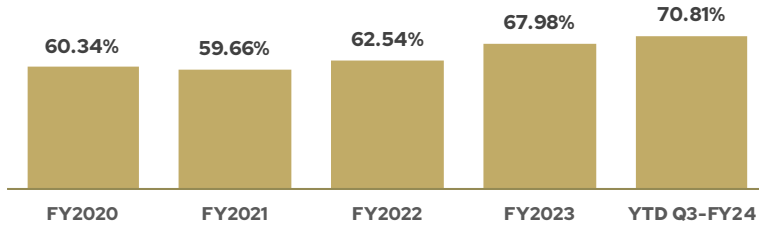
Noninterest Expense

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%

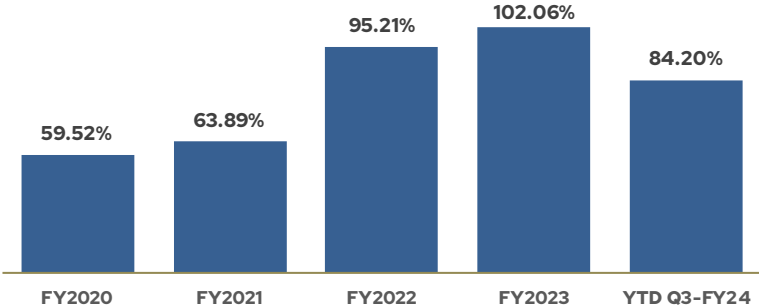


Core Efficiency Ratio¹

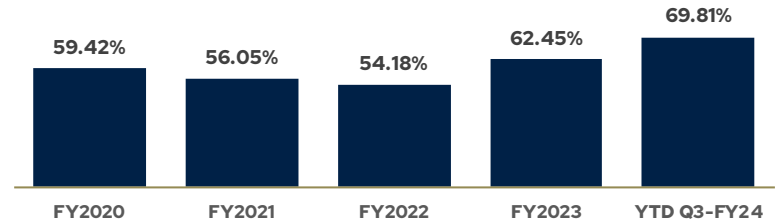
TowneBank Consolidated



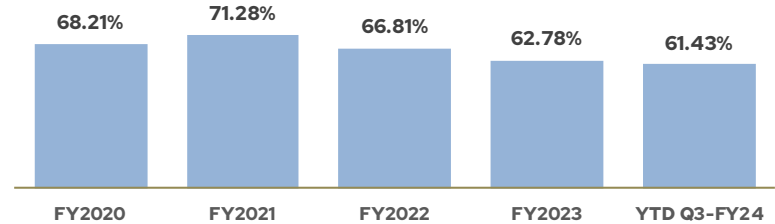
Realty Segment



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

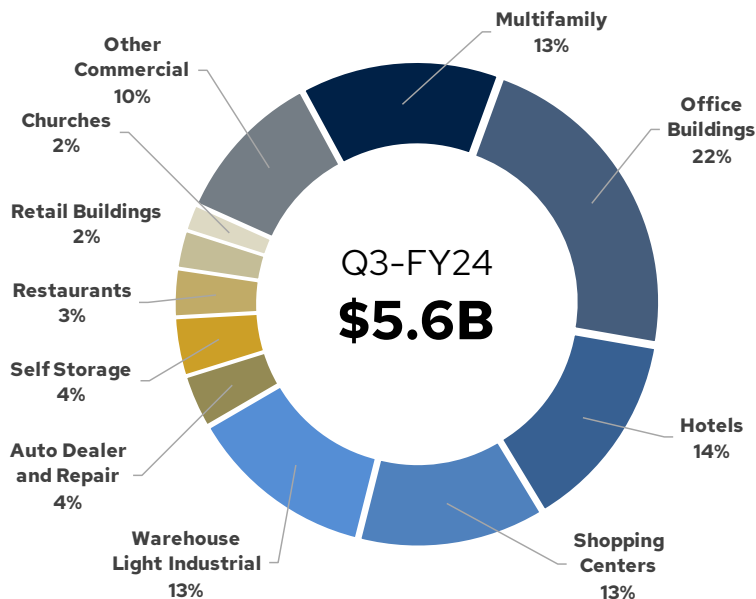
0.04%

Nonperforming Assets /
Total Assets

30%

Noninterest Bearing
Deposits / Total Deposits

Commercial Real Estate

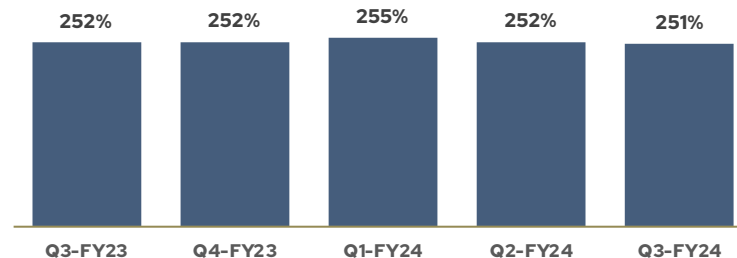


Dollars in millions	Q3-FY24	% Total	Q/Q %	Y/Y %
CRE-Owner Occupied	\$ 1,655	30%	-1.1%	-1.9%
CRE-Non Owner Occupied	3,180	57%	0.8%	5.1%
Multifamily	751	13%	10.0%	38.4%
Commercial Real Estate	\$ 5,586	100%	1.3%	6.3%

Owner and Non-Owner Occupied

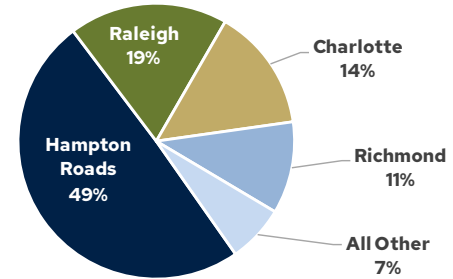
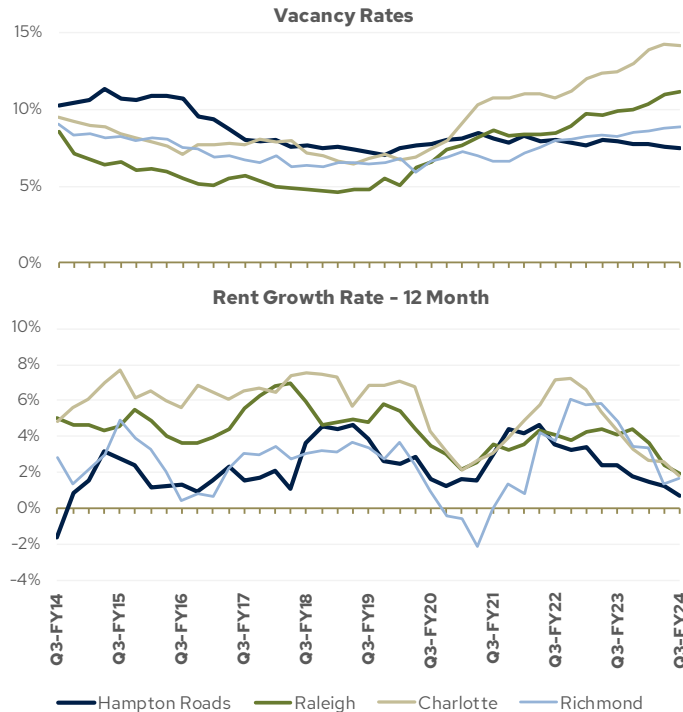
Dollars in millions	Owner	Non-owner	Total
Office Buildings	\$ 450	\$ 790	\$ 1,240
Hotels	-	759	759
Shopping Centers	-	703	703
Warehouse Light Industrial	342	366	708
Auto Dealer and Repair	170	30	200
Self Storage	-	221	221
Restaurants	129	52	180
Retail Buildings	72	72	144
Churches	97	2	100
Other Commercial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

CRE / Total Risk Based Capital



CRE – Office Buildings

Market Trends¹



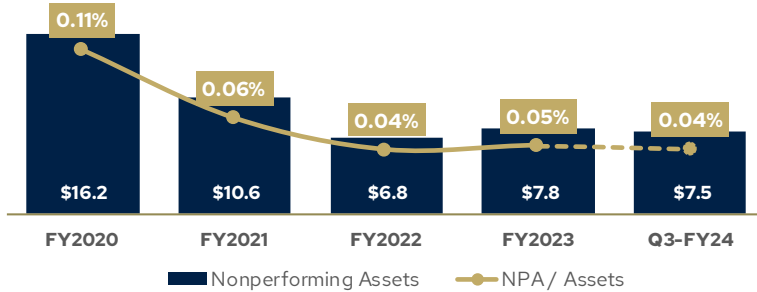
Market Comments

- 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.

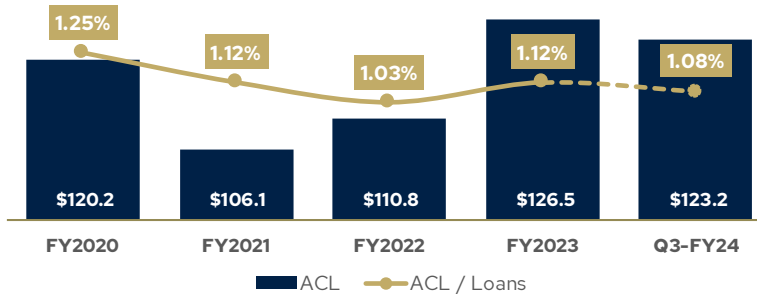
(1) Source: CoStar[®] data collected 10/17/2024

Asset Quality

Nonperforming Assets¹ [Dollars in millions]

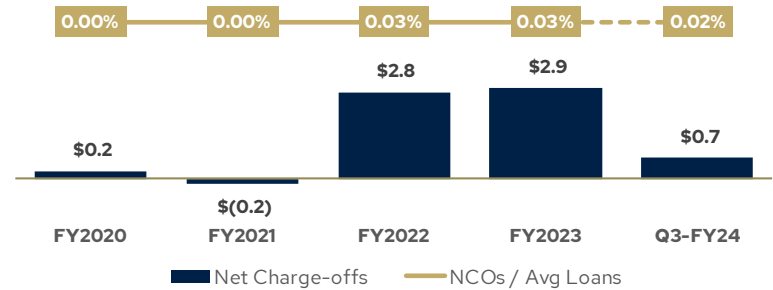


Allowance for Credit Losses [Dollars in millions]

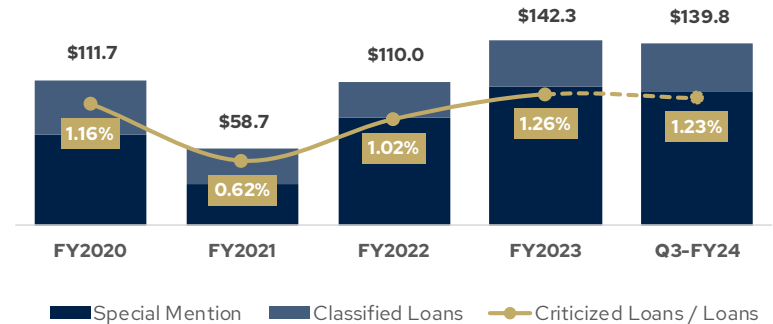


(1) Non-performing assets (Non-accrual loans/leases, repossessed assets, and real estate owned) as a percent of assets

Net Charge-offs [Dollars in millions]

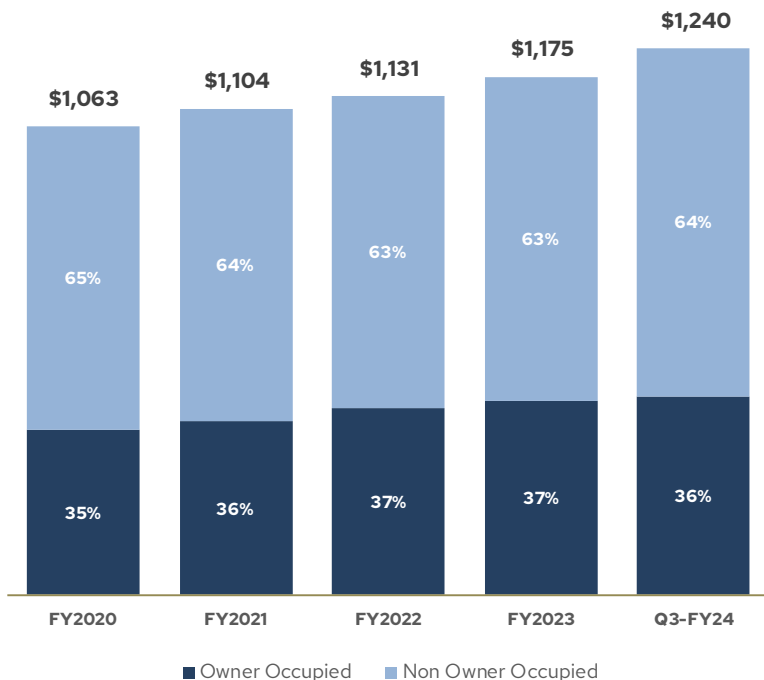


Criticized Loans [Dollars in millions]



Asset Quality – Office Buildings

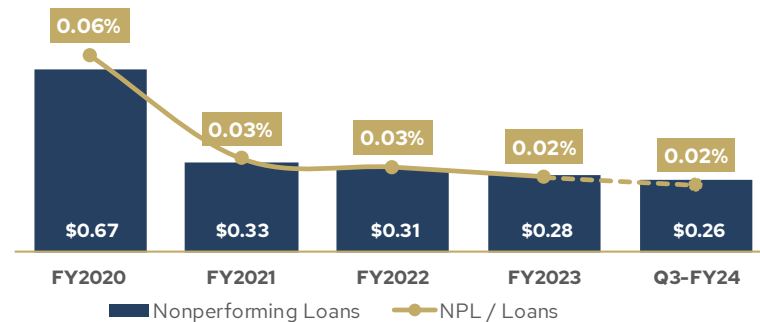
Office Buildings Portfolio [Dollars in millions]



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

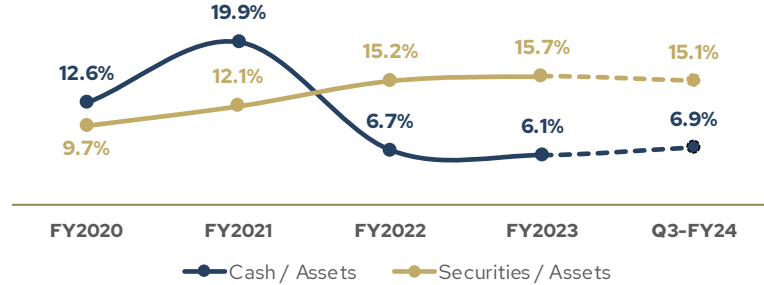
Liquidity Sources [Dollars in millions]

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

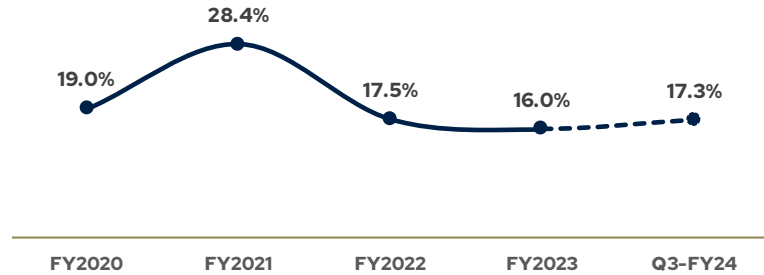
Uninsured Deposits [Dollars in millions]

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



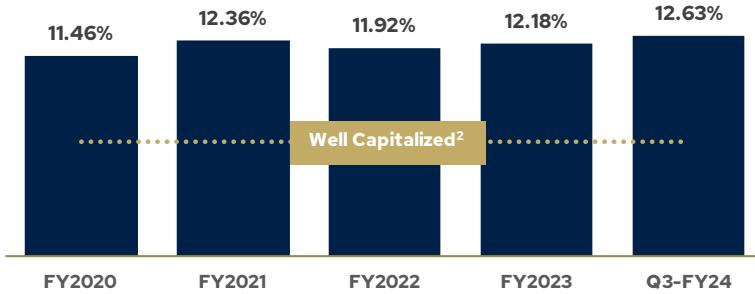
Liquidity Buffer¹



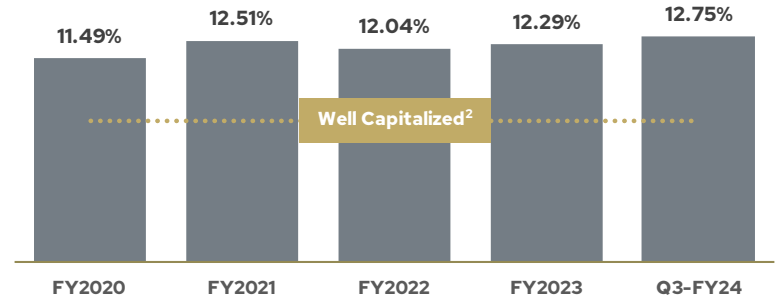
(1) Primary liquidity / total assets; primary liquidity is sum of cash & cash equivalents (excl. deferred comp and escrow at other banks) plus unencumbered investment securities

Capital

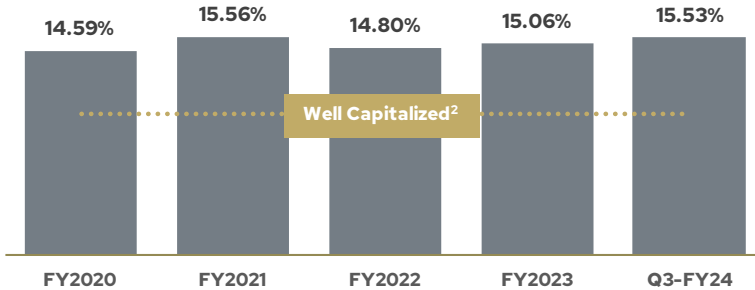
Common Equity Tier 1¹



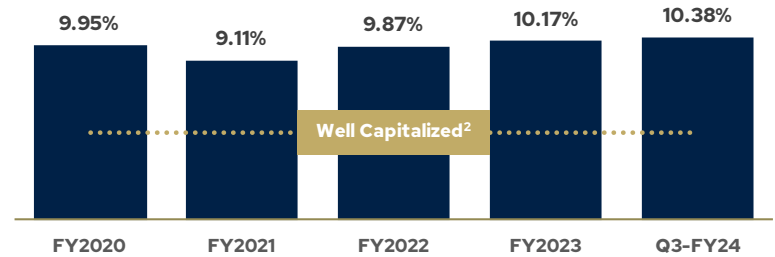
Tier 1 Risk-Based¹



Total Risk-Based¹



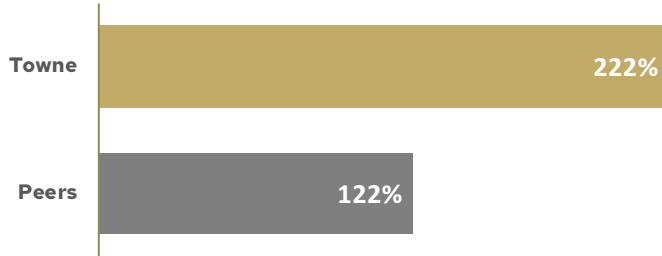
Tier 1 Leverage¹



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

Shareholder Value

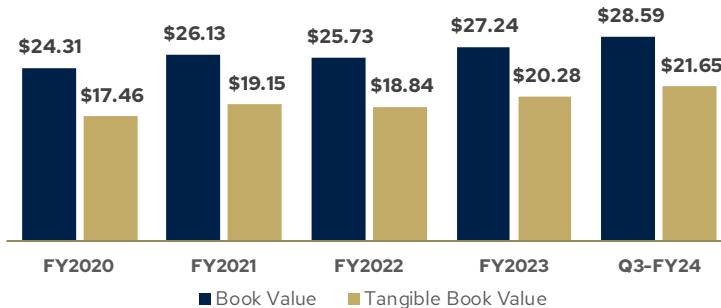
10Yr Total Shareholder Return - TowneBank vs Peers¹



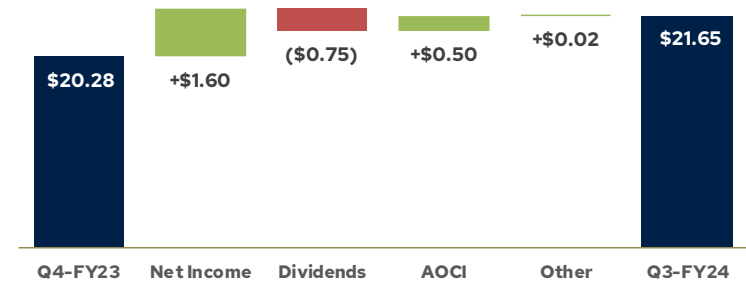
Dividends



Book Value and Tangible Book Value per Share

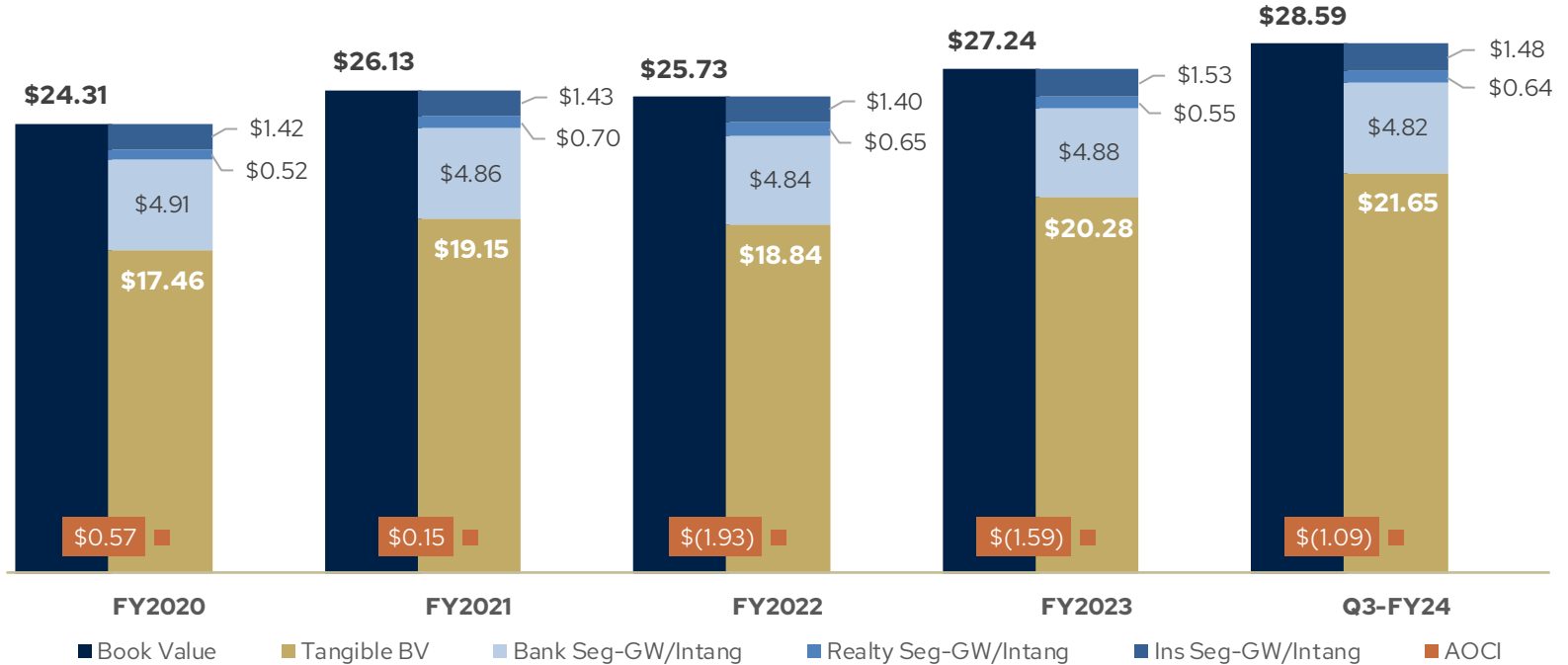


Tangible Book Value Roll Forward



(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 – 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 – 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 – 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



Member FDIC