



Earnings Presentation

1st Quarter 2024



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; insufficiency of our allowance for credit losses due to market conditions, inflation, changing interest rates or other factors; adverse developments in the financial industry generally, such as the recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; 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 report, see the "Risk Factors" in TowneBank's Annual Report on Form 10-K for the year ended December 31, 2023 and related disclosures in other filings that have been, or will be, filed by TowneBank with the Federal Deposit Insurance Corporation.

Non-GAAP Financial Measures:

This 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

Consistent Focus on Earnings and Growth

Earnings Growth

23.5%

CAGR FY00 – FY23

#1 Deposit Market Share
in Hampton Roads¹

Ranked on

Forbes

Best Banks List²

6 Years in a Row

Total Assets

\$16.9B

Total Loans

\$11.5B

Total Deposits

\$14.1B

Core ROAA

0.87%

Core ROTCE

10.40%

NIM (FTE)

2.75%

NIB Deposits /
Total Deposits

30%

10 Year Total Shareholder
Return³

138%

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

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

(3) Total Return as of 2/29/2024; Source: S&P Global, data collected 4/15/2024.

(4) Financial results for the quarter ending March 31, 2024.



1st Quarter 2024 Financial Results

Performance Highlights

	Q1-FY24	Q4-FY23	Q/Q Change	Q1-FY23	Y/Y Change
Total Revenue	\$167.1 million	\$155.5 million	7.4%	\$184.1 million	-9.3%
Provision for Credit Losses	-\$0.9 million	\$2.4 million	-135.8%	\$11.7 million	-107.5%
Net Income Attributable to TowneBank	\$34.7 million	\$28.8 million	20.4%	\$38.3 million	-9.5%
Earnings Per Share–Diluted	\$0.46	\$0.39	17.9%	\$0.52	-11.5%
Return on Avg Assets	0.83%	0.68%	+15 bps	0.95%	-12 bps
Return on Avg Tangible Common Equity ¹	9.98%	8.62%	+136 bps	11.83%	-185 bps
Net Interest Margin (TE) ¹	2.75%	2.86%	-11 bps	3.39%	-64 bps
Assets	\$16.9 billion	\$16.8 billion	0.3%	\$16.7 billion	0.9%
Loans	\$11.5 billion	\$11.3 billion	1.1%	\$11.2 billion	2.5%
Deposits	\$14.1 billion	\$13.9 billion	1.7%	\$13.6 billion	3.9%
Loans / Deposits	81.07%	81.54%	-47 bps	82.17%	-110 bps
Noninterest Bearing Deposits / Deposits	29.69%	31.26%	-157 bps	37.28%	-759 bps
Nonperforming Assets / Assets	0.05%	0.05%	0 bps	0.06%	-1 bps
Book Value per Share	\$27.33	\$27.24	0.3%	\$26.40	3.5%
Tangible Book Value per Share ¹	\$20.31	\$20.28	0.1%	\$19.04	6.7%
Tangible Common Equity to Tangible Assets	9.31%	9.31%	+0 bps	8.80%	+51 bps
Total Risk Based Capital Ratio ²	15.10%	15.06%	+4 bps	14.55%	+55 bps

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

(2) Current reporting period regulatory capital ratios are preliminary

Income Statement Summary

Dollars in millions, except per share data	QTD				
	Q1-FY24	Q4-FY23	Q/Q Change	Q1-FY23	Y/Y Change
Interest Income	\$ 186.92	\$ 184.13	1.5%	\$ 163.40	14.4%
Interest Expense	83.70	76.39	9.6%	40.02	109.2%
Net Interest Income	103.22	107.73	(4.2%)	123.38	(16.3%)
Provision for Credit Losses	(0.88)	2.45	(135.8%)	11.67	(107.5%)
Net Interest Income after Provision for Credit Losses	104.10	105.29	(1.1%)	111.71	(6.8%)
Noninterest Income	63.88	47.81	33.6%	60.77	5.1%
Noninterest Expense	125.59	121.89	3.0%	124.40	1.0%
Minority Interest in Unconsolidated Subs	0.44	(0.26)	(270.7%)	0.14	204.5%
Income Before Taxes	41.95	31.46	33.3%	47.93	(12.5%)
Provision for Income Tax Expense	7.26	2.66	172.9%	9.60	(24.3%)
Net Income Attributable to TowneBank	\$ 34.69	\$ 28.80	20.4%	\$ 38.33	(9.5%)
Earnings Per Share-Diluted	\$ 0.46	\$ 0.39	17.9%	\$ 0.52	(11.5%)

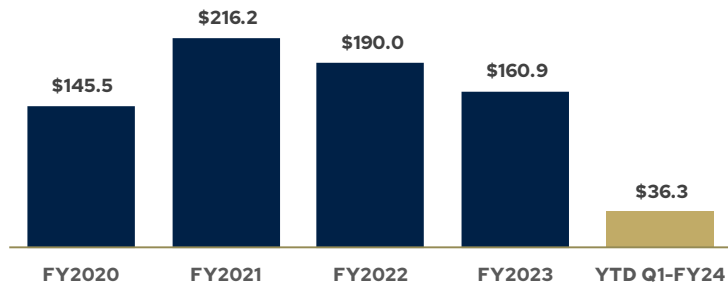
Core Net Income⁽¹⁾

One-time Adjustments After Taxes	\$ 1.58	\$ 2.29	(30.9%)	\$ 7.97	(80.1%)
Core Net Income	36.27	31.10	16.6%	46.30	(21.7%)
Core Earnings Per Share-Diluted	\$ 0.48	\$ 0.42	14.3%	\$ 0.62	(22.6%)

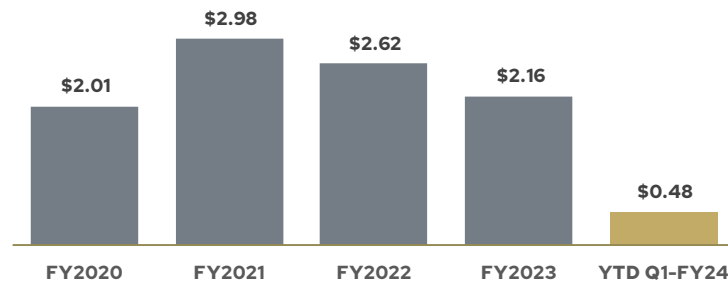
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Financial Performance Trends

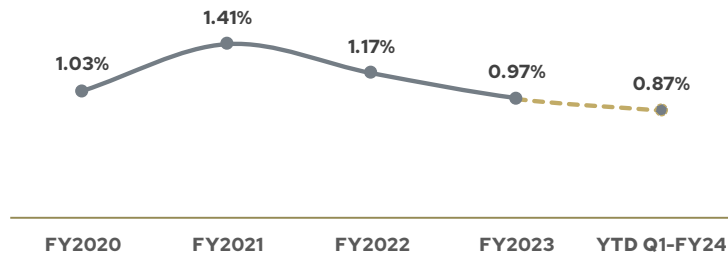
Core Net Income¹ [Dollars in millions]



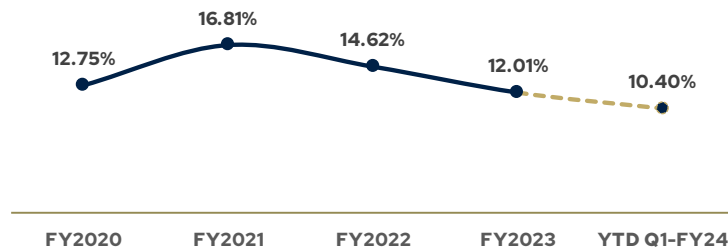
Core EPS¹



Core ROAA¹



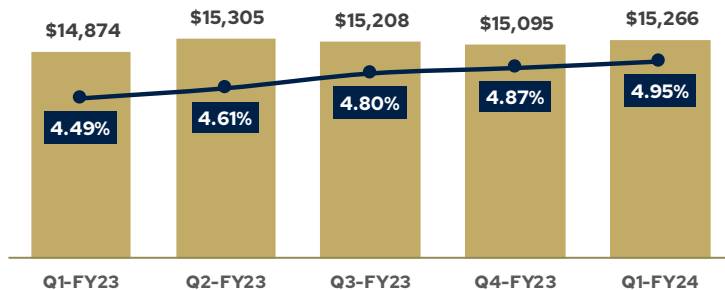
Core ROATCE¹



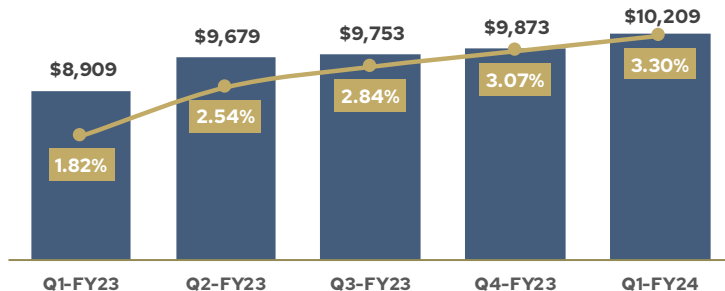
(1) Non-GAAP financial measure – see non-GAAP reconciliations

Net Interest Income

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

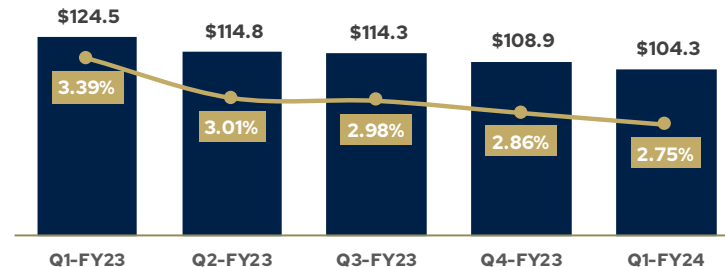


Avg. Interest Bearing Liabilities & Cost [Dollars in millions]

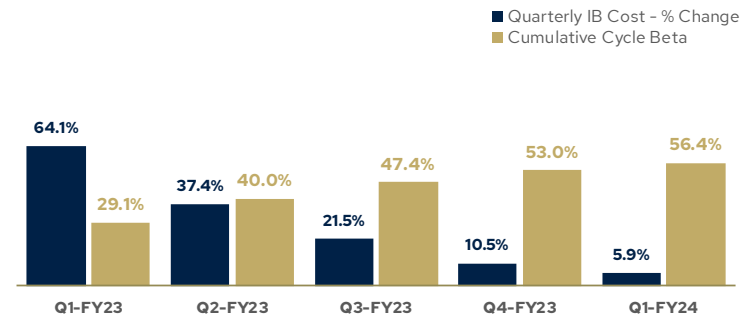


(1) Non-GAAP financial measures - see non-GAAP reconciliations

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



Interest Bearing Deposit Costs

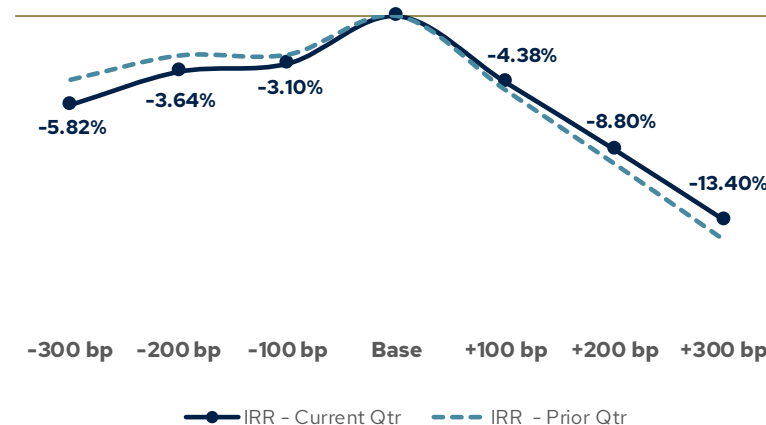


NIM & Net Interest Income Sensitivity

Net Interest Income & NIM (TE)¹

Dollars in millions	Amount	NIM (%)
Q4-FY23	\$ 108.9	2.86%
Loans HFI	4.2	0.11%
Recurring Accretion	(0.0)	0.00%
Loans HFS	(1.2)	-0.01%
Investments & Cash	(0.3)	-0.02%
Earning Assets Mix		0.00%
Deposits	(5.2)	-0.12%
Borrowings	(2.1)	-0.03%
Sub Debt	-	0.00%
Interest Bearing Funding Mix		0.00%
Other	(0.0)	-0.04%
Q1-FY24	\$ 104.3	2.75%

Net Interest Income Sensitivity²



Comments

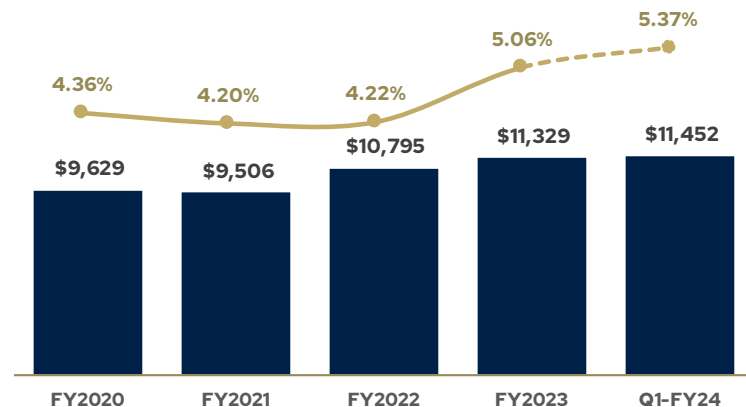
- Cumulative cycle-to-date beta of approximately 56%
- Rising rate risk attributable to 100% beta against further hikes on all money markets
- 60% of IB transaction account balances above 3%

(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]



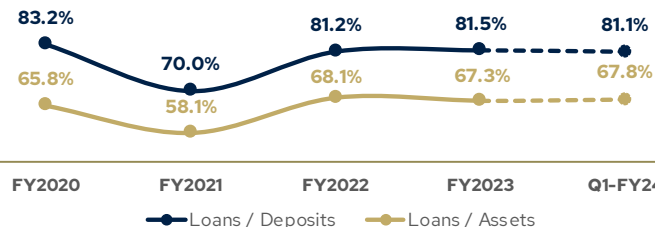
Loans	Q1-FY24	% Total	Q/Q %	Y/Y %
(Dollars in millions)				
Construction and Development	\$ 1,256	11%	0.5%	-14.8%
Commercial Real Estate	5,475	48%	1.4%	7.6%
Residential 1-4 Family	2,269	20%	1.5%	6.9%
Commercial and Industrial	1,289	11%	1.8%	-0.7%
Government	528	5%	0.6%	3.5%
Indirect	555	5%	-0.6%	-4.6%
Consumer & Other	81	0%	-14.5%	-17.9%
Total Loans	\$ 11,452	100%	1.1%	2.5%

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

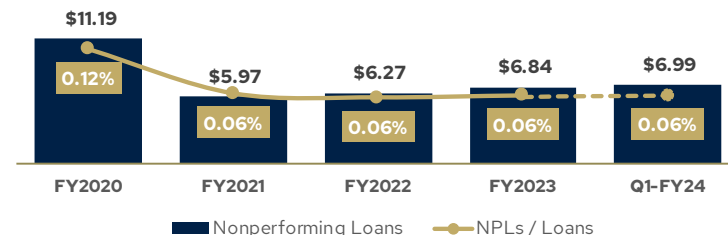
Portfolio Highlights

- Variable portfolio of \$3.1 billion at the end of Q1-24
- Scheduled maturities and amortization of \$1.6 billion for the remainder of FY2024 with the potential to rise to \$2.5 billion depending on the prepayments

Loans % of Deposits and Assets

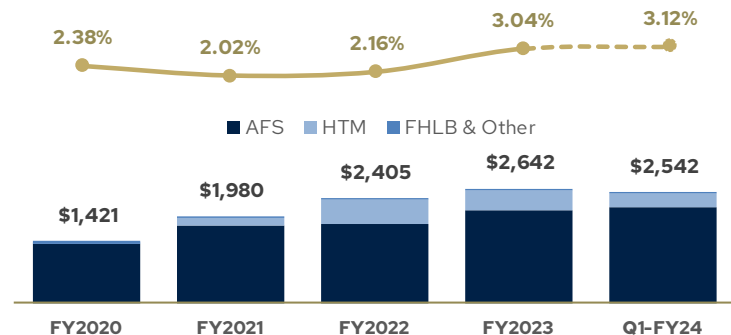


Nonperforming Loans



Investments

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



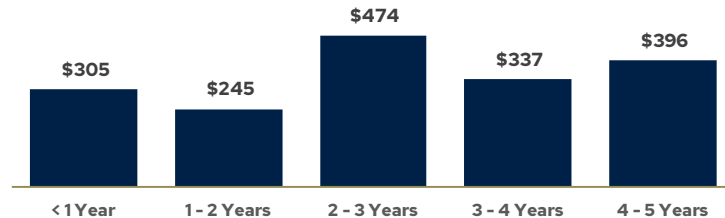
AFS and HTM Securities ²	AFS	HTM	Total
(Dollars in millions)			
US Treasuries	\$ 29	\$ 197	\$ 226
US Agencies	326	102	428
Municipals	482	5	488
Trust Preferred & Oth Corp	102	2	104
MBS Issued by GSE/GNMA	1,438	6	1,443
Securities - Amortized Cost	2,376	313	2,689
Valuation Adjustment	(171)	-	(171)
Credit Loss Reserve	(1)	(0)	(1)
Total	\$ 2,204	\$ 312	\$ 2,517

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

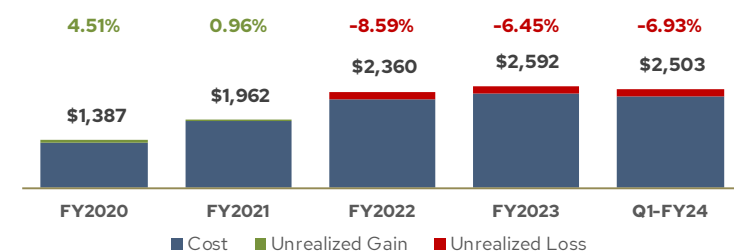
Portfolio Highlights

- \$550 million of expected cash flow from securities portfolio in the next two years
- Weighted avg. runoff yield in 2024 = 3.48% and in 2025 = 3.38%
- Portfolio duration of 3.3 years at the end of Q1-24
- Portfolio: 88%/12% - AFS/HTM and 78%/22% - Fixed/Floating

Expected Cashflows from Investments (As of Mar 31, 2024)

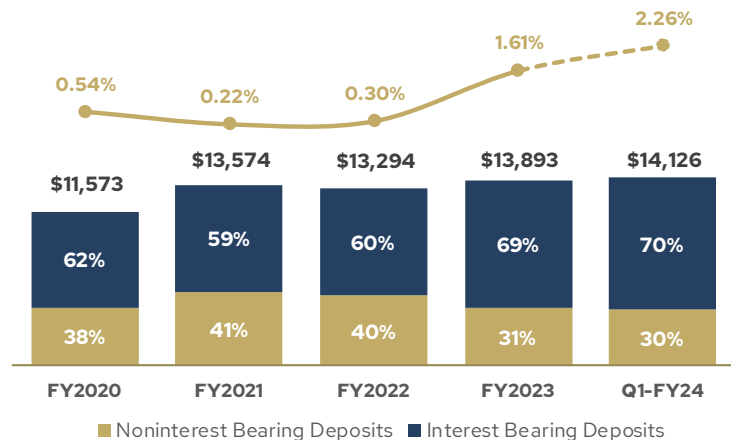


Securities FV and Unrealized Gain (Loss)²



Deposits

Deposit Balances and Cost [Dollars in millions]



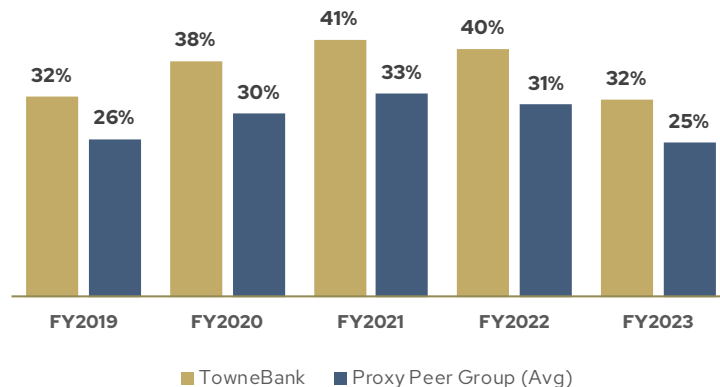
Deposits	Q1-FY24	% Total	Cost	Q/Q %	Y/Y %
(Dollars in millions)					
Interest Bearing Demand	1,646	12%	0.47%	2.2%	-3.3%
Money Market	5,270	37%	3.55%	2.4%	15.0%
Savings	326	2%	1.08%	-3.1%	-16.2%
Time Deposits	2,689	19%	4.60%	9.5%	44.9%
Interest Bearing Deposits	9,932	70%	3.24%	4.0%	16.5%
Noninterest Bearing Deposits	4,194	30%	na	-3.4%	-17.3%
Total Deposits	\$ 14,126	100%	2.26%	1.7%	3.9%

(1) Source: S&P Global, data as of 04/15/2024. Peers as disclosed in the most recent TOWN proxy statement

Portfolio Highlights

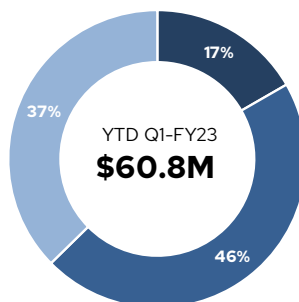
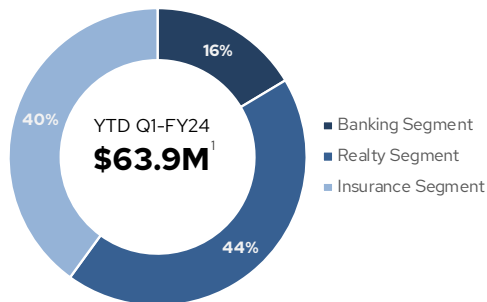
- Continued migration from NIB into IB deposits, specifically into time deposits. Additionally, new branch openings along with grand opening CD specials impacting CD mix and cost
- NIB deposits in legacy Hampton Roads region equal to 36% of total regional deposits
- Top 50 deposit relationships = \$1.7 billion, 12% of total

NIB Deposits % of Total Deposits TowneBank vs Peers¹

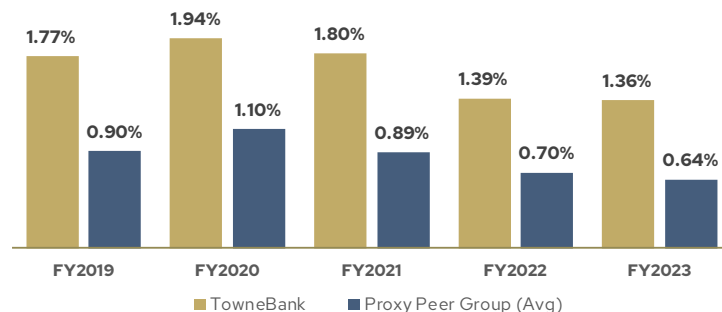


Noninterest Income

Dollars in millions	QTD				
	Q1-FY24	Q4-FY23	Q/Q Change	Q1-FY23	Y/Y Change
Residential Mortgage Banking Income Net	\$ 10.48	\$ 8.03	30.4%	\$ 9.37	11.8%
Insurance Commissions and Other Title Fees and Income, Net	25.54	21.21	20.4%	22.82	11.9%
Property Mgmt Income, Net	16.77	7.36	128.0%	15.53	8.0%
Real Estate Brokerage Income Net	-	(0.03)	(100.0%)	1.79	(100.0%)
Service Charges on Deposit Accounts	3.06	3.03	0.9%	2.85	7.4%
Credit Card Merchant Fees, Net	1.55	1.48	5.0%	1.54	0.4%
Bank-owned Life Insurance	1.84	2.21	(16.5%)	1.67	10.2%
Other Income	4.57	4.53	0.9%	5.18	(11.8%)
Gain (Loss) on Investment Securities	0.07	-	-	-	-
Noninterest Income	\$ 63.88	\$ 47.81	33.6%	\$ 60.77	5.1%



Noninterest Income % Avg Assets
TowneBank vs Peers²



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

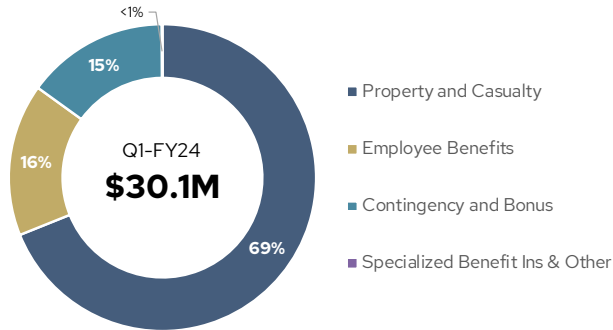
(2) Source: S&P Global, data as of 04/15/2024. Peers as disclosed in the most recent TOWN proxy statement

Towne Insurance

Highlights

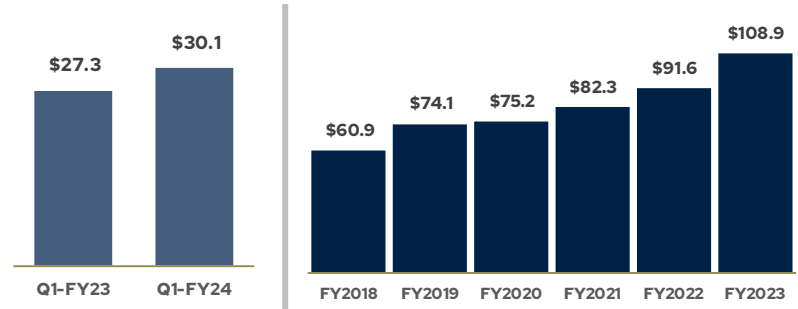
- Insurance revenue of \$30.1 million in Q1-24 compared to \$27.3 million in Q1-23
- FY2023 surpassed \$100 million in total revenue with a continued focus on organic growth and expansion in growth markets
- CAGR of 12.3% from 2018 to 2023
- 27 Acquisitions since 2001
Most recent - Manry Rawls - was completed 1/13/2023

Insurance Revenue Composition

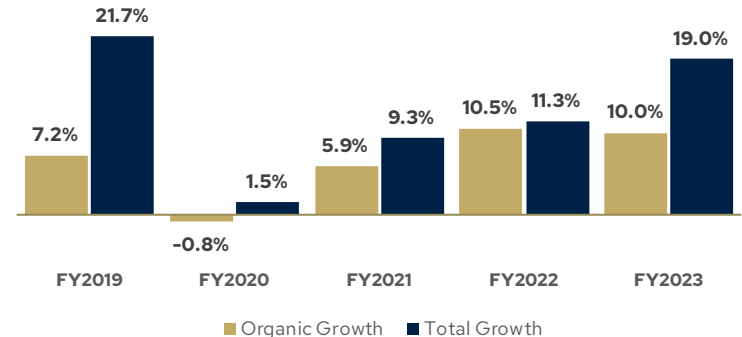


(1) Income does not include travel insurance income or gains from the sales of Red Sky Travel Insurance (FY2020) and Beneflex (FY2023)

Revenues¹ [Dollars in millions]



Revenue Growth Trend

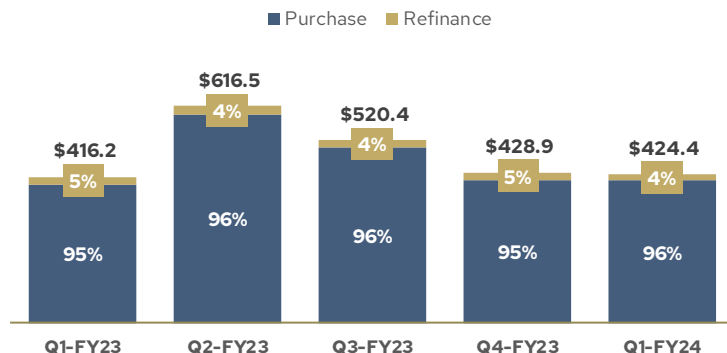


TowneBank Mortgage

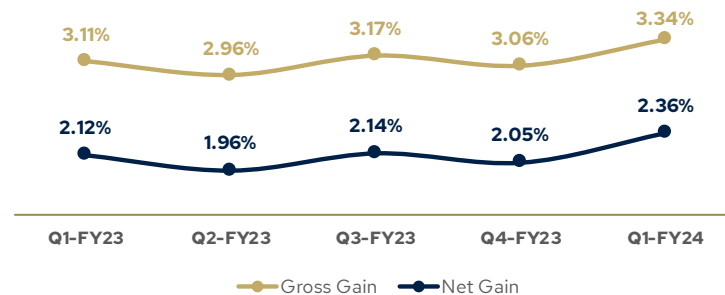
Highlights

- Mortgage banking income of \$10.8 million in Q1-24 compared to \$9.8 million in Q1-23
- Pretax loss of \$881 thousand in Q1-24 compared to a pretax loss of \$5.1 million in Q1-23
- Gain on sales & fees as a % of loans originated up 23 bps compared to Q1-23
- Noninterest expense levels reduced to align with expected volumes in the current environment

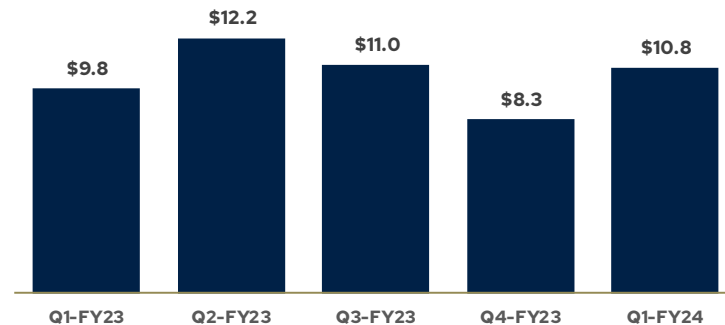
Mortgage Production [Dollars in millions]



Gain on Sales & Fees as a % of Loans Originated



Mortgage Banking Income Net [Dollars in millions]

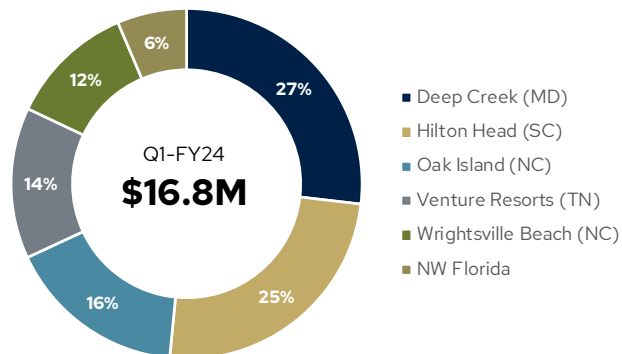


Towne Vacations

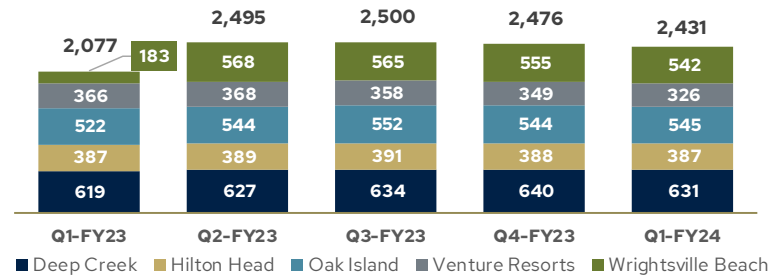
Highlights

- Property management income net of \$16.8 million in Q1-24 compared to \$15.2 million in Q1-23
- Property management locations in North Carolina, South Carolina, Maryland, Tennessee and Florida
- My Vacation Haven acquired March 1, 2024 (NW Florida)
 - Expect \$5.4 million of net revenue in FY2024
- Reservation activity has returned to pre-pandemic levels offset by acquisition growth

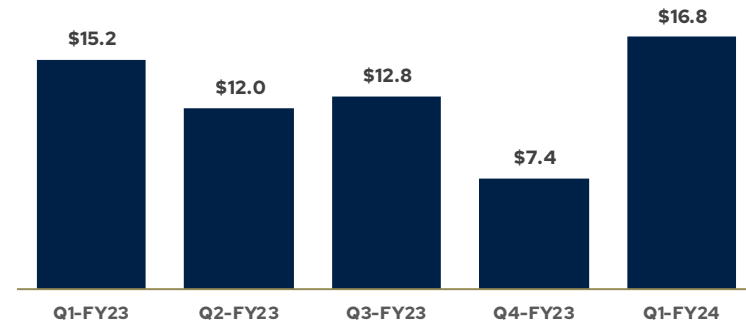
Property Management Income Net



Home Count [Quarterly Average]

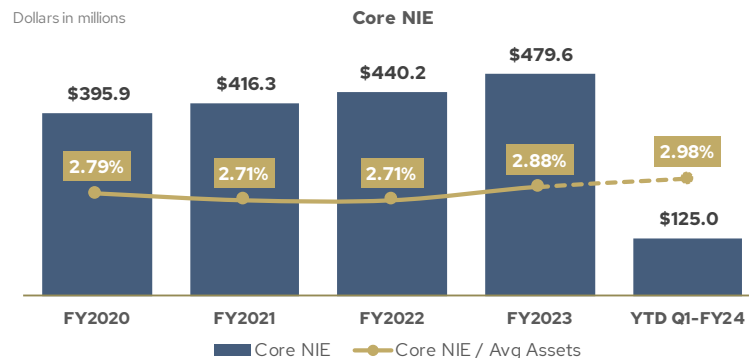
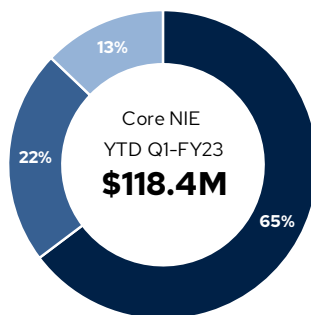
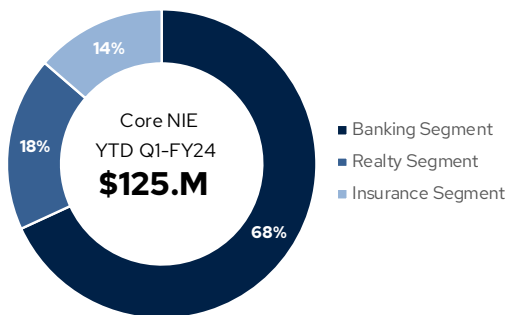


Property Management Income Net [Dollars in millions]



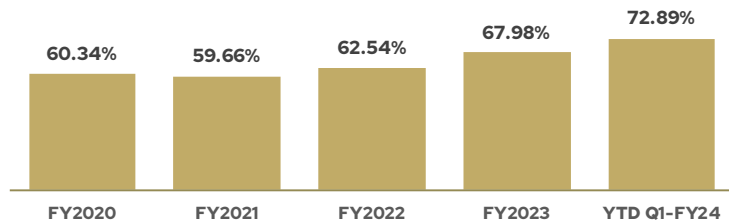
Noninterest Expense

Dollars in millions	QTD				
	Q1-FY24	Q4-FY23	Q/Q Change	Q1-FY23	Y/Y Change
Employee Compensation	\$ 71.38	\$ 66.03	8.1%	\$ 69.42	2.8%
Occupancy, Furniture and Equipment	13.90	13.75	1.1%	13.31	4.4%
Software and Data Processing	10.02	10.27	(2.5%)	8.98	11.6%
Advertising and Marketing	4.58	3.38	35.6%	4.40	4.1%
Other Expenses	25.72	28.46	(9.6%)	28.29	(9.1%)
Noninterest Expense	\$ 125.59	\$ 121.89	3.0%	\$ 124.40	1.0%
Acquisition Related Expenses	0.59	0.06	892.7%	5.96	(90.0%)
Core Noninterest Expense	\$ 125.00	\$ 121.83	2.6%	\$ 118.43	5.5%

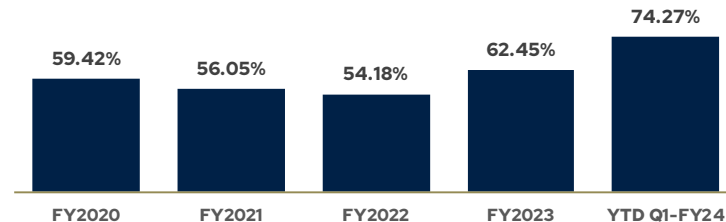


Core Efficiency Ratio¹

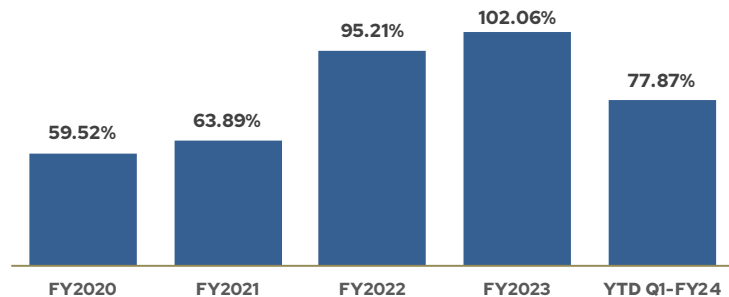
TowneBank Consolidated



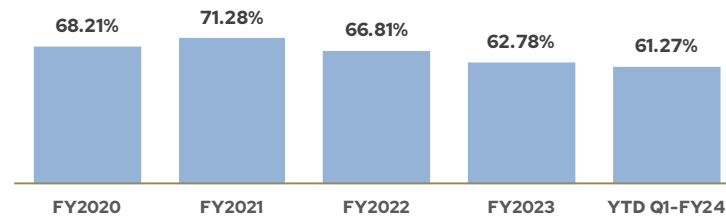
Banking Segment



Realty Segment



Insurance Segment



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

Balance Sheet Summary

Dollars in millions	Q1-FY24	Q4-FY23	Q/Q Change	Q1-FY23	Y/Y Change
Cash and Cash Equivalents	\$ 1,101	\$ 1,128	(2.4%)	\$ 1,243	(11.4%)
Securities	2,542	2,642	(3.8%)	2,670	(4.8%)
Loans Held for Sale	151	150	0.5%	157	(4.1%)
Loans	11,452	11,329	1.1%	11,174	2.5%
Allowance for Credit Losses	(126)	(126)	(0.5%)	(120)	4.9%
Net Loans	11,327	11,203	1.1%	11,054	2.5%
Premises and Equipment Net	343	338	1.5%	322	6.4%
Goodwill	458	456	0.3%	477	(4.1%)
Intangible Assets	69	65	6.4%	73	(6.1%)
Bank-owned Life Insurance	279	277	0.7%	272	2.8%
Other Assets	615	576	6.8%	463	32.9%
Assets	16,884	16,835	0.3%	16,730	0.9%
Noninterest Bearing Deposits	4,194	4,343	(3.4%)	5,069	(17.3%)
Interest Bearing Deposits	9,932	9,551	4.0%	8,529	16.5%
Deposits	14,126	13,893	1.7%	13,598	3.9%
Borrowings	291	493	(40.9%)	806	(63.9%)
Other Liabilities	401	393	2.0%	336	19.4%
Liabilities	14,818	14,779	0.3%	14,741	0.5%
Shareholders' Equity	2,050	2,040	0.5%	1,975	3.8%
Noncontrolling Interest	16	16	2.8%	15	7.4%
Equity	2,066	2,056	0.5%	1,990	3.8%
Liabilities and Equities	\$ 16,884	\$ 16,835	0.3%	\$ 16,730	0.9%



\$16.9B

Total Assets

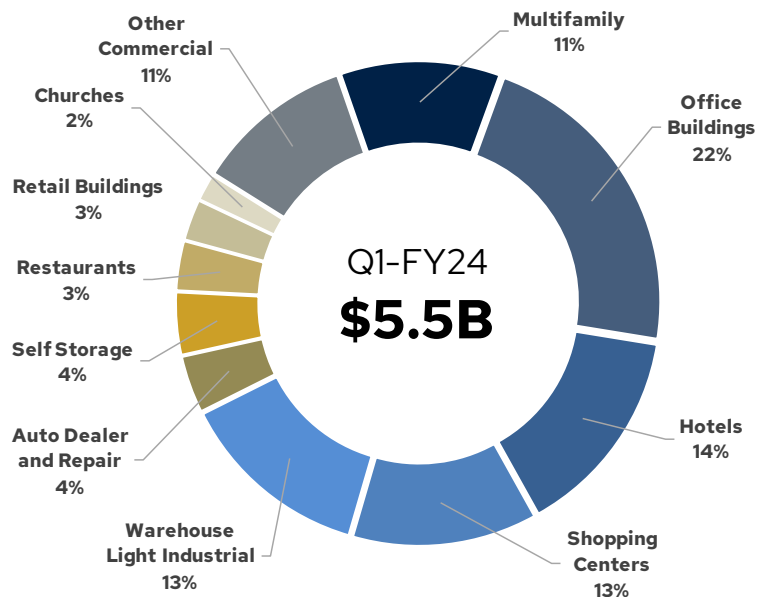
81.07%
Loans / Deposits

1.10%
ACL / Loans

0.05%
Nonperforming Assets /
Total Assets

30%
Noninterest Bearing
Deposits / Total Deposits

Commercial Real Estate

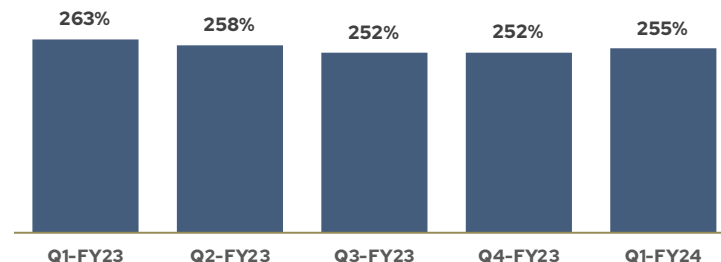


Dollars in millions	Q1-FY24	% Total	Q/Q %	Y/Y %
CRE-Owner Occupied	\$ 1,701	31%	0.1%	1.5%
CRE-Non Owner Occupied	3,179	58%	2.0%	9.3%
Multifamily	595	11%	2.0%	17.8%
Commercial Real Estate	\$ 5,475	100%	1.4%	7.6%

Owner and Non-Owner Occupied

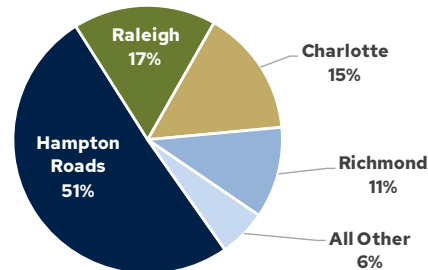
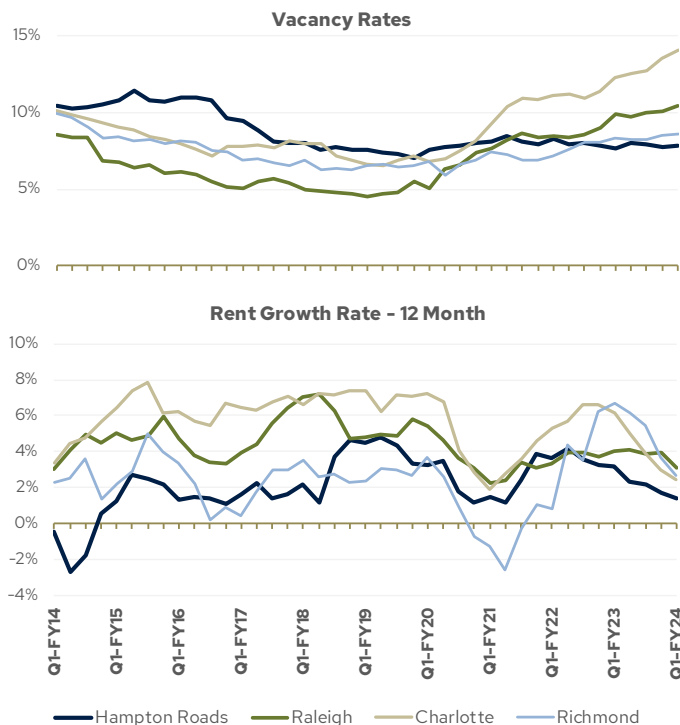
Dollars in millions	Owner	Non-owner	Total
Office Buildings	\$ 444	\$ 761	\$ 1,205
Hotels	-	785	785
Shopping Centers	-	690	690
Warehouse Light Industrial	370	347	717
Auto Dealer and Repair	184	31	215
Self Storage	-	234	234
Restaurants	127	60	186
Retail Buildings	75	80	155
Churches	100	2	103
Other Commercial	401	189	590
Total	\$ 1,701	\$ 3,179	\$ 4,880

CRE / Total Risk Based Capital



CRE – Office Buildings

Market Trends¹



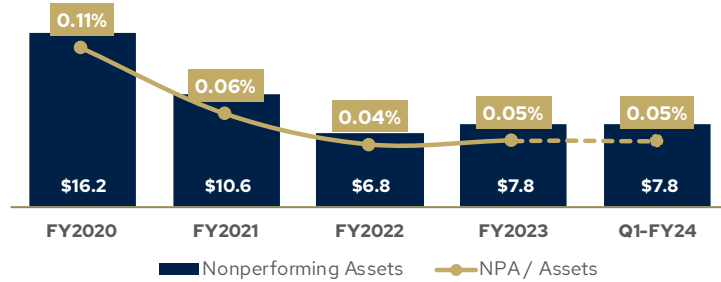
Market Comments

- Hampton Roads vacancy rates remain near 10-year lows at 7.8%, asking rent growth of 1.4% as office owners focus on retaining tenants rather than increasing rents, fully recovered all jobs lost at the start of the pandemic, minimal supply-side impacts due to limited office development 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 mid-2% range as office owners pass along their increased operating expenses. Jobs lost at the beginning of the pandemic have been fully recovered and the economy continues to improve. Asking rents and an educated workforce leave Richmond as an attractive alternative along this section of the East Coast from Charlotte to Baltimore.
- While vacancy rates have generally increased throughout most of our North Carolina footprint since 2019, they continue to benefit from full jobs recovery, strong population growth and an educated workforce, particularly in office-using sectors. Annual rent growth in the 2.5-3.5% range remains well above the 1.2% national growth rate. Raleigh and the Research Triangle are among the fastest growing metros in the US.

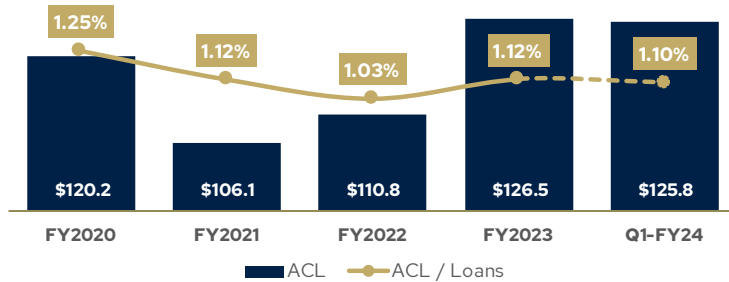
(1) Source: CoStar[®], data collected 4/17/2024

Asset Quality

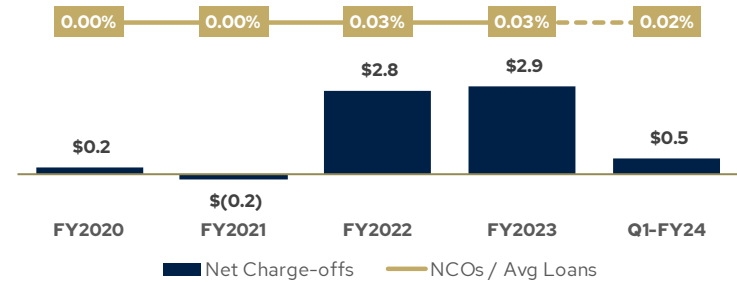
Nonperforming Assets¹ [Dollars in millions]



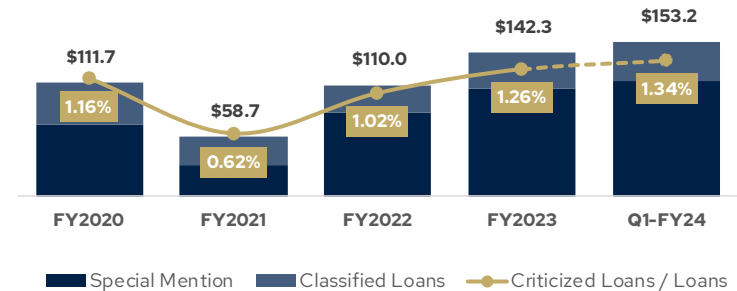
Allowance for Credit Losses [Dollars in millions]



Net Charge-offs [Dollars in millions]



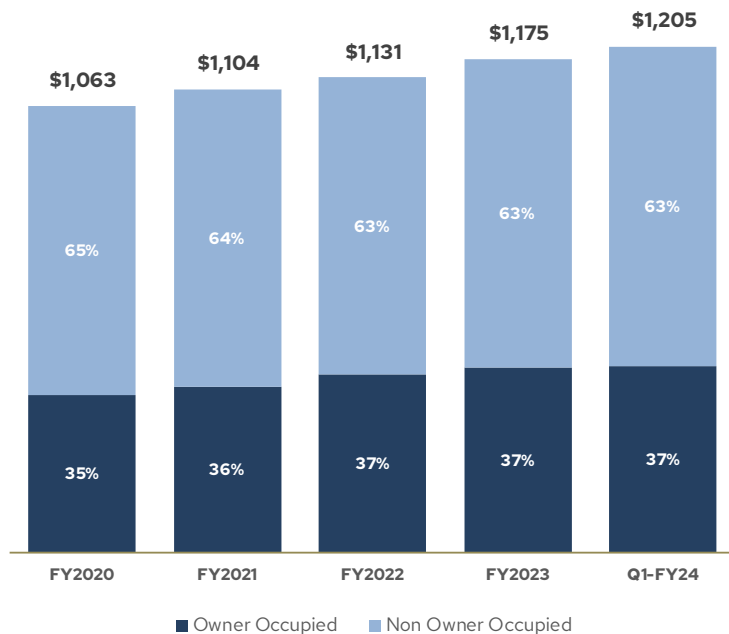
Criticized Loans [Dollars in millions]



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

Asset Quality – Office Buildings

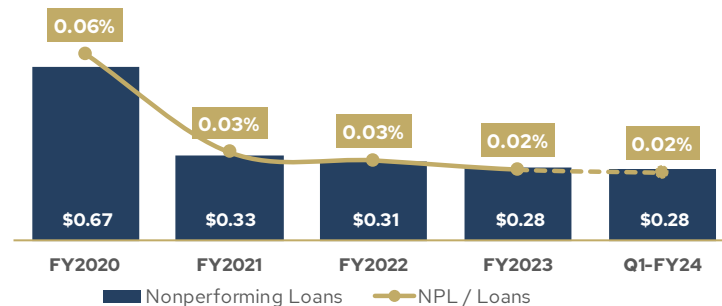
Office Buildings Portfolio [Dollars in millions]



Portfolio Statistics [Dollars in millions]

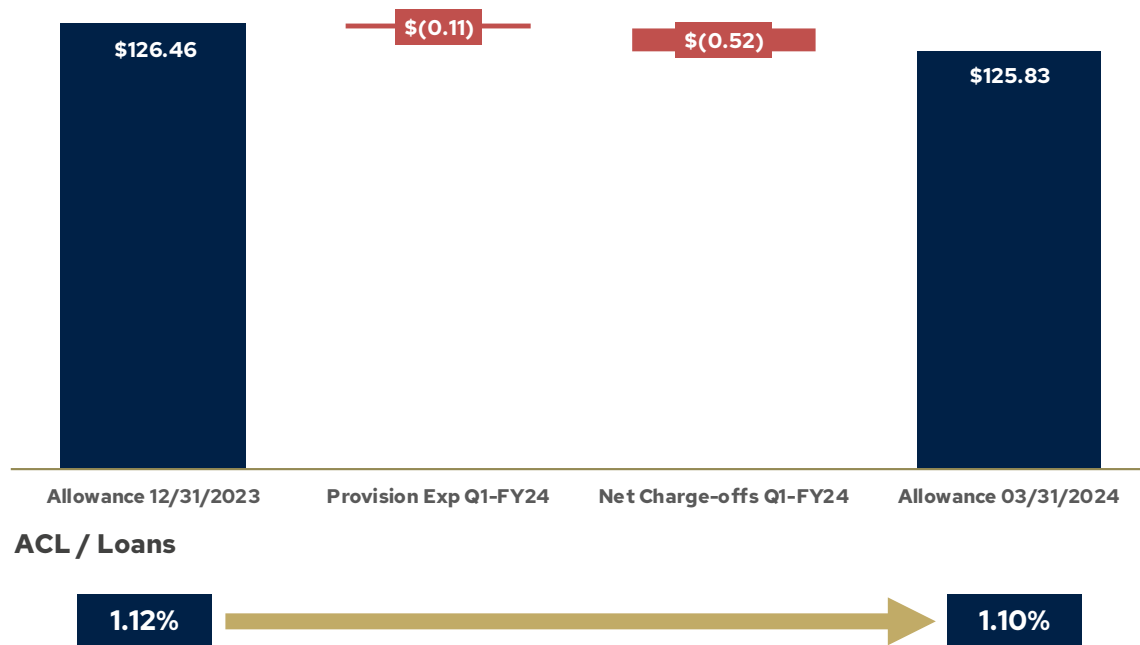
	FY2020	FY2021	FY2022	FY2023	Q1-FY24
30-89 Delinquencies	\$ 0.86	\$ 0.11	\$ 0.70	\$ -	\$ 0.10
30-89 Delinquencies %	0.08%	0.01%	0.06%	0.00%	0.01%
90+ Delinquencies	\$ -	\$ -	\$ -	\$ -	\$ -
90+ Delinquencies %	0.00%	0.00%	0.00%	0.00%	0.00%
Net Charge-offs	\$ 0.02	\$ 0.00	\$ (0.02)	\$ (0.01)	\$ (0.01)
Net Charge-offs %	0.00%	0.00%	0.00%	0.00%	0.00%

Nonperforming Loans [Dollars in millions]



Current Expected Credit Loss (CECL)

Allowance for Credit Losses [Dollars in millions]



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

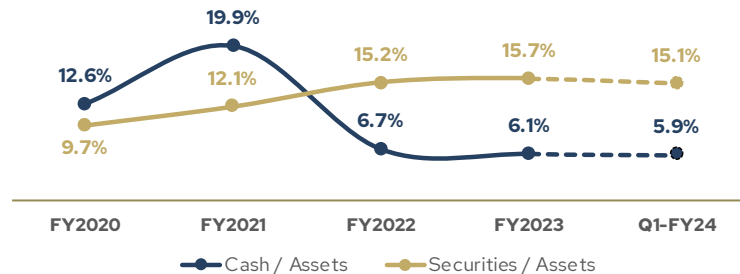
Liquidity Sources [Dollars in millions]

	Q1-FY24
Available Liquid Funds:	
Cash and cash equivalents	\$ 995
Unencumbered investment securities	1,568
Availability of Borrowings:	
Amount available from FHLB with loan collateral	1,628
Amount available from unsecured lines of credit with correspondent banks	150
Amount available from Federal Reserve discount window	1,722
Total Liquidity Sources	\$ 6,064

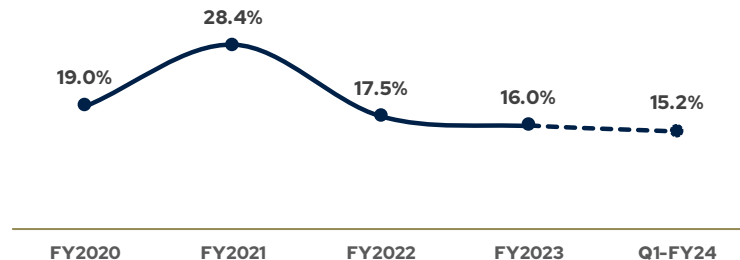
Uninsured Deposits [Dollars in millions]

	Q1-FY24
TowneBank Uninsured Deposits	\$ 6,589
Less Collateralized Deposits	732
Adjusted Uninsured Deposits	5,857
TowneBank Total Deposits	14,126
Adjusted Uninsured Deposits / Total Deposits	41%
Total Liquidity Sources / Adjusted Uninsured Deposits	104%

Cash and Securities



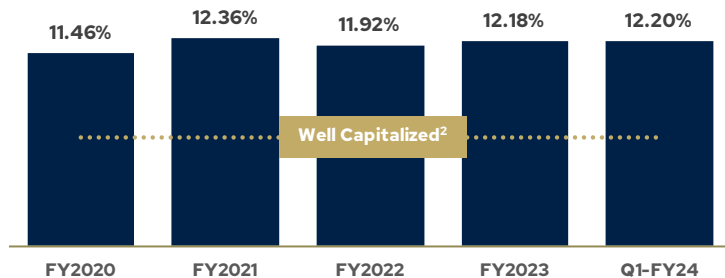
Liquidity Buffer¹



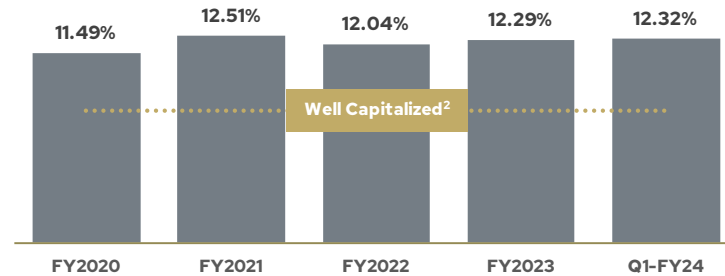
(1) Primary liquidity / total assets; primary liquidity is sum of cash & cash equivalents (excl. deferred comp and escrow at other banks) plus unencumbered investment securities

Capital

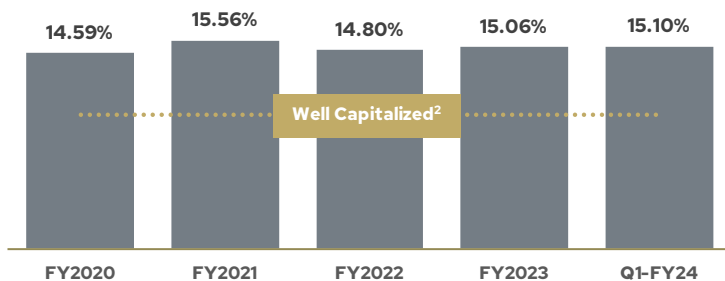
Common Equity Tier 1¹



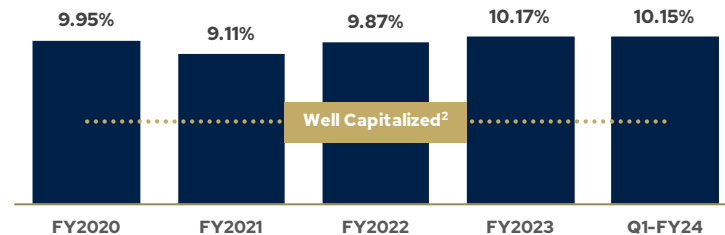
Tier 1 Risk-Based¹



Total Risk-Based¹



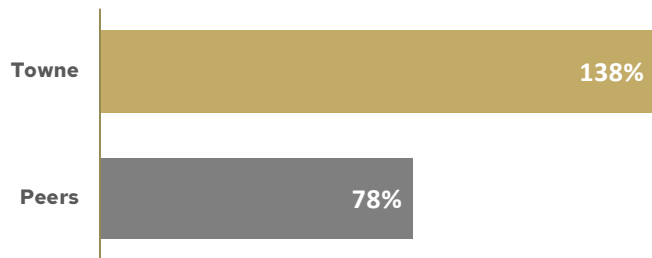
Tier 1 Leverage¹



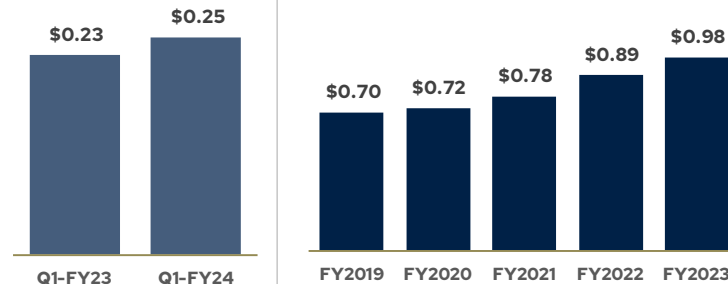
(1) Current reporting period regulatory capital ratios are preliminary
(2) FDIC "Well Capitalized" under prompt corrective action rules

Shareholder Value

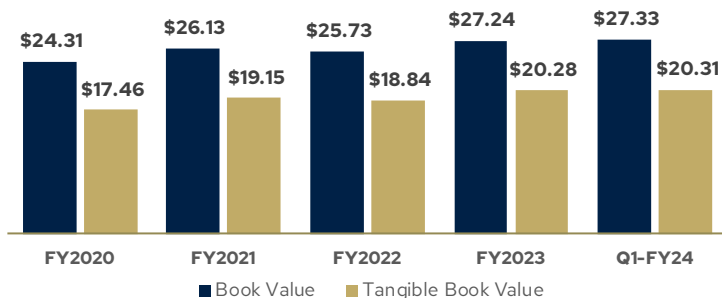
10Yr Total Shareholder Return - TowneBank vs Peers⁽¹⁾



Dividends



Book Value and Tangible Book Value per Share



Tangible Book Value Roll Forward



(1) 10Yr Total Return as of 2/29/2024; Source: S&P Global, data collected 4/15/2024. 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 to mid - single digits
- Relative stable reserve levels for the short-term based on loan growth, credit quality and economic forecasts

Profitability

- Net interest income expected to range between \$106-112 million for Q2 2024⁽¹⁾⁽²⁾
- Net interest income expected to range between \$460-\$475 million for FY2024⁽¹⁾⁽²⁾
- Noninterest income of \$240-\$245 million for FY2024
- Quarterly noninterest expense run rate projected at \$120-125 million

Strategic

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

⁽¹⁾Tax equivalent

⁽²⁾Assumes three rate cuts in 2024





Non-GAAP Reconciliations

Non-GAAP Reconciliations

Core Net Income and Related Metrics

Amounts in millions except per share data	QTD			Year			
	Q1-FY24	Q4-FY23	Q1-FY23	FY2023	FY2022	FY2021	FY2020
Net Income Attributable to TowneBank	\$ 34.69	\$ 28.80	\$ 38.33	\$ 153.72	\$ 188.99	\$ 215.38	\$ 145.53
<u>Adjustments</u>							
Plus: Acquisition Related Expenses	0.59	0.06	5.96	9.59	1.06	1.02	(0.07)
Plus: Initial Provision for Credit Losses	-	-	-	4.01	-	-	-
Plus: FDIC Special Assessment	1.29	5.17		5.17	-	-	-
Less: Gain (Loss) on Equity Investment ¹	-	(0.01)	-	7.52	-	-	-
Plus: Income Tax & Other Adjustments	(0.30)	(2.95)	2.00	(4.02)	(0.04)	(0.20)	0.00
Core Net Income	\$ 36.27	\$ 31.10	\$ 46.30	\$ 160.94	\$ 190.01	\$ 216.20	\$ 145.47
Avg Assets	\$ 16,864.23	\$ 16,683.04	\$ 16,349.04	\$ 16,656.69	\$ 16,268.01	\$ 15,384.66	\$ 14,172.21
Return on Avg Assets	0.83%	0.68%	0.95%	0.92%	1.16%	1.40%	1.03%
Core Return on Avg Assets	0.87%	0.74%	1.15%	0.97%	1.17%	1.41%	1.03%
Avg Common Shares Outstanding-Diluted	74.98	74.79	74.39	74.66	72.58	72.56	72.35
Earnings Per Share-Diluted	\$ 0.46	\$ 0.39	\$ 0.52	\$ 2.06	\$ 2.60	\$ 2.97	\$ 2.01
Core Earnings Per Share-Diluted	\$ 0.48	\$ 0.42	\$ 0.62	\$ 2.16	\$ 2.62	\$ 2.98	\$ 2.01
Avg Tangible Common Equity	\$ 1,501.49	\$ 1,449.05	\$ 1,409.09	\$ 1,433.66	\$ 1,357.33	\$ 1,338.57	\$ 1,211.93
Intangible Amort Net of Tax	2.56	2.69	2.78	11.18	8.39	8.79	9.08
Return on Avg Tangible Common Equity	9.98%	8.62%	11.83%	11.50%	14.54%	16.75%	12.76%
Core Return on Avg Tangible Common Equity	10.40%	9.25%	14.13%	12.01%	14.62%	16.81%	12.75%

(1) Gain on sale of Beneflex in Q3-23 and BHHS Towne Realty (79% ownership stake) in Q2-23

Non-GAAP Reconciliations

Core Efficiency Ratio – TowneBank Consolidated

Amounts in millions	YTD	Year			
	Q1-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 167.10	\$ 694.12	\$ 686.93	\$ 680.33	\$ 664.33
Less: Gain (Loss) on Securities Investments	0.07	-	-	1.25	9.63
Less: Gain (Loss) on Equity Investments	-	9.38	-	(0.03)	17.63
Total Revenue Adjusted	167.03	684.75	686.93	679.11	637.08
Noninterest Expense	\$ 125.59	\$ 489.22	\$ 441.28	\$ 417.27	\$ 395.83
Less: Intangible Amortization	3.25	14.15	10.62	11.13	11.50
Noninterest Expense Adjusted	122.34	475.07	430.66	406.15	384.33
Efficiency Ratio	73.25%	69.38%	62.69%	59.81%	60.33%
Less: Acquisition Related Expenses	0.59	9.59	1.06	1.02	(0.07)
Core Efficiency Ratio	72.89%	67.98%	62.54%	59.66%	60.34%

Core Efficiency Ratio – Banking Segment

Amounts in millions	YTD	Year			
	Q1-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 113.16	\$ 499.53	\$ 495.49	\$ 430.21	\$ 411.99
Less: Gain (Loss) on Securities Investments	0.07	-	-	1.25	9.63
Less: Gain (Loss) on Equity Investments	-	-	-	(0.03)	-
Total Revenue Adjusted	113.08	499.53	495.49	428.99	402.35
Noninterest Expense	\$ 85.30	\$ 326.17	\$ 272.39	\$ 244.01	\$ 243.45
Less: Intangible Amortization	1.16	5.15	3.01	3.55	4.35
Noninterest Expense Adjusted	84.14	321.02	269.39	240.46	239.10
Efficiency Ratio	74.40%	64.26%	54.37%	56.05%	59.42%
Less: Acquisition Related Expenses	0.15	9.08	0.96	-	-
Core Efficiency Ratio	74.27%	62.45%	54.18%	56.05%	59.42%

Core Efficiency Ratio – Realty Segment

Amounts in millions	YTD	Year			
	Q1-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 28.39	\$ 103.67	\$ 117.11	\$ 184.46	\$ 170.46
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	-	8.83	-	-	-
Total Revenue Adjusted	28.39	94.84	117.11	184.46	170.46
Noninterest Expense	\$ 23.23	\$ 100.12	\$ 114.65	\$ 121.66	\$ 104.12
Less: Intangible Amortization	0.68	2.90	3.10	2.81	2.63
Noninterest Expense Adjusted	22.55	97.22	111.54	118.85	101.49
Efficiency Ratio	79.44%	102.51%	95.25%	64.43%	59.54%
Less: Acquisition Related Expenses	0.45	0.43	0.05	0.99	0.03
Core Efficiency Ratio	77.87%	102.06%	95.21%	63.89%	59.52%

Core Efficiency Ratio – Insurance Segment

Amounts in millions	YTD	Year			
	Q1-FY24	FY2023	FY2022	FY2021	FY2020
Total Revenue	\$ 25.56	\$ 90.92	\$ 74.34	\$ 65.66	\$ 81.89
Less: Gain (Loss) on Securities Investments	-	-	-	-	-
Less: Gain (Loss) on Equity Investments	-	0.54	-	-	17.63
Total Revenue Adjusted	25.56	90.38	74.34	65.66	64.26
Noninterest Expense	\$ 17.07	\$ 62.93	\$ 54.24	\$ 51.60	\$ 48.25
Less: Intangible Amortization	1.41	6.10	4.51	4.77	4.51
Noninterest Expense Adjusted	15.66	56.83	49.73	46.83	43.74
Efficiency Ratio	61.27%	62.88%	66.89%	71.32%	68.06%
Less: Acquisition Related Expenses	0.00	0.09	0.06	0.03	(0.10)
Core Efficiency Ratio	61.27%	62.78%	66.81%	71.28%	68.21%

Non-GAAP Reconciliations

Tax Equivalent (TE) Adjustments

Amounts in millions	Q1-FY24	Q4-FY23	Q3-FY23	Q2-FY23	Q1-FY23
Loans TE Adjustment	\$ 0.84	\$ 0.84	\$ 0.85	\$ 0.84	\$ 0.77
Securities TE Adjustment	0.27	0.35	0.35	0.35	0.33
Tax-Equivalent Adjustment	1.11	1.18	1.20	1.18	1.10
<u>Yield & Margin Impacts:</u>					
Loan Yield	5.34%	5.19%	5.10%	4.97%	4.85%
Loan Yield (TE)	5.37%	5.22%	5.13%	5.00%	4.88%
Securities Investment Yield	3.07%	3.20%	3.15%	2.83%	2.80%
Securities Investment Yield (TE)	3.12%	3.25%	3.20%	2.89%	2.85%
Earning Asset Yield	4.92%	4.84%	4.77%	4.58%	4.46%
Earning Asset Yield (TE)	4.95%	4.87%	4.80%	4.61%	4.49%
Net Interest Margin (GAAP)	2.72%	2.83%	2.95%	2.98%	3.36%
Net Interest Margin (TE)	2.75%	2.86%	2.98%	3.01%	3.39%

Tangible Book Value per Share

Amounts in millions except per share data	Q1-FY24	Q4-FY23	Q3-FY23	Q2-FY23	Q1-FY23
Shareholders' Equity (Common)	\$ 2,049.53	\$ 2,039.97	\$ 1,967.99	\$ 1,973.84	\$ 1,974.68
Goodwill and Intangible Assets	526.38	520.97	524.18	527.80	550.47
Tangible Common Equity	\$ 1,523.15	\$ 1,519.00	\$ 1,443.81	\$ 1,446.04	\$ 1,424.20
Common Shares Outstanding	74.99	74.89	74.89	74.88	74.80
Tangible Book Value per Share	\$ 20.31	\$ 20.28	\$ 19.28	\$ 19.31	\$ 19.04



Member FDIC