



# Investor Presentation

2<sup>nd</sup> Quarter 2023



# Cautionary Statements

## Forward Looking:

This presentation contains certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the beliefs, expectations, or opinions of TowneBank and its management regarding future events, many of which, by their nature, are inherently uncertain. Forward-looking statements may be identified by the use of such words as: "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional terms, such as "will," "would," "should," "could," "may," "likely," "probably," or "possibly." These statements may address issues that involve significant risks, uncertainties, estimates, and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include competitive pressures in the banking industry that may increase significantly; changes in the interest rate environment that may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; an unforeseen outflow of cash or deposits or an inability to access the capital markets, which could jeopardize our overall liquidity or capitalization; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; our allowance for credit losses may be insufficient due to market conditions, inflation, changing interest rates or other factors; adverse developments in the financial industry generally, such as the recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; unusual and infrequently occurring events, such as weather-related or natural disasters, acts of war or terrorism, or public health events (such as the COVID-19 pandemic); changes in the legislative or regulatory environment, including changes in accounting standards and tax laws, that may adversely affect our business; costs or difficulties related to the integration of the businesses we have acquired may be greater than expected; expected cost savings associated with pending or recently completed acquisitions may not be fully realized or realized within the expected time frame; cybersecurity threats or attacks, 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 presentation, see the "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, our Quarterly Report on Form 10-Q for the period ended June 30, 2023, and related disclosures in other filings that have been, or will be, filed by TowneBank with the Federal Deposit Insurance Corporation.

## Non-GAAP Financial Measures:

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

# TowneBank at a Glance

**Over  
20 Years**  
Consistent Earnings  
and Growth

**#1** Deposit Market Share  
in Hampton Roads<sup>1</sup>

Ranked on  
**Forbes**  
**Top 50**  
Best Banks List<sup>2</sup>

Total Assets

**\$17.2B**

Total Loans

**\$11.2B**

Total Deposits

**\$13.8B**

Earnings Growth

**25.9%**

CAGR FY00 – FY22

Core ROAA

**0.92%**

Core ROTCE

**11.62%**

NIM (FTE)

**3.01%**

NIB Deposits /  
Total Deposits

**34.68%**

10 Year Total Shareholder  
Return<sup>3</sup>

**106%**

(1) Source: FDIC Summary of Deposits for the VA Beach-Norfolk-Newport News, VA MSA, data as of June 30, 2022

(2) © 2022, Forbes Media LLC. Used with permission.

(3) Total Return as of 6/30/2023; Source: S&P Global, data pulled 08/15/2023.

(4) Financial results for the quarter ending June 30, 2023.



# Introduction

# About TowneBank

## Commitment

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

## Mission

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

## Strategy

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

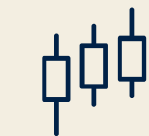
## Community Commitment

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



# Unique Value Proposition

- Banking
- Wealth Management
- Insurance & Employee Benefits
- Mortgage
- Property Management



**Superior  
Shareholder  
Value**



**Super Community  
Bank Model**



**Local  
Decision  
Making**



**Extraordinary  
Member  
Experiences**



**Invested  
Insider  
Ownership  
(8.2%)<sup>1</sup>**



**Commitment to  
Community Service  
& Engagement**



**Culture  
of Caring**



**Embracing Diverse  
Talents, Perspectives  
& Experiences**

(1) Source: S&P Global, Ownership Summary data as of 08/15/2023

# Disciplined Acquirer and Experienced Integrator

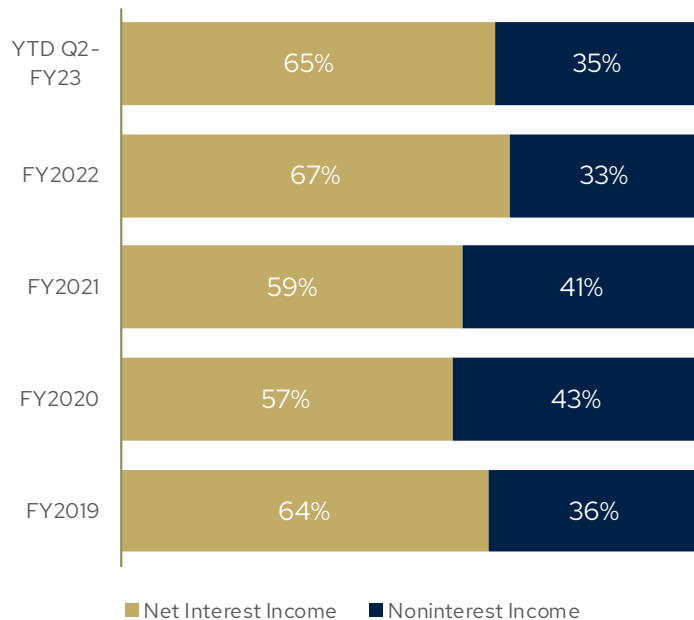
**Total Assets** [Dollars in billions]

|                     |                 |
|---------------------|-----------------|
| <b>TOTAL ASSETS</b> | <b>\$17.2 B</b> |
| Organic             | \$12.1 B        |
| Acquired            | \$5.1 B         |

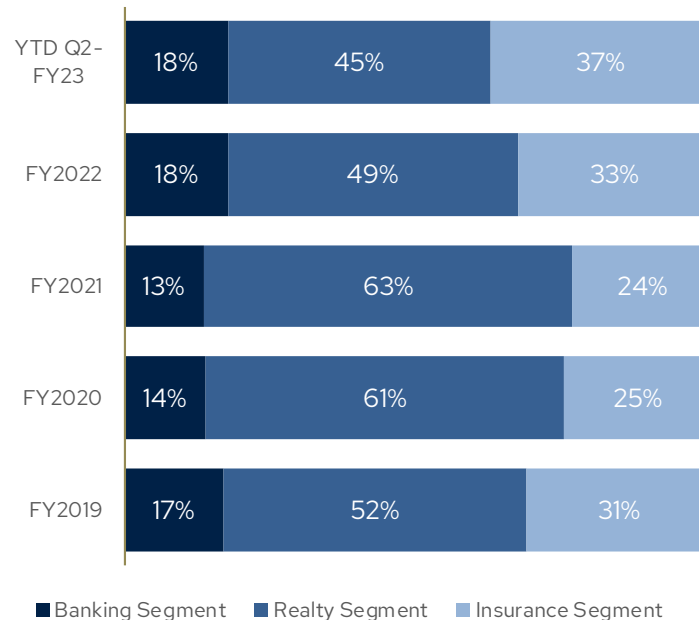


# Diversified Business Model

## Total Revenue



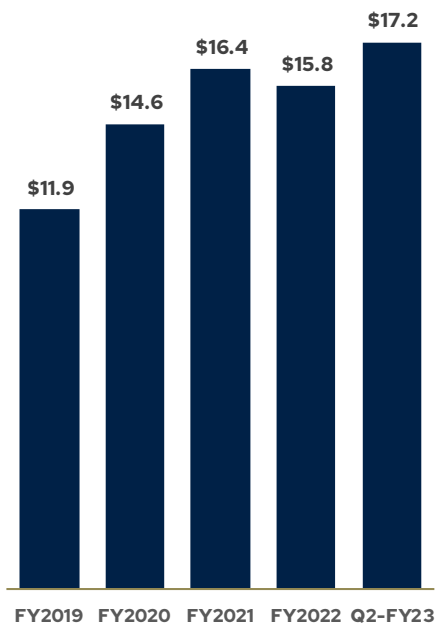
## Noninterest Income<sup>1</sup>



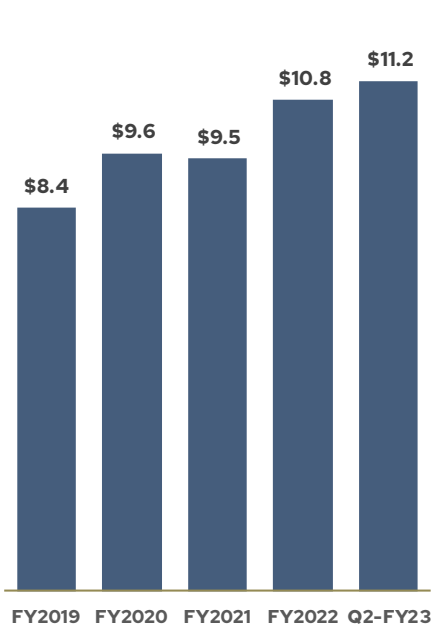
(1) Normalized noninterest income excludes gain (loss) on investment securities, gain of \$8.83 million on sale of BHHS Towne Realty (2023) and the gain of \$17.6 million on the sale of Red Sky Travel Insurance (2020)

# Balance Sheet: Consistency & Stability

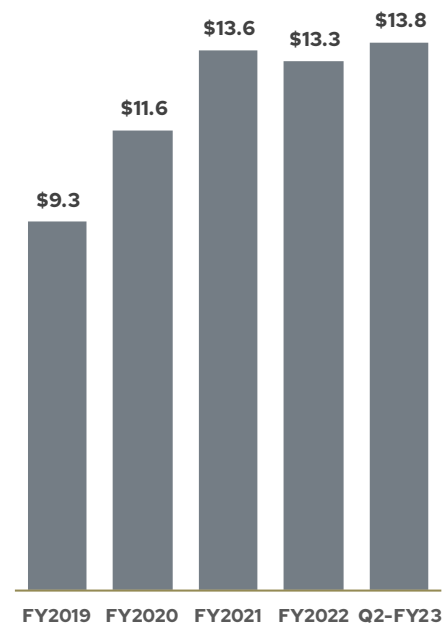
## Total Assets [Dollars in billions]



## Total Loans [Dollars in billions]



## Total Deposits [Dollars in billions]



# Our Bank Reach

## Hampton Roads

|            |               |
|------------|---------------|
| Loans      | \$5.4 billion |
| Deposits   | \$8.6 billion |
| Branches   | 27            |
| Avg Branch | \$317 million |

## Triangle/Greenville

|            |               |
|------------|---------------|
| Loans      | \$2.0 billion |
| Deposits   | \$1.6 billion |
| Branches   | 3             |
| Avg Branch | \$533 million |

## Richmond

|            |               |
|------------|---------------|
| Loans      | \$1.3 billion |
| Deposits   | \$1.5 billion |
| Branches   | 9             |
| Avg Branch | \$163 million |

## Charlotte

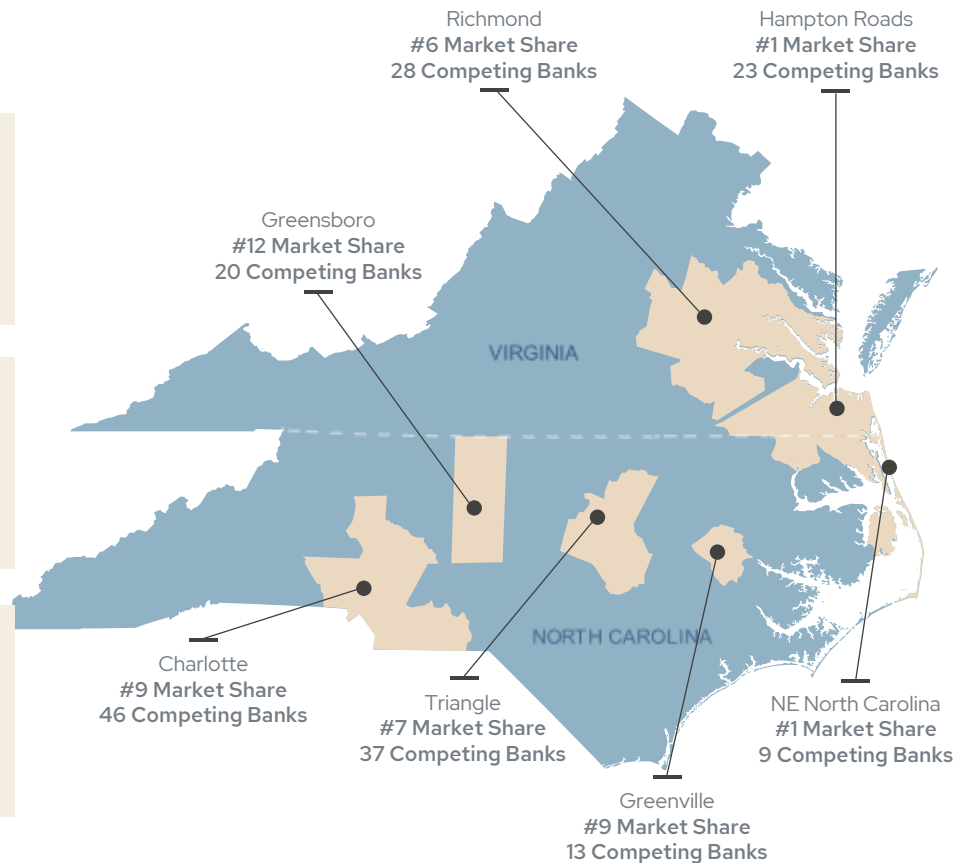
|            |               |
|------------|---------------|
| Loans      | \$1.2 billion |
| Deposits   | \$918 million |
| Branches   | 3             |
| Avg Branch | \$306 million |

## NE North Carolina

|            |               |
|------------|---------------|
| Loans      | \$324 million |
| Deposits   | \$769 million |
| Branches   | 6             |
| Avg Branch | \$128 million |

## Greensboro

|            |               |
|------------|---------------|
| Loans      | \$245 million |
| Deposits   | \$122 million |
| Branches   | 1             |
| Avg Branch | \$122 million |



(1) Deposit data from FDIC Market Share Report as of June 30, 2022; Competing Banks' count excludes institutions with no deposits in stated market regardless of physical or other presence

# Awards & Recognition



**5 Star Rating**  
One of the Strongest  
Financial Institutions  
in the Nation  
2020



**Platinum and Bronze**  
Presented to Top  
Producing Loan Officers  
TowneBank Mortgage  
2020



**Top 50 Best Banks  
in the Nation  
2023**



**Top 100  
Brokers of US Business**  
Towne Insurance  
2020



**Outstanding CRA Rating**  
Compliance with Community  
Reinvestment Act (CRA)  
regulations  
2022



**Greenwich Excellence  
Awards**  
Small Business Banking –  
Southern Region  
Overall Satisfaction  
Cash Management  
2021



**Top 4 in Assets Under  
Management**  
Raymond James Financial  
Institution Division  
Towne Investment Group |  
Towne Wealth Management  
2020<sup>1</sup>



**Best Bank to Work For**  
Ranked Top 20 Nationally  
as Best Bank to Work For  
2018



**Best of the Best**  
Coastal Virginia  
Businesses excelling  
in their industries  
2018



**Good Corporate  
Neighbor Award**  
Outstanding workplace  
volunteer programs  
2017

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

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## 2<sup>nd</sup> Quarter 2023 Financial Results

# Performance Highlights

|                                                   | Q2-FY23         | Q1-FY23         | Q/Q Change | Q2-FY22         | Y/Y Change |
|---------------------------------------------------|-----------------|-----------------|------------|-----------------|------------|
| Total Revenue                                     | \$181.6 million | \$184.1 million | -1.4%      | \$167.0 million | 8.7%       |
| Provision for Credit Losses                       | \$3.6 million   | \$11.7 million  | -69.5%     | \$0.1 million   | nm         |
| Net Income Attributable to TowneBank              | \$41.7 million  | \$38.3 million  | 8.8%       | \$46.5 million  | -10.4%     |
| Earnings Per Share-Diluted                        | \$0.56          | \$0.52          | 8.4%       | \$0.64          | -12.9%     |
| Return on Avg Assets                              | 0.99%           | 0.95%           | +4 bps     | 1.13%           | -14 bps    |
| Return on Avg Tangible Common Equity <sup>1</sup> | 12.48%          | 11.83%          | +65 bps    | 14.37%          | -190 bps   |
| Net Interest Margin (TE) <sup>1</sup>             | 3.01%           | 3.39%           | -38 bps    | 2.89%           | +12 bps    |
| Assets                                            | \$17.2 billion  | \$16.7 billion  | 3.0%       | \$16.9 billion  | 2.1%       |
| Loans                                             | \$11.2 billion  | \$11.2 billion  | 0.3%       | \$10.4 billion  | 7.5%       |
| Deposits                                          | \$13.8 billion  | \$13.6 billion  | 1.2%       | \$14.0 billion  | -1.6%      |
| Noninterest Bearing Deposits / Deposits           | 34.68%          | 37.28%          | -260 bps   | 40.89%          | -621 bps   |
| Nonperforming Assets / Assets                     | 0.05%           | 0.06%           | -1 bps     | 0.04%           | +1 bps     |
| Book Value per Share                              | \$26.36         | \$26.40         | (0.1%)     | \$25.48         | 3.4%       |
| Tangible Book Value per Share <sup>1</sup>        | \$19.31         | \$19.04         | 1.4%       | \$18.58         | 3.9%       |
| Tangible Common Equity to Tangible Assets         | 8.66%           | 8.80%           | -14 bps    | 8.26%           | +40 bps    |
| Total Risk Based Capital Ratio                    | 14.88%          | 14.55%          | +33 bps    | 16.76%          | -188 bps   |

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

# Income Statement Summary

| Dollars in millions, except per share data                   | QTD             |                 |               |                 |                | YTD             |                 |                |
|--------------------------------------------------------------|-----------------|-----------------|---------------|-----------------|----------------|-----------------|-----------------|----------------|
|                                                              | Q2-FY23         | Q1-FY23         | Q/Q Change    | Q2-FY22         | Y/Y Change     | Q2-FY23         | Q2-FY22         | Y/Y Change     |
| Interest Income                                              | \$ 174.86       | \$ 163.40       | 7.0%          | \$ 120.14       | 45.6%          | \$ 338.26       | \$ 228.49       | 48.0%          |
| Interest Expense                                             | 61.25           | 40.02           | 53.1%         | 10.80           | 467.2%         | 101.27          | 19.95           | 407.6%         |
| <b>Net Interest Income</b>                                   | <b>113.61</b>   | <b>123.38</b>   | <b>(7.9%)</b> | <b>109.34</b>   | <b>3.9%</b>    | <b>236.99</b>   | <b>208.54</b>   | <b>13.6%</b>   |
| Provision for Credit Losses                                  | 3.56            | 11.67           | (69.5%)       | 0.06            | 6298.9%        | 15.23           | (1.39)          | (1192.9%)      |
| <b>Net Interest Income after Provision for Credit Losses</b> | <b>110.06</b>   | <b>111.71</b>   | <b>(1.5%)</b> | <b>109.28</b>   | <b>0.7%</b>    | <b>221.76</b>   | <b>209.94</b>   | <b>5.6%</b>    |
| Noninterest Income                                           | 67.96           | 60.77           | 11.8%         | 57.64           | 17.9%          | 128.72          | 123.85          | 3.9%           |
| Noninterest Expense                                          | 125.23          | 124.40          | 0.7%          | 108.73          | 15.2%          | 249.63          | 218.10          | 14.5%          |
| Minority Interest in Unconsolidated Subs                     | 1.65            | 0.14            | 1042.6%       | 0.51            | 226.0%         | 1.80            | 1.17            | 53.5%          |
| <b>Income Before Taxes</b>                                   | <b>51.13</b>    | <b>47.93</b>    | <b>6.7%</b>   | <b>57.69</b>    | <b>(11.4%)</b> | <b>99.06</b>    | <b>114.51</b>   | <b>(13.5%)</b> |
| Provision for Income Tax Expense                             | 9.42            | 9.60            | (1.9%)        | 11.14           | (15.5%)        | 19.01           | 22.38           | (15.0%)        |
| <b>Net Income Attributable to TowneBank</b>                  | <b>\$ 41.72</b> | <b>\$ 38.33</b> | <b>8.8%</b>   | <b>\$ 46.55</b> | <b>(10.4%)</b> | <b>\$ 80.05</b> | <b>\$ 92.13</b> | <b>(13.1%)</b> |
| Earnings Per Share-Diluted                                   | \$ 0.56         | \$ 0.52         | 8.4%          | \$ 0.64         | (12.9%)        | \$ 1.07         | \$ 1.27         | (15.4%)        |

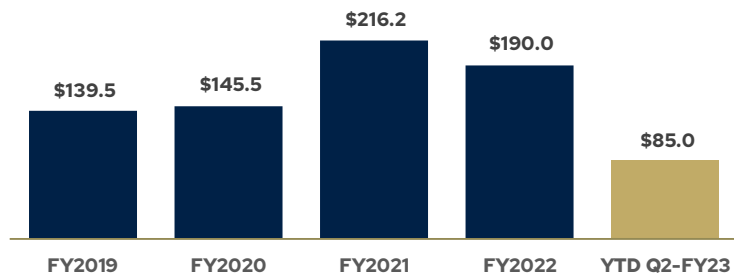
## Core Net Income<sup>1</sup>

|                                  |           |         |         |         |         |         |         |         |
|----------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|
| One-time Adjustments After Taxes | \$ (3.06) | \$ 7.97 | nm      | \$ 0.05 | nm      | \$ 4.91 | \$ 0.09 | 5243.8% |
| Core Net Income                  | 38.66     | 46.30   | (16.5%) | 46.59   | (17.0%) | 84.96   | 92.22   | (7.9%)  |
| Core Earnings Per Share-Diluted  | \$ 0.52   | \$ 0.62 | (16.8%) | \$ 0.64 | (19.4%) | \$ 1.14 | \$ 1.27 | (10.3%) |

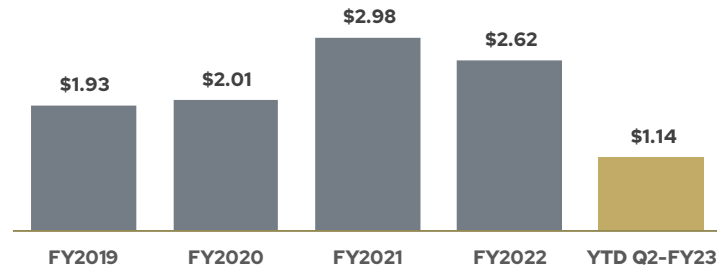
(1) Non-GAAP financial measure – see non-GAAP reconciliations

# Financial Performance Trends

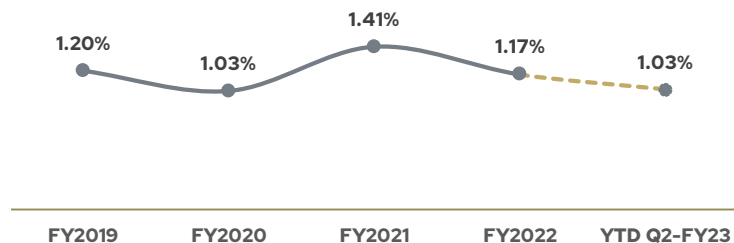
## Core Net Income<sup>1</sup> [Dollars in millions]



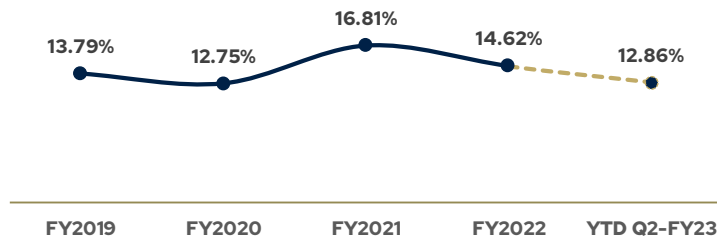
## Core EPS<sup>1</sup>



## Core ROAA<sup>1</sup>



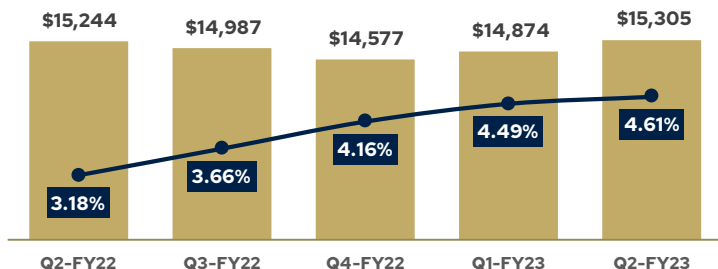
## Core ROATCE<sup>1</sup>



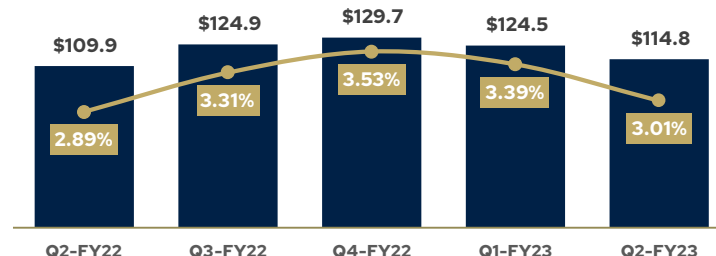
(1) Non-GAAP financial measure – see non-GAAP reconciliations

# Net Interest Income

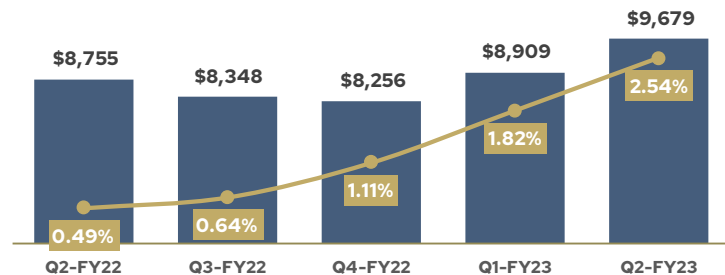
**Avg. Earning Assets & Yield (TE)<sup>1</sup>** [Dollars in millions]



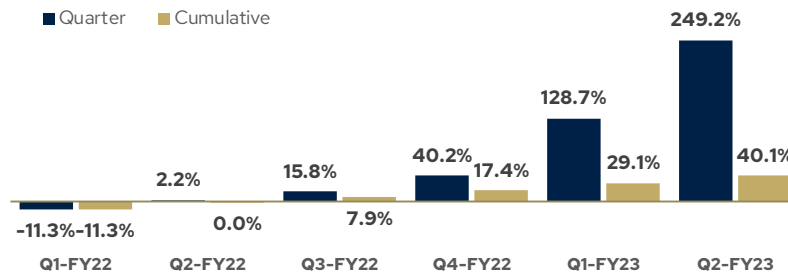
**Net Interest Income & NIM (TE)<sup>1</sup>** [Dollars in millions]



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



**Interest Bearing Deposit Beta**



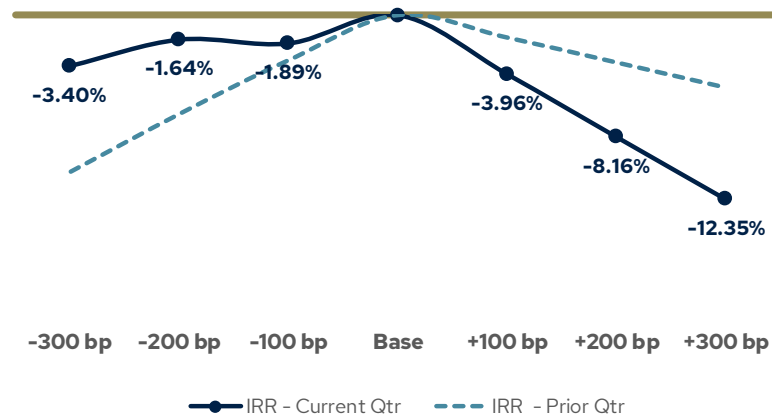
(1) Non-GAAP financial measures - see non-GAAP reconciliations

# NIM & Net Interest Income Sensitivity

## Net Interest Income & NIM (TE)<sup>1</sup>

| Dollars in millions          | Amount          | NIM (%)      |
|------------------------------|-----------------|--------------|
| <b>Q1-FY23</b>               | <b>\$ 124.5</b> | <b>3.39%</b> |
| Loans HFI                    | 6.5             | 0.09%        |
| Recurring Accretion          | (0.3)           | -0.01%       |
| PPP Asset                    | 0.0             | 0.00%        |
| Loans HFS                    | 0.9             | 0.00%        |
| Investments & Cash           | 4.3             | 0.06%        |
| Earning Assets Mix           |                 | -0.02%       |
| Deposits                     | (14.6)          | -0.35%       |
| Borrowings                   | (6.4)           | -0.02%       |
| Sub Debt                     | (0.1)           | 0.00%        |
| Interest Bearing Funding Mix |                 | -0.09%       |
| Other                        | (0.0)           | -0.04%       |
| <b>Q2-FY23</b>               | <b>\$ 114.8</b> | <b>3.01%</b> |

## Net Interest Income Sensitivity<sup>2</sup>



### Comments

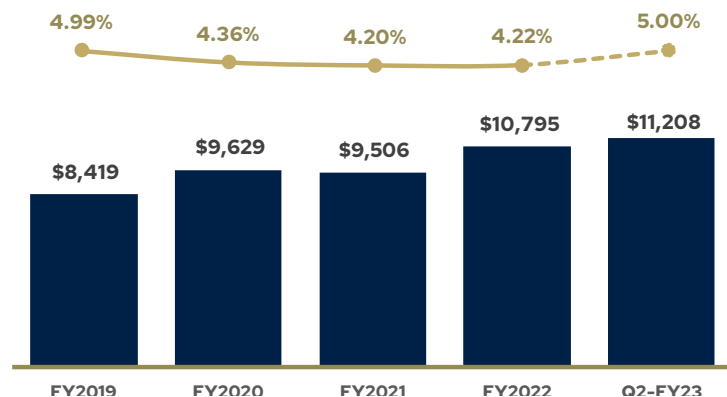
- Margin impacted by continued mix shift to interest bearing deposits coupled with continued acceleration of deposit costs
- Cumulative cycle-to-date beta of approximately 40%, forecasting terminal beta in the mid 50% range for the end of this cycle

(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.

# Loans

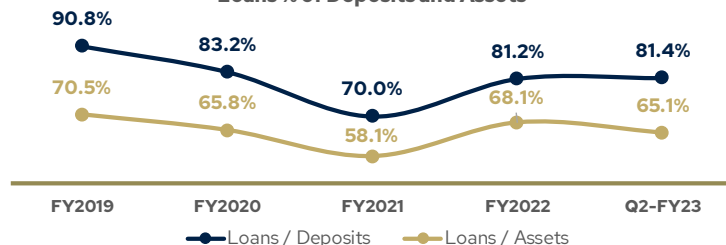
## Loans Balances & Yield (TE)<sup>1</sup> [Dollars in millions]



## Portfolio Highlights

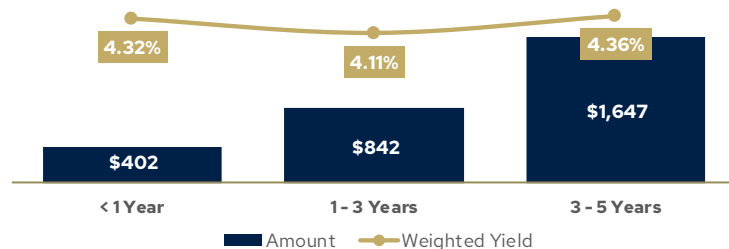
- Farmers Bank Day 1 balances = \$277.9 million
- Variable portfolio of \$2.9 billion at the end of Q2-23, 91% is currently floating (not at floor or ceiling)

### Loans % of Deposits and Assets



Dollars in millions

### Fixed Rate Maturities<sup>2</sup>



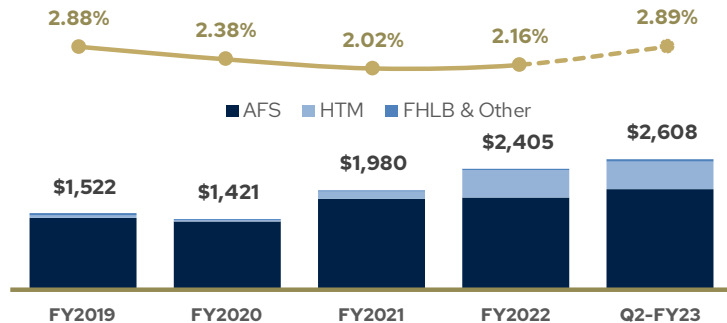
(2) Excludes construction and development loans

| Loans                        | Q2-FY23          | % Total     | Q/Q %       | Y/Y %       |
|------------------------------|------------------|-------------|-------------|-------------|
| (Dollars in millions)        |                  |             |             |             |
| Construction and Development | \$ 1,365         | 12%         | -7.4%       | -1.4%       |
| Commercial Real Estate       | 5,242            | 47%         | 3.0%        | 11.3%       |
| Residential 1-4 Family       | 2,171            | 19%         | 2.3%        | 14.3%       |
| Commercial and Industrial    | 1,259            | 11%         | -3.0%       | -0.2%       |
| Government                   | 521              | 5%          | 2.1%        | -1.2%       |
| Indirect                     | 562              | 5%          | -3.5%       | 1.2%        |
| Consumer & Other             | 88               | 1%          | -10.6%      | -1.5%       |
| <b>Total Loans</b>           | <b>\$ 11,208</b> | <b>100%</b> | <b>0.3%</b> | <b>7.5%</b> |

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

# Investments

## Investment Balances & Yield (TE)<sup>1</sup> [Dollars in millions]



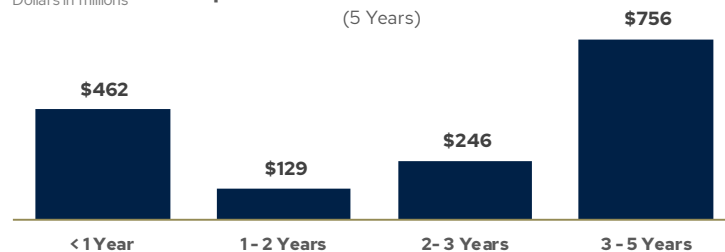
| AFS and HTM Securities <sup>2</sup> | AFS             | HTM           | Total           |
|-------------------------------------|-----------------|---------------|-----------------|
| (Dollars in millions)               |                 |               |                 |
| US Treasuries                       | \$ 28           | \$ 433        | \$ 462          |
| US Agencies                         | 349             | 101           | 451             |
| Municipals                          | 548             | 5             | 553             |
| Trust Preferred & Oth Corp          | 87              | 2             | 89              |
| MBS Issued by GSE/GNMA              | 1,191           | 6             | 1,197           |
| <b>Securities - Amortized Cost</b>  | <b>2,203</b>    | <b>548</b>    | <b>2,751</b>    |
| Valuation Adjustment                | (196)           | -             | (196)           |
| Credit Loss Reserve                 | (1)             | (0)           | (1)             |
| <b>Total</b>                        | <b>\$ 2,006</b> | <b>\$ 548</b> | <b>\$ 2,554</b> |

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

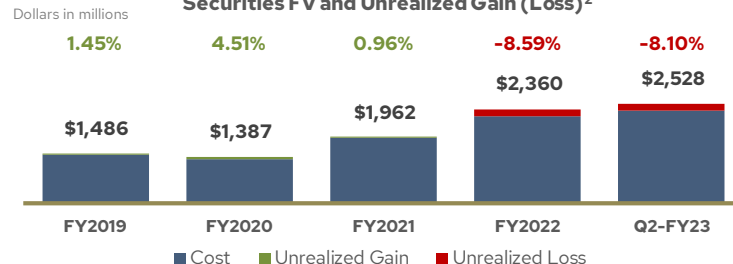
## Portfolio Highlights

- \$591 million of expected cash flow from securities portfolio in the next two years
- Weighted avg. runoff yield in 2023 = 2.41% and in 2024 = 2.25%
- Portfolio duration of 3.6 years at the end of Q2-23
- Portfolio: 80%/20% - AFS/HTM and 83%/17% - Fixed/Floating

## Expected Cashflows from Investments (5 Years)

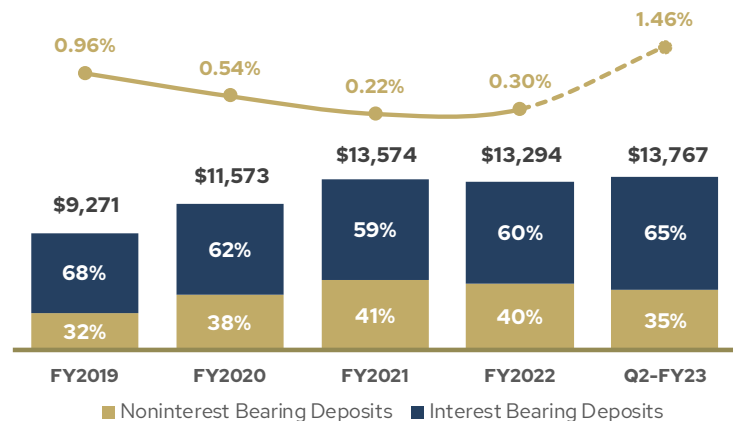


## Securities FV and Unrealized Gain (Loss)<sup>2</sup>



# Deposits

## Deposit Balances and Cost [Dollars in millions]



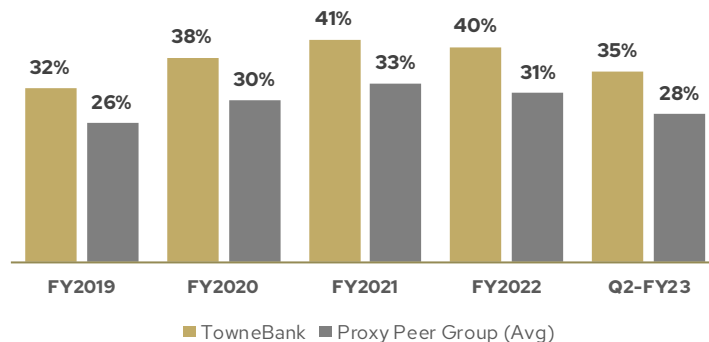
| Deposits                         | Q2-FY23          | % Total     | Cost         | Q/Q %       | Y/Y %        |
|----------------------------------|------------------|-------------|--------------|-------------|--------------|
| (Dollars in millions)            |                  |             |              |             |              |
| Interest Bearing Demand          | 1,739            | 13%         | 0.50%        | 2.1%        | -3.0%        |
| Money Market                     | 4,791            | 35%         | 2.64%        | 4.6%        | 4.3%         |
| Savings                          | 362              | 3%          | 0.97%        | -7.0%       | -6.8%        |
| Time Deposits                    | 2,101            | 15%         | 3.20%        | 13.2%       | 40.1%        |
| <b>Interest Bearing Deposits</b> | <b>8,992</b>     | <b>65%</b>  | <b>2.28%</b> | <b>5.4%</b> | <b>8.7%</b>  |
| Noninterest Bearing Deposits     | 4,775            | 35%         | na           | -5.8%       | -16.6%       |
| <b>Total Deposits</b>            | <b>\$ 13,767</b> | <b>100%</b> | <b>1.46%</b> | <b>1.2%</b> | <b>-1.6%</b> |

(1) Source: S&P Global, data as of 08/15/2023. Peers as disclosed in the most recent TOWN proxy statement

## Portfolio Highlights

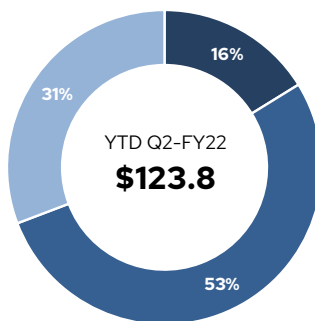
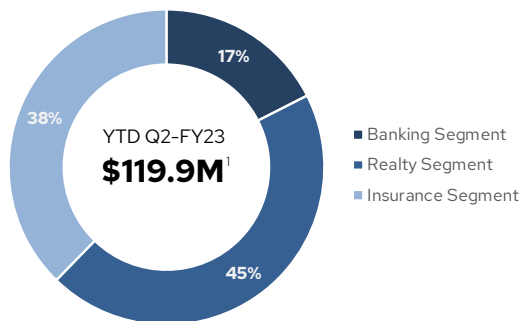
- Deposit growth of 1.2% compared to Q1-23; balances influenced by seasonal increases in activity
- Broadly stable deposits during period of industry stress, reflecting the strength of client relationships and deposit franchise
- Legacy Hampton Roads region exceeds 37% in noninterest bearing deposits
- Top 50 deposit relationships = \$1.7 billion, 13% of total

## NIB Deposits % of Total Deposits TowneBank vs Peers<sup>1</sup>



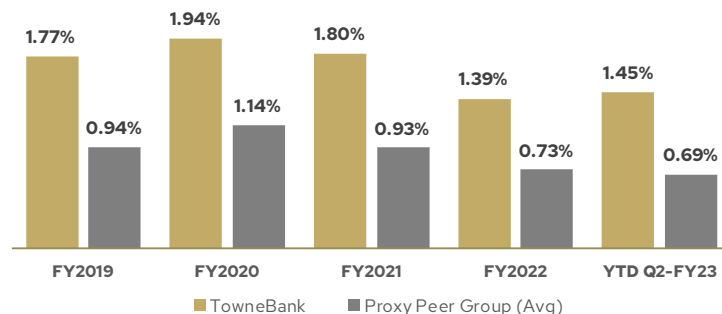
# Noninterest Income

| Dollars in millions                                        | QTD             |                 |              |                 |              | YTD              |                  |             |
|------------------------------------------------------------|-----------------|-----------------|--------------|-----------------|--------------|------------------|------------------|-------------|
|                                                            | Q2-FY23         | Q1-FY23         | Q/Q Change   | Q2-FY22         | Y/Y Change   | Q2-FY23          | Q2-FY22          | Y/Y Change  |
| Residential Mortgage Banking Income Net                    | \$ 11.36        | \$ 9.37         | 21.2%        | \$ 13.18        | (13.8%)      | \$ 20.73         | \$ 27.81         | (25.5%)     |
| Insurance Commissions and Other Title Fees and Income, Net | 22.50           | 22.82           | (1.4%)       | 19.75           | 13.9%        | 45.32            | 38.82            | 16.7%       |
| Real Estate Brokerage and Property Mgmt Income, Net        | 13.93           | 17.33           | (19.6%)      | 12.86           | 8.3%         | 31.26            | 32.57            | (4.0%)      |
| Service Charges on Deposit Accounts                        | 3.02            | 2.85            | 5.9%         | 2.45            | 23.4%        | 5.87             | 5.02             | 16.9%       |
| Credit Card Merchant Fees, Net                             | 1.68            | 1.54            | 8.9%         | 1.91            | (11.8%)      | 3.23             | 3.28             | (1.7%)      |
| Bank-owned Life Insurance                                  | 1.71            | 1.67            | 2.3%         | 1.85            | (7.7%)       | 3.38             | 3.57             | (5.3%)      |
| Other Income                                               | 4.92            | 5.18            | (4.9%)       | 5.65            | (12.8%)      | 10.10            | 12.78            | (20.9%)     |
| Gain (Loss) on Equity Investment                           | 8.83            | -               | -            | -               | -            | 8.83             | -                | -           |
| <b>Noninterest Income</b>                                  | <b>\$ 67.96</b> | <b>\$ 60.77</b> | <b>11.8%</b> | <b>\$ 57.64</b> | <b>17.9%</b> | <b>\$ 128.72</b> | <b>\$ 123.85</b> | <b>3.9%</b> |



Noninterest Income % Avg Assets

TowneBank vs Peers<sup>2</sup>



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

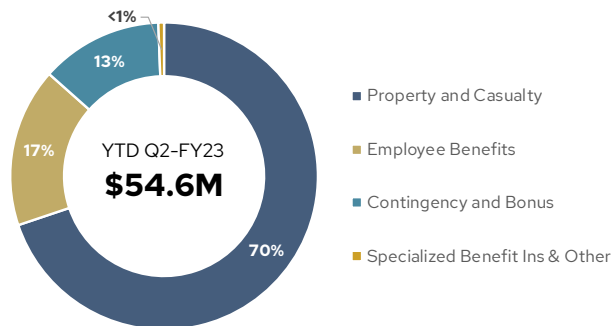
(2) Source: S&P Global, data as of 08/15/2023. Peers as disclosed in the most recent TOWN proxy statement

# Towne Insurance

## Highlights

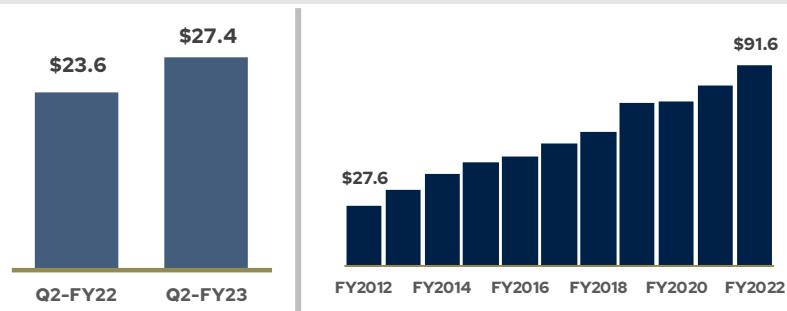
- Insurance revenue of \$27.4 million in Q2-23 compared to \$23.6 million in Q2-22
- CAGR of 12.7% from 2012 to 2022
- 27 Acquisitions since 2001  
Most recent - Manry Rawls - was completed 1/13/2023
- Focused effort on organic growth and expansion in growth markets

## Insurance Revenue Composition

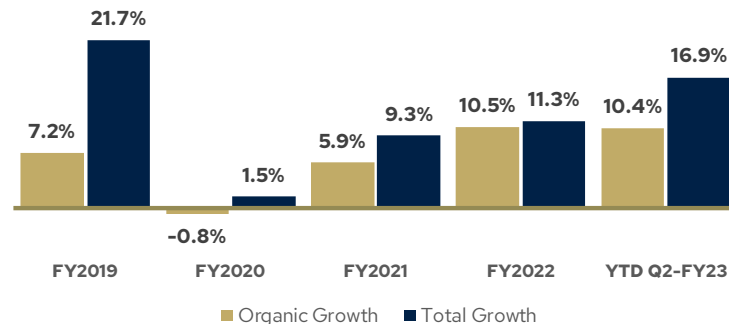


(1) Income does not include travel insurance income from Red Sky Travel Insurance, which was sold in FY2020

## Revenues<sup>1</sup> [Dollars in millions]



## Revenue Growth Trend

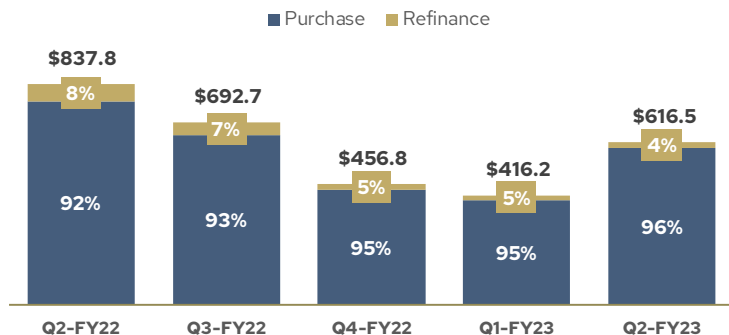


# TowneBank Mortgage

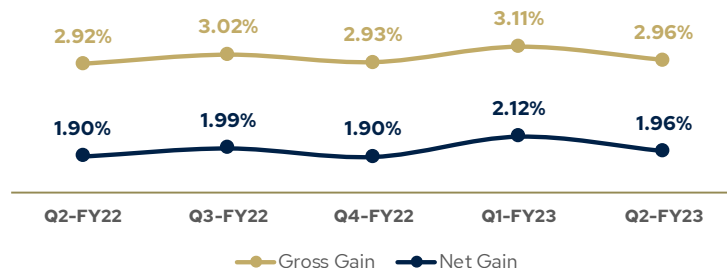
## Highlights

- Mortgage banking income of \$12.2 million in Q2-23 compared to \$14.9 million in Q2-22
- Pretax loss of \$2.2 million in Q2-23 compared to a loss of \$5.1 million in Q1-23
- Gain on sales & fees as a % of loans originated up 4 bps compared to Q2-22
- Noninterest expense levels reduced to align with current environment

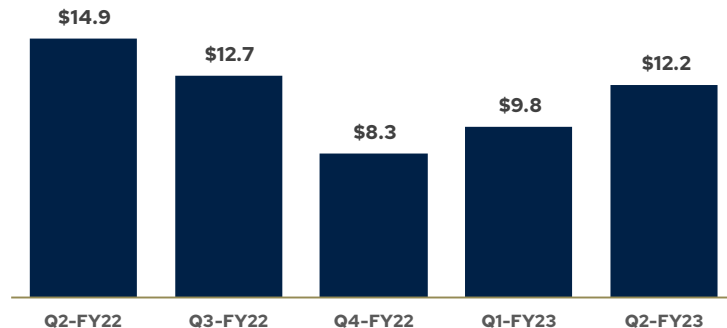
## Mortgage Production [Dollars in millions]



## Gain on Sales & Fees as a % of Loans Originated



## Mortgage Brokerage Income Net [Dollars in millions]

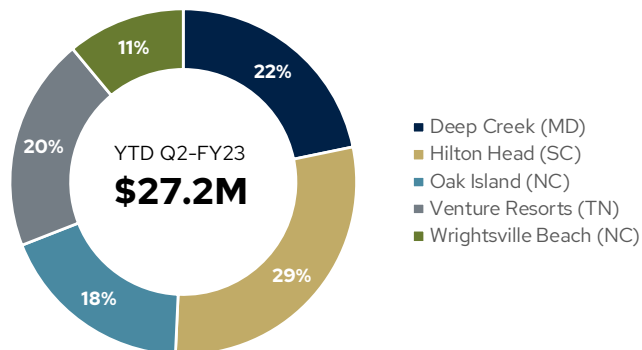


# Towne Vacations

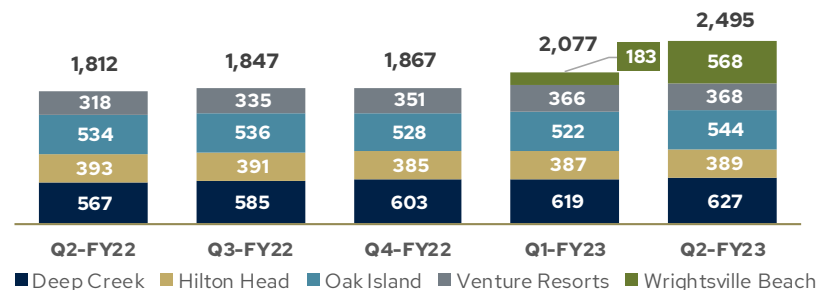
## Highlights

- Property management income net of \$12.0 million in Q2-23 compared to \$9.2 million in Q2-22
- Property management locations in North Carolina, South Carolina, Maryland and Tennessee
- Bryant Properties in Wrightsville Beach, NC acquired March 1, 2023
- Reservation activity has returned to pre-pandemic levels offset by acquisition growth

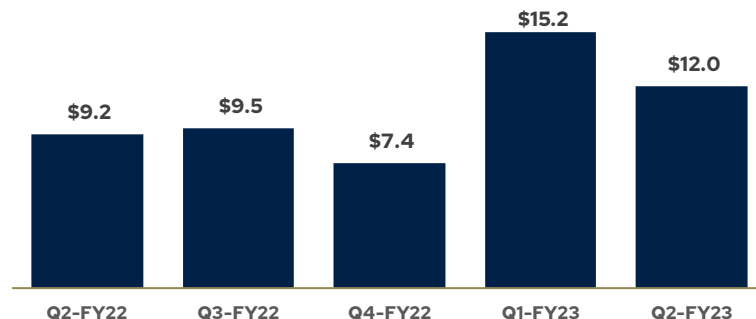
## Property Management Income Net



## Home Count [Quarterly Average]

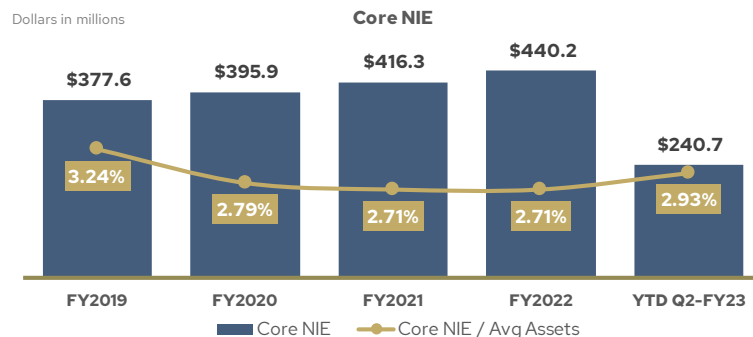
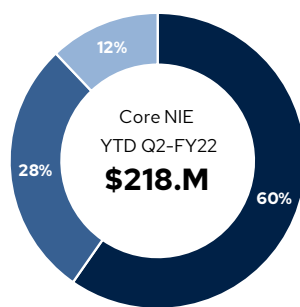
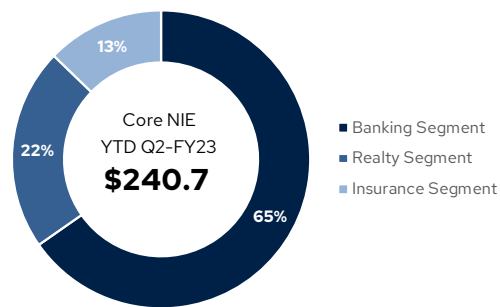


## Property Management Income Net [Dollars in millions]



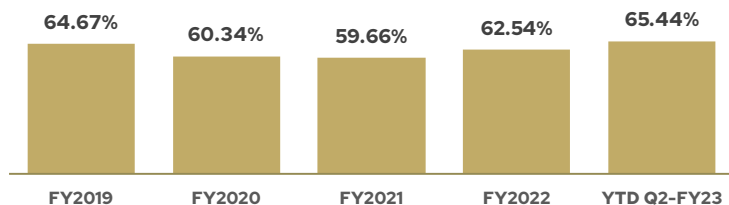
# Noninterest Expense

| Dollars in millions                | QTD              |                  |             |                  |              | YTD              |                  |              |
|------------------------------------|------------------|------------------|-------------|------------------|--------------|------------------|------------------|--------------|
|                                    | Q2-FY23          | Q1-FY23          | Q/Q Change  | Q2-FY22          | Y/Y Change   | Q2-FY23          | Q2-FY22          | Y/Y Change   |
| Employee Compensation              | \$ 67.45         | \$ 69.42         | (2.8%)      | \$ 64.89         | 3.9%         | \$ 136.87        | \$ 128.85        | 6.2%         |
| Occupancy, Furniture and Equipment | 13.88            | 13.31            | 4.3%        | 11.99            | 15.8%        | 27.18            | 24.00            | 13.3%        |
| Software and Data Processing       | 10.18            | 8.98             | 13.4%       | 8.32             | 22.4%        | 19.16            | 16.40            | 16.8%        |
| Advertising and Marketing          | 3.96             | 4.40             | (10.0%)     | 4.09             | (3.2%)       | 8.36             | 8.22             | 1.7%         |
| Other Expenses                     | 29.77            | 28.29            | 5.2%        | 19.44            | 53.1%        | 58.06            | 40.63            | 42.9%        |
| <b>Noninterest Expense</b>         | <b>\$ 125.23</b> | <b>\$ 124.40</b> | <b>0.7%</b> | <b>\$ 108.73</b> | <b>15.2%</b> | <b>\$ 249.63</b> | <b>\$ 218.10</b> | <b>14.5%</b> |
| Acquisition Related Expenses       | 3.00             | 5.96             | nm          | 0.05             | nm           | 8.96             | 0.11             | 8047.1%      |
| <b>Core Noninterest Expense</b>    | <b>\$ 122.23</b> | <b>\$ 118.43</b> | <b>3.2%</b> | <b>\$ 108.67</b> | <b>12.5%</b> | <b>\$ 240.66</b> | <b>\$ 217.99</b> | <b>10.4%</b> |

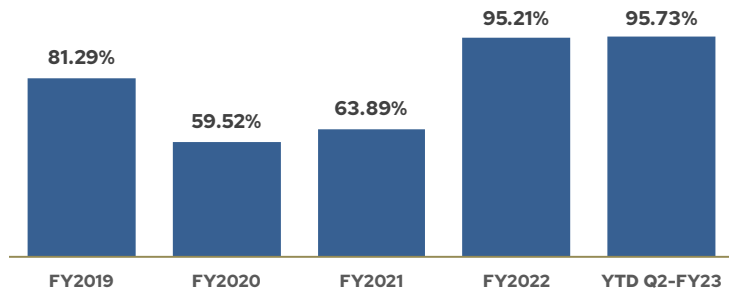


# Core Efficiency Ratio<sup>1</sup>

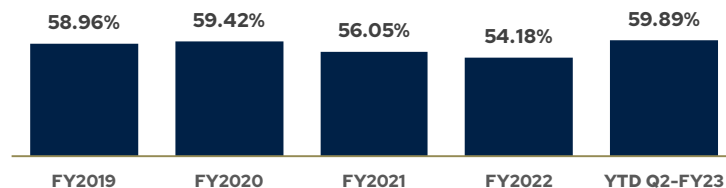
## TowneBank Consolidated



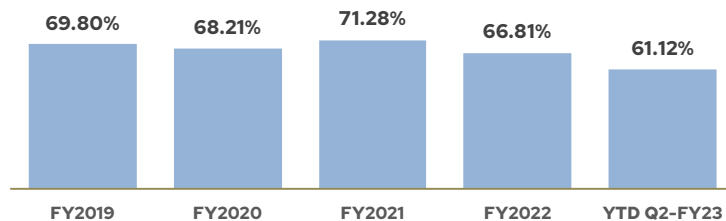
## Realty Segment



## Banking Segment



## Insurance Segment



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

# Balance Sheet Summary

| Dollars in millions             | Q2-FY23          | Q1-FY23          | Q/Q Change  | Q2-FY22          | Y/Y Change    |
|---------------------------------|------------------|------------------|-------------|------------------|---------------|
| Cash and Cash Equivalents       | \$ 1,636         | \$ 1,243         | 31.7%       | \$ 2,450         | (33.2%)       |
| Securities                      | 2,608            | 2,670            | (2.3%)      | 2,480            | 5.2%          |
| Loans Held for Sale             | 230              | 157              | 46.0%       | 212              | 8.4%          |
| Loans                           | 11,208           | 11,174           | 0.3%        | 10,426           | 7.5%          |
| Allowance for Credit Losses     | (124)            | (120)            | 2.9%        | (104)            | 18.7%         |
| <b>Net Loans</b>                | <b>11,085</b>    | <b>11,054</b>    | <b>0.3%</b> | <b>10,322</b>    | <b>7.4%</b>   |
| Premises and Equipment Net      | 327              | 322              | 1.5%        | 290              | 12.7%         |
| Goodwill                        | 457              | 477              | (4.3%)      | 457              | (0.1%)        |
| Intangible Assets               | 71               | 73               | (2.9%)      | 45               | 58.4%         |
| Bank-owned Life Insurance       | 273              | 272              | 0.6%        | 254              | 7.4%          |
| Other Assets                    | 539              | 463              | 16.4%       | 355              | 52.0%         |
| <b>Assets</b>                   | <b>17,225</b>    | <b>16,730</b>    | <b>3.0%</b> | <b>16,864</b>    | <b>2.1%</b>   |
| Noninterest Bearing Deposits    | 4,775            | 5,069            | (5.8%)      | 5,723            | (16.6%)       |
| Interest Bearing Deposits       | 8,992            | 8,529            | 5.4%        | 8,273            | 8.7%          |
| <b>Deposits</b>                 | <b>13,767</b>    | <b>13,598</b>    | <b>1.2%</b> | <b>13,996</b>    | <b>(1.6%)</b> |
| Borrowings                      | 1,060            | 806              | 31.4%       | 600              | 76.6%         |
| Other Liabilities               | 408              | 336              | 21.5%       | 397              | 2.8%          |
| <b>Liabilities</b>              | <b>15,235</b>    | <b>14,741</b>    | <b>3.4%</b> | <b>14,994</b>    | <b>1.6%</b>   |
| Shareholders' Equity            | 1,974            | 1,975            | (0.0%)      | 1,854            | 6.5%          |
| Noncontrolling Interest         | 17               | 15               | 9.5%        | 17               | (0.9%)        |
| <b>Equity</b>                   | <b>1,990</b>     | <b>1,990</b>     | <b>0.0%</b> | <b>1,871</b>     | <b>6.4%</b>   |
| <b>Liabilities and Equities</b> | <b>\$ 17,225</b> | <b>\$ 16,730</b> | <b>3.0%</b> | <b>\$ 16,864</b> | <b>2.1%</b>   |



**\$17.2B**

Total Assets

**81.41%**

Loans / Deposits

**1.10%**

ACL / Loans

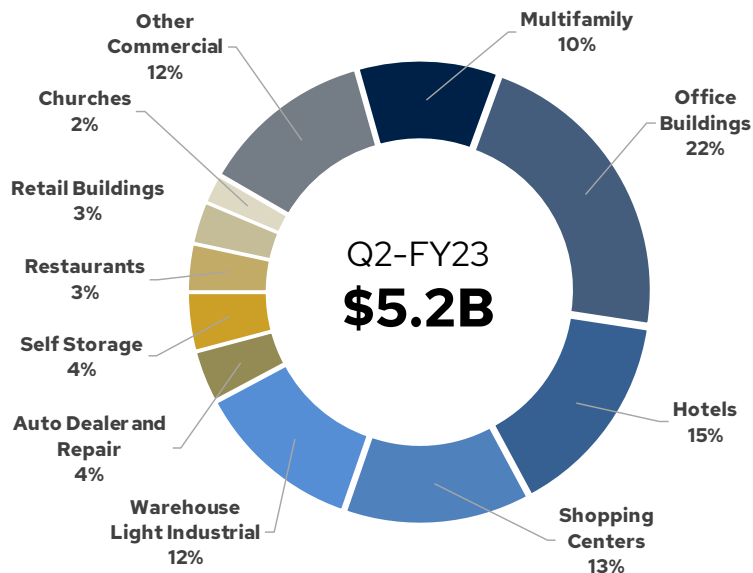
**0.05%**

Nonperforming Assets /  
Total Assets

**34.68%**

Noninterest Bearing  
Deposits / Total Deposits

# Commercial Real Estate

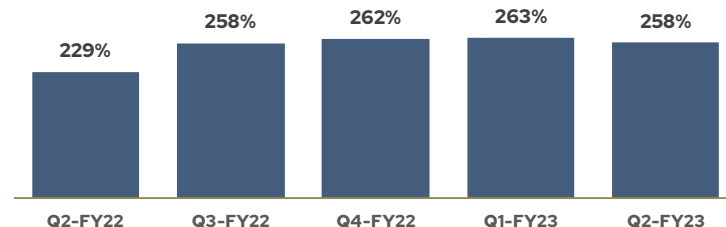


| Dollars in millions           | Q2-FY23         | % Total     | Q/Q %       | Y/Y %        |
|-------------------------------|-----------------|-------------|-------------|--------------|
| CRE-Owner Occupied            | \$ 1,687        | 32%         | 0.7%        | 6.8%         |
| CRE-Non Owner Occupied        | 3,035           | 58%         | 4.3%        | 10.0%        |
| Multifamily                   | 520             | 10%         | 3.0%        | 40.0%        |
| <b>Commercial Real Estate</b> | <b>\$ 5,242</b> | <b>100%</b> | <b>3.0%</b> | <b>11.3%</b> |

## Owner and Non-Owner Occupied

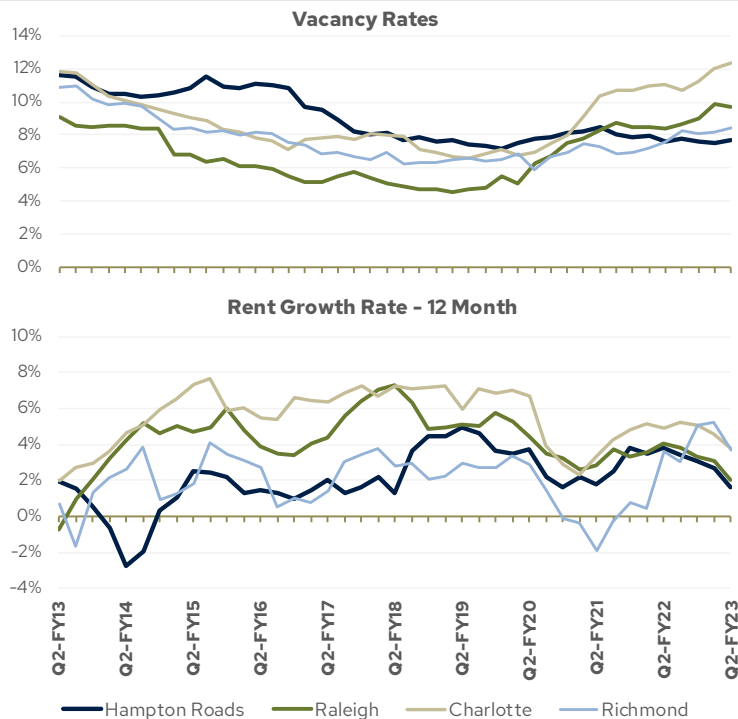
| Dollars in millions        | Owner           | Non-owner       | Total           |
|----------------------------|-----------------|-----------------|-----------------|
| Office Buildings           | \$ 429          | \$ 717          | \$ 1,146        |
| Hotels                     | -               | 772             | 772             |
| Shopping Centers           | -               | 690             | 690             |
| Warehouse Light Industrial | 339             | 285             | 623             |
| Auto Dealer and Repair     | 162             | 30              | 192             |
| Self Storage               | -               | 217             | 217             |
| Restaurants                | 128             | 49              | 177             |
| Retail Buildings           | 80              | 76              | 156             |
| Churches                   | 104             | 3               | 106             |
| Other Commercial           | 446             | 196             | 642             |
| <b>Total</b>               | <b>\$ 1,687</b> | <b>\$ 3,035</b> | <b>\$ 4,722</b> |

## CRE / Total Risk Based Capital

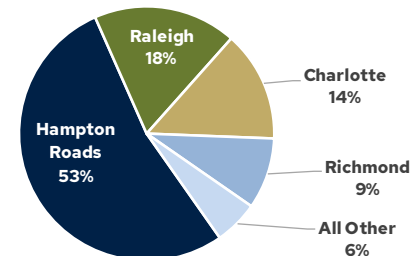


# CRE – Office Buildings

## Market Trends<sup>1</sup>



(1) Source: CoStar<sup>®</sup>

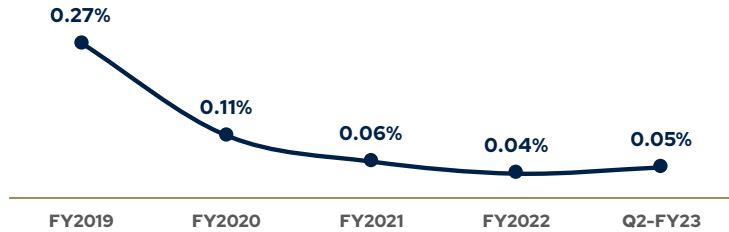


## Market Comments

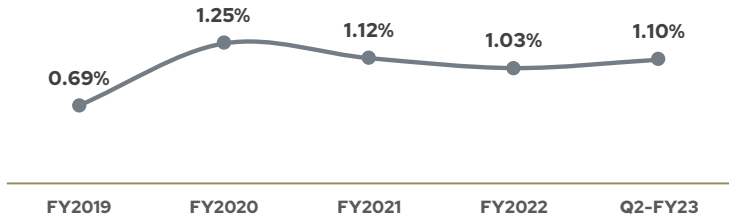
- Hampton Roads vacancy rates near 10-year lows at 7.7%, rent growth of 1-2% in line with long-term averages, fully recovered all jobs lost at the start of the pandemic, minimal supply-side impacts due to limited office development and the market is forecasted to perform better than larger macroeconomy due to defense spending, tourism, and the Port.
- Richmond vacancy rates have risen recently but still below long-term averages and forecasted to remain stable in the coming quarters. Despite the recent increase in vacancy rates, rents continue to grow in the mid-3% range. 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 increased throughout 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 mid-3% range remains well above the 0.8% national growth rate. Raleigh and the Research Triangle are among the fastest growing metros in the US.

# Asset Quality

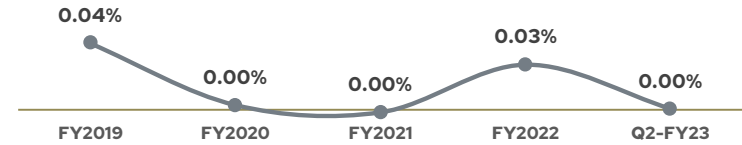
## NPA<sup>1</sup> / Assets



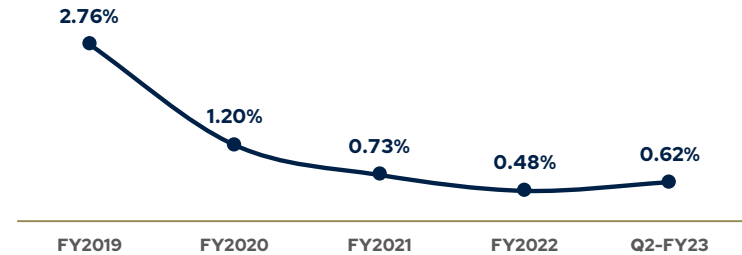
## Reserves / Loans



## NCOs / Average Loans



## Texas Ratio<sup>2</sup>

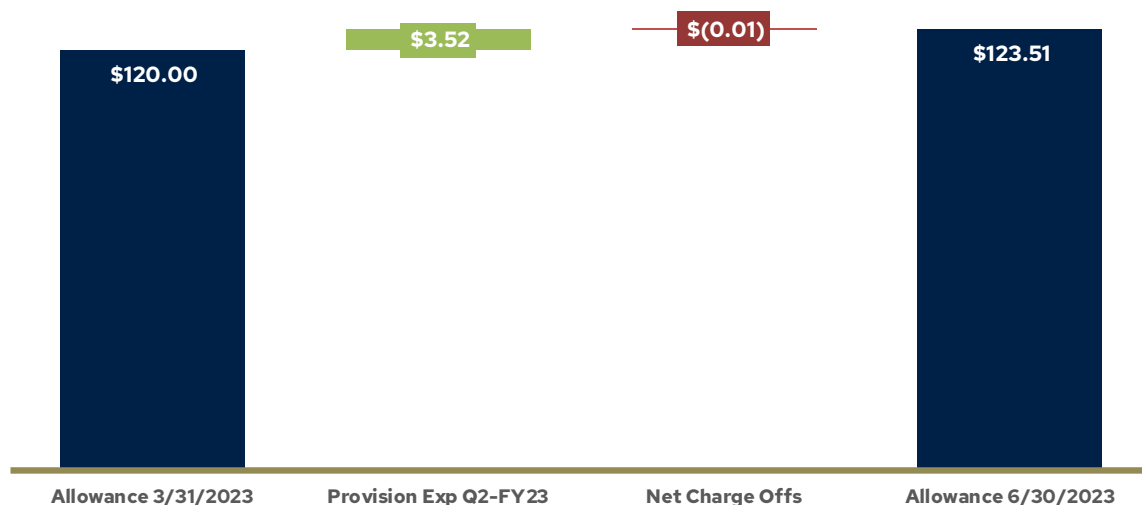


(1) Non-performing assets (Non-accrual loans/leases, repossessed assets, and real estate owned) as a percent of assets

(2) Calculated as the sum of non-performing assets and loans 90+ days past due and accruing divided by the sum of tangible common equity and loan loss reserves

# Current Expected Credit Loss (CECL)

Allowance for Credit Losses [Dollars in millions]



ACL / Loans



## MACROECONOMIC FORECAST

Weighted Moody's economic sectors

## REASONABLE & SUPPORTABLE FORECAST PERIOD

2 Years

## REVERSION PERIOD AND APPROACH

4 quarter reversion period with a blended transition approach

## KEY MACROECONOMIC VARIABLES

Price Indices  
GDP  
Interest Rates  
Disposable Income

# Liquidity

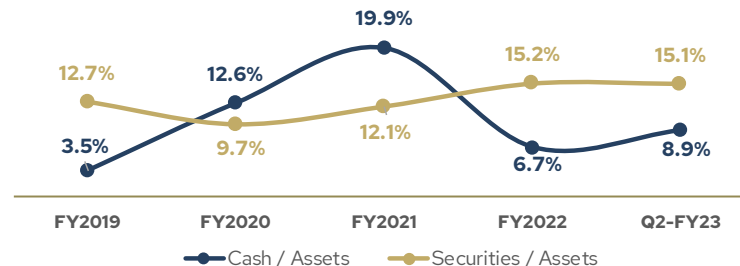
## Liquidity Sources [Dollars in millions]

|                                                                          | Q2-FY23         |
|--------------------------------------------------------------------------|-----------------|
| <b>Available Liquid Funds:</b>                                           |                 |
| Cash and cash equivalents                                                | \$ 1,636        |
| Unencumbered investment securities                                       | 1,709           |
| <b>Availability of Borrowings:</b>                                       |                 |
| Amount available from FHLB with loan collateral                          | 1,496           |
| Amount available from unsecured lines of credit with correspondent banks | 150             |
| Amount available from Federal Reserve discount window                    | 1,841           |
| <b>Total Liquidity Sources</b>                                           | <b>\$ 6,831</b> |

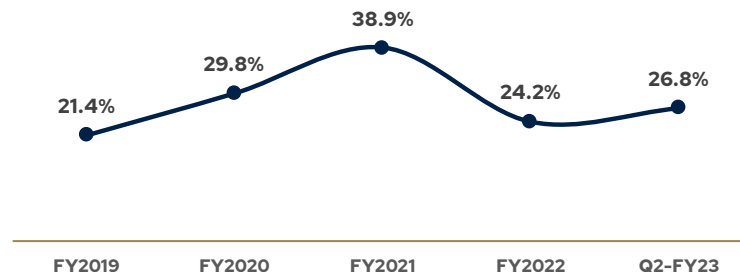
## Uninsured Deposits [Dollars in millions]

|                                                              | Q2-FY23      |
|--------------------------------------------------------------|--------------|
| TowneBank Uninsured Deposits                                 | \$ 6,672     |
| Less Collateralized Deposits                                 | 683          |
| <b>Adjusted Uninsured Deposits</b>                           | <b>5,989</b> |
| TowneBank Total Deposits                                     | 13,767       |
| Adjusted Uninsured Deposits / Total Deposits                 | 44%          |
| <b>Total Liquidity Sources / Adjusted Uninsured Deposits</b> | <b>114%</b>  |

## Cash and Securities

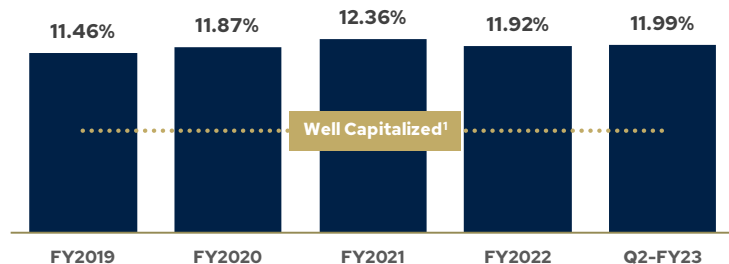


## Liquidity Ratio

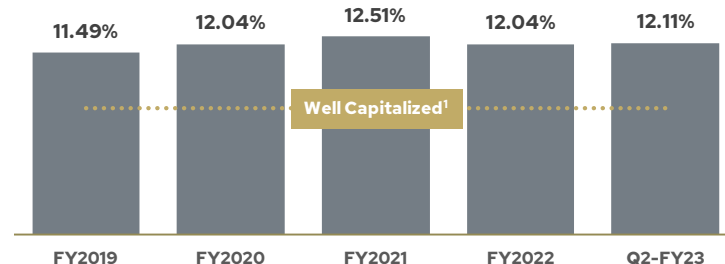


# Capital

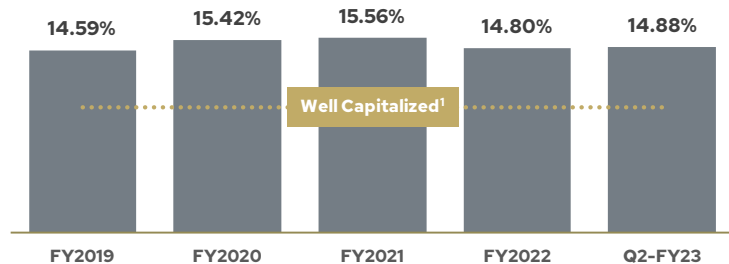
## Common Equity Tier 1



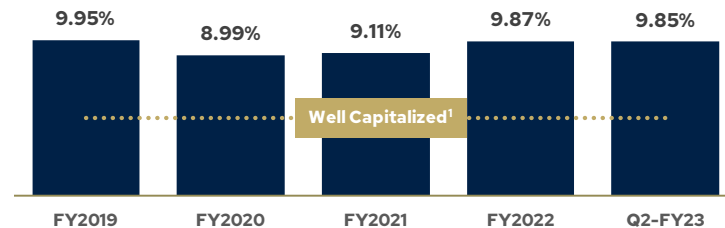
## Tier 1 Risk-Based



## Total Risk-Based



## Tier 1 Leverage



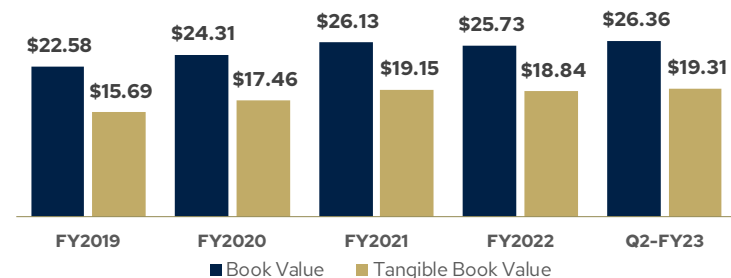
(1) FDIC "Well Capitalized" under prompt corrective action rules

# Shareholder Value

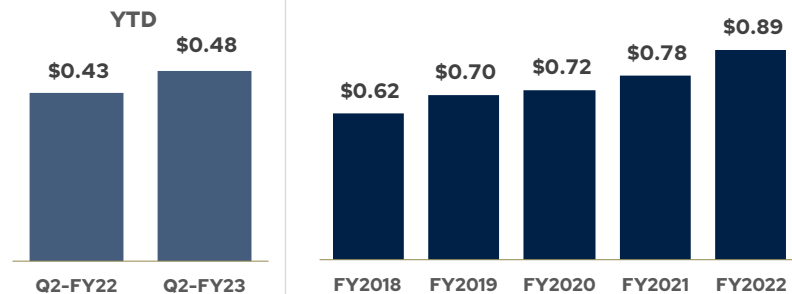
## Total Shareholder Return TowneBank vs Peers<sup>(1)</sup>

|         | TowneBank | Peers |
|---------|-----------|-------|
| 3 Year  | 35%       | 28%   |
| 5 Year  | (16)%     | (19)% |
| 10 Year | 106%      | 70%   |

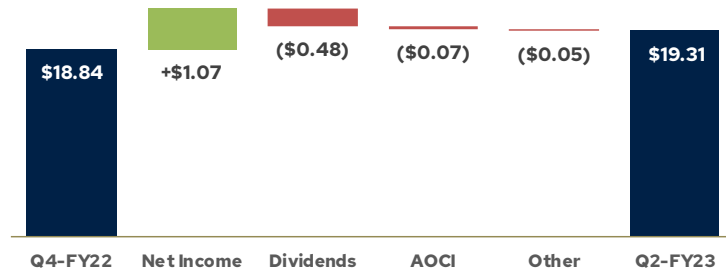
## Book Value and Tangible Book Value per Share



## Dividends



## Tangible Book Value Roll Forward



(1) Total Return as of 6/30/2023; Source: S&P Global, data collected 8/15/2023. Peer group median - peers as disclosed in the most recent TOWN proxy statement

# Outlook Summary

## Loans and Asset Quality

- Targeting annualized loan and deposit growth in the mid-single digits
- Incremental increases in reserve levels based on loan growth and economic forecasts

## Profitability

- Net interest income expected to range between \$105-\$115 million for Q3 2023 which assumes a Federal Funds of 5.50%
- Noninterest expense run rate projected at \$118-\$120 million for Q3 2023

## Strategic

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





## Non-GAAP Reconciliations

# Non-GAAP Reconciliations

## Core Net Income and Related Metrics

| Amounts in millions except per share data           | QTD             |                 |                 | Year             |                  |                  |                  |
|-----------------------------------------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
|                                                     | Q2-FY23         | Q1-FY23         | Q2-FY22         | FY2022           | FY2021           | FY2020           | FY2019           |
| Net Income Attributable to TowneBank                | \$ 41.72        | \$ 38.33        | \$ 46.55        | \$ 188.99        | \$ 215.38        | \$ 145.53        | \$ 138.78        |
| <u>Adjustments</u>                                  |                 |                 |                 |                  |                  |                  |                  |
| Plus: Acquisition Related Expenses                  | 3.00            | 5.96            | 0.05            | 1.06             | 1.02             | (0.07)           | 0.66             |
| Plus: Initial Provision for Credit Losses           | -               | 4.01            | -               | -                | -                | -                | -                |
| Less: Gain (Loss) on Equity Investment <sup>1</sup> | 6.98            | -               | -               | -                | -                | -                | -                |
| Plus: Income Tax & Other Adjustments                | 0.92            | 2.00            | (0.00)          | (0.04)           | (0.20)           | 0.00             | 0.06             |
| <b>Core Net Income</b>                              | <b>\$ 38.66</b> | <b>\$ 46.30</b> | <b>\$ 46.59</b> | <b>\$ 190.01</b> | <b>\$ 216.20</b> | <b>\$ 145.47</b> | <b>\$ 139.50</b> |
| Avg Assets                                          | \$ 16,826.97    | \$ 16,349.04    | \$ 16,529.81    | \$ 16,268.01     | \$ 15,384.66     | \$ 14,172.21     | \$ 11,638.43     |
| Return on Avg Assets                                | 0.99%           | 0.95%           | 1.13%           | 1.16%            | 1.40%            | 1.03%            | 1.19%            |
| <b>Core Return on Avg Assets</b>                    | <b>0.92%</b>    | <b>1.15%</b>    | <b>1.13%</b>    | <b>1.17%</b>     | <b>1.41%</b>     | <b>1.03%</b>     | <b>1.20%</b>     |
| Avg Common Shares Outstanding-Diluted               | 74.70           | 74.39           | 72.57           | 72.58            | 72.56            | 72.35            | 72.19            |
| Earnings Per Share-Diluted                          | \$ 0.56         | \$ 0.52         | \$ 0.64         | \$ 2.60          | \$ 2.97          | \$ 2.01          | \$ 1.92          |
| <b>Core Earnings Per Share-Diluted</b>              | <b>\$ 0.52</b>  | <b>\$ 0.62</b>  | <b>\$ 0.64</b>  | <b>\$ 2.62</b>   | <b>\$ 2.98</b>   | <b>\$ 2.01</b>   | <b>\$ 1.93</b>   |
| Avg Tangible Common Equity                          | \$ 1,432.51     | \$ 1,409.09     | \$ 1,357.96     | \$ 1,357.33      | \$ 1,338.57      | \$ 1,211.93      | \$ 1,082.13      |
| Intangible Amort Net of Tax                         | 2.85            | 2.78            | 2.12            | 8.39             | 8.79             | 9.08             | 9.77             |
| Return on Avg Tangible Common Equity                | 12.48%          | 11.83%          | 14.37%          | 14.54%           | 16.75%           | 12.76%           | 13.73%           |
| <b>Core Return on Avg Tangible Common Equity</b>    | <b>11.62%</b>   | <b>14.13%</b>   | <b>14.39%</b>   | <b>14.62%</b>    | <b>16.81%</b>    | <b>12.75%</b>    | <b>13.79%</b>    |

(1) Gain on sale of BHHS Towne Realty (79% ownership stake)

# Non-GAAP Reconciliations

## Core Efficiency Ratio – TowneBank Consolidated

| Amounts in millions                         | YTD           | Year          |               |               |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                             | Q2-FY23       | FY2022        | FY2021        | FY2020        | FY2019        |
| Total Revenue                               | \$ 365.71     | \$ 686.93     | \$ 680.33     | \$ 664.33     | \$ 563.94     |
| Less: Gain (Loss) on Securities Investments | -             | -             | 1.25          | 9.63          | (0.84)        |
| Less: Gain (Loss) on Equity Investments     | 8.83          | -             | (0.03)        | 17.63         | -             |
| <b>Total Revenue Adjusted</b>               | <b>356.88</b> | <b>686.93</b> | <b>679.11</b> | <b>637.08</b> | <b>564.79</b> |
| Noninterest Expense                         | \$ 249.63     | \$ 441.28     | \$ 417.27     | \$ 395.83     | \$ 378.30     |
| Less: Intangible Amortization               | 7.13          | 10.62         | 11.13         | 11.50         | 12.37         |
| <b>Noninterest Expense Adjusted</b>         | <b>242.49</b> | <b>430.66</b> | <b>406.15</b> | <b>384.33</b> | <b>365.93</b> |
| Efficiency Ratio                            | 67.95%        | 62.69%        | 59.81%        | 60.33%        | 64.79%        |
| Less: Acquisition Related Expenses          | 8.96          | 1.06          | 1.02          | (0.07)        | 0.66          |
| Core Efficiency Ratio                       | 65.44%        | 62.54%        | 59.66%        | 60.34%        | 64.67%        |

## Core Efficiency Ratio – Realty Segment

| Amounts in millions                         | YTD          | Year          |               |               |               |
|---------------------------------------------|--------------|---------------|---------------|---------------|---------------|
|                                             | Q2-FY23      | FY2022        | FY2021        | FY2020        | FY2019        |
| Total Revenue                               | \$ 62.54     | \$ 117.11     | \$ 184.46     | \$ 170.46     | \$ 113.08     |
| Less: Gain (Loss) on Securities Investments | -            | -             | -             | -             | -             |
| Less: Gain (Loss) on Equity Investments     | 8.83         | -             | -             | -             | -             |
| <b>Total Revenue Adjusted</b>               | <b>53.71</b> | <b>117.11</b> | <b>184.46</b> | <b>170.46</b> | <b>113.08</b> |
| Noninterest Expense                         | \$ 53.21     | \$ 114.65     | \$ 121.66     | \$ 104.12     | \$ 94.73      |
| Less: Intangible Amortization               | 1.42         | 3.10          | 2.81          | 2.63          | 2.74          |
| <b>Noninterest Expense Adjusted</b>         | <b>51.79</b> | <b>111.54</b> | <b>118.85</b> | <b>101.49</b> | <b>91.99</b>  |
| Efficiency Ratio                            | 96.42%       | 95.25%        | 64.43%        | 59.54%        | 81.34%        |
| Less: Acquisition Related Expenses          | 0.37         | 0.05          | 0.99          | 0.03          | 0.06          |
| Core Efficiency Ratio                       | 95.73%       | 95.21%        | 63.89%        | 59.52%        | 81.29%        |

## Core Efficiency Ratio – Banking Segment

| Amounts in millions                         | YTD           | Year          |               |               |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                             | Q2-FY23       | FY2022        | FY2021        | FY2020        | FY2019        |
| Total Revenue                               | \$ 257.96     | \$ 495.49     | \$ 430.21     | \$ 411.99     | \$ 386.04     |
| Less: Gain (Loss) on Securities Investments | -             | -             | 1.25          | 9.63          | (0.84)        |
| Less: Gain (Loss) on Equity Investments     | -             | -             | (0.03)        | -             | -             |
| <b>Total Revenue Adjusted</b>               | <b>257.96</b> | <b>495.49</b> | <b>428.99</b> | <b>402.35</b> | <b>386.88</b> |
| Noninterest Expense                         | \$ 165.63     | \$ 272.39     | \$ 244.01     | \$ 243.45     | \$ 233.26     |
| Less: Intangible Amortization               | 2.62          | 3.01          | 3.55          | 4.35          | 5.16          |
| <b>Noninterest Expense Adjusted</b>         | <b>163.01</b> | <b>269.39</b> | <b>240.46</b> | <b>239.10</b> | <b>228.10</b> |
| Efficiency Ratio                            | 63.19%        | 54.37%        | 56.05%        | 59.42%        | 58.96%        |
| Less: Acquisition Related Expenses          | 8.53          | 0.96          | -             | -             | -             |
| Core Efficiency Ratio                       | 59.89%        | 54.18%        | 56.05%        | 59.42%        | 58.96%        |

## Core Efficiency Ratio – Insurance Segment

| Amounts in millions                         | YTD          | Year         |              |              |              |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                             | Q2-FY23      | FY2022       | FY2021       | FY2020       | FY2019       |
| Total Revenue                               | \$ 45.20     | \$ 74.34     | \$ 65.66     | \$ 81.89     | \$ 64.82     |
| Less: Gain (Loss) on Securities Investments | -            | -            | -            | -            | -            |
| Less: Gain (Loss) on Equity Investments     | -            | -            | -            | 17.63        | -            |
| <b>Total Revenue Adjusted</b>               | <b>45.20</b> | <b>74.34</b> | <b>65.66</b> | <b>64.26</b> | <b>64.82</b> |
| Noninterest Expense                         | \$ 30.78     | \$ 54.24     | \$ 51.60     | \$ 48.25     | \$ 50.31     |
| Less: Intangible Amortization               | 3.09         | 4.51         | 4.77         | 4.51         | 4.47         |
| <b>Noninterest Expense Adjusted</b>         | <b>27.69</b> | <b>49.73</b> | <b>46.83</b> | <b>43.74</b> | <b>45.84</b> |
| Efficiency Ratio                            | 61.26%       | 66.89%       | 71.32%       | 68.06%       | 70.72%       |
| Less: Acquisition Related Expenses          | 0.06         | 0.06         | 0.03         | (0.10)       | 0.60         |
| Core Efficiency Ratio                       | 61.12%       | 66.81%       | 71.28%       | 68.21%       | 69.80%       |

# Non-GAAP Reconciliations

## Tax Equivalent (TE) Adjustments

| Amounts in millions                | Q2-FY23     | Q1-FY23     | Q4-FY22     | Q3-FY22     | Q2-FY22     |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Loans TE Adjustment                | \$ 0.84     | \$ 0.77     | \$ 0.67     | \$ 0.63     | \$ 0.42     |
| Securities TE Adjustment           | 0.35        | 0.33        | 0.22        | 0.22        | 0.18        |
| <b>Tax-Equivalent Adjustment</b>   | <b>1.18</b> | <b>1.10</b> | <b>0.89</b> | <b>0.85</b> | <b>0.60</b> |
| <u>Yield &amp; Margin Impacts:</u> |             |             |             |             |             |
| Loan Yield                         | 4.97%       | 4.85%       | 4.57%       | 4.23%       | 3.97%       |
| Loan Yield (TE)                    | 5.00%       | 4.88%       | 4.60%       | 4.25%       | 3.99%       |
| Securities Investment Yield        | 2.83%       | 2.80%       | 2.52%       | 2.21%       | 1.99%       |
| Securities Investment Yield (TE)   | 2.89%       | 2.85%       | 2.56%       | 2.24%       | 2.02%       |
| Earning Asset Yield                | 4.58%       | 4.46%       | 4.13%       | 3.64%       | 3.16%       |
| Earning Asset Yield (TE)           | 4.61%       | 4.49%       | 4.16%       | 3.66%       | 3.18%       |
| Net Interest Margin (GAAP)         | 2.98%       | 3.36%       | 3.51%       | 3.28%       | 2.88%       |
| Net Interest Margin (TE)           | 3.01%       | 3.39%       | 3.53%       | 3.31%       | 2.89%       |

## Tangible Book Value per Share

| Amounts in millions except per share data | Q2-FY23     | Q1-FY23     | Q4-FY22     | Q3-FY22     | Q2-FY22     |
|-------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Shareholders' Equity (Common)             | \$ 1,973.84 | \$ 1,974.68 | \$ 1,873.96 | \$ 1,826.66 | \$ 1,853.72 |
| Goodwill and Intangible Assets            | 527.80      | 550.47      | 501.64      | 503.34      | 502.04      |
| Tangible Common Equity                    | \$ 1,446.04 | \$ 1,424.20 | \$ 1,372.32 | \$ 1,323.33 | \$ 1,351.68 |
| Common Shares Outstanding                 | 74.88       | 74.80       | 72.84       | 72.84       | 72.74       |
| Tangible Book Value per Share             | \$ 19.31    | \$ 19.04    | \$ 18.84    | \$ 18.17    | \$ 18.58    |



Member FDIC