



Investor Presentation

3rd 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; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; 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 Roads¹

Ranked on
Forbes
Top 50
Best Banks List²

Total Assets

\$16.7B

Total Loans

\$11.2B

Total Deposits

\$13.9B

Earnings Growth

25.9%

CAGR FY00 – FY22

Core ROAA

1.06%

Core ROTCE

13.12%

NIM (FTE)

2.98%

NIB Deposits /
Total Deposits

32.02%

10 Year Total Shareholder
Return³

109%

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

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

(3) Total Return as of 9/29/2023; Source: S&P Global, data collected 10/13/2023.

(4) Financial results for the quarter ending September 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

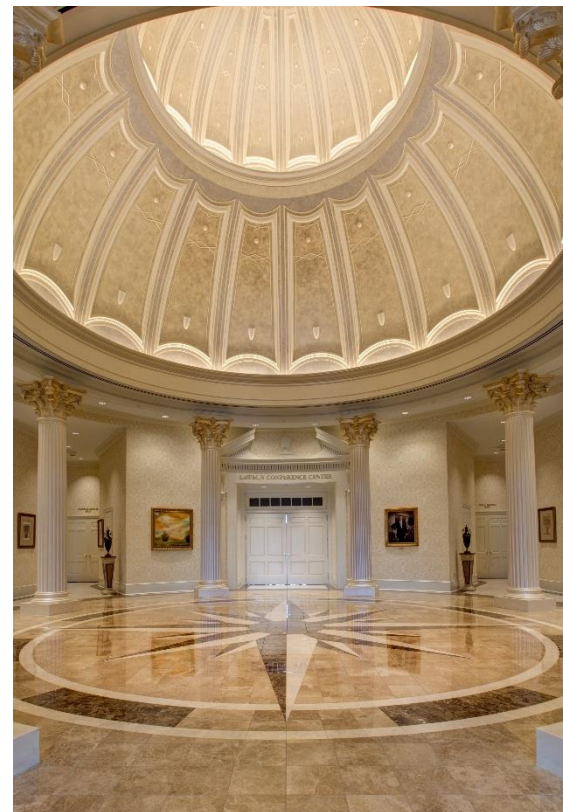
We will be a relationship and friendship driven local bank focused on basic human values that will serve to create a warm sense of belonging and financial well-being among our family members.

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.

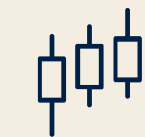
Community Commitment

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
- MORTGAGE
- PROPERTY MANAGEMENT



**Superior
Shareholder
Value**



**Super Community
Bank Model**



**Local
Decision
Making**



**Extraordinary
Member
Experiences**



**Invested
Insider
Ownership
(8.2%)¹**



**Commitment to
Community Service
& Engagement**



**Culture
of Caring**



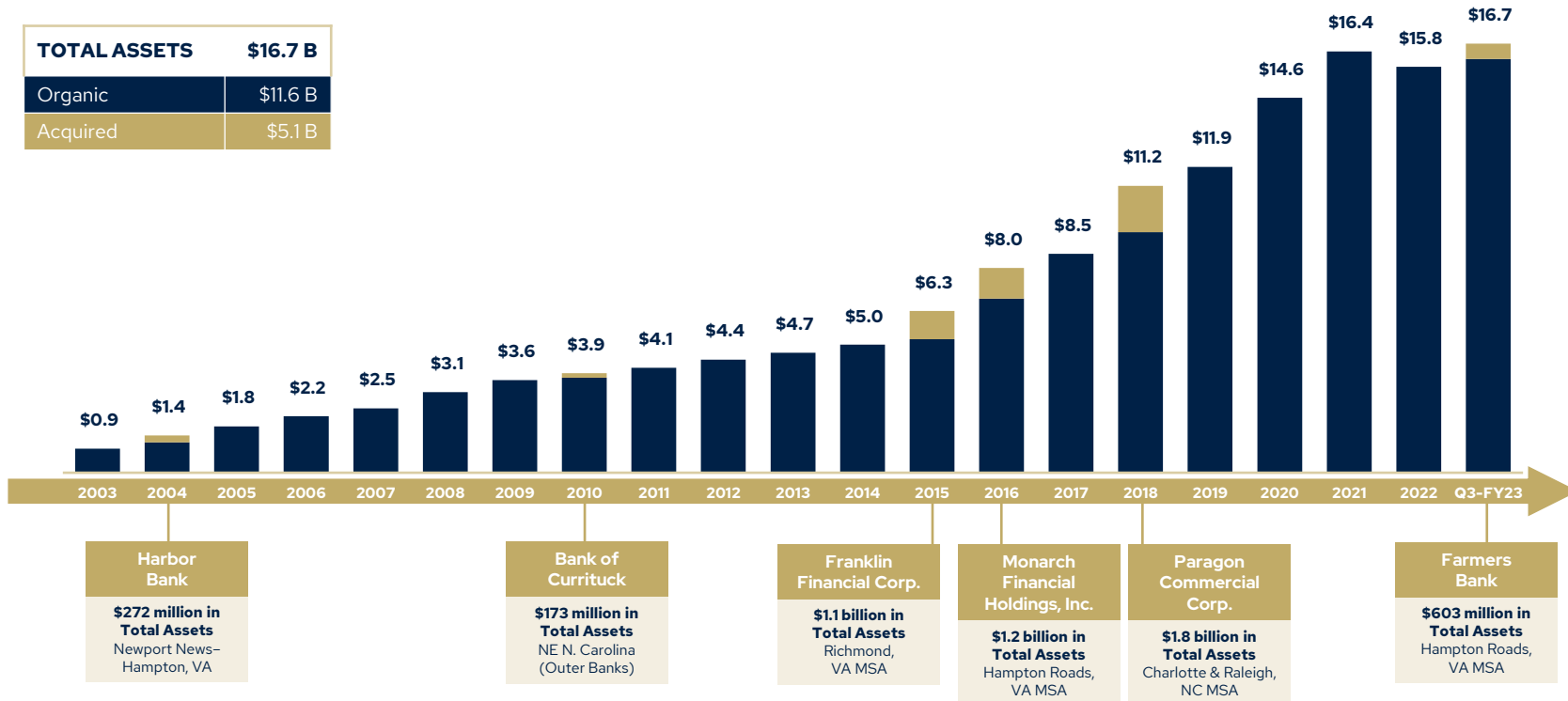
**Embracing Diverse
Talents, Perspectives
& Experiences**

(1) Source: S&P Global, Ownership Summary data as of 10/18/2023

Disciplined Acquirer and Experienced Integrator

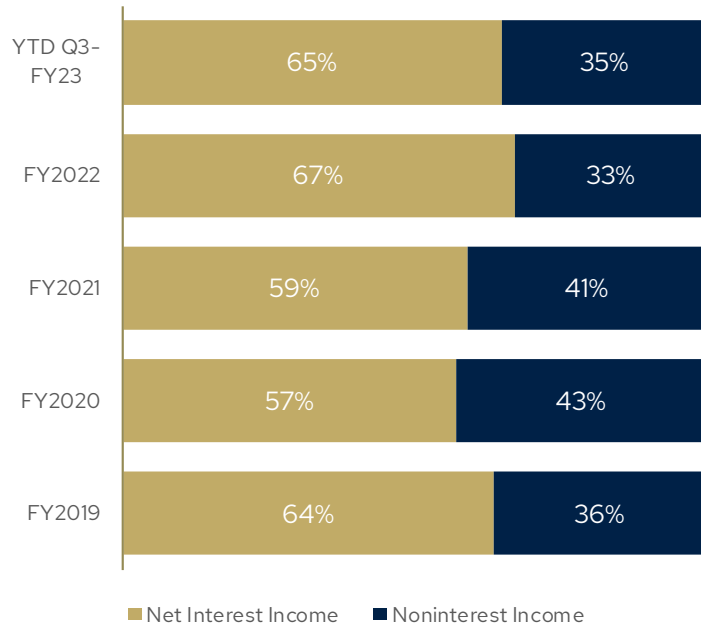
Total Assets [Dollars in billions]

TOTAL ASSETS	\$16.7 B
Organic	\$11.6 B
Acquired	\$5.1 B

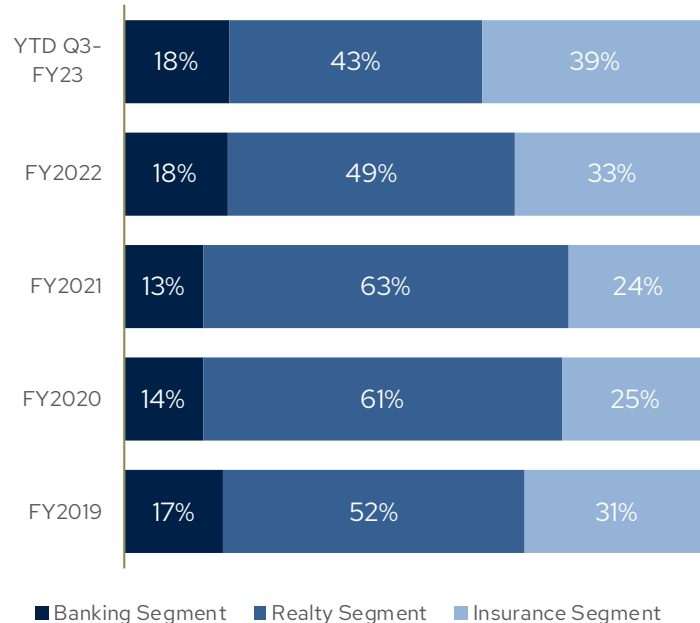


Diversified Business Model

Total Revenue



Noninterest Income¹



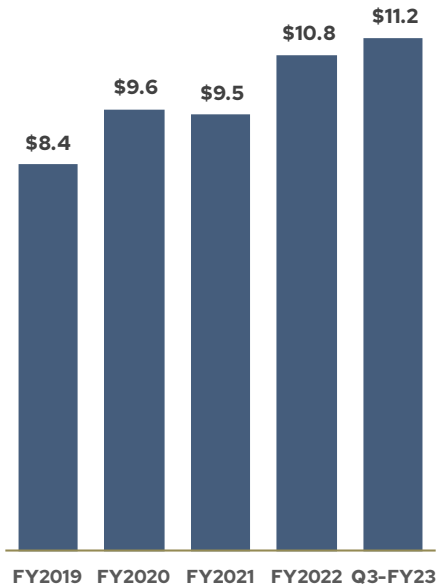
(1) Normalized noninterest income excludes gain (loss) on investment securities, gain of \$544 thousand on sale of Beneflex (2023), gain of \$8.83 million on sale of BHHS Towne Realty (2023) and the gain of \$17.6 million on the sale of Red Sky Travel Insurance (2020)

Balance Sheet: Consistency & Stability

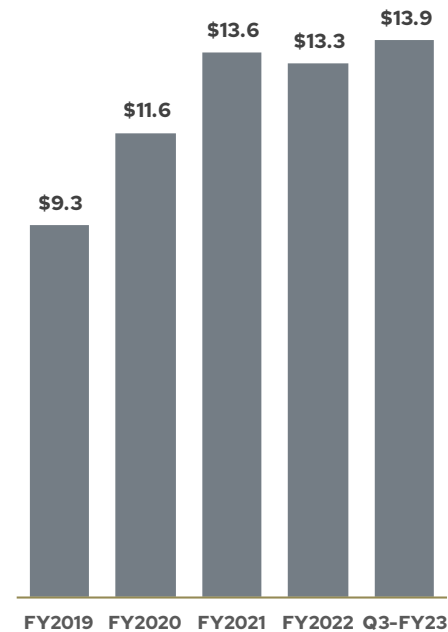
Total Assets [Dollars in billions]



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	\$319 million

Triangle/Greenville

Loans	\$2.1 billion
Deposits	\$1.6 billion
Branches	3
Avg Branch	\$539 million

Richmond

Loans	\$1.2 billion
Deposits	\$1.5 billion
Branches	9
Avg Branch	\$164 million

Charlotte

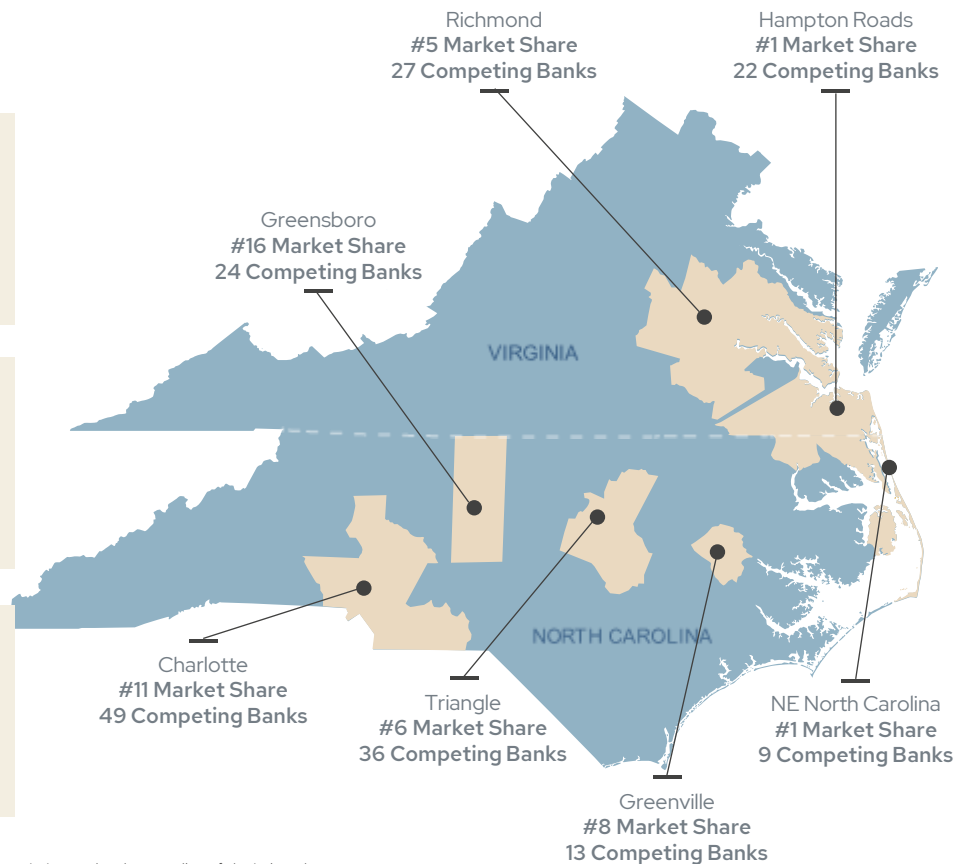
Loans	\$1.2 billion
Deposits	\$917 million
Branches	3
Avg Branch	\$306 million

NE North Carolina

Loans	\$320 million
Deposits	\$692 million
Branches	6
Avg Branch	\$115 million

Greensboro

Loans	\$241 million
Deposits	\$124 million
Branches	1
Avg Branch	\$124 million



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

Awards & Recognition



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
2020¹



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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3rd Quarter 2023 Financial Results

Performance Highlights

	Q3-FY23	Q2-FY23	Q/Q Change	Q3-FY22	Y/Y Change
Total Revenue	\$172.9 million	\$181.6 million	-4.8%	\$179.2 million	-3.6%
Provision for Credit Losses	\$1.0 million	\$3.6 million	-71.7%	\$3.9 million	-74.4%
Net Income Attributable to TowneBank	\$44.9 million	\$41.7 million	7.5%	\$50.2 million	-10.6%
Earnings Per Share-Diluted	\$0.60	\$0.56	7.4%	\$0.69	-13.2%
Return on Avg Assets	1.06%	0.99%	+7 bps	1.22%	-16 bps
Return on Avg Tangible Common Equity ¹	13.11%	12.48%	+64 bps	15.27%	-215 bps
Net Interest Margin (TE) ¹	2.98%	3.01%	-3 bps	3.31%	-33 bps
Assets	\$16.7 billion	\$17.2 billion	-3.2%	\$16.0 billion	4.6%
Loans	\$11.2 billion	\$11.2 billion	-0.3%	\$10.6 billion	5.8%
Deposits	\$13.9 billion	\$13.8 billion	0.8%	\$13.4 billion	3.5%
Loans / Deposits	80.49%	81.41%	-92 bps	78.73%	+176 bps
Noninterest Bearing Deposits / Deposits	32.02%	34.68%	-266 bps	41.56%	-954 bps
Nonperforming Assets / Assets	0.05%	0.05%	0 bps	0.03%	+2 bps
Book Value per Share	\$26.28	\$26.36	(0.3%)	\$25.08	4.8%
Tangible Book Value per Share ¹	\$19.28	\$19.31	-0.2%	\$18.17	6.1%
Tangible Common Equity to Tangible Assets	8.94%	8.66%	+28 bps	8.57%	+37 bps
Total Risk Based Capital Ratio	15.09%	14.88%	+21 bps	14.80%	+29 bps

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

Income Statement Summary

Dollars in millions, except per share data	QTD					YTD		
	Q3-FY23	Q2-FY23	Q/Q Change	Q3-FY22	Y/Y Change	Q3-FY23	Q3-FY22	Y/Y Change
Interest Income	\$ 182.86	\$ 174.86	4.6%	\$ 137.52	33.0%	\$ 521.12	\$ 366.02	42.4%
Interest Expense	69.80	61.25	14.0%	13.49	417.5%	171.07	33.44	411.6%
Net Interest Income	113.06	113.61	(0.5%)	124.04	(8.9%)	350.05	332.58	5.3%
Provision for Credit Losses	1.01	3.56	(71.7%)	3.93	(74.4%)	16.23	2.53	541.1%
Net Interest Income after Provision for Credit Losses	112.05	110.06	1.8%	120.11	(6.7%)	333.81	330.05	1.1%
Noninterest Income	59.81	67.96	(12.0%)	55.20	8.3%	188.53	179.05	5.3%
Noninterest Expense	117.70	125.23	(6.0%)	112.03	5.1%	367.33	330.14	11.3%
Minority Interest in Unconsolidated Subs	(0.12)	1.65	(107.1%)	0.50	(123.4%)	1.68	1.67	0.4%
Income Before Taxes	54.27	51.13	6.1%	62.78	(13.5%)	153.34	177.28	(13.5%)
Provision for Income Tax Expense	9.41	9.42	(0.1%)	12.61	(25.4%)	28.42	34.98	(18.7%)
Net Income Attributable to TowneBank	\$ 44.86	\$ 41.72	7.5%	\$ 50.17	(10.6%)	\$ 124.91	\$ 142.30	(12.2%)
Earnings Per Share-Diluted	\$ 0.60	\$ 0.56	7.4%	\$ 0.69	(13.2%)	\$ 1.67	\$ 1.96	(14.6%)

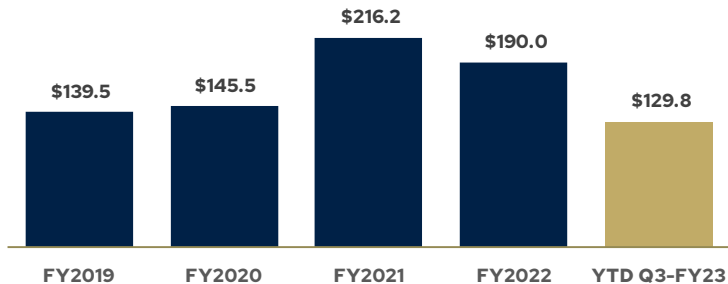
Core Net Income¹

One-time Adjustments After Taxes	\$ 0.02	\$ (3.06)	nm	\$ 0.60	nm	\$ 4.93	\$ 0.70	608.5%
Core Net Income	44.88	38.66	16.1%	50.77	(11.6%)	129.85	143.00	(9.2%)
Core Earnings Per Share-Diluted	\$ 0.60	\$ 0.52	16.0%	\$ 0.70	(14.2%)	\$ 1.74	\$ 1.97	(11.7%)

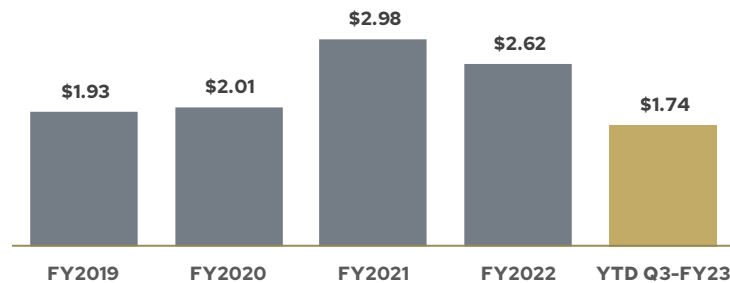
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Financial Performance Trends

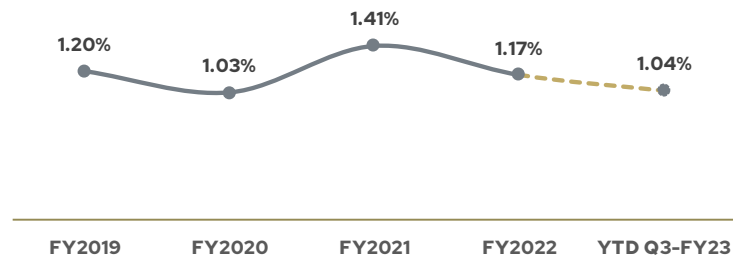
Core Net Income¹ [Dollars in millions]



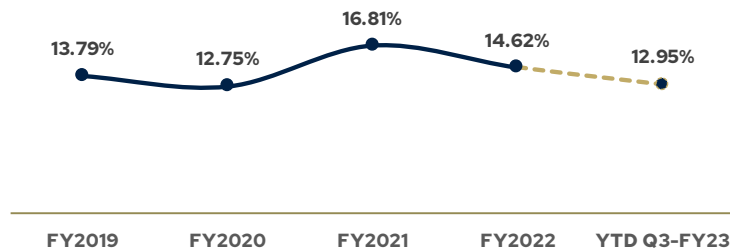
Core EPS¹



Core ROAA¹



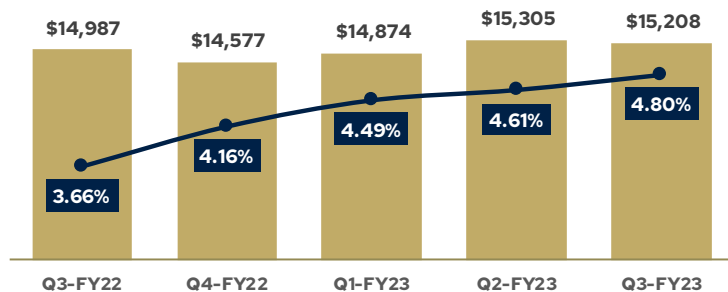
Core ROATCE¹



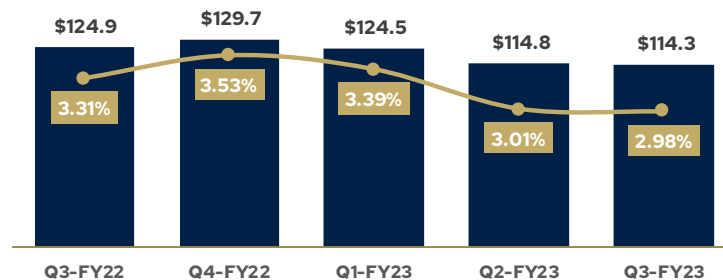
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Net Interest Income

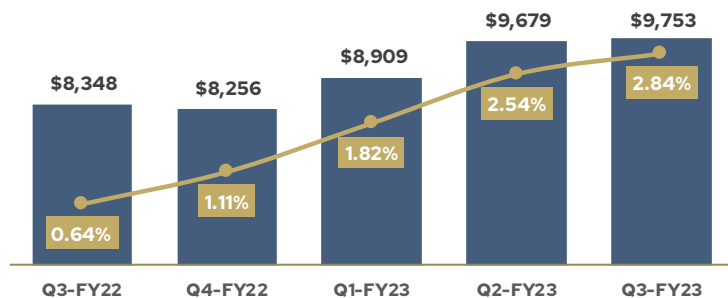
Avg. Earning Assets & Yield (TE)¹ [Dollars in millions]



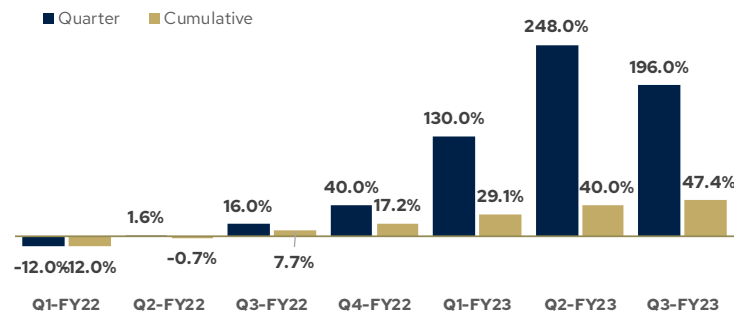
Net Interest Income & NIM (TE)¹ [Dollars in millions]



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



Interest Bearing Deposit Beta



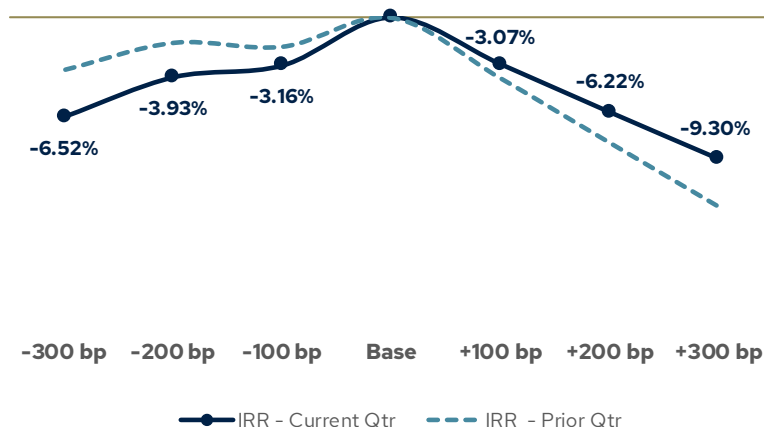
(1) Non-GAAP financial measures - see non-GAAP reconciliations

NIM & Net Interest Income Sensitivity

Net Interest Income & NIM (TE)¹

Dollars in millions	Amount	NIM (%)
Q2-FY23	\$ 114.8	3.01%
Loans HFI	4.5	0.09%
Recurring Accretion	0.1	0.00%
PPP Asset	(0.0)	0.00%
Loans HFS	1.4	0.02%
Investments & Cash	2.0	0.07%
Earning Assets Mix		0.01%
Deposits	(15.4)	-0.30%
Borrowings	7.0	0.01%
Sub Debt	(0.0)	0.00%
Interest Bearing Funding Mix		0.10%
Other	(0.0)	-0.03%
Q3-FY23	\$ 114.3	2.98%

Net Interest Income Sensitivity²



Comments

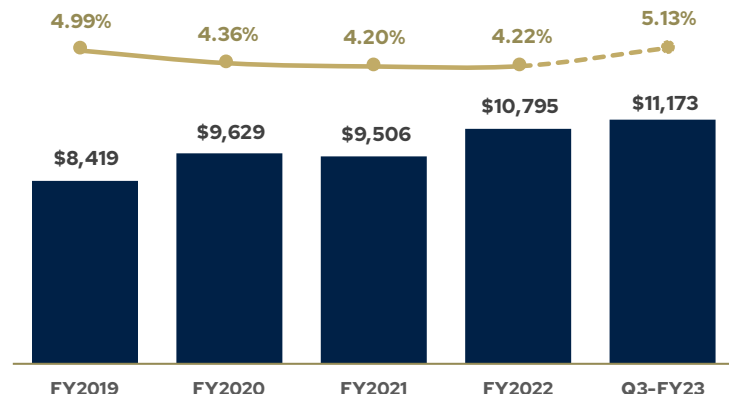
- Rising rate risk impacted by late cycle high incremental beta
- Cumulative cycle-to-date beta of approximately 47%

(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)⁽¹⁾ [Dollars in millions]

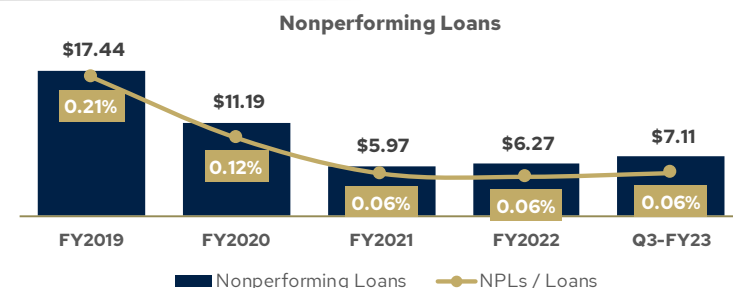
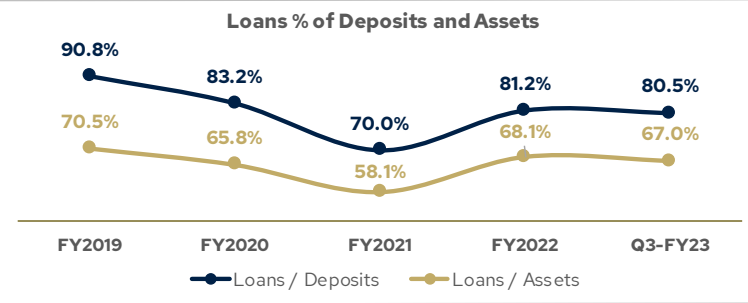


Loans	Q3-FY23	% Total	Q/Q %	Y/Y %
(Dollars in millions)				
Construction and Development	\$ 1,326	12%	-2.8%	0.1%
Commercial Real Estate	5,255	47%	0.3%	8.4%
Residential 1-4 Family	2,191	20%	0.9%	12.0%
Commercial and Industrial	1,238	11%	-1.7%	-1.1%
Government	523	5%	0.5%	0.6%
Indirect	549	5%	-2.4%	-4.2%
Consumer & Other	91	0%	3.6%	5.2%
Total Loans	\$ 11,173	100%	-0.3%	5.8%

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

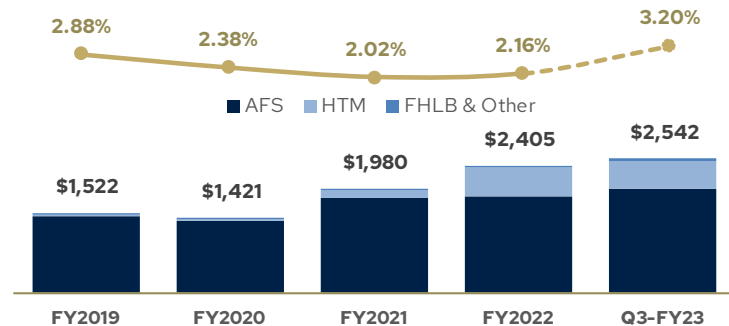
Portfolio Highlights

- Farmers Bank Day 1 balances = \$277.9 million
- Variable portfolio of \$2.9 billion at the end of Q3-23, 90% is currently floating (not at floor or ceiling)



Investments

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



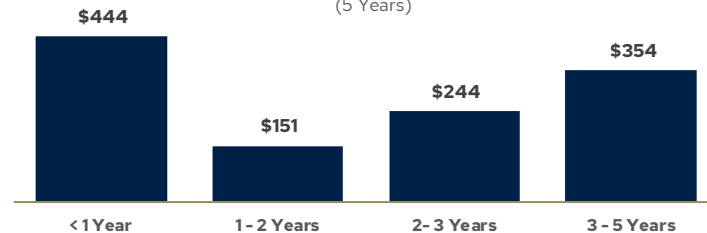
AFS and HTM Securities ²	AFS	HTM	Total
(Dollars in millions)			
US Treasuries	\$ 28	\$ 433	\$ 461
US Agencies	338	102	439
Municipals	546	5	551
Trust Preferred & Oth Corp	88	2	90
MBS Issued by GSE/GNMA	1,203	6	1,209
Securities - Amortized Cost	2,203	548	2,751
Valuation Adjustment	(239)	-	(239)
Credit Loss Reserve	(1)	(0)	(1)
Total	\$ 1,963	\$ 548	\$ 2,511

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

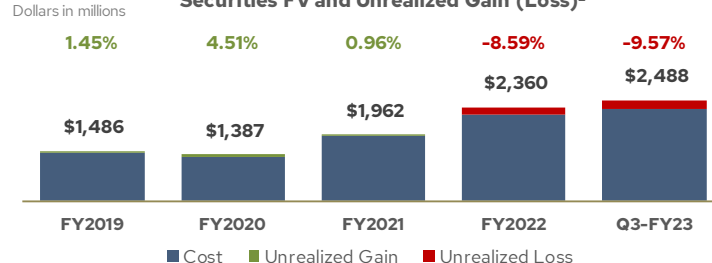
Portfolio Highlights

- \$595 million of expected cash flow from securities portfolio in the next two years
- Weighted avg. runoff yield in 2023 = 2.17% and in 2024 = 2.32%
- Portfolio duration of 3.3 years at the end of Q3-23
- Portfolio: 80%/20% - AFS/HTM and 83%/17% - Fixed/Floating

Expected Cashflows from Investments (5 Years)

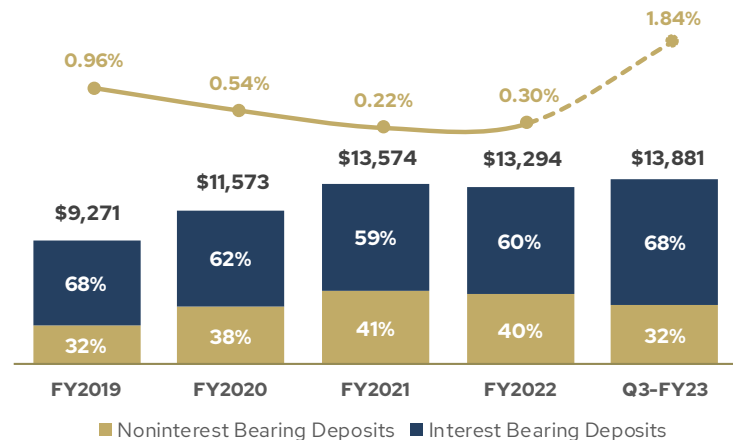


Securities FV and Unrealized Gain (Loss)²



Deposits

Deposit Balances and Cost [Dollars in millions]



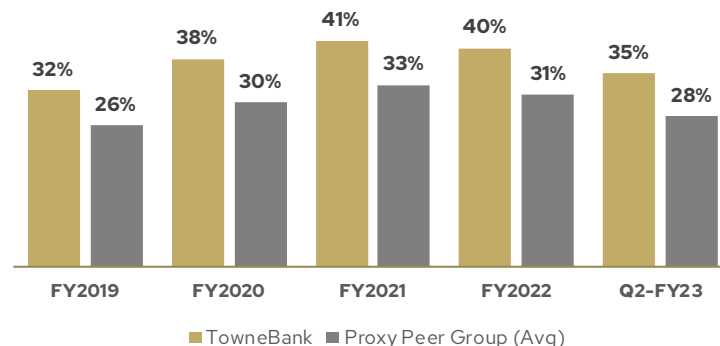
Deposits	Q3-FY23	% Total	Cost	Q/Q %	Y/Y %
(Dollars in millions)					
Interest Bearing Demand	1,663	12%	0.47%	-4.4%	-1.4%
Money Market	5,102	37%	3.15%	6.5%	17.1%
Savings	350	3%	1.05%	-3.3%	-9.7%
Time Deposits	2,321	17%	3.88%	10.5%	64.9%
Interest Bearing Deposits	9,436	68%	2.77%	4.9%	20.4%
Noninterest Bearing Deposits	4,445	32%	na	-6.9%	-20.3%
Total Deposits	\$ 13,881	100%	1.84%	0.8%	3.5%

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

Portfolio Highlights

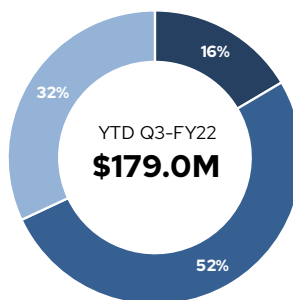
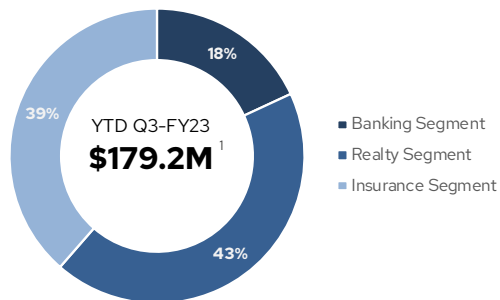
- Broadly stable deposits during period of industry stress, reflecting the strength of client relationships and deposit franchise
- Average deposits up slightly compared to Q2-23
- Legacy Hampton Roads region exceeds 38% in noninterest bearing deposits
- Top 50 deposit relationships = \$1.7 billion, 12% of total

NIB Deposits % of Total Deposits TowneBank vs Peers¹



Noninterest Income

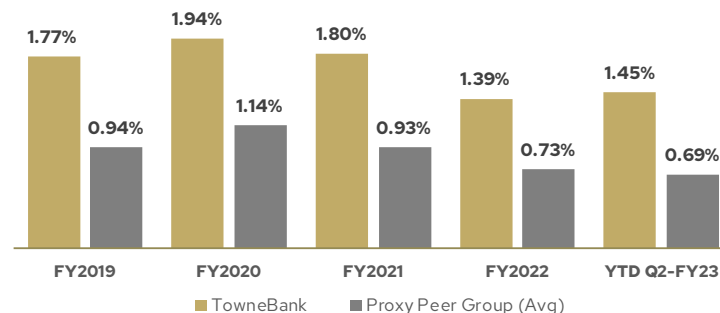
Dollars in millions	QTD					YTD		
	Q3-FY23	Q2-FY23	Q/Q Change	Q3-FY22	Y/Y Change	Q3-FY23	Q3-FY22	Y/Y Change
Residential Mortgage Banking Income Net	\$ 10.65	\$ 11.36	(6.3%)	\$ 11.97	(11.0%)	\$ 31.38	\$ 39.78	(21.1%)
Insurance Commissions and Other Title Fees and Income, Net	23.78	22.50	5.7%	19.43	22.3%	69.10	58.25	18.6%
Real Estate Brokerage and Property Mgmt Income, Net	12.74	13.93	(8.6%)	12.82	(0.7%)	43.99	45.39	(3.1%)
Service Charges on Deposit Accounts	2.80	3.02	(7.2%)	2.45	14.1%	8.67	7.47	16.0%
Credit Card Merchant Fees, Net	2.01	1.68	19.3%	1.66	20.9%	5.23	4.94	5.9%
Bank-owned Life Insurance	1.81	1.71	6.1%	1.59	14.4%	5.20	5.16	0.8%
Other Income	5.47	4.92	11.1%	5.27	3.7%	15.57	18.05	(13.7%)
Gain (Loss) on Equity Investment	0.55	8.83	(93.7%)	-	-	9.39	-	-
Noninterest Income	\$ 59.81	\$ 67.96	(12.0%)	\$ 55.20	8.3%	\$ 188.53	\$ 179.05	5.3%



(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

Noninterest Income % Avg Assets
TowneBank vs Peers²

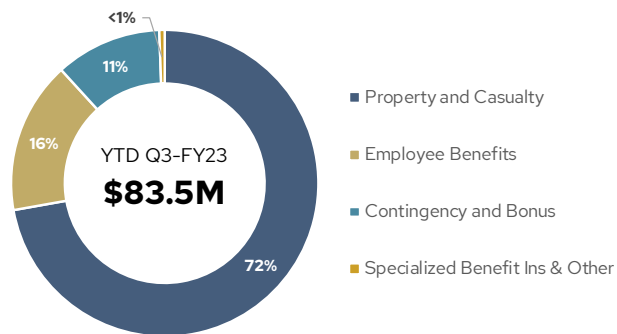


Towne Insurance

Highlights

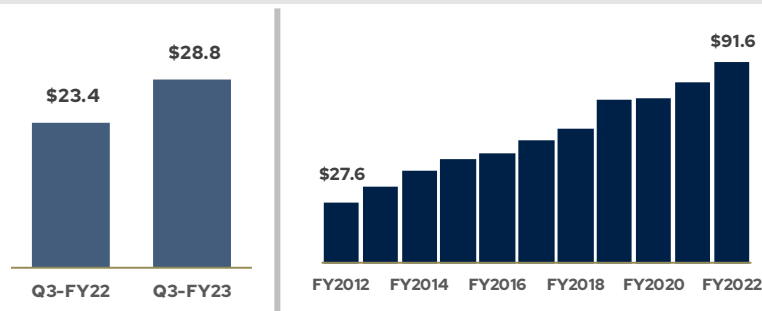
- Insurance revenue of \$28.8 million in Q3-23 compared to \$23.4 million in Q3-22
- CAGR of 12.7% from 2012 to 2022
- 27 Acquisitions since 2001
Most recent - Manry Rawls - was completed 1/13/2023
- Focused effort on organic growth and expansion in growth markets

Insurance Revenue Composition

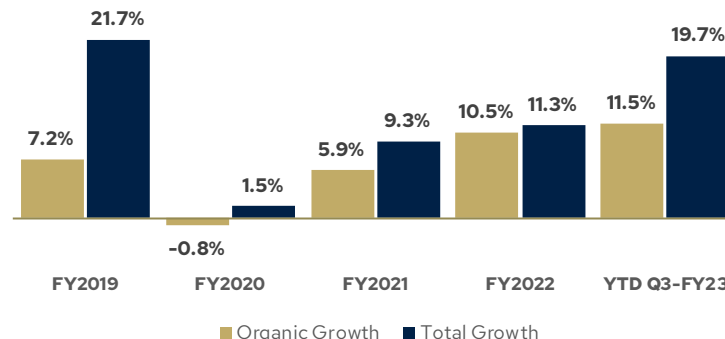


(1) Income does not include travel insurance income or gains from the sales of Red Sky Travel Insurance (FY2020) and Beneflex (FY2023)

Revenues¹ [Dollars in millions]



Revenue Growth Trend

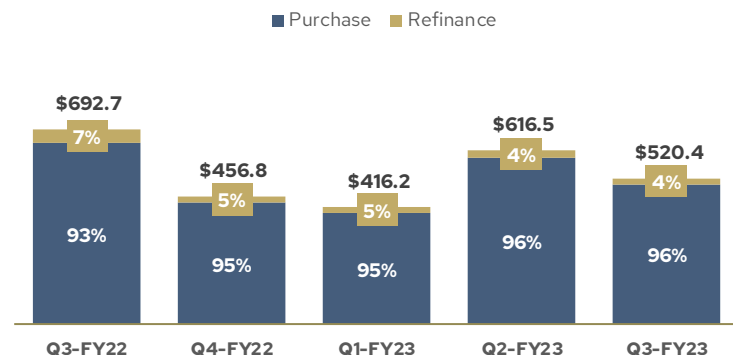


TowneBank Mortgage

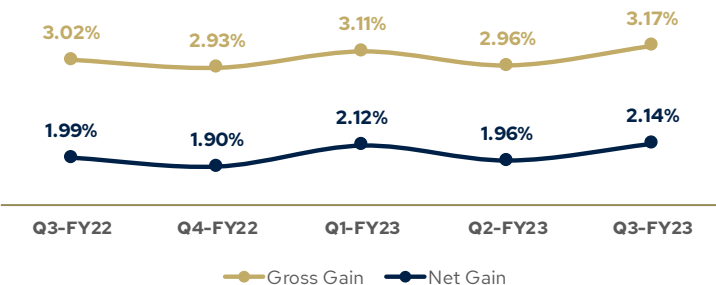
Highlights

- Mortgage banking income of \$11.0 million in Q3-23 compared to \$12.7 million in Q3-22
- Pretax loss of \$1.0 million in Q3-23 compared to a loss of \$2.2 million in Q2-23
- Gain on sales & fees as a % of loans originated up 15 bps compared to Q3-22
- Noninterest expense levels reduced to align with current environment

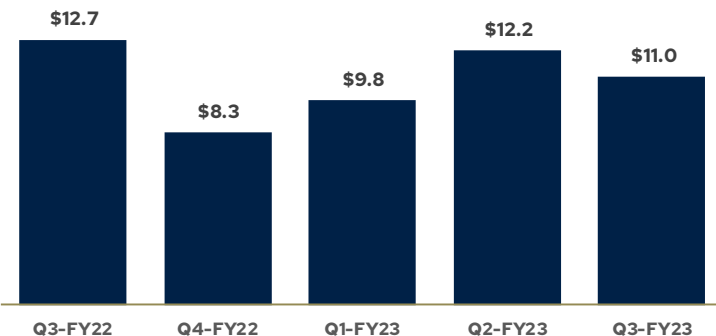
Mortgage Production [Dollars in millions]



Gain on Sales & Fees as a % of Loans Originated



Mortgage Brokerage Income Net [Dollars in millions]

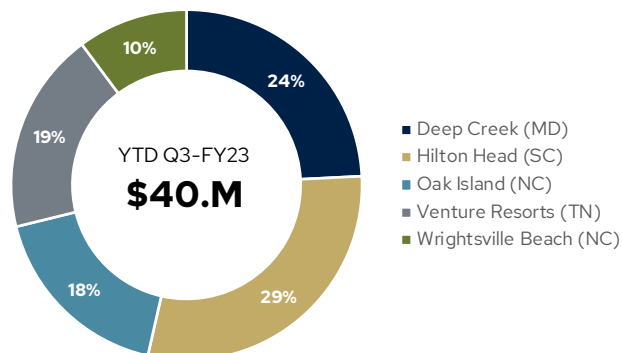


Towne Vacations

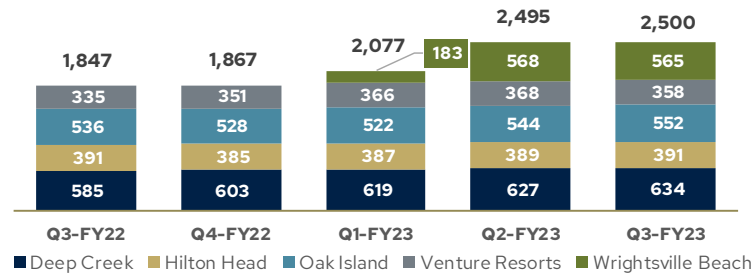
Highlights

- Property management income net of \$12.8 million in Q3-23 compared to \$9.5 million in Q3-22
- 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

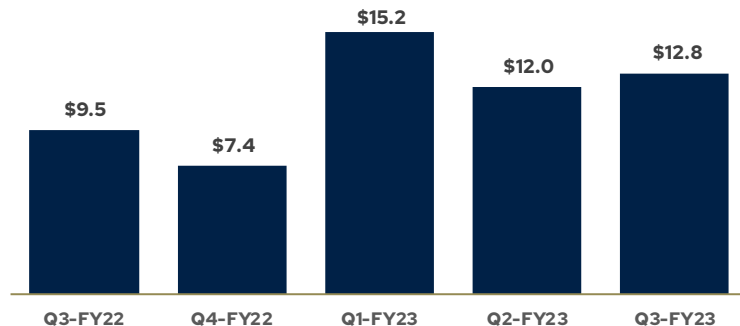
Property Management Income Net



Home Count [Quarterly Average]

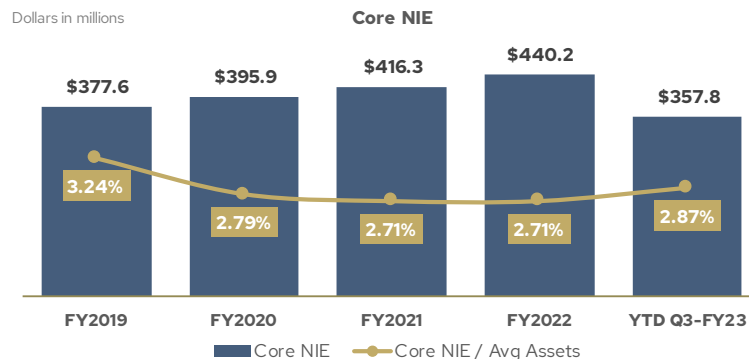
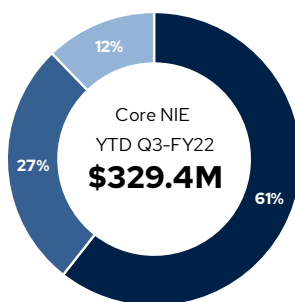
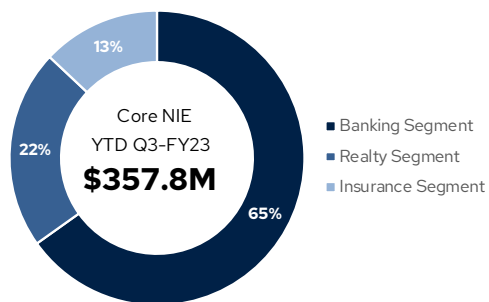


Property Management Income Net [Dollars in millions]



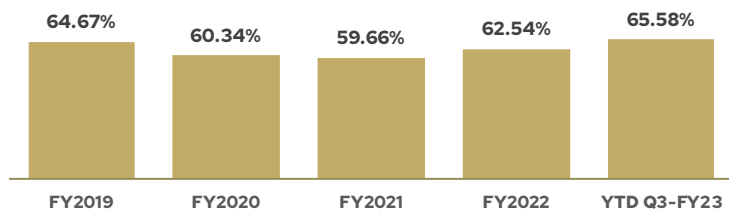
Noninterest Expense

Dollars in millions	QTD					YTD		
	Q3-FY23	Q2-FY23	Q/Q Change	Q3-FY22	Y/Y Change	Q3-FY23	Q3-FY22	Y/Y
Employee Compensation	\$ 67.26	\$ 67.45	(0.3%)	\$ 65.46	2.7%	\$ 204.12	\$ 194.32	5.0%
Occupancy, Furniture and Equipment	13.13	13.88	(5.4%)	12.51	4.9%	40.31	36.51	10.4%
Software and Data Processing	10.27	10.18	0.9%	8.22	24.9%	29.43	24.63	19.5%
Advertising and Marketing	3.65	3.96	(7.7%)	4.29	(14.9%)	12.01	12.51	(4.0%)
Other Expenses	23.40	29.77	(21.4%)	21.55	8.6%	81.45	62.17	31.0%
Noninterest Expense	\$ 117.70	\$ 125.23	(6.0%)	\$ 112.03	5.1%	\$ 367.33	\$ 330.14	11.3%
Acquisition Related Expenses	0.57	3.00	(80.9%)	0.62	(7.1%)	9.53	0.73	nm
Core Noninterest Expense	\$ 117.13	\$ 122.23	(4.2%)	\$ 111.42	5.1%	\$ 357.79	\$ 329.41	8.6%

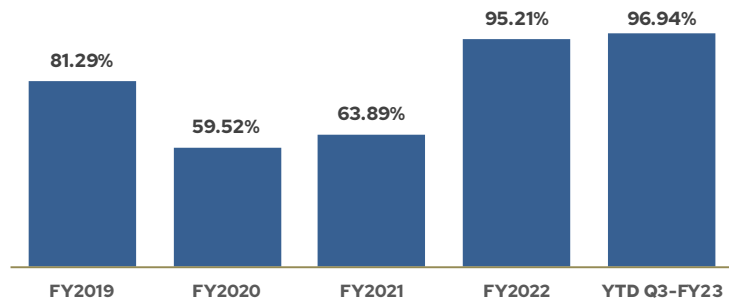


Core Efficiency Ratio¹

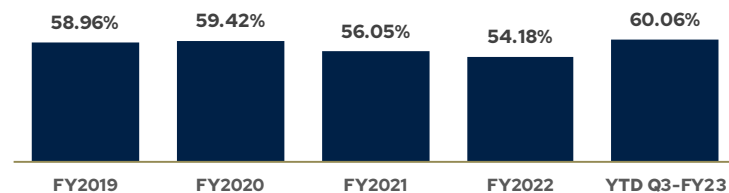
TowneBank Consolidated



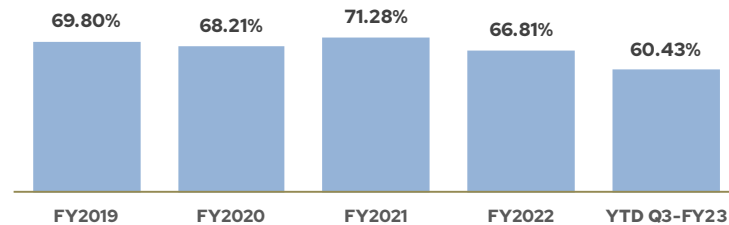
Realty Segment



Banking Segment



Insurance Segment



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

Balance Sheet Summary

Dollars in millions	Q3-FY23	Q2-FY23	Q/Q Change	Q3-FY22	Y/Y Change
Cash and Cash Equivalents	\$ 1,216	\$ 1,636	(25.7%)	\$ 1,439	(15.5%)
Securities	2,542	2,608	(2.5%)	2,455	3.6%
Loans Held for Sale	188	230	(18.1%)	165	14.0%
Loans	11,173	11,208	(0.3%)	10,560	5.8%
Allowance for Credit Losses	(125)	(124)	1.3%	(107)	16.4%
Net Loans	11,048	11,085	(0.3%)	10,452	5.7%
Premises and Equipment Net	336	327	2.7%	295	13.6%
Goodwill	457	457	(0.0%)	458	(0.4%)
Intangible Assets	67	71	(5.1%)	45	50.5%
Bank-owned Life Insurance	275	273	0.7%	256	7.5%
Other Assets	552	539	2.4%	386	43.0%
Assets	16,680	17,225	(3.2%)	15,952	4.6%
Noninterest Bearing Deposits	4,445	4,775	(6.9%)	5,575	(20.3%)
Interest Bearing Deposits	9,436	8,992	4.9%	7,838	20.4%
Deposits	13,881	13,767	0.8%	13,412	3.5%
Borrowings	407	1,060	(61.6%)	320	27.1%
Other Liabilities	408	408	(0.0%)	376	8.6%
Liabilities	14,696	15,235	(3.5%)	14,108	4.2%
Shareholders' Equity	1,968	1,974	(0.3%)	1,827	7.7%
Noncontrolling Interest	16	17	(2.6%)	17	(4.1%)
Equity	1,984	1,990	(0.3%)	1,844	7.6%
Liabilities and Equities	\$ 16,680	\$ 17,225	(3.2%)	\$ 15,952	4.6%



\$16.7B

Total Assets

80.49%

Loans / Deposits

1.12%

ACL / Loans

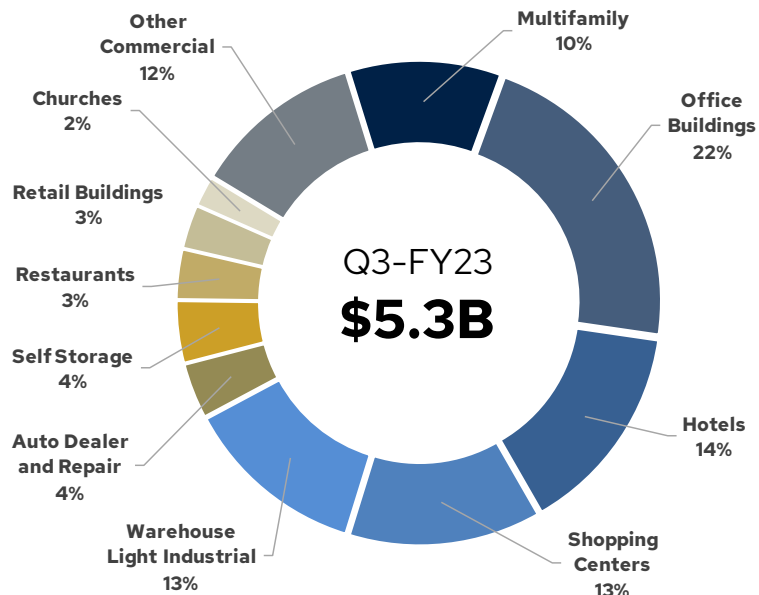
0.05%

Nonperforming Assets /
Total Assets

32.02%

Noninterest Bearing
Deposits / Total Deposits

Commercial Real Estate

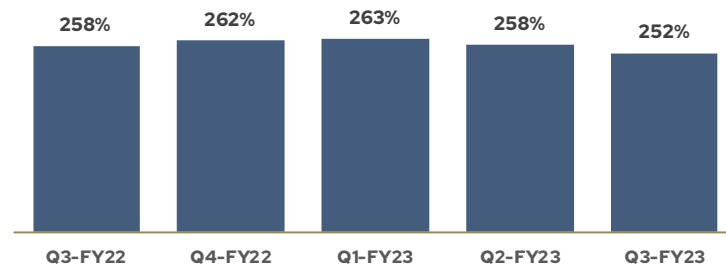


Dollars in millions	Q3-FY23	% Total	Q/Q %	Y/Y %
CRE-Owner Occupied	\$ 1,687	32%	0.0%	6.1%
CRE-Non Owner Occupied	3,026	58%	-0.3%	8.1%
Multifamily	543	10%	4.3%	18.3%
Commercial Real Estate	\$ 5,255	100%	0.3%	8.4%

Owner and Non-Owner Occupied

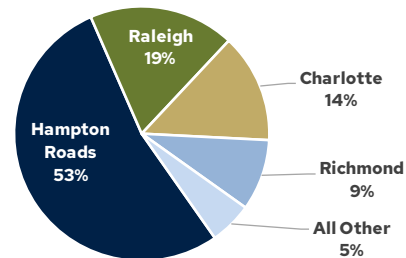
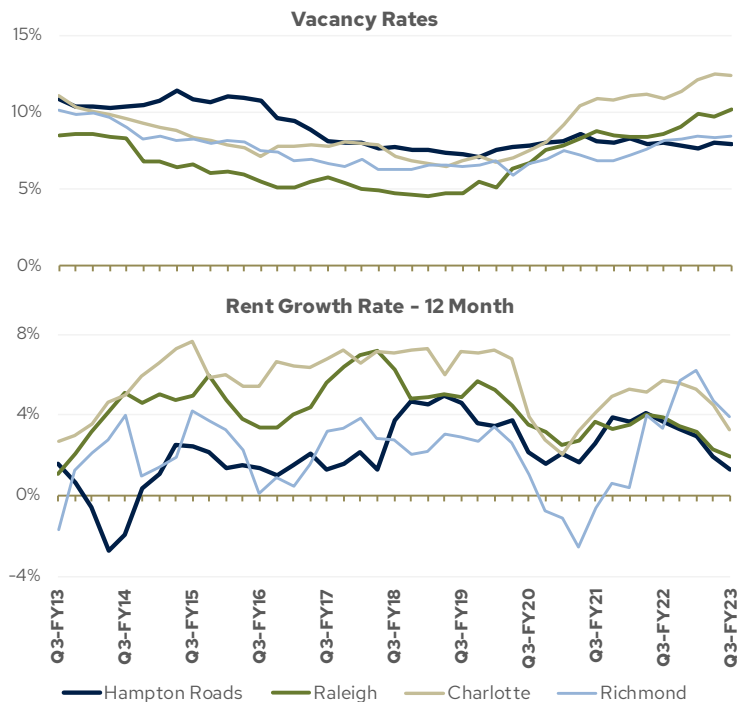
Dollars in millions	Owner	Non-owner	Total
Office Buildings	\$ 429	\$ 714	\$ 1,143
Hotels	-	757	757
Shopping Centers	-	687	687
Warehouse Light Industrial	363	290	653
Auto Dealer and Repair	168	30	198
Self Storage	-	223	223
Restaurants	126	53	179
Retail Buildings	83	74	157
Churches	105	2	108
Other Commercial	413	195	608
Total	\$ 1,687	\$ 3,026	\$ 4,713

CRE / Total Risk Based Capital



CRE – Office Buildings

Market Trends¹



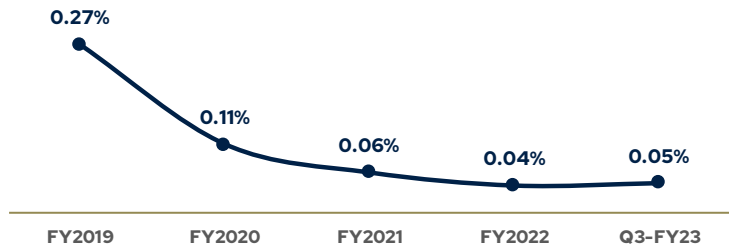
Market Comments

- Hampton Roads vacancy rates near 10-year lows at 7.9%, rent growth of 1-1.5% 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 stabilized in the mid-8% range and remain below long-term averages. Rents continue to grow in the 4-5% 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 2.5-3% range remains well above the 1.0% national growth rate. Raleigh and the Research Triangle are among the fastest growing metros in the US.

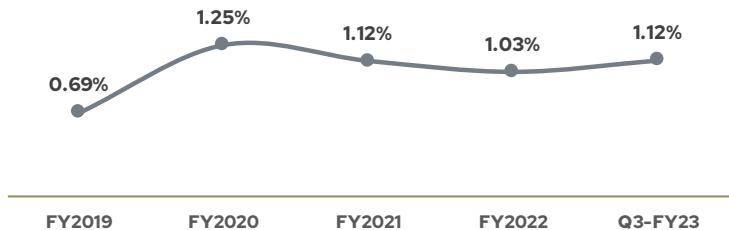
(1) Source: CoStar

Asset Quality

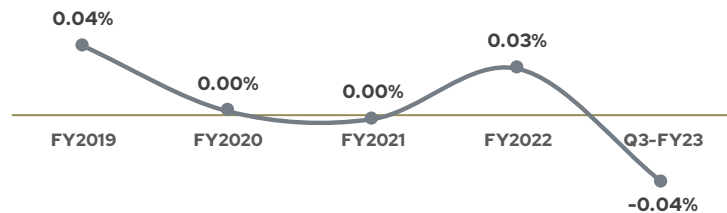
NPA¹ / Assets



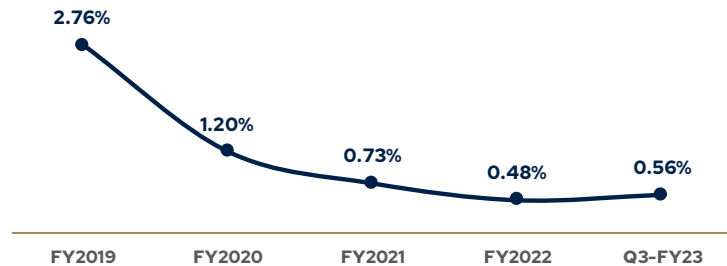
Reserves / Loans



NCOs / Average Loans



Texas Ratio²

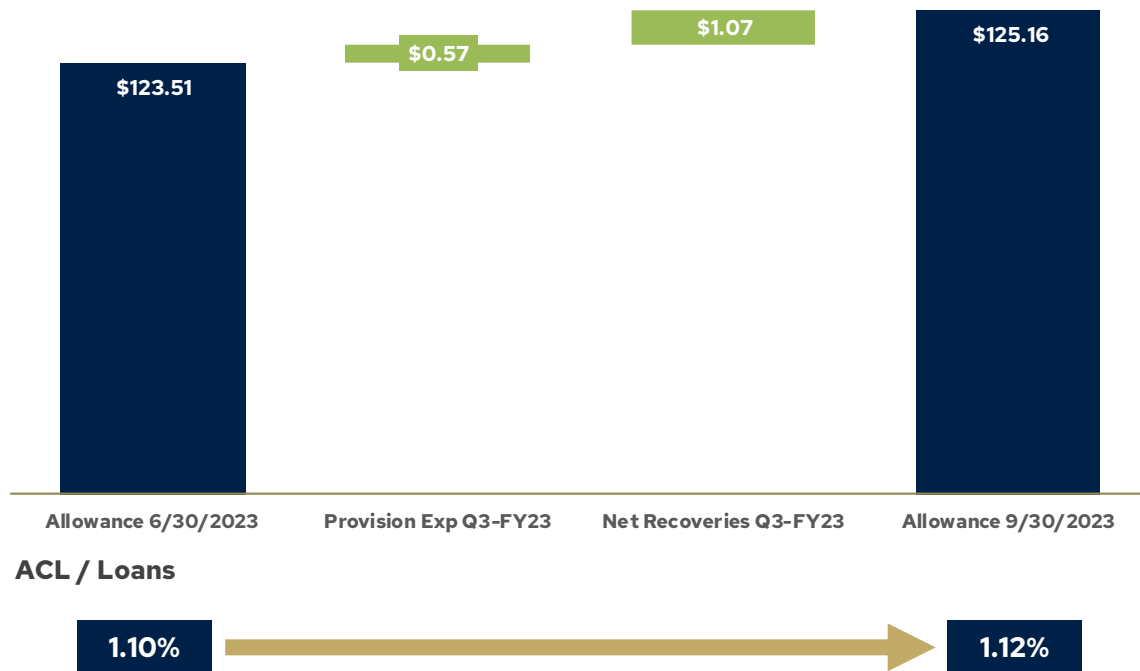


(1) Non-performing assets (Non-accrual loans/leases, repossessed assets, and real estate owned) as a percent of assets

(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]



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

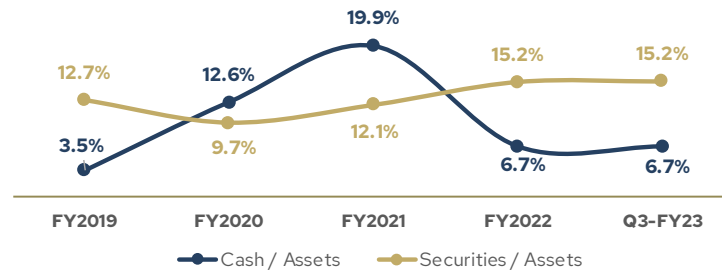
Liquidity Sources [Dollars in millions]

Q3-FY23	
Available Liquid Funds:	
Cash and cash equivalents	\$ 1,216
Unencumbered investment securities	1,679
Availability of Borrowings:	
Amount available from FHLB with loan collateral	1,287
Amount available from unsecured lines of credit with correspondent banks	150
Amount available from Federal Reserve discount window	1,704
Total Liquidity Sources	\$ 6,036

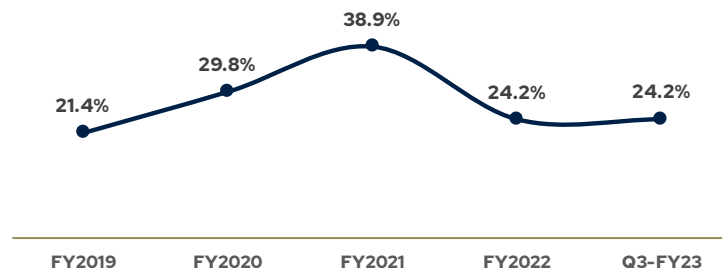
Uninsured Deposits [Dollars in millions]

Q3-FY23	
TowneBank Uninsured Deposits	\$ 6,443
Less Collateralized Deposits	697
Adjusted Uninsured Deposits	5,746
TowneBank Total Deposits	13,881
Adjusted Uninsured Deposits / Total Deposits	41%
Total Liquidity Sources / Adjusted Uninsured Deposits	105%

Cash and Securities



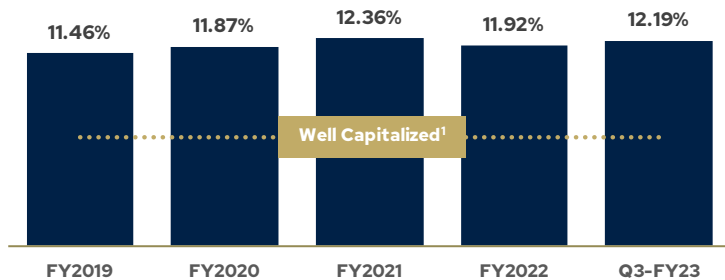
Liquidity Ratio¹



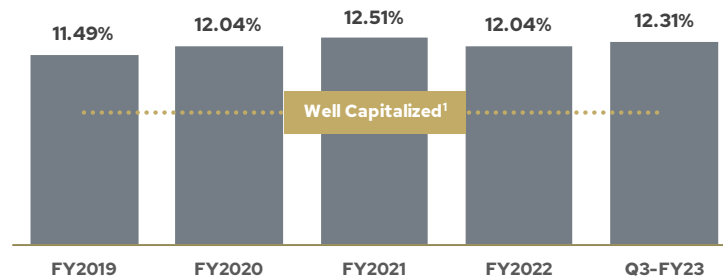
(1) Calculated by dividing the sum of net cash, short-term and marketable securities by the sum of net deposits and short-term liabilities

Capital

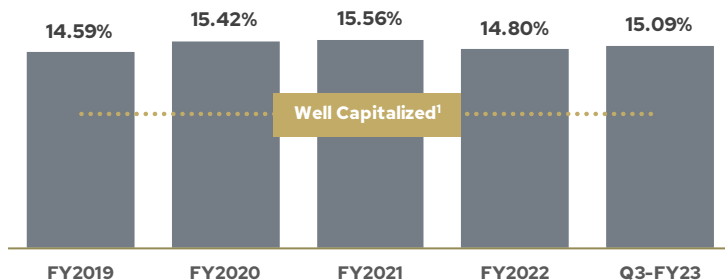
Common Equity Tier 1



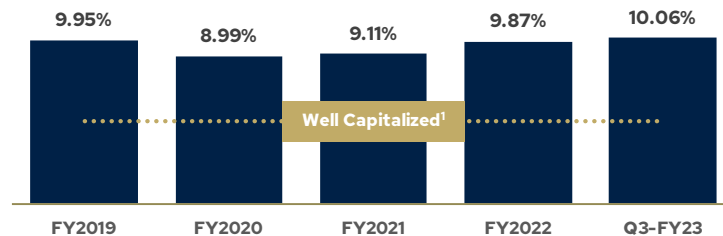
Tier 1 Risk-Based



Total Risk-Based



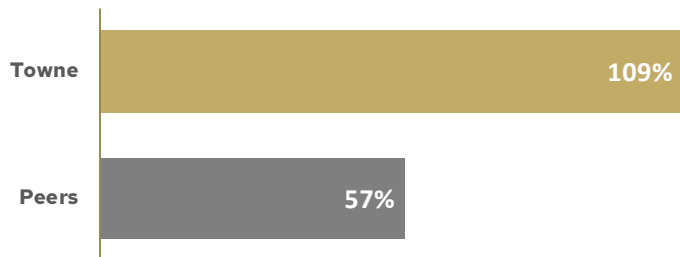
Tier 1 Leverage



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

Shareholder Value

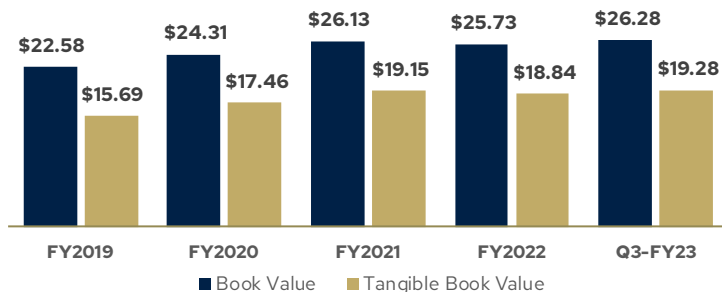
10Yr Total Shareholder Return - TowneBank vs Peers⁽¹⁾



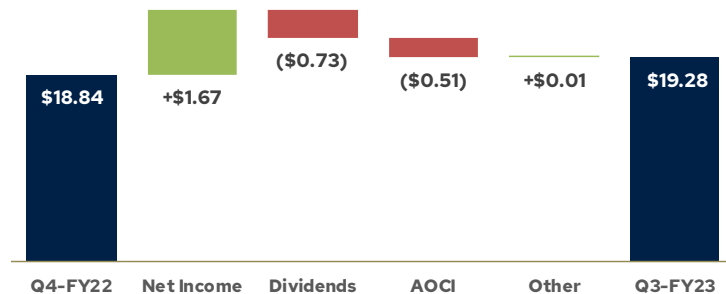
Dividends



Book Value and Tangible Book Value per Share



Tangible Book Value Roll Forward



(1) 10Yr Total Return as of 9/29/2023; Source: S&P Global, data collected 10/13/2023. 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 low-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 Q4 2023 which assumes no further rise in the Federal Funds rate
- Noninterest expense run rate projected at \$115-\$120 million for Q4 2023 (includes estimate of FDIC special assessment)

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			
	Q3-FY23	Q2-FY23	Q3-FY22	FY2022	FY2021	FY2020	FY2019
Net Income Attributable to TowneBank	\$ 44.86	\$ 41.72	\$ 50.17	\$ 188.99	\$ 215.38	\$ 145.53	\$ 138.78
<u>Adjustments</u>							
Plus: Acquisition Related Expenses	0.57	3.00	0.62	1.06	1.02	(0.07)	0.66
Plus: Initial Provision for Credit Losses	-	-	-	-	-	-	-
Less: Gain (Loss) on Equity Investment ¹	0.55	6.98	-	-	-	-	-
Plus: Income Tax & Other Adjustments	0.00	0.92	(0.01)	(0.04)	(0.20)	0.00	0.06
Core Net Income	\$ 44.88	\$ 38.66	\$ 50.77	\$ 190.01	\$ 216.20	\$ 145.47	\$ 139.50
Avg Assets	\$ 16,762.86	\$ 16,826.97	\$ 16,304.29	\$ 16,268.01	\$ 15,384.66	\$ 14,172.21	\$ 11,638.43
Return on Avg Assets	1.06%	0.99%	1.22%	1.16%	1.40%	1.03%	1.19%
Core Return on Avg Assets	1.06%	0.92%	1.24%	1.17%	1.41%	1.03%	1.20%
Avg Common Shares Outstanding-Diluted	74.77	74.70	72.59	72.58	72.56	72.35	72.19
Earnings Per Share-Diluted	\$ 0.60	\$ 0.56	\$ 0.69	\$ 2.60	\$ 2.97	\$ 2.01	\$ 1.92
Core Earnings Per Share-Diluted	\$ 0.60	\$ 0.52	\$ 0.70	\$ 2.62	\$ 2.98	\$ 2.01	\$ 1.93
Avg Tangible Common Equity	\$ 1,443.45	\$ 1,432.51	\$ 1,357.85	\$ 1,357.33	\$ 1,338.57	\$ 1,211.93	\$ 1,082.13
Intangible Amort Net of Tax	2.85	2.85	2.09	8.39	8.79	9.08	9.77
Return on Avg Tangible Common Equity	13.11%	12.48%	15.27%	14.54%	16.75%	12.76%	13.73%
Core Return on Avg Tangible Common Equity	13.12%	11.62%	15.45%	14.62%	16.81%	12.75%	13.79%

(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-FY23	FY2022	FY2021	FY2020	FY2019
Total Revenue	\$ 538.58	\$ 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	9.39	-	(0.03)	17.63	-
Total Revenue Adjusted	529.19	686.93	679.11	637.08	564.79
Noninterest Expense	\$ 367.33	\$ 441.28	\$ 417.27	\$ 395.83	\$ 378.30
Less: Intangible Amortization	10.74	10.62	11.13	11.50	12.37
Noninterest Expense Adjusted	356.58	430.66	406.15	384.33	365.93
Efficiency Ratio	67.38%	62.69%	59.81%	60.33%	64.79%
Less: Acquisition Related Expenses	9.53	1.06	1.02	(0.07)	0.66
Core Efficiency Ratio	65.58%	62.54%	59.66%	60.34%	64.67%

Core Efficiency Ratio – Realty Segment

Amounts in millions	YTD	Year			
	Q3-FY23	FY2022	FY2021	FY2020	FY2019
Total Revenue	\$ 87.33	\$ 117.11	\$ 184.46	\$ 170.46	\$ 113.08
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	8.83	-	-	-	-
Total Revenue Adjusted	78.50	117.11	184.46	170.46	113.08
Noninterest Expense	\$ 78.65	\$ 114.65	\$ 121.66	\$ 104.12	\$ 94.73
Less: Intangible Amortization	2.17	3.10	2.81	2.63	2.74
Noninterest Expense Adjusted	76.48	111.54	118.85	101.49	91.99
Efficiency Ratio	97.43%	95.25%	64.43%	59.54%	81.34%
Less: Acquisition Related Expenses	0.38	0.05	0.99	0.03	0.06
Core Efficiency Ratio	96.94%	95.21%	63.89%	59.52%	81.29%

Core Efficiency Ratio – Banking Segment

Amounts in millions	YTD	Year			
	Q3-FY23	FY2022	FY2021	FY2020	FY2019
Total Revenue	\$ 381.57	\$ 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	0.01	-	(0.03)	-	-
Total Revenue Adjusted	381.56	495.49	428.99	402.35	386.88
Noninterest Expense	\$ 242.16	\$ 272.39	\$ 244.01	\$ 243.45	\$ 233.26
Less: Intangible Amortization	3.92	3.01	3.55	4.35	5.16
Noninterest Expense Adjusted	238.24	269.39	240.46	239.10	228.10
Efficiency Ratio	62.44%	54.37%	56.05%	59.42%	58.96%
Less: Acquisition Related Expenses	9.06	0.96	-	-	-
Core Efficiency Ratio	60.06%	54.18%	56.05%	59.42%	58.96%

Core Efficiency Ratio – Insurance Segment

Amounts in millions	YTD	Year			
	Q3-FY23	FY2022	FY2021	FY2020	FY2019
Total Revenue	\$ 69.67	\$ 74.34	\$ 65.66	\$ 81.89	\$ 64.82
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	0.54	-	-	17.63	-
Total Revenue Adjusted	69.13	74.34	65.66	64.26	64.82
Noninterest Expense	\$ 46.52	\$ 54.24	\$ 51.60	\$ 48.25	\$ 50.31
Less: Intangible Amortization	4.66	4.51	4.77	4.51	4.47
Noninterest Expense Adjusted	41.86	49.73	46.83	43.74	45.84
Efficiency Ratio	60.55%	66.89%	71.32%	68.06%	70.72%
Less: Acquisition Related Expenses	0.09	0.06	0.03	(0.10)	0.60
Core Efficiency Ratio	60.43%	66.81%	71.28%	68.21%	69.80%

Non-GAAP Reconciliations

Tax Equivalent (TE) Adjustments

Amounts in millions	Q3-FY23	Q2-FY23	Q1-FY23	Q4-FY22	Q3-FY22
Loans TE Adjustment	\$ 0.85	\$ 0.84	\$ 0.77	\$ 0.67	\$ 0.63
Securities TE Adjustment	0.35	0.35	0.33	0.22	0.22
Tax-Equivalent Adjustment	1.20	1.18	1.10	0.89	0.85
<u>Yield & Margin Impacts:</u>					
Loan Yield	5.10%	4.97%	4.85%	4.57%	4.23%
Loan Yield (TE)	5.13%	5.00%	4.88%	4.60%	4.25%
Securities Investment Yield	3.15%	2.83%	2.80%	2.52%	2.21%
Securities Investment Yield (TE)	3.20%	2.89%	2.85%	2.56%	2.24%
Earning Asset Yield	4.77%	4.58%	4.46%	4.13%	3.64%
Earning Asset Yield (TE)	4.80%	4.61%	4.49%	4.16%	3.66%
Net Interest Margin (GAAP)	2.95%	2.98%	3.36%	3.51%	3.28%
Net Interest Margin (TE)	2.98%	3.01%	3.39%	3.53%	3.31%

Tangible Book Value per Share

Amounts in millions except per share data	Q3-FY23	Q2-FY23	Q1-FY23	Q4-FY22	Q3-FY22
Shareholders' Equity (Common)	\$ 1,967.99	\$ 1,973.84	\$ 1,974.68	\$ 1,873.96	\$ 1,826.66
Goodwill and Intangible Assets	524.18	527.80	550.47	501.64	503.34
Tangible Common Equity	\$ 1,443.81	\$ 1,446.04	\$ 1,424.20	\$ 1,372.32	\$ 1,323.33
Common Shares Outstanding	74.89	74.88	74.80	72.84	72.84
Tangible Book Value per Share	\$ 19.28	\$ 19.31	\$ 19.04	\$ 18.84	\$ 18.17



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