

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name TOWNEBANK		2 Issuer's employer identification number (EIN) 54-1910608	
3 Name of contact for additional information Kevin Fly	4 Telephone No. of contact (757) 686-7028	5 Email address of contact kevin.fly@townebank.net	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 6001 HARBOUR VIEW BOULEVARD		7 City, town, or post office, state, and ZIP code of contact SUFFOLK, VA 23435	
8 Date of action 9/1/2025		9 Classification and description Common Stock	
10 CUSIP number 89214P109	11 Serial number(s)	12 Ticker symbol TOWN	13 Account number(s) NA

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On September 1, 2025 (the "effective date"), Old Point Financial Corporation ("Old Point") was merged with and into Townebank (NASDAQ:TOWN), with TowneBank as the surviving entity, pursuant to the terms and conditions of the Agreement and Plan of Reorganization (the "Merger Agreement"), dated April 2, 2025.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Pursuant to the Merger Agreement, each share of Old Point was converted into the right to receive (a) \$41.00 per share ("Cash Consideration"), or (b) 1.14 shares of TowneBank common stock ("Stock Consideration") with respect to each share of Old Point common stock. Subject to the proration terms for the Merger Agreement, where an election was made to receive stock consideration the shareholder received a reduced form of such consideration and the remainder of consideration in cash. Cash was received in lieu of fractional shares of TowneBank common stock. The transaction qualifies as a "reorganization" within the meaning of 368(a)(1) of the IRC. Under 358(a), the shareholder's aggregate tax basis in the TowneBank common stock received pursuant to the transaction will equal the aggregate tax basis in the original Old Point common stock surrendered in the transaction, reduced by the amount of cash consideration received (excluding any cash in lieu of fractional shares) and increased by the amount of gain recognized by the Old Point shareholder on the exchange

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Refer to the description of the basis calculation in Part II, Box 15 above. The August 29, 2025 closing price of a single share of TOWN common stock on the NASDAQ stock exchange was \$36.69.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

IRC 368(a)(1) See Agreement and Plan of Merger Article 1-1.14 Tax consequences

IRC 354 Exchanges of stock in reorganizations

IRC 356 Receipt of boot in reorganization exchanges and distributions

IRC 358 Stock basis from a tax-free exchange

IRC 1001 Gains or losses on property realized on its sale or disposition.

18 Can any resulting loss be recognized? ▶ For United States federal income tax purposes, a former Old Point shareholder which exchanged Old Point common stock solely for cash will generally recognize gain or loss equal to the difference between the amount of cash received and the Old Point shareholder's adjusted tax basis of the Old Point stock surrendered.

An Old Point shareholder which received a combination of TowneBank common stock and cash (other than cash in lieu of a fractional share of TowneBank common stock) pursuant to the transactions generally will recognize gain (but not loss) in an amount equal to the lesser of (1) the sum of the amount of the cash (other than cash in lieu of a fractional share of TowneBank common stock) and the fair market value of the TowneBank common stock received, minus the adjusted tax basis in its shares of Old Point common stock surrendered in exchange therefor and (2) the amount of cash received.

An Old Point shareholder who received cash in lieu of a fractional share of TowneBank common stock will generally be treated as having received such fractional share and then as having received such cash in redemption of the fractional share.

Gain or loss generally will be recognized based on the difference between the amount of cash in lieu of the fractional share and the tax basis allocated to such fractional share.

Any recognized gain or loss generally will be long-term capital gain or loss if the holding period in the Old Point share is more than twelve months as of the closing date of the merger.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

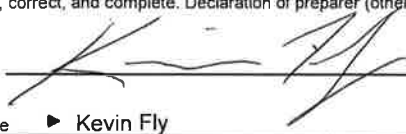
The reportable tax year is the calendar year ending December 31, 2025.

Any information disclosed in this information return should not be considered, used or relied upon as tax advice or the tax treatment of the transaction, and each shareholder of TowneBank common stock should consult their tax advisor as to the resulting tax consequences of the transaction.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶



Date ▶

9/25/2025

Print your name ▶ Kevin Fly

Title ▶ Senior Executive Vice President

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.