



## *News Release*

### ***FOR IMMEDIATE RELEASE***

#### TOWNEBANK REPORTS FIRST QUARTER 2026 EARNINGS

**Suffolk, VA., April 22, 2026** - TowneBank (the "Company" or "Towne") (NASDAQ: TOWN) today reported earnings for the quarter ended March 31, 2026 of \$40.99 million, or \$0.45 per diluted share, compared to \$43.71 million, or \$0.58 per diluted share, for the quarter ended March 31, 2025. Excluding certain items affecting comparability, core earnings (non-GAAP) were \$66.73 million, or \$0.74 per diluted share, in the current quarter compared to \$44.10 million, or \$0.58 per diluted share, for the quarter ended March 31, 2025.

"TowneBank posted a strong first quarter achieving record total revenues of \$246 million. We continue to invest in top talent across our Carolina footprint while maintaining a disciplined focus on credit quality, liquidity and robust capital levels to support future growth. Our Main Street Banking model remains well positioned to perform across a broad range of economic conditions," said G. Robert Aston, Jr., Executive Chairman.

#### **Highlights for First Quarter 2026:**

- Towne successfully completed the acquisition of Dogwood State Bank ("Dogwood"), in January 2026. Included in that acquisition were \$1.95 billion in loans, \$190.08 million in securities, and \$1.93 billion in deposits.
- Total revenues were a record \$246.45 million, an increase of \$63.35 million, or 34.60%, compared to first quarter 2025. Net interest income increased \$52.46 million, driven by an increase in interest income. Noninterest income increased \$10.89 million.
- Total deposits were \$18.48 billion, an increase of 11.94%, or \$1.97 billion, in comparison to December 31, 2025. Excluding \$1.93 billion in Dogwood acquired deposits, total deposits would have increased \$39.64 million, compared to the linked quarter.
- Noninterest-bearing deposits increased \$524.24 million, or 10.33%, compared to the linked quarter driven by acquired deposits of \$544.48 million.

- Loans held for investment were \$15.26 billion, an increase of \$1.93 billion, or 14.44%, compared to December 31, 2025. Excluding loans acquired in the quarter, total loans would have decreased \$26.20 million, or 0.20%, compared to the linked quarter.
- Annualized return on common shareholders' equity was 5.85% compared to 8.27% in first quarter 2025. Annualized return on average tangible common shareholders' equity (non-GAAP) was 9.58% compared to 11.50% in first quarter 2025.
- Net interest margin was 3.58% for the quarter and tax-equivalent net interest margin (non-GAAP) was 3.60%, including purchase accounting accretion of 11 basis points, compared to the prior year quarter net interest margin of 3.14% and tax-equivalent net interest margin (non-GAAP) of 3.17%, including purchase accounting accretion of 3 basis points.
- Net interest margin increased 2 basis points and spread increased 4 basis points, compared to the linked quarter, which included purchase accounting accretion of 15 basis points. Accretion related to the Dogwood transaction was compressed compared to previous transactions due to the Company's adoption of the new accounting standard expanding the use of the gross-up approach for purchased loans effective January 1, 2026.
- We expect net interest income to be impacted by net purchase accounting accretion income of \$8.34 million and \$9.12 million in the remainder of 2026 and 2027, respectively.
- The effective tax rate was 18.19% in the quarter compared to 12.30% in first quarter 2025 and 23.72% in the linked quarter. The change in the effective rate from first quarter 2026 to 2025 was due to increases in state tax expense and nondeductible merger and acquisition expenses. The lower effective tax rate in the current quarter compared to the linked quarter was primarily due to the increase in credits and losses related to LIHTC investment properties.

#### **Quarterly Net Interest Income:**

- Net interest income was \$172.94 million in first quarter 2026 compared to \$120.48 million for the quarter ended March 31, 2025.
- On an average basis, loans held for investment, with a yield of 5.67%, represented 76.65% of earning assets at March 31, 2026 compared to a yield of 5.38% and 74.15% of earning assets at March 31, 2025.
- The cost of interest-bearing deposits was 2.33% for the quarter ended March 31, 2026, compared to 2.69% in first quarter 2025. Interest expense on deposits increased \$5.38 million, or 8.01%, from the prior year quarter as higher volume outpaced decreases in rate.
- Our total cost of deposits decreased to 1.63% from 1.89% for the quarter ended March 31, 2025 due to lower interest-bearing deposit rates.

- Average interest-earning assets totaled \$19.61 billion at March 31, 2026, compared to \$17.73 billion in the linked quarter, an increase of 10.62%.
- Average interest-bearing liabilities totaled \$13.16 billion, an increase of \$1.40 billion, or 11.95%, from the linked quarter. Total borrowings increased by \$141.34 million over the linked quarter, due to debt assumed in the Dogwood acquisition.

#### **Quarterly Provision for Credit Losses:**

- The quarterly provision for credit losses was an expense of \$344 thousand compared to \$2.42 million in the prior year quarter and a benefit of \$169 thousand in the linked quarter.
- The allowance for credit losses on loans increased \$51.92 million in first quarter 2026, compared to the linked quarter. The initial allowance related to the January 2026 acquisition of Dogwood was \$54.21 million, \$31.26 million of which was attributable to its community banking portfolio and \$22.95 million attributable to its government lending portfolio, which consists primarily of SBA loans.
- Net loan charge-offs were \$1.69 million in the quarter, \$1.95 million in the linked quarter, and \$626 thousand in the prior year quarter.
- The ratio of net charge-offs to average loans on an annualized basis was 0.05% in first quarter 2026, 0.06% in the linked quarter, and 0.02% in first quarter 2025.
- The allowance for credit losses on loans represented 1.31% of total loans at March 31, 2026, compared to 1.10% at December 31, 2025, and 1.08% at March 31, 2025. Our March 31, 2026 allowance for credit losses is further broken down into community banking which represented 1.15% of total loans and government lending which represented 0.16% of total loans.
- The allowance for credit losses on loans was 6.08 times nonperforming loans compared to 19.15 times at March 31, 2025 and 12.57 times at December 31, 2025.

#### **Quarterly Noninterest Income:**

- Total noninterest income was \$73.51 million compared to \$62.62 million in 2025, an increase of \$10.89 million, or 17.38%.
- Government lending income, net was \$4.20 million in first quarter 2026 and represented a new noninterest income source related to the acquisition of Dogwood.
- Residential mortgage banking income was \$11.73 million compared to \$10.36 million in first quarter 2025. Loan volume increased to \$575.35 million in first quarter 2026 from \$445.19 million

in first quarter 2025. Residential purchase activity was 77.57% of production volume in first quarter 2026 compared to 89.94% in first quarter 2025.

- Gross margins on residential mortgage sales were 3.09%, a decrease of 10 basis points from 3.19% in the linked quarter and 9 basis points from 3.18% in first quarter 2025.
- Service charges on deposit accounts increased \$1.32 million over prior year due to the acquisition of three banks in the past 12 months.
- Property management fee revenue increased \$1.89 million, or 17.88%, to \$12.44 million in first quarter 2026, compared to first quarter 2025. The increase was driven by changes to our fee structure resulting in revenue growth.

### **Quarterly Noninterest Expense:**

- Total noninterest expense was \$195.89 million compared to \$130.54 million in 2025, an increase of \$65.35 million, or 50.06%. This increase was primarily attributable to acquisition-related expenses and growth in salaries and employee benefits.
- The acquisitions of Dogwood, Old Point Financial Corporation ("Old Point"), and Village Bank and Trust Financial Corp. ("Village"), as well as the sale of Resort Property Management, resulted in \$31.69 million in acquisition-related expenses in the quarter.
- An increase in banking personnel related to the Dogwood, Old Point, and Village acquisitions represented \$10.39 million of the \$18.10 million increase in salaries and benefits expenses, compared to the prior year quarter. Additional contributing factors were annual base salary adjustments that went into effect mid-September 2025 and performance-based incentives.

### **Consolidated Balance Sheet Highlights:**

- Total assets were \$22.36 billion for the quarter ended March 31, 2026, a \$2.67 billion increase compared to \$19.69 billion at December 31, 2025.
- Loans held for investment increased \$1.93 billion, or 14.44%, compared to the linked quarter, driven by the acquisition of Dogwood.
- Mortgage loans held for sale increased \$3.23 million, or 1.91%, compared to prior year and \$17.29 million, or 11.20%, compared to the linked quarter, driven by decreases in rates early in first quarter 2026, which contributed to increases in refinance as well as purchase activities.
- Total deposits increased \$1.97 billion, or 11.94%, compared to the linked quarter, driven by acquisition-related increases in both noninterest-bearing and interest-bearing demand deposits.
- Noninterest-bearing deposits increased \$0.52 billion, or 10.33%, compared to the linked quarter.

- Total borrowings increased \$141.34 million, or 38.08%, compared to the linked quarter, due to acquired FHLB borrowings.

### **Investment Securities:**

- Total investment securities were \$3.03 billion compared to \$2.90 billion at December 31, 2025 and \$2.70 billion at March 31, 2025. The weighted average duration of the portfolio at March 31, 2026 was 3.4 years. The carrying value of the available-for-sale debt securities portfolio included net unrealized losses of \$81.40 million at March 31, 2026, compared to \$73.07 million at December 31, 2025 and \$119.25 million at March 31, 2025, with the changes in fair value marks due to the change in interest rates.

### **Loans and Asset Quality:**

- Total loans held for investment were \$15.26 billion at March 31, 2026 and \$13.34 billion at December 31, 2025. Excluding loans acquired in the quarter, total loans declined \$26.20 million compared to the linked quarter.
- Nonperforming assets, which consists of nonperforming loans, foreclosed property, and former bank premises, were \$51.11 million, or 0.23% of total assets, compared to \$14.36 million, or 0.07%, at the linked quarter end, and \$7.37 million, or 0.04%, at March 31, 2025. Former bank premises of \$14.02 million have executed purchase agreements or purchase agreements under review that are expected to close by November 2026.
- Nonperforming loans were 0.21% of period end loans at March 31, 2026, compared to 0.09% in the linked quarter, and 0.06% at March 31, 2025. The increase in the current quarter was primarily driven by loans acquired in the Dogwood transaction.
- Foreclosed property and former bank premises totaled \$18.36 million at March 31, 2026, and consisted of \$505 thousand in other real estate owned, \$1.53 million in repossessed autos, and \$16.32 million in acquisition-related former bank premises. Foreclosed property and former bank premises totaled \$2.63 million at December 31, 2025, and consisted of \$401 thousand in other real estate owned, \$1.35 million in repossessed autos, and \$879 thousand in acquisition-related former bank premises.

### **Deposits and Borrowings:**

- Total deposits were \$18.48 billion compared to \$16.51 billion at December 31, 2025. Excluding \$1.93 billion in acquired deposits, total deposits would have increased \$39.64 million, or 0.97% on

an annualized basis from the linked quarter.

- The ratio of period end loans held for investment to deposits was 82.58% compared to 80.78% at December 31, 2025 and 79.77% at March 31, 2025.
- Noninterest-bearing deposits were 30.29% of total deposits at March 31, 2026 compared to 30.73% at December 31, 2025 and 29.53% at March 31, 2025. Noninterest-bearing deposits increased \$524.24 million, or 10.33%, compared to the linked quarter, but would have declined \$20.25 million excluding acquired noninterest-bearing deposits.
- Total borrowings were \$512.48 million compared to \$371.14 million at December 31, 2025, an increase of \$141.34 million, or 38.08%. FHLB borrowings acquired with Dogwood totaled \$155.00 million.

### **Capital:**

- Book value per common share was \$31.31 compared to \$30.67 at December 31, 2025 and \$29.00 at March 31, 2025.
- Tangible book value per common share (non-GAAP) was \$21.49 compared to \$21.93 at December 31, 2025 and \$22.17 at March 31, 2025.

### **Resort Property Management Sale:**

- On April 3, 2026, the Company completed the sale of its Resort Property Management segment for \$250 million.
  - Anticipated gain on the transaction of approximately \$195 million after estimated deal costs of 5% of purchase price.
  - Transferred cash of approximately \$42 million to the parent company prior to closing.
  - Retained land and buildings of approximately \$10 million to be converted to Bank use or sold separately.
  - In anticipation of the transaction, classified the segment as held for sale in first quarter 2026 and presented as held for sale assets and held for sale liabilities on the Consolidated Balance Sheets.

"Our decision to divest Towne Vacations underscores our proven ability to unlock off balance sheet value for our shareholders. Looking ahead, we will identify opportunities to grow and strengthen our Towne Financial Services fee based platform," stated William I. Foster III, President and Chief Executive Officer.

**About TowneBank:**

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

Today, TowneBank operates over 70 banking offices throughout Hampton Roads and Central Virginia, Eastern and Central North Carolina, the Greenville and upstate region of South Carolina, and Charleston, South Carolina – serving as a local leader in promoting the social, cultural, and economic growth in each community. Towne offers a competitive array of business and personal banking solutions, delivered with only the highest ethical standards. Experienced local bankers providing a higher level of expertise and personal attention with local decision-making are key to the TowneBank strategy. TowneBank has grown its capabilities beyond banking to provide expertise through its affiliated companies that include Towne Wealth Management, Towne Insurance Agency, Towne Benefits, TowneBank Mortgage, TowneBank Commercial Mortgage, Berkshire Hathaway HomeServices RW Towne Realty, Towne 1031 Exchange, and Towne Trust Company, N.A. With total assets of \$22.36 billion as of March 31, 2026, TowneBank is one of the largest banks headquartered in Virginia.

**Non-GAAP Financial Measures:**

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

**Forward-Looking Statements:**

This press release contains certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the beliefs, expectations, or opinions of TowneBank and its management regarding future events, many of which, by their nature, are inherently uncertain. Forward-looking statements may be identified by the use of such words as: "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional terms, such as "will," "would," "should," "could," "may," "likely," "probably," or "possibly." These statements may address issues that involve significant risks, uncertainties, estimates, and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, competitive pressures in the banking industry that may increase significantly; changes in the interest rate environment that may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; an unforeseen outflow of cash or deposits or an inability to access the capital markets, which could jeopardize our overall liquidity or capitalization; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; insufficiency of our allowance for credit losses due to market conditions, inflation, changing interest rates or other factors; adverse developments in the financial industry generally, such as the 2023 bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; geopolitical instability, including wars, conflicts, trade restrictions and tariffs, civil unrest, and terrorist attacks and the potential impact, directly or indirectly, on our business; the effects of weather-related or natural disasters, which may negatively affect our operations and/or our loan portfolio and increase our cost of conducting business; public health events (such as the COVID-19 pandemic) and governmental and societal responses to them; changes in the legislative or regulatory environment, including changes in accounting standards and tax laws and changes impacting the rulemaking, supervision, examination and enforcement priorities of the federal banking agencies, that may adversely affect our business; our ability to successfully integrate the businesses from recently completed acquisitions, including our mergers with Old Point Financial Corporation and Dogwood State Bank, to the extent that that process may take longer or be more difficult, time-consuming, or costly to accomplish than expected; deposit attrition, operating costs, customer losses, and business disruption associated with recently completed acquisitions, including reputational risk and adverse effects on relationships with

employees, customers or other business partners, that may be greater than expected; costs or difficulties related to the integration of the businesses that we have acquired that may be greater than expected; expected growth opportunities or cost savings associated with recently completed acquisitions that may not be fully realized or realized within the expected time frame; the diversion of management's attention and time from ongoing business operations and opportunities on merger and integration related matters; the introduction of new lines of business or new products and services; cybersecurity threats or attacks, whether directed at us or at vendors or other third parties with which we interact; the implementation of new technologies, and the ability to develop and maintain reliable electronic systems; competitors that 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, including any adverse impact of actual and proposed cuts to federal spending, including defense, security and military spending, on the economy. 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, 2025 and related disclosures in other filings that have been, or will be, filed by TowneBank with the Federal Deposit Insurance Corporation.

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

	Three Months Ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
<b>Income and Performance Ratios:</b>					
Total revenue	\$ 246,447	\$ 219,943	\$ 222,584	\$ 210,093	\$ 183,097
Net income	41,101	40,850	44,612	41,319	44,009
Net income available to common shareholders	40,993	40,630	44,295	40,887	43,714
Net income per common share - diluted	0.45	0.51	0.58	0.54	0.58
Book value per common share	31.31	30.67	30.27	29.41	29.00
Book value per common share - tangible (non-GAAP)	21.49	21.93	21.49	21.80	22.17
Return on average assets	0.76 %	0.82 %	0.94 %	0.91 %	1.03 %
Return on average assets - tangible (non-GAAP)	0.89 %	0.94 %	1.05 %	1.01 %	1.12 %
Return on average equity	5.84 %	6.67 %	7.72 %	7.52 %	8.21 %
Return on average equity - tangible (non-GAAP)	9.55 %	10.32 %	11.39 %	10.94 %	11.39 %
Return on average common equity	5.85 %	6.69 %	7.75 %	7.54 %	8.27 %
Return on average common equity - tangible (non-GAAP)	9.58 %	10.36 %	11.45 %	10.99 %	11.50 %
Noninterest income as a percentage of total revenue	29.83 %	27.73 %	33.98 %	34.69 %	34.20 %
<b>Regulatory Capital Ratios (1):</b>					
Common equity tier 1	11.43 %	11.34 %	11.18 %	11.77 %	12.75 %
Tier 1	11.47 %	11.39 %	11.23 %	11.82 %	12.87 %
Total	13.87 %	14.14 %	13.98 %	14.49 %	15.65 %
Tier 1 leverage ratio	9.75 %	9.36 %	9.84 %	9.93 %	10.61 %
<b>Asset Quality:</b>					
Allowance for credit losses on loans to nonperforming loans	6.08x	12.57x	19.38x	16.81x	19.15x
Allowance for credit losses on loans to period end loans	1.31 %	1.10 %	1.11 %	1.09 %	1.08 %
Nonperforming loans to period end loans	0.21 %	0.09 %	0.06 %	0.06 %	0.06 %
Nonperforming assets to period end assets	0.23 %	0.07 %	0.05 %	0.05 %	0.04 %
Net charge-offs (recoveries) to average loans (annualized)	0.05 %	0.06 %	0.01 %	— %	0.02 %
Net charge-offs (recoveries)	\$ 1,690	\$ 1,948	\$ 255	\$ 19	\$ 626
Nonperforming loans	\$ 32,751	\$ 11,726	\$ 7,698	\$ 7,982	\$ 6,586
Former bank premises	16,323	879	885	—	—
Foreclosed property	2,037	1,754	1,798	1,306	786
Total nonperforming assets	<u>\$ 51,111</u>	<u>\$ 14,359</u>	<u>\$ 10,381</u>	<u>\$ 9,288</u>	<u>\$ 7,372</u>
Loans past due 90 days and still accruing interest	\$ 2,487	\$ 890	\$ 1,863	\$ 210	\$ 15
Allowance for credit losses on loans	\$ 199,267	\$ 147,343	\$ 149,175	\$ 134,187	\$ 126,131
<b>Mortgage Banking:</b>					
Loans originated, mortgage	\$ 469,323	\$ 504,732	\$ 491,921	\$ 494,108	\$ 300,699
Loans originated, joint venture	106,027	118,597	144,440	177,359	144,495
Total loans originated	<u>\$ 575,350</u>	<u>\$ 623,329</u>	<u>\$ 636,361</u>	<u>\$ 671,467</u>	<u>\$ 445,194</u>
Number of loans originated	1,423	1,551	1,679	1,750	1,181
Number of originators	162	161	169	166	161
Purchase %	77.57 %	82.23 %	91.84 %	92.37 %	89.94 %
Loans sold	\$ 527,428	\$ 652,853	\$ 657,822	\$ 596,009	\$ 475,518
Rate lock asset	\$ 2,003	\$ 1,145	\$ 2,213	\$ 2,186	\$ 1,880
Gross realized gain on sales and fees as a % of loans originated	3.09 %	3.19 %	3.32 %	3.13 %	3.18 %
<b>Other Ratios:</b>					
Net interest margin	3.58 %	3.56 %	3.48 %	3.38 %	3.14 %
Net interest margin-fully tax-equivalent (non-GAAP)	3.60 %	3.58 %	3.50 %	3.40 %	3.17 %
Average earning assets/total average assets	89.60 %	89.96 %	90.03 %	90.23 %	90.32 %
Average loans/average deposits	83.22 %	80.57 %	80.92 %	81.09 %	80.01 %
Average noninterest deposits/total average deposits	30.24 %	31.28 %	31.30 %	30.88 %	29.68 %
Period end equity/period end total assets	12.96 %	12.34 %	12.18 %	12.19 %	12.58 %
Efficiency ratio (non-GAAP)	76.96 %	73.37 %	67.08 %	69.82 %	70.41 %

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



**TOWNEBANK**  
**Selected Data (unaudited)**  
(dollars in thousands)

<b>Deposits</b>	<b>% Change</b>				
	<b>Q1 2026</b>	<b>Q1 2025</b>	<b>Q4 2025</b>	<b>Q1 26 vs. Q1 25</b>	<b>Q1 26 vs. Q4 25</b>
Noninterest-bearing demand deposits	\$ 5,597,395	\$ 4,313,553	\$ 5,073,157	29.76 %	10.33 %
Interest-bearing:					
Demand and money market accounts	9,293,443	7,463,355	8,390,884	24.52 %	10.76 %
Savings	457,028	312,151	332,752	46.41 %	37.35 %
Certificates of deposits	3,132,406	2,519,489	2,712,324	24.33 %	15.49 %
<b>Total</b>	<b>18,480,272</b>	<b>14,608,548</b>	<b>16,509,117</b>	<b>26.50 %</b>	<b>11.94 %</b>

**Acquisition Summary - Day 1 Balances**

	<b>Total Acquired</b>		<b>2026</b>		<b>2025</b>	
	<b>2025-2026</b>	<b>Dogwood (1)</b>	<b>Old Point (2)</b>	<b>Village (3)</b>		
Total securities	\$ 477,508	\$ 190,076	\$ 211,877	\$ 75,555		
Total loans	3,486,512	1,951,553	958,719	576,240		
Core deposit intangibles	82,900	30,490	31,390	21,020		
Total assets	4,497,823	2,350,130	1,401,765	745,928		
Noninterest-bearing demand deposits	1,089,093	544,484	306,066	238,543		
Interest-bearing deposits	2,690,836	1,387,029	904,857	398,950		
Total deposits	3,779,929	1,931,513	1,210,923	637,493		
Advances from the FHLB	205,000	155,000	40,000	10,000		
Subordinated debt, net	39,693	—	25,274	14,419		
Total liabilities	4,072,488	2,119,639	1,284,434	668,415		
Goodwill	\$ 364,487	\$ 227,470	\$ 94,025	\$ 42,992		
Initial allowance for credit losses on loans	57,946	54,207	2,048	1,691		
Initial provision for credit losses (4)	17,504	—	11,449	6,055		

(1) Dogwood State Bank was acquired January 12, 2026

(2) Old Point Financial Corporation was acquired September 1, 2025.

(3) Village Bank and Trust Corp. was acquired April 1, 2025.

(4) ASU 2025-08 Financial Instruments - *Credit Losses Measurement of Credit Losses on Financial Instruments - Purchased Loans*, was adopted January 1, 2026

<b>Net Charge-offs</b>	<b>Three Months Ended</b>				
	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>September 30, 2025</b>	<b>June 30, 2025</b>	<b>March 31, 2025</b>
Community bank	(284)	1,159	(116)	(418)	142
Indirect	414	789	371	437	484
Government guaranteed lending	1,560	—	—	—	—
<b>Total</b>	<b>\$ 1,690</b>	<b>\$ 1,948</b>	<b>\$ 255</b>	<b>\$ 19</b>	<b>\$ 626</b>

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

	Three Months Ended			Three Months Ended			Three Months Ended		
	March 31, 2026			December 31, 2025			March 31, 2025		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)
<b>Assets:</b>									
Loans (net of unearned income and deferred costs)	\$ 15,032,919	\$210,226	5.67 %	\$ 13,352,669	\$190,556	5.66 %	\$ 11,527,915	\$153,068	5.38 %
Taxable investment securities	2,805,229	25,181	3.59 %	2,687,834	24,255	3.61 %	2,478,048	21,301	3.44 %
Tax-exempt investment securities	245,092	2,625	4.28 %	199,472	2,385	4.78 %	176,081	1,860	4.23 %
Total securities	3,050,321	27,806	3.65 %	2,887,306	26,640	3.69 %	2,654,129	23,161	3.49 %
Interest-bearing deposits	1,388,016	11,459	3.35 %	1,301,770	11,825	3.60 %	1,199,650	11,801	3.99 %
Loans held for sale	140,438	2,077	5.92 %	187,911	2,794	5.95 %	164,358	2,653	6.46 %
Total earning assets	19,611,694	251,568	5.20 %	17,729,656	231,815	5.19 %	15,546,052	190,683	4.97 %
Less: allowance for loan losses	(179,029)			(149,047)			(124,265)		
Total nonearning assets	2,455,700			2,126,757			1,790,075		
Total assets	<u>\$ 21,888,365</u>			<u>\$ 19,707,366</u>			<u>\$ 17,211,862</u>		
<b>Liabilities and Equity:</b>									
Interest-bearing deposits									
Demand and money market	\$ 9,081,281	\$ 44,822	2.00 %	\$ 8,266,287	\$ 42,226	2.03 %	\$ 7,279,365	\$ 40,606	2.26 %
Savings	421,240	613	0.59 %	331,959	626	0.75 %	312,118	714	0.93 %
Certificates of deposit	3,097,422	27,073	3.54 %	2,789,603	26,125	3.72 %	2,540,438	25,813	4.12 %
Total interest-bearing deposits	12,599,943	72,508	2.33 %	11,387,849	68,977	2.40 %	10,131,921	67,133	2.69 %
Borrowings	272,569	2,199	3.23 %	81,148	(36)	(0.17)%	29,606	(300)	(4.05)%
Subordinated debt, net	284,025	2,750	3.87 %	283,601	2,764	3.90 %	260,070	2,304	3.54 %
Total interest-bearing liabilities	13,156,537	77,457	2.39 %	11,752,598	71,705	2.42 %	10,421,597	69,137	2.69 %
Demand deposits	5,463,137			5,184,356			4,276,586		
Other noninterest-bearing liabilities	419,807			352,753			353,665		
Total liabilities	19,039,481			17,289,707			15,051,848		
Shareholders' equity	2,848,884			2,417,659			2,160,014		
Total liabilities and equity	<u>\$ 21,888,365</u>			<u>\$ 19,707,366</u>			<u>\$ 17,211,862</u>		
Net interest income (tax-equivalent basis) (4)		\$174,111			\$160,110			\$121,546	
<b>Reconciliation of Non-GAAP Financial Measures</b>									
Tax-equivalent basis adjustment		(1,169)			(1,146)			(1,068)	
Net interest income (GAAP)		<u>\$172,942</u>			<u>\$158,964</u>			<u>\$120,478</u>	
Interest rate spread (2)(4)			2.81 %			2.77 %			2.28 %
Interest expense as a percent of average earning assets			1.60 %			1.60 %			1.80 %
Net interest margin (tax-equivalent basis) (3)(4)			3.60 %			3.58 %			3.17 %
Total cost of deposits			1.63 %			1.65 %			1.89 %

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

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

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

(4) Non-GAAP.

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

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
Cash and due from banks	\$ 95,472	\$ 129,941
Interest-bearing deposits at FRB	1,346,573	1,097,155
Interest-bearing deposits in financial institutions	119,922	123,553
<b>Total Cash and Cash Equivalents</b>	<b>1,561,967</b>	<b>1,350,649</b>
Securities available for sale, at fair value (amortized cost of \$2,945,181 and \$2,784,462, and allowance for credit losses of \$1,355 and \$1,207 at March 31, 2026 and December 31, 2025, respectively)	2,862,427	2,710,189
Securities held to maturity, at amortized cost (fair value of \$124,409 and \$154,269 at March 31, 2026 and December 31, 2025, respectively)	126,527	156,697
Less: allowance for credit losses	(33)	(65)
Securities held to maturity, net of allowance for credit losses	126,494	156,632
Other equity securities	15,463	12,219
FHLB stock	24,985	16,341
<b>Total Securities</b>	<b>3,029,369</b>	<b>2,895,381</b>
Mortgage loans held for sale	171,735	154,444
Government guaranteed loans held for sale	5,498	—
Loans, net of unearned income and deferred costs	15,261,160	13,335,804
Less: allowance for credit losses on loans	(199,267)	(147,343)
<b>Net Loans</b>	<b>15,061,893</b>	<b>13,188,461</b>
Premises and equipment, net	438,792	430,987
Goodwill	804,143	594,080
Other intangible assets, net	102,631	96,528
BOLI	385,087	337,425
Other assets	694,197	639,386
Assets held for sale	103,396	—
<b>TOTAL ASSETS</b>	<b>\$ 22,358,708</b>	<b>\$ 19,687,341</b>
<b>LIABILITIES AND EQUITY</b>		
Deposits:		
Noninterest-bearing demand	\$ 5,597,395	\$ 5,073,157
Interest-bearing:		
Demand and money market accounts	9,293,443	8,390,884
Savings	457,028	332,752
Certificates of deposit	3,132,406	2,712,324
<b>Total Deposits</b>	<b>18,480,272</b>	<b>16,509,117</b>
Advances from the FHLB	197,257	52,452
Subordinated debt, net	284,236	283,870
Repurchase agreements and other borrowings	30,988	34,817
<b>Total Borrowings</b>	<b>512,481</b>	<b>371,139</b>
Other liabilities	414,979	378,076
Liabilities held for sale	52,460	—
<b>TOTAL LIABILITIES</b>	<b>19,460,192</b>	<b>17,258,332</b>
Preferred stock, authorized and unissued shares - 2,000,000	—	—
Common stock, \$1.667 par value: 150,000,000 shares authorized; 92,366,411 and 78,964,038 shares issued at March 31, 2026 and December 31, 2025, respectively	153,975	131,633
Capital surplus	1,692,582	1,254,776
Retained earnings	1,103,397	1,087,343
Common stock issued to deferred compensation trust, at cost: 1,080,732 and 1,086,290 shares at March 31, 2026 and December 31, 2025, respectively	(23,095)	(23,293)
Deferred compensation trust	23,095	23,293
Accumulated other comprehensive income (loss)	(58,266)	(51,685)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,891,688</b>	<b>2,422,067</b>
Noncontrolling interest	6,828	6,942
<b>TOTAL EQUITY</b>	<b>2,898,516</b>	<b>2,429,009</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 22,358,708</b>	<b>\$ 19,687,341</b>

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>INTEREST INCOME:</b>		
Loans, including fees	\$ 209,512	\$ 152,322
Investment securities	27,351	22,839
Interest-bearing deposits in financial institutions and federal funds sold	11,459	11,801
Mortgage loans held for sale	2,077	2,653
<b>Total interest income</b>	<b>250,399</b>	<b>189,615</b>
<b>INTEREST EXPENSE:</b>		
Deposits	72,508	67,133
Advances from the FHLB	2,425	25
Subordinated debt, net	2,750	2,304
Repurchase agreements and other borrowings	(226)	(325)
<b>Total interest expense</b>	<b>77,457</b>	<b>69,137</b>
<b>Net interest income</b>	<b>172,942</b>	<b>120,478</b>
<b>PROVISION FOR CREDIT LOSSES</b>		
	344	2,420
<b>Net interest income after provision for credit losses</b>	<b>172,598</b>	<b>118,058</b>
<b>NONINTEREST INCOME:</b>		
Residential mortgage banking income, net	11,734	10,361
Insurance commissions and related income, net	26,034	26,424
Property management income, net	12,440	10,553
Service charges on deposit accounts	4,642	3,327
Credit card merchant fees, net	1,919	1,697
Investment income, net	3,720	3,075
BOLI	3,019	1,872
Government lending income, net	4,201	—
Gain on sale of equity investment	—	2,000
Other income	5,670	3,310
Net gain on investment securities	126	—
<b>Total noninterest income</b>	<b>73,505</b>	<b>62,619</b>
<b>NONINTEREST EXPENSE:</b>		
Salaries and employee benefits	93,179	75,078
Occupancy	12,005	9,333
Furniture and equipment	5,899	4,621
Amortization - intangibles	6,321	3,026
Software	8,398	6,293
Data processing	4,931	3,835
Professional fees	3,253	2,653
Advertising and marketing	5,677	4,472
FDIC and other insurance	2,894	2,860
Acquisition related expenses	31,685	420
Other expenses	21,644	17,945
<b>Total noninterest expense</b>	<b>195,886</b>	<b>130,536</b>
<b>Income before income tax expense and noncontrolling interest</b>	<b>50,217</b>	<b>50,141</b>
Provision for income tax expense	9,116	6,132
<b>Net Income</b>	<b>41,101</b>	<b>44,009</b>
Net income attributable to noncontrolling interest	(108)	(295)
<b>Net income attributable to TowneBank</b>	<b>\$ 40,993</b>	<b>\$ 43,714</b>
<b>Per common share information</b>		
Basic earnings	\$ 0.45	\$ 0.58
Diluted earnings	\$ 0.45	\$ 0.58
Cash dividends declared	\$ 0.27	\$ 0.25

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

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)
<b>ASSETS</b>					
Cash and due from banks	\$ 95,472	\$ 129,941	\$ 152,647	\$ 149,462	\$ 126,526
Interest-bearing deposits at FRB	1,346,573	1,097,155	974,514	838,315	1,090,555
Interest-bearing deposits in financial institutions	119,922	123,553	122,819	123,911	100,249
<b>Total Cash and Cash Equivalents</b>	<b>1,561,967</b>	<b>1,350,649</b>	<b>1,249,980</b>	<b>1,111,688</b>	<b>1,317,330</b>
Securities available for sale	2,862,427	2,710,189	2,668,599	2,553,975	2,470,171
Securities held to maturity	126,527	156,697	176,843	201,932	202,018
Less: allowance for credit losses	(33)	(65)	(65)	(67)	(68)
Securities held to maturity, net of allowance for credit losses	126,494	156,632	176,778	201,865	201,950
Other equity securities	15,463	12,219	12,420	12,248	12,223
FHLB stock	24,985	16,341	16,341	13,428	12,425
<b>Total Securities</b>	<b>3,029,369</b>	<b>2,895,381</b>	<b>2,874,138</b>	<b>2,781,516</b>	<b>2,696,769</b>
Mortgage loans held for sale	171,735	154,444	212,507	238,742	168,510
Government guaranteed loans held for sale	5,498	—	—	—	—
Loans, net of unearned income and deferred costs	15,261,160	13,335,804	13,379,033	12,359,673	11,652,746
Less: allowance for credit losses	(199,267)	(147,343)	(149,175)	(134,187)	(126,131)
<b>Net Loans</b>	<b>15,061,893</b>	<b>13,188,461</b>	<b>13,229,858</b>	<b>12,225,486</b>	<b>11,526,615</b>
Premises and equipment, net	438,792	430,987	422,134	392,056	373,111
Goodwill	804,143	594,080	591,691	499,709	457,619
Other intangible assets, net	102,631	96,528	101,875	74,186	57,145
BOLI	385,087	337,425	334,527	295,434	280,344
Other assets	694,197	639,386	657,731	632,382	618,990
Assets held for sale	103,396	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 22,358,708</b>	<b>\$ 19,687,341</b>	<b>\$ 19,674,441</b>	<b>\$ 18,251,199</b>	<b>\$ 17,496,433</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits:					
Noninterest-bearing demand	\$ 5,597,395	\$ 5,073,157	\$ 5,139,488	\$ 4,754,340	\$ 4,313,553
Interest-bearing:					
Demand and money market accounts	9,293,443	8,390,884	8,273,987	7,654,317	7,463,355
Savings	457,028	332,752	331,168	332,108	312,151
Certificates of deposit	3,132,406	2,712,324	2,786,292	2,587,951	2,519,489
<b>Total Deposits</b>	<b>18,480,272</b>	<b>16,509,117</b>	<b>16,530,935</b>	<b>15,328,716</b>	<b>14,608,548</b>
Advances from the FHLB	197,257	52,452	52,646	12,838	3,029
Subordinated debt, net	284,236	283,870	283,847	260,430	260,198
Repurchase agreements and other borrowings	30,988	34,817	25,740	20,847	20,875
<b>Total Borrowings</b>	<b>512,481</b>	<b>371,139</b>	<b>362,233</b>	<b>294,115</b>	<b>284,102</b>
Other liabilities	414,979	378,076	384,321	402,823	402,252
Liabilities held for sale	52,460	—	—	—	—
<b>TOTAL LIABILITIES</b>	<b>19,460,192</b>	<b>17,258,332</b>	<b>17,277,489</b>	<b>16,025,654</b>	<b>15,294,902</b>
Preferred stock					
	—	—	—	—	—
Common stock, \$1.667 par value	153,975	131,633	131,574	125,728	125,679
Capital surplus	1,692,582	1,254,776	1,253,666	1,131,132	1,123,330
Retained earnings	1,103,397	1,087,343	1,067,578	1,044,191	1,024,937
Common stock issued to deferred compensation trust, at cost	(23,095)	(23,293)	(24,130)	(23,977)	(21,969)
Deferred compensation trust	23,095	23,293	24,130	23,977	21,969
Accumulated other comprehensive income (loss)	(58,266)	(51,685)	(63,370)	(83,103)	(87,869)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,891,688</b>	<b>2,422,067</b>	<b>2,389,448</b>	<b>2,217,948</b>	<b>2,186,077</b>
Noncontrolling interest	6,828	6,942	7,504	7,597	15,454
<b>TOTAL EQUITY</b>	<b>2,898,516</b>	<b>2,429,009</b>	<b>2,396,952</b>	<b>2,225,545</b>	<b>2,201,531</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 22,358,708</b>	<b>\$ 19,687,341</b>	<b>\$ 19,674,441</b>	<b>\$ 18,251,199</b>	<b>\$ 17,496,433</b>

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

	Three Months Ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
<b>INTEREST INCOME:</b>					
Loans, including fees	\$ 209,512	\$ 189,824	\$ 179,612	\$ 169,772	\$ 152,322
Investment securities	27,351	26,226	24,784	24,850	22,839
Interest-bearing deposits in financial institutions and federal funds sold	11,459	11,825	10,597	10,241	11,801
Mortgage loans held for sale	2,077	2,794	3,351	2,770	2,653
<b>Total interest income</b>	<b>250,399</b>	<b>230,669</b>	<b>218,344</b>	<b>207,633</b>	<b>189,615</b>
<b>INTEREST EXPENSE:</b>					
Deposits	72,508	68,977	69,143	68,152	67,133
Advances from the FHLB	2,425	532	258	124	25
Subordinated debt, net	2,750	2,764	2,461	2,609	2,304
Repurchase agreements and other borrowings	(226)	(568)	(470)	(465)	(325)
<b>Total interest expense</b>	<b>77,457</b>	<b>71,705</b>	<b>71,392</b>	<b>70,420</b>	<b>69,137</b>
<b>Net interest income</b>	<b>172,942</b>	<b>158,964</b>	<b>146,952</b>	<b>137,213</b>	<b>120,478</b>
<b>PROVISION FOR CREDIT LOSSES</b>	<b>344</b>	<b>(169)</b>	<b>15,276</b>	<b>6,410</b>	<b>2,420</b>
<b>Net interest income after provision for credit losses</b>	<b>172,598</b>	<b>159,133</b>	<b>131,676</b>	<b>130,803</b>	<b>118,058</b>
<b>NONINTEREST INCOME:</b>					
Residential mortgage banking income, net	11,734	11,538	13,123	13,561	10,361
Insurance commissions and related income, net	26,034	23,120	25,791	25,677	26,424
Property management income, net	12,440	8,412	20,449	18,207	10,553
Service charges on deposit accounts	4,642	4,638	4,056	3,642	3,327
Credit card merchant fees, net	1,919	1,808	1,909	1,794	1,697
Investment income, net	3,720	3,386	3,699	3,158	3,075
BOLI	3,019	2,898	2,157	1,992	1,872
Government lending income, net	4,201	—	—	—	—
Other income	5,670	5,166	4,456	4,849	5,310
Net gain (loss) on investment securities	126	13	(7)	—	—
<b>Total noninterest income</b>	<b>73,505</b>	<b>60,979</b>	<b>75,633</b>	<b>72,880</b>	<b>62,619</b>
<b>NONINTEREST EXPENSE:</b>					
Salaries and employee benefits	93,179	85,088	78,964	78,362	75,078
Occupancy	12,005	11,367	9,988	9,791	9,333
Furniture and equipment	5,899	5,315	5,044	4,770	4,621
Amortization - intangibles	6,321	5,347	4,427	3,979	3,026
Software	8,398	6,986	7,518	6,835	6,293
Data processing	4,931	4,236	4,630	4,510	3,835
Professional fees	3,253	2,931	2,999	2,539	2,653
Advertising and marketing	5,677	3,668	3,759	3,228	4,472
Other expenses	56,223	41,688	36,409	36,651	21,225
<b>Total noninterest expense</b>	<b>195,886</b>	<b>166,626</b>	<b>153,738</b>	<b>150,665</b>	<b>130,536</b>
<b>Income before income tax expense and noncontrolling interest</b>	<b>50,217</b>	<b>53,486</b>	<b>53,571</b>	<b>53,018</b>	<b>50,141</b>
Provision for income tax expense	9,116	12,636	8,959	11,699	6,132
<b>Net Income</b>	<b>41,101</b>	<b>40,850</b>	<b>44,612</b>	<b>41,319</b>	<b>44,009</b>
Net income attributable to noncontrolling interest	(108)	(220)	(317)	(432)	(295)
<b>Net income attributable to TowneBank</b>	<b>\$ 40,993</b>	<b>\$ 40,630</b>	<b>\$ 44,295</b>	<b>\$ 40,887</b>	<b>\$ 43,714</b>
<b>Per common share information</b>					
Basic earnings	\$ 0.45	\$ 0.52	\$ 0.58	\$ 0.54	\$ 0.58
Diluted earnings	\$ 0.45	\$ 0.51	\$ 0.58	\$ 0.54	\$ 0.58
Basic weighted average shares outstanding	90,433,283	78,805,687	76,417,605	75,240,678	75,149,668
Diluted weighted average shares outstanding	90,775,117	79,109,745	76,763,640	75,540,822	75,527,713
Cash dividends declared	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.25

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

	Three Months Ended			Increase/(Decrease)	
	March 31,		December 31,	YTD 2026 over 2025	
	2026	2025	2025	Amount	Percent
Revenue					
Net interest income	\$ 171,988	\$ 119,584	\$ 157,931	\$52,404	43.82 %
Service charges on deposit accounts	4,642	3,327	4,638	1,315	39.53 %
Credit card merchant fees	1,919	1,697	1,808	222	13.08 %
Investment income, net	3,720	3,075	3,386	645	20.98 %
Government guaranteed lending income, net	4,201	—	—	4,201	N/M
Other income	7,393	6,495	6,130	898	13.83 %
Subtotal	<u>21,875</u>	<u>14,594</u>	<u>15,962</u>	<u>7,281</u>	49.89 %
Net gain/(loss) on investment securities	126	—	13	126	N/M
Total noninterest income	<u>22,001</u>	<u>14,594</u>	<u>15,975</u>	<u>7,407</u>	50.75 %
Total revenue	<u>193,989</u>	<u>134,178</u>	<u>173,906</u>	<u>59,811</u>	44.58 %
Provision for credit losses	505	2,367	49	(1,862)	(78.66)%
Expenses					
Salaries and employee benefits	66,135	49,684	58,669	16,451	33.11 %
Occupancy	9,731	6,979	9,003	2,752	39.43 %
Furniture and equipment	5,214	3,808	4,604	1,406	36.92 %
Amortization of intangible assets	4,554	981	3,357	3,573	364.22 %
Software	5,914	4,022	4,615	1,892	47.04 %
Data processing	3,805	2,609	3,273	1,196	45.84 %
Accounting and professional fees	2,764	2,010	2,422	754	37.51 %
Advertising and marketing	4,236	2,897	2,426	1,339	46.22 %
FDIC and other insurance	2,487	2,590	3,089	(103)	(3.98)%
Acquisition related	31,683	420	18,010	31,263	7,443.57 %
Other expenses	18,150	11,971	16,399	6,179	51.62 %
Total expenses	<u>154,673</u>	<u>87,971</u>	<u>125,867</u>	<u>66,702</u>	75.82 %
Income before income tax, corporate allocation and noncontrolling interest	38,811	43,840	47,990	(5,029)	(11.47)%
Corporate allocation	1,431	1,396	1,449	35	2.51 %
Income before income tax provision and noncontrolling interest	40,242	45,236	49,439	(4,994)	(11.04)%
Provision for income tax expense	6,537	4,681	11,525	1,856	39.65 %
Net income	33,705	40,555	37,914	(6,850)	(16.89)%
Noncontrolling interest	11	42	(73)	(31)	(73.81)%
Net income attributable to TowneBank	<u>\$ 33,716</u>	<u>\$ 40,597</u>	<u>\$ 37,841</u>	<u>\$ (6,881)</u>	(16.95)%
Efficiency ratio <sup>(non-GAAP)</sup>	77.44 %	64.83 %	70.45 %	12.61 %	19.45 %

**TOWNEBANK**  
**Mortgage Segment Financial Information (unaudited)**  
(dollars in thousands)

	Three Months Ended			Increase/(Decrease)	
	March 31,		December 31,	YTD 2026 over 2025	
	2026	2025	2025	Amount	Percent
<b>Revenue</b>					
Residential mortgage brokerage income, net	\$ 12,498	\$ 10,580	\$ 12,170	\$ 1,918	18.13 %
Income (loss) from unconsolidated subsidiary	34	42	18	(8)	(19.05)%
Net interest and other income	1,170	1,110	1,272	60	5.41 %
<b>Total revenue</b>	<b>13,702</b>	<b>11,732</b>	<b>13,460</b>	<b>1,970</b>	<b>16.79 %</b>
Provision for credit losses	(161)	53	(218)	(214)	(403.77)%
<b>Expenses</b>					
Salaries and employee benefits	7,945	7,031	7,776	914	13.00 %
Occupancy	866	939	908	(73)	(7.77)%
Furniture and equipment	176	195	170	(19)	(9.74)%
Software	786	727	798	59	8.12 %
Data processing	144	163	186	(19)	(11.66)%
Accounting and professional fees	133	226	163	(93)	(41.15)%
Advertising and marketing	418	389	448	29	7.46 %
FDIC and other insurance	149	96	129	53	55.21 %
Acquisition related	—	—	246	—	N/M
Other expenses	2,330	2,461	2,293	(131)	(5.32)%
<b>Total expenses</b>	<b>12,947</b>	<b>12,227</b>	<b>13,117</b>	<b>720</b>	<b>5.89 %</b>
Income before income tax, corporate allocation and noncontrolling interest	916	(548)	561	1,464	(267.15)%
Corporate allocation	(416)	(350)	(450)	(66)	18.86 %
Income before income tax provision and noncontrolling interest	500	(898)	111	1,398	(155.68)%
Provision for income tax expense	87	(240)	1	327	(136.25)%
<b>Net income</b>	<b>413</b>	<b>(658)</b>	<b>110</b>	<b>1,071</b>	<b>(162.77)%</b>
Noncontrolling interest	(119)	(117)	(147)	(2)	1.71 %
<b>Net income attributable to TowneBank</b>	<b>\$ 294</b>	<b>\$ (775)</b>	<b>\$ (37)</b>	<b>\$ 1,069</b>	<b>(137.94)%</b>
Efficiency ratio excluding gain on equity investment <small>(non-GAAP)</small>	94.49 %	104.22 %	97.45 %	(9.73)%	(9.34)%

**TOWNEBANK**  
**Resort Property Management Segment Financial Information (unaudited)**  
(dollars in thousands)

	Three Months Ended			Increase/(Decrease)	
	March 31,		December 31,	YTD 2026 over 2025	
	2026	2025	2025	Amount	Percent
<b>Revenue</b>					
Property management fees, net	\$ 12,440	\$ 10,553	\$ 8,412	\$ 1,887	17.88 %
Net interest and other income	1	13	69	(12)	(92.31)%
Total revenue	<u>12,441</u>	<u>10,566</u>	<u>8,481</u>	<u>1,875</u>	17.75 %
<b>Expenses</b>					
Salaries and employee benefits	5,081	5,448	5,099	(367)	(6.74)%
Occupancy	627	614	665	13	2.12 %
Furniture and equipment	335	405	405	(70)	(17.28)%
Amortization of intangible assets	425	637	637	(212)	(33.28)%
Software	848	859	754	(11)	(1.28)%
Data processing	877	944	674	(67)	(7.10)%
Accounting and professional fees	110	126	63	(16)	(12.70)%
Advertising and marketing	821	892	621	(71)	(7.96)%
FDIC and other insurance	118	67	75	51	76.12 %
Acquisition related	2	—	—	2	N/M
Other expenses	489	2,613	100	(2,124)	(81.29)%
Total expenses	<u>9,733</u>	<u>12,605</u>	<u>9,093</u>	<u>(2,872)</u>	(22.78)%
Income before income tax, corporate allocation and noncontrolling interest	2,708	(2,039)	(612)	4,747	(232.81)%
Corporate allocation	(290)	(320)	(297)	30	(9.38)%
Income before income tax provision and noncontrolling interest	2,418	(2,359)	(909)	4,777	(202.50)%
Provision for income tax expense	681	(440)	(100)	1,121	(254.77)%
Net income	1,737	(1,919)	(809)	3,656	(190.52)%
Noncontrolling interest	—	(220)	—	220	(100.00)%
Net income attributable to TowneBank	<u>\$ 1,737</u>	<u>\$ (2,139)</u>	<u>\$ (809)</u>	<u>\$ 3,876</u>	(181.21)%
Efficiency ratio excluding gain on equity investment <small>(non-GAAP)</small>	74.82 %	113.27 %	99.71 %	(38.45)%	(33.95)%

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

	Three Months Ended			Increase/(Decrease)	
	March 31,		December 31,	YTD 2026 over 2025	
	2026	2025	2025	Amount	Percent
Commission and fee income					
Property and casualty	\$ 22,450	\$ 23,322	\$ 20,785	\$ (872)	(3.74)%
Employee benefits	4,876	4,725	4,888	151	3.20 %
Total commissions and fees	27,326	28,047	25,673	(721)	(2.57)%
Contingency and bonus revenue	3,730	3,620	2,536	110	3.04 %
Other income	12	4	131	8	200.00 %
Total revenue	31,068	31,671	28,340	(603)	(1.90)%
Employee commission expense	4,753	5,050	4,244	(297)	(5.88)%
Revenue, net of commission expense	26,315	26,621	24,096	(306)	(1.15)%
Salaries and employee benefits	14,018	12,915	13,544	1,103	8.54 %
Occupancy	781	801	791	(20)	(2.50)%
Furniture and equipment	174	213	136	(39)	(18.31)%
Amortization of intangible assets	1,342	1,408	1,353	(66)	(4.69)%
Software	850	685	819	165	24.09 %
Data processing	105	119	103	(14)	(11.76)%
Accounting and professional fees	246	291	283	(45)	(15.46)%
Advertising and marketing	202	294	173	(92)	(31.29)%
FDIC and other insurance	140	107	136	33	30.84 %
Other expenses	675	900	1,211	(225)	(25.00)%
Total operating expenses	18,533	17,733	18,549	800	4.51 %
Income before income tax, corporate allocation and noncontrolling interest	7,782	8,888	5,547	(1,106)	(12.44)%
Corporate allocation	(725)	(726)	(702)	1	0.14 %
Income before income tax provision and noncontrolling interest	7,057	8,162	4,845	(1,105)	(13.54)%
Provision for income tax expense	1,811	2,131	1,210	(320)	(15.02)%
Net income	5,246	6,031	3,635	(785)	(13.02)%
Noncontrolling interest	—	—	—	—	N/M
Net income attributable to TowneBank	\$ 5,246	\$ 6,031	\$ 3,635	\$ (785)	(13.02)%
Provision for income taxes	1,811	2,131	1,210	(320)	(15.02)%
Depreciation, amortization and interest expense	1,429	1,527	1,450	(98)	(6.42)%
EBITDA (non-GAAP)	\$ 8,486	\$ 9,689	\$ 6,295	\$ (1,203)	(12.42)%
Efficiency ratio (non-GAAP)	65.33 %	61.32 %	71.74 %	4.01 %	6.54 %

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

	Three Months Ended		
	March 31, 2026	March 31, 2025	December 31, 2025
Return on average assets (GAAP)	0.76 %	1.03 %	0.82 %
Impact of excluding average goodwill and other intangibles and amortization	0.13 %	0.09 %	0.12 %
Return on average tangible assets (non-GAAP)	0.89 %	1.12 %	0.94 %
Return on average equity (GAAP)	5.84 %	8.21 %	6.67 %
Impact of excluding average goodwill and other intangibles and amortization	3.71 %	3.18 %	3.65 %
Return on average tangible equity (non-GAAP)	9.55 %	11.39 %	10.32 %
Return on average common equity (GAAP)	5.85 %	8.27 %	6.69 %
Impact of excluding average goodwill and other intangibles and amortization	3.73 %	3.23 %	3.67 %
Return on average tangible common equity (non-GAAP)	9.58 %	11.50 %	10.36 %
Book value (GAAP)	\$ 31.31	\$ 29.00	\$ 30.67
Impact of excluding average goodwill and other intangibles and amortization	(9.82)	(6.83)	(8.74)
Tangible book value (non-GAAP)	\$ 21.49	\$ 22.17	\$ 21.93
Efficiency ratio (GAAP)	79.48 %	71.29 %	75.76 %
Impact of exclusions	(2.52)%	(0.88)%	(2.39)%
Efficiency ratio (non-GAAP)	76.96 %	70.41 %	73.37 %
Average assets (GAAP)	\$ 21,888,365	\$ 17,211,862	\$ 19,707,366
Less: average goodwill and intangible assets	896,106	516,661	692,972
Average tangible assets (non-GAAP)	\$ 20,992,259	\$ 16,695,201	\$ 19,014,394
Average equity (GAAP)	\$ 2,848,884	\$ 2,160,014	\$ 2,417,659
Less: average goodwill and intangible assets	896,106	516,661	692,972
Average tangible equity (non-GAAP)	\$ 1,952,778	\$ 1,643,353	\$ 1,724,687
Average common equity (GAAP)	\$ 2,842,105	\$ 2,143,806	\$ 2,410,954
Less: average goodwill and intangible assets	896,106	516,661	692,972
Average tangible common equity (non-GAAP)	\$ 1,945,999	\$ 1,627,145	\$ 1,717,982
Net income (GAAP)	\$ 40,993	\$ 43,714	\$ 40,630
Amortization of intangibles, net of tax	4,994	2,391	4,224
Tangible net income (non-GAAP)	\$ 45,987	\$ 46,105	\$ 44,854
Total revenue (GAAP)	\$ 246,447	\$ 183,097	\$ 219,943
Net (gain)/loss on investment securities/equity investments	(126)	(2,000)	(138)
Total revenue for efficiency calculation (non-GAAP)	\$ 246,321	\$ 181,097	\$ 219,805
Noninterest expense (GAAP)	\$ 195,886	\$ 130,536	\$ 166,626
Less: amortization of intangibles	6,321	3,026	5,347
Noninterest expense net of amortization (non-GAAP)	\$ 189,565	\$ 127,510	\$ 161,279

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

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

	Three Months Ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Net income available to common shareholders (GAAP)	\$ 40,993	\$ 40,630	\$ 44,295	\$ 40,887	\$ 43,714
<u>Adjustments</u>					
Plus: Acquisition-related expenses, net of tax	25,736	14,659	14,996	15,291	389
Plus: Initial provision for acquired loans, net of tax	—	—	9,478	4,926	—
Plus: Resort Property Management deferred tax adjustment for repurchase of noncontrolling interests	—	—	—	2,286	—
Total adjustments, net of taxes	25,736	14,659	24,474	22,503	389
Core operating earnings, excluding certain items affecting comparability (non-GAAP)	\$ 66,729	\$ 55,289	\$ 68,769	\$ 63,390	\$ 44,103
Annualized interest impact of Series IV Notes, net of tax	42	42	42	42	42
Core net income for diluted EPS (non-GAAP)	\$ 66,771	\$ 55,331	\$ 68,811	\$ 63,432	\$ 44,145
Weighted average diluted shares	90,775,117	79,109,745	76,763,640	75,540,822	75,527,713
Diluted EPS (GAAP)	\$ 0.45	\$ 0.51	\$ 0.58	\$ 0.54	\$ 0.58
Diluted EPS, excluding certain items affecting comparability (non-GAAP)	\$ 0.74	\$ 0.70	\$ 0.90	\$ 0.84	\$ 0.58
Average assets	\$ 21,888,365	\$ 19,707,366	\$ 18,624,097	\$ 18,056,980	\$ 17,211,862
Average tangible equity	\$ 1,952,778	\$ 1,724,687	\$ 1,668,148	\$ 1,621,072	\$ 1,643,353
Average tangible common equity	\$ 1,945,999	\$ 1,717,982	\$ 1,660,673	\$ 1,613,437	\$ 1,627,145
Return on average assets, excluding certain items affecting comparability (non-GAAP)	1.24 %	1.11 %	1.46 %	1.41 %	1.04 %
Return on average tangible equity, excluding certain items affecting comparability (non-GAAP)	14.90 %	13.69 %	17.23 %	16.53 %	11.48 %
Return on average common tangible equity, excluding certain items affecting comparability (non-GAAP)	14.95 %	13.74 %	17.31 %	16.61 %	11.60 %
Efficiency ratio, excluding certain items affecting comparability (non-GAAP)	64.10 %	65.07 %	59.08 %	60.90 %	70.18 %