



Investor Presentation

4th Quarter 2021



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 the impacts of the ongoing coronavirus (COVID-19) pandemic; competitive pressures in the banking industry that may increase significantly; changes in the interest rate environment that may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; changes in the legislative or regulatory environment, including changes in accounting standards and tax laws, that may adversely affect our business; costs or difficulties related to the integration of the businesses we have acquired may be greater than expected; expected cost savings associated with pending or recently completed acquisitions may not be fully realized or realized within the expected time frame; cybersecurity threats or attacks, the implementation of new technologies, and the ability to develop and maintain reliable electronic systems; our competitors may have greater financial resources and develop products that enable them to compete more successfully; changes in business conditions; changes in the securities market; and changes in our local economy with regard to our market area. Any forward-looking statements made by us or on our behalf speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events, or otherwise. For additional information on factors that could materially influence forward-looking statements included in this presentation, see the “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, our Quarterly Report on Form 10-Q for the period ended September 30, 2021, 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:

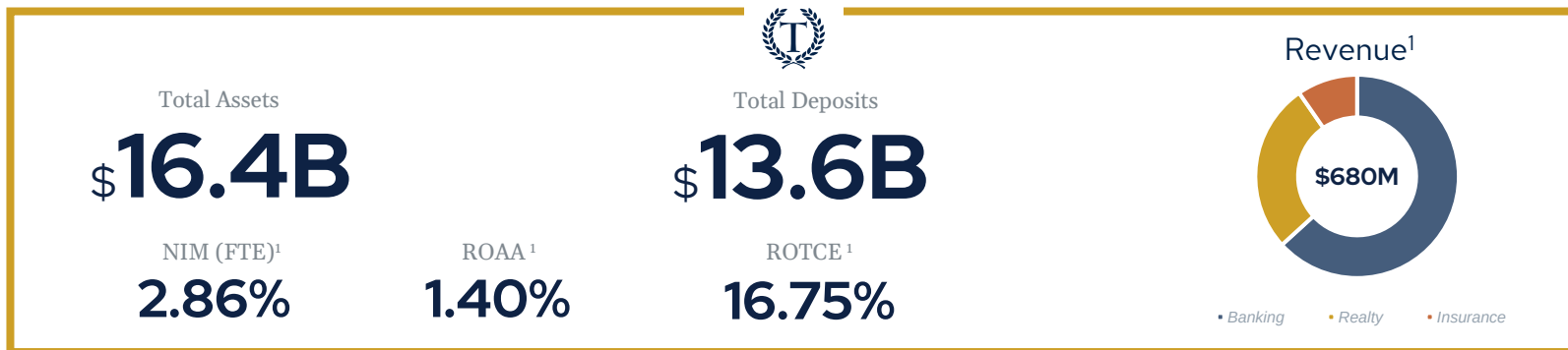
This presentation contains certain financial measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Such non-GAAP financial measures include the following: fully tax-equivalent net interest margin, core operating 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.

Why TowneBank

- Consistent Earnings Growth
- Balance Sheet Growth
- Capital Strength
- Shareholder Value
- Brand Power



TowneBank at a Glance



1. Results for the year ending December 31, 2021

2. TowneBank operates in the top two most attractive/favorable markets for business according to CNBC's America's Top States for Business 2021 survey.

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Who is TowneBank?

- Founded in 1999, TowneBank (NASDAQ: TOWN) is a Virginia chartered bank with over 40 offices in Hampton Roads and Central Virginia, and Northeastern and Central North Carolina
- Diversified revenue streams across three distinct segments:
 - ✓ **Banking:** Core commercial competency (67% of MRQ revenue)
 - ✓ **Realty:** Strong mortgage platform (24% of MRQ revenue)
 - ✓ **Insurance:** Wide array of insurance products (9% of MRQ revenue)
- Viewed as a “best-in-class” Virginia franchise operating in some of the best markets in the United States
- Experienced and well-regarded management team has the bar... positioned for ongoing success
- Throughout the bank’s history, TOWN has consistently shown the ability to create value both organically and inorganically

The Towne Model



Superior
Shareholder
Value



Super Community
Bank Model
(No Holding Company)



Local
Decision
Making



Extraordinary
Member
Experiences



Culture
of Caring



Invested
Insider
Ownership
(8.5%)

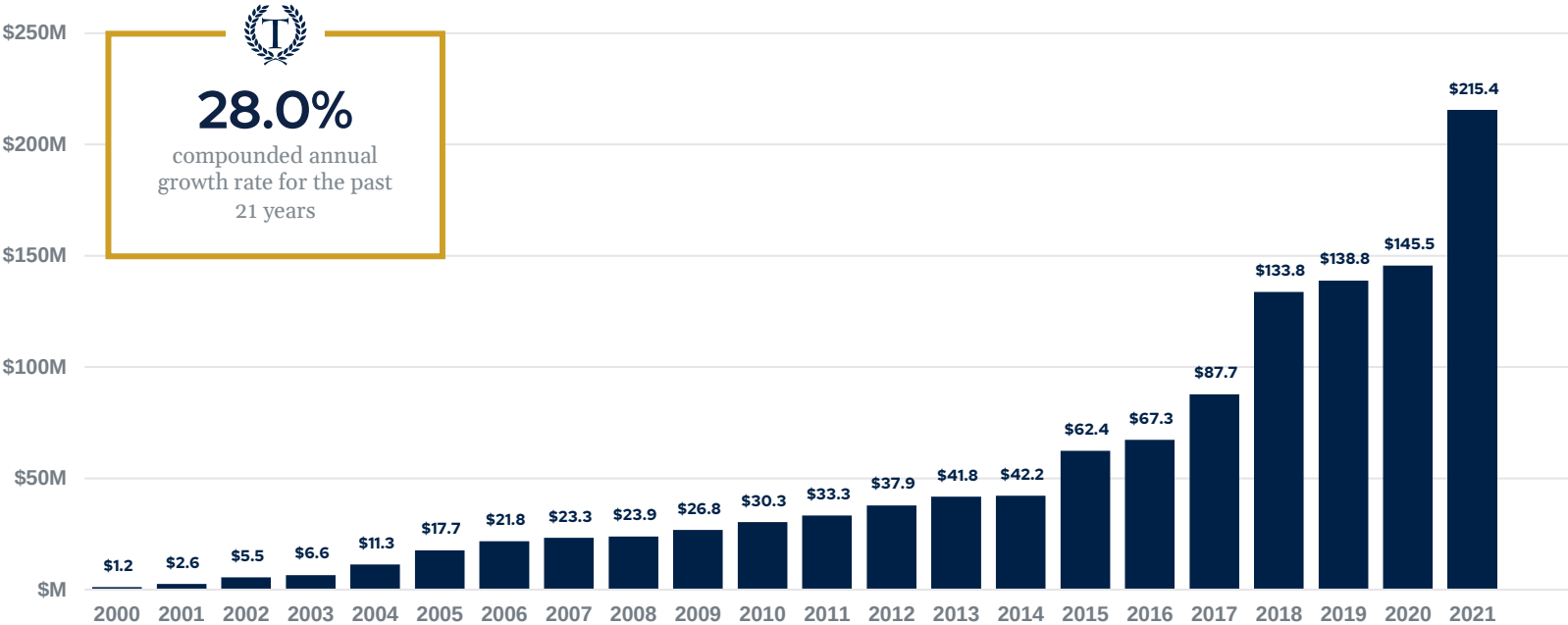


Commitment to
Community Service
& Engagement



Embracing Diverse
Talents, Perspectives
& Experiences

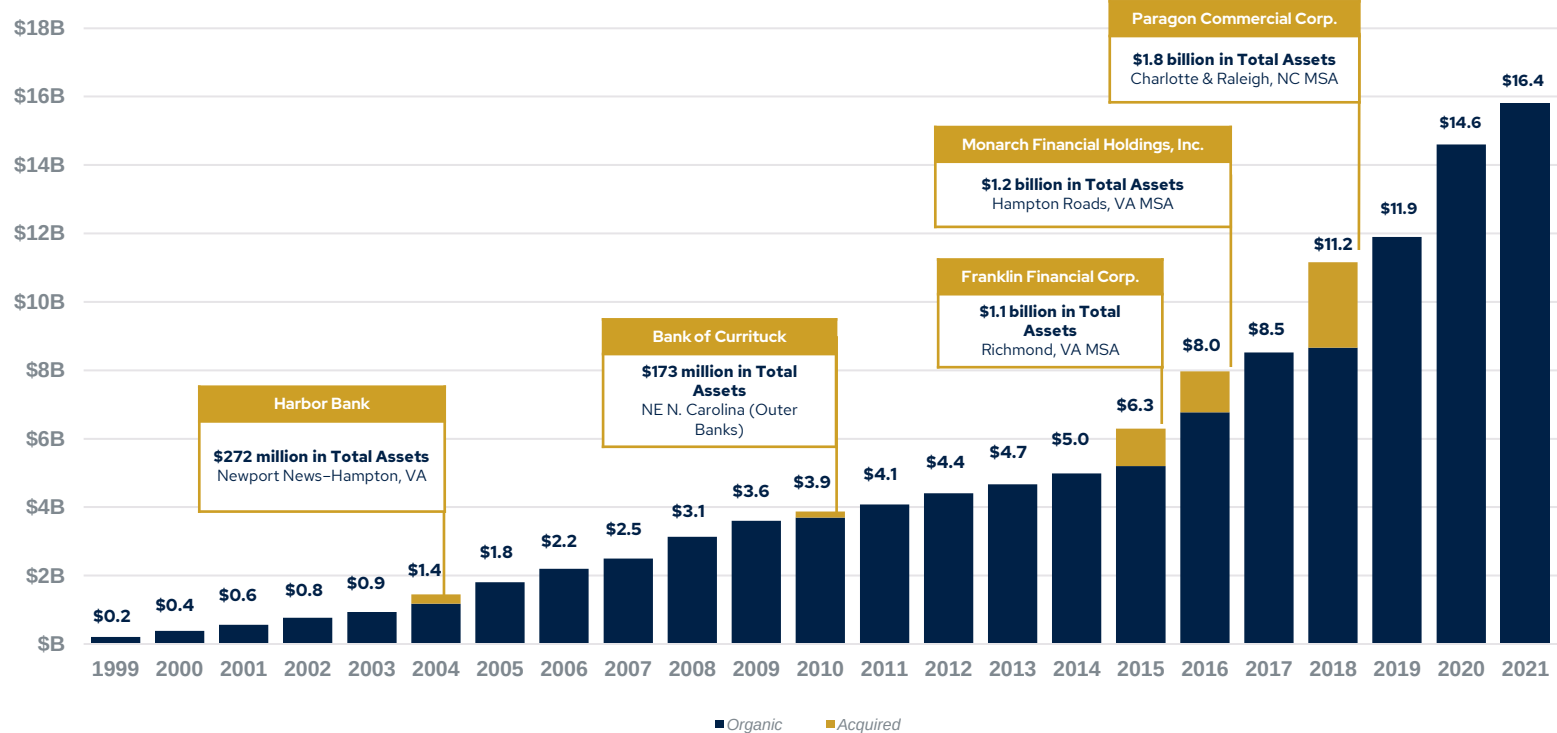
Consistent Earnings Growth



Disciplined Acquirer and Experienced Integrator

TOTAL ASSETS **\$16.4 B**

Organic	\$11.9 B
Acquired	\$4.5 B



Awards & Recognition



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



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



**Ranked #9 Among the
Best Banks in the Nation
2022**



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



Outstanding CRA Rating
Compliance with Community
Reinvestment Act (CRA)
regulations
2019



**Greenwich Excellence
Small Business Banking**
Among 500+ financial institutions,
only 24 are rated as excellent by
their business clients
2021

RAYMOND JAMES®

**Top 4 in Assets
Under Management**
Raymond James Financial
Institution Division
Towne Investment Group |
Towne Wealth Management
2020¹



A Top 20 Affiliate
Berkshire Elite Circle Award
Berkshire Hathaway |
Towne Realty
2020



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



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



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

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

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 TOWNE BANK
Ranking History
Forbes Best Banks
in America

2019: #46

2020: #45

2021: #16

2022: # 9

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Our Bank Reach

Average Branch Size

\$318M

Virginia

Chesapeake
Chesterfield
Glen Allen
Hampton
Mechanicsville
Newport News
Norfolk
Portsmouth
Richmond
Suffolk
Virginia Beach
Williamsburg
York County

North Carolina

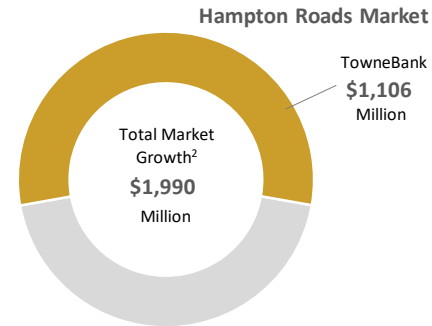
Camden
Cary
Charlotte
Duck
Grandy
Greenville
Greensboro
Moyock
Nags Head
Raleigh
Southern Shores



Dominant Deposit Market Share

Hampton Roads MSA Market Position ¹					
Rank	Institution (ST)	Number of Branches	Deposits in Market (\$000)	Market Share (%)	Avg. Branch Size (\$000)
1	TowneBank	27	8,663,230	27.5	320,860
2	Truist	58	6,285,229	19.9	108,366
3	Wells Fargo	37	6,179,505	19.6	167,014
4	Bank of America	28	4,163,835	13.2	148,708
5	Atlantic Union Bank	16	1,187,371	3.8	74,211
6	Old Point National Bank	19	1,135,023	3.6	59,738
7	Southern Bank and Trust	11	746,687	2.4	67,881
8	Chesapeake Bank	8	678,300	2.2	84,788
9	PNC Bank	11	545,898	1.7	49,627
10	Farmers Bank	8	500,009	1.6	62,501
	All other institutions	59	1,433,694	4.5	24,300
Market Totals		282	31,518,781		

Hampton Roads MSA Market Share (%) ¹						
Institution	1999	2005	2010	2015	2020	2021
TowneBank	1.9	8.9	14.4	16.8	25.6	27.5
Truist	n/a	n/a	n/a	n/a	23.9	19.9
Wells Fargo	28.7	22.7	20.3	19.7	19.7	19.6
SunTrust	15.6	14.0	15.6	16.8	n/a	n/a
BB&T	22.1	14.5	12.2	13.0	n/a	n/a
Bank of America	15.6	15.2	10.2	11.9	12.5	13.2
Group Total	83.9	75.3	72.6	78.3	81.7	80.3

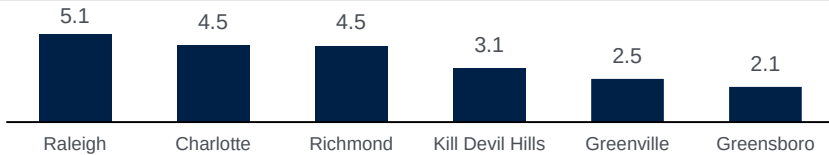


1. Data as of the 6/30/2021 FDIC Summary of Deposits for the Virginia Beach – Norfolk – Newport News, VA MSA

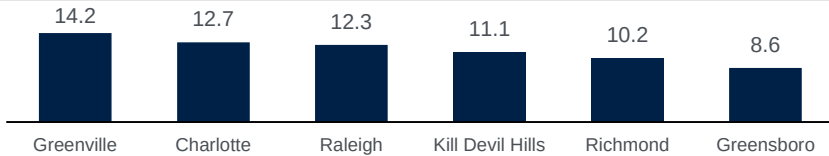
2. Growth for the period June 30, 2020-2021 - Source: FDIC Summary of Deposits

Southeast Growth Markets: Pathway to the Future

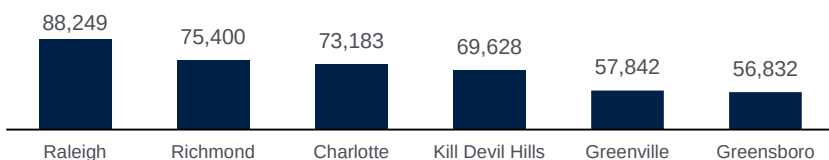
'22-'27 Projected Population Growth (%)



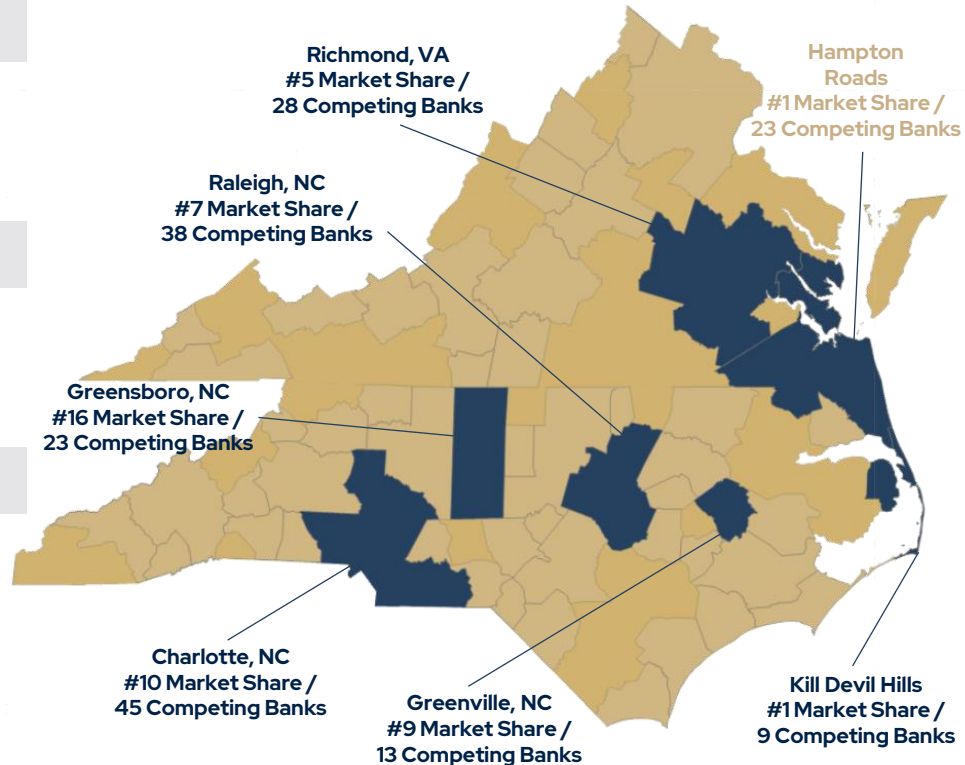
'22-'27 Projected Household Income Growth (%)



'22 Median Household Income (\$k)

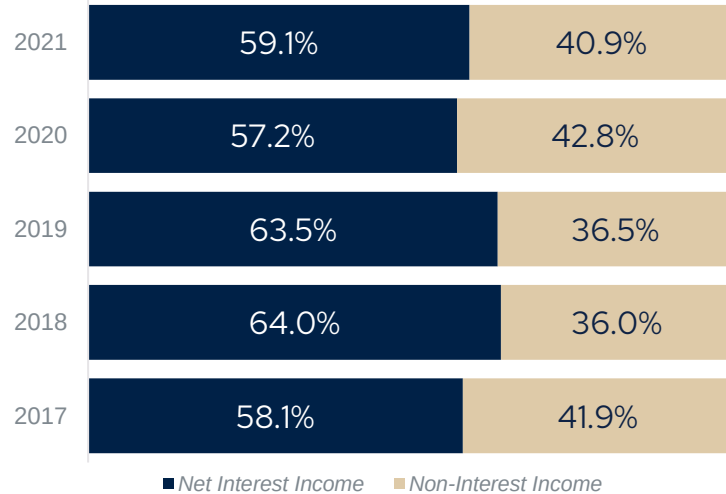


1. MSA names abbreviated based on largest city in MSA, where applicable
 Note: Deposit data as of June 30, 2021; 'Competing Banks' count excludes institutions with no deposits in stated market regardless of physical or other presence
 Source: S&P Global Market Intelligence

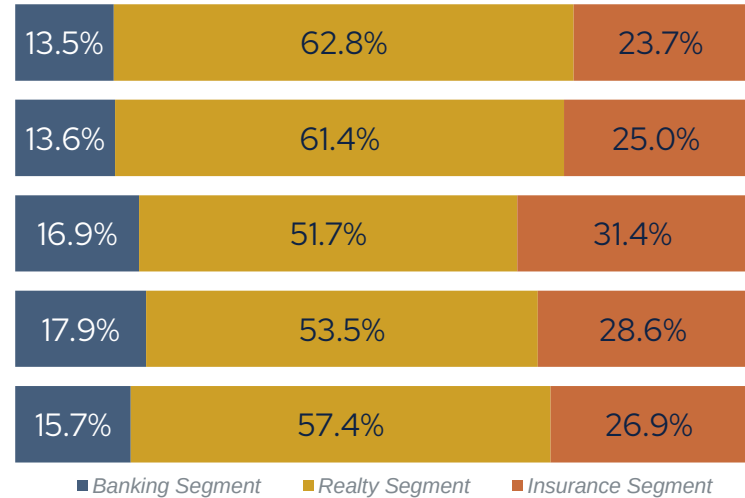


Diversified Business Model

Total Revenue



Noninterest Income¹



1. Normalized noninterest income excludes gain (loss) on investment securities and the gain of \$17.63 million on the sale of Red Sky Travel Insurance (2020)

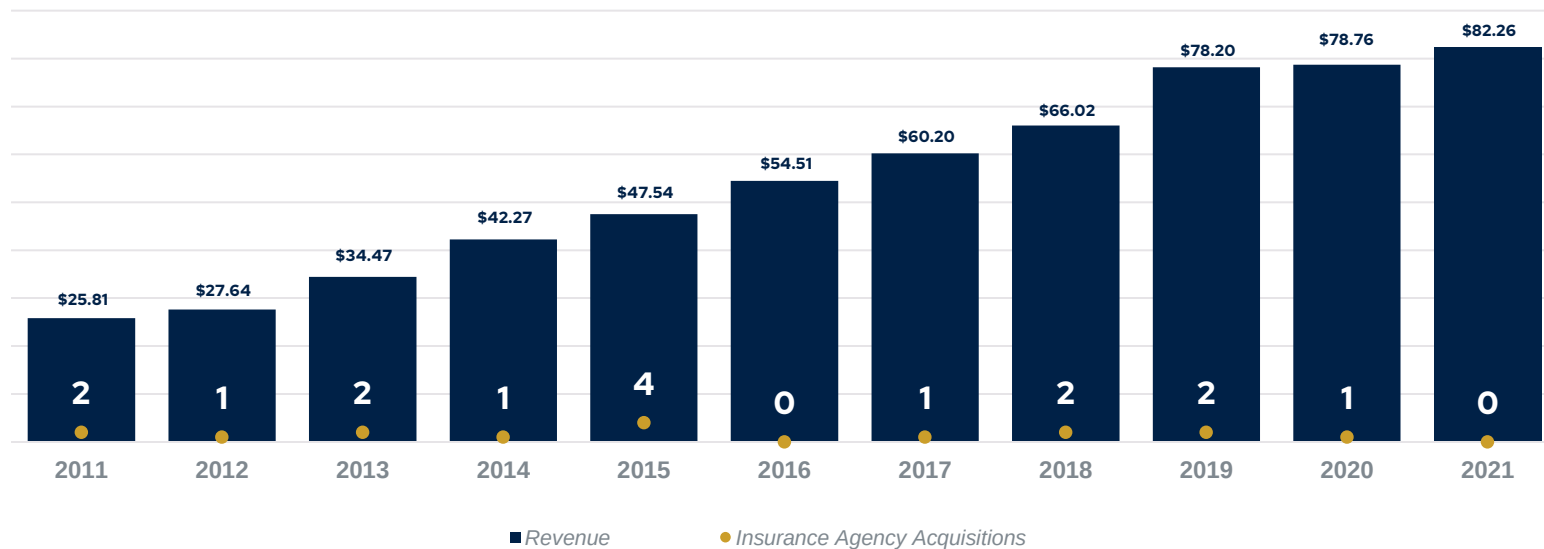
Insurance Revenue

Annual Revenue and Acquisitions DOLLARS IN MILLIONS



12.3%

compounded annual growth rate
for the past 10 years





Full Year and 4th Quarter 2021 Financial Results

Performance Highlights

Dollars in millions, except per share data	QTD					YTD		
	Q4-FY21	Q3-FY21	Q/Q Change	Q4-FY20	Y/Y Change	Q4-FY21	Q4-FY20	Y/Y Change
Net Interest Income	\$ 100.79	\$ 100.44	.3%	\$ 100.61	.2%	\$ 402.37	\$ 380.14	5.8%
Noninterest Income	59.63	69.63	(14.4%)	71.23	(16.3%)	277.96	284.19	(2.2%)
Total Revenue	160.42	170.08	(5.7%)	171.85	(6.6%)	680.33	664.33	2.4%
Noninterest Expense	110.47	104.09	6.1%	105.93	4.3%	417.27	395.83	5.4%
Net Income Attributable to TowneBank	40.18	50.40	(20.3%)	50.08	(19.8%)	215.38	145.53	48.0%
Earnings Per Share-Diluted	\$ 0.55	\$ 0.69	(20.3%)	\$ 0.69	(20.0%)	\$ 2.97	\$ 2.01	47.6%
Dividends Per Share	0.20	0.20	-	0.18	11.1%	0.78	0.72	8.3%
Tangible Book Value per Share	19.15	18.92	1.2%	17.46	9.6%	19.15	17.46	9.6%
Assets	16,361	15,811	3.5%	14,626	11.9%	16,361	14,626	11.9%
Loans	9,506	9,298	2.2%	9,629	(1.3%)	9,506	9,629	(1.3%)
Deposits	13,574	13,014	4.3%	11,573	17.3%	13,574	11,573	17.3%
Return on Avg Assets	0.99%	1.27%	(22.1%)	1.35%	(26.7%)	1.40%	1.03%	36.3%
Return on Avg Tangible Common Equity ¹	12.22%	15.27%	(20.0%)	16.48%	(25.8%)	16.75%	12.76%	31.3%
Net Interest Margin (TE) ¹	2.72%	2.78%	(2.0%)	2.98%	(8.6%)	2.86%	3.18%	(9.9%)
Nonperforming Assets / Assets	0.06%	0.09%	(26.4%)	0.11%	(41.8%)	0.06%	0.11%	(41.8%)
Allowance for Credit Losses / Loans	1.12%	1.15%	(3.2%)	1.25%	(10.6%)	1.12%	1.25%	(10.6%)
Net Charge-offs / Average Loans	0.00%	-0.03%	(90.8%)	0.00%	(157.6%)	0.00%	0.00%	(172.2%)

1. Non-GAAP financial measures - see non-GAAP reconciliations



22

consecutive years of
increased earnings

\$215.38M

Net income in 2021
(\$2.97 per share)

\$680.33M

Total revenue, a 2.4% increase
compared to 2020

1.12%

Total loan losses allowance
(1.13 % excluding PPP loans)

2.86%

Taxable equivalent net interest
margin for FY2021

6.56%

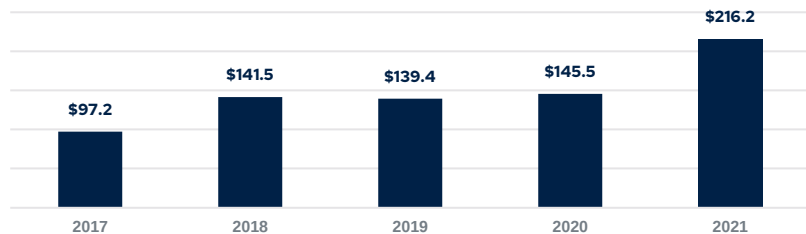
Y/Y growth in loans excluding the
decline in SBA PPP loans

Income Statement Summary

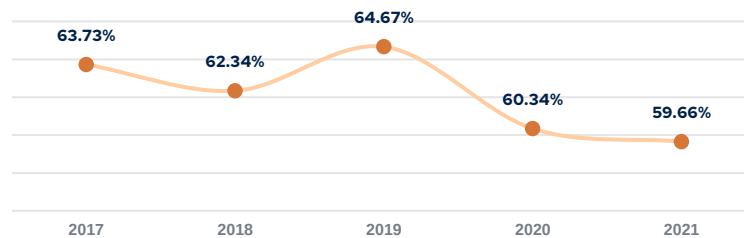
Dollars in millions	QTD					YTD		
	Q4-FY21	Q3-FY21	Q/Q Change	Q4-FY20	Y/Y Change	Q4-FY21	Q4-FY20	Y/Y Change
Interest Income	\$ 109.50	\$ 109.84	(.3%)	\$ 115.98	(5.6%)	\$ 443.45	\$ 460.16	(3.6%)
Interest Expense	8.71	9.40	(7.3%)	15.37	(43.3%)	41.08	80.01	(48.7%)
Net Interest Income	100.79	100.44	.3%	100.61	.2%	402.37	380.14	5.8%
Provision for Credit Losses	(1.11)	(1.58)	(29.9%)	1.62	(168.6%)	(16.77)	67.18	(125.0%)
Net Interest Income after Provision for Credit Losses	101.90	102.03	(.1%)	99.00	2.9%	419.14	312.97	33.9%
Noninterest Income	59.63	69.63	(14.4%)	71.23	(16.3%)	277.96	284.19	(2.2%)
Noninterest Expense	110.47	104.09	6.1%	105.93	4.3%	417.27	395.83	5.4%
Income Before Taxes and Noncontrolling Interests	51.07	67.57	(24.4%)	64.30	(20.6%)	279.83	201.33	39.0%
Provision for Income Tax Expense	9.41	14.83	(36.5%)	10.41	(9.6%)	54.80	31.90	71.8%
Minority Interest in Unconsolidated Subs	1.47	2.34	(37.1%)	3.81	(61.3%)	9.65	23.90	(59.6%)
Net Income Attributable to TowneBank	\$ 40.18	\$ 50.40	(20.3%)	\$ 50.08	(19.8%)	\$ 215.38	\$ 145.53	48.0%

Financial Performance Trends

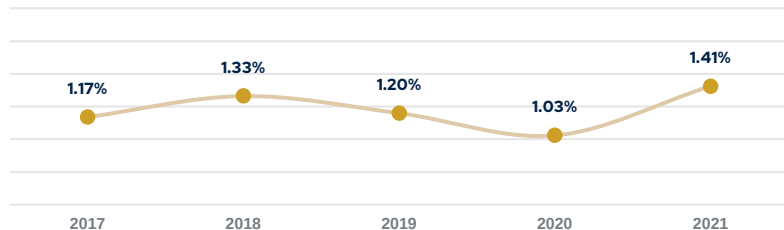
Core Net Income¹ DOLLARS IN MILLIONS



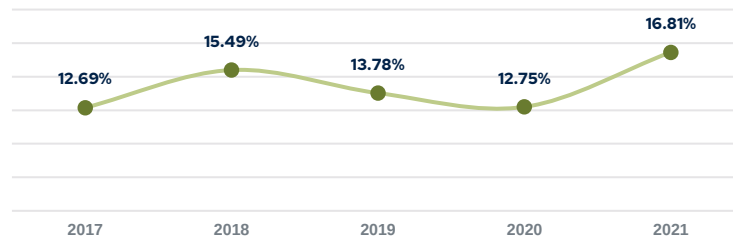
Core Efficiency Ratio¹



Core ROAA¹



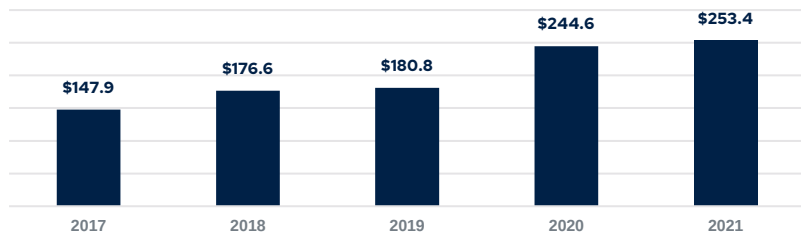
Core ROATCE¹



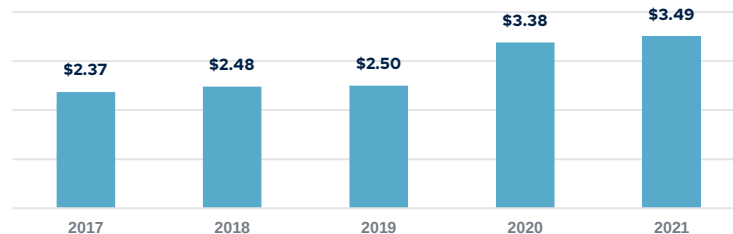
1. Non-GAAP financial measures - see non-GAAP reconciliations

Financial Performance Trends

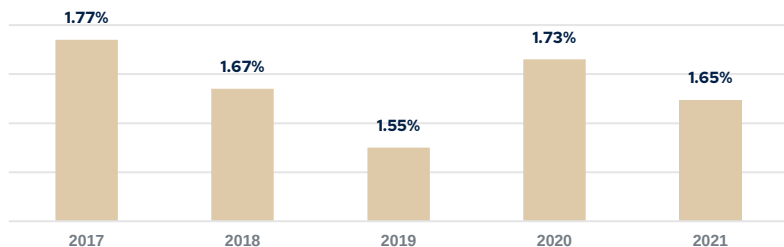
PPNR¹ DOLLARS IN MILLIONS



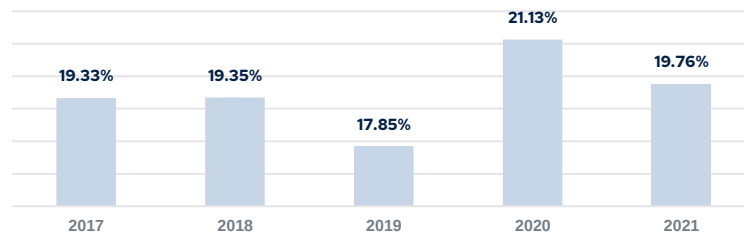
PPNR Earnings Per Share¹



PPNR ROAA¹



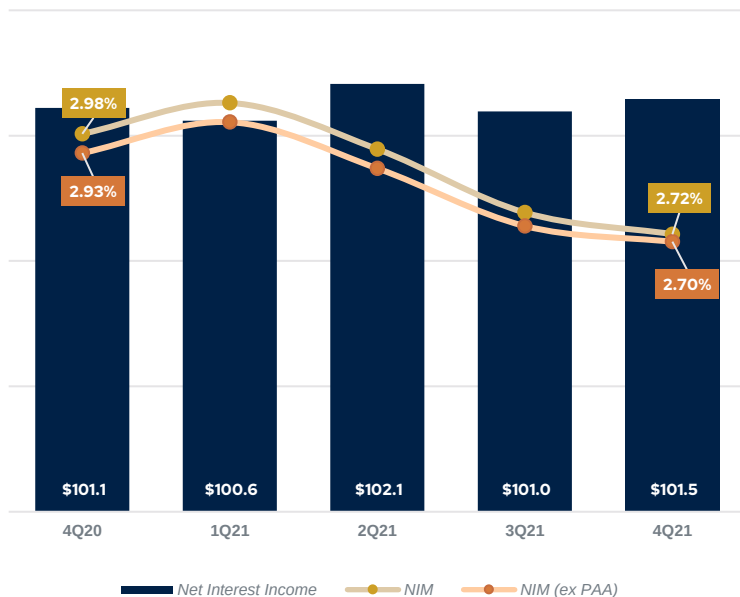
PPNR ROATCE¹



1. Non-GAAP financial measures - see non-GAAP reconciliations

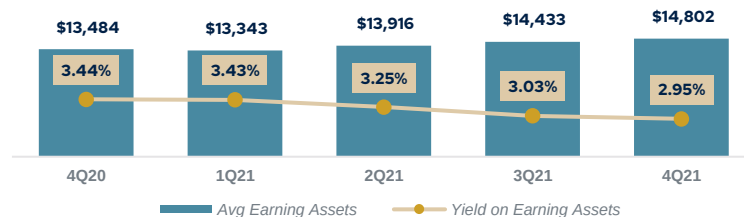
Net Interest Income

Net Interest Income & NIM (TE)¹ DOLLARS IN MILLIONS

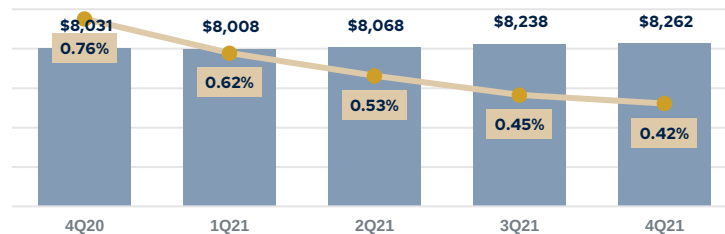


1. Non-GAAP financial measures - see non-GAAP reconciliations

Avg. Earning Assets & Yield (TE)¹ DOLLARS IN MILLIONS

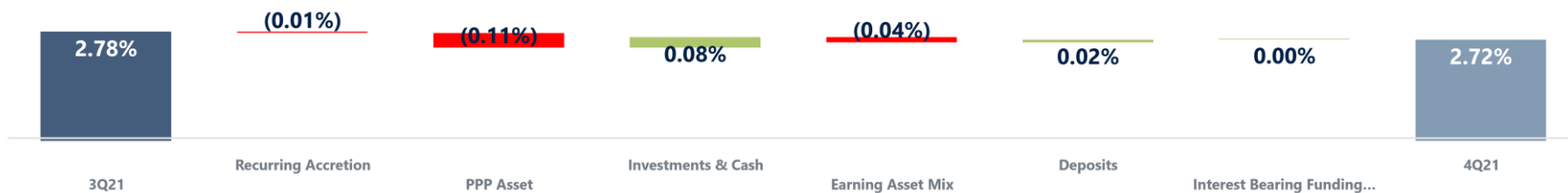


Avg. Interest Bearing Liabilities & Cost DOLLARS IN MILLIONS

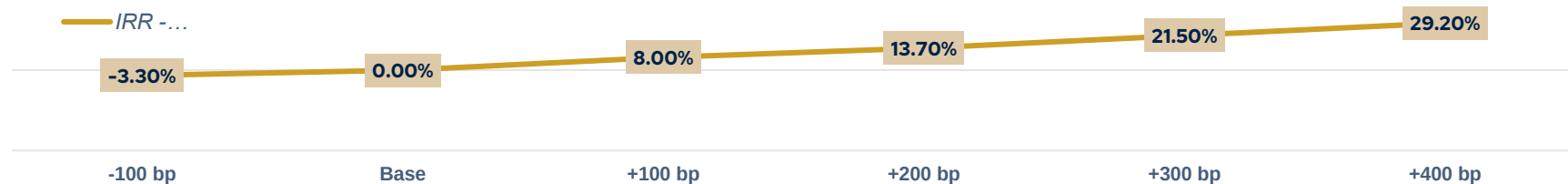


NIM & Net Interest Income Sensitivity

Net Interest NIM (TE)¹



Net Interest Income Sensitivity²

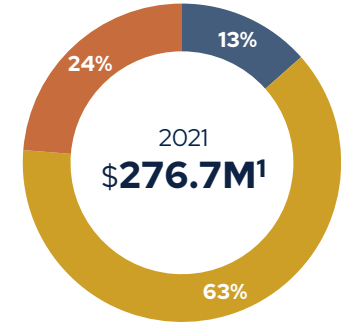


1. Non-GAAP financial measure - see non-GAAP reconciliations

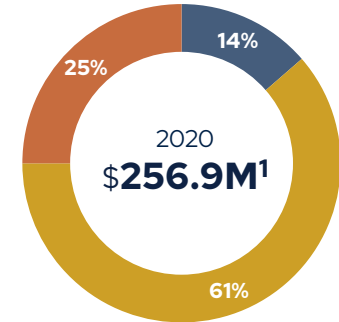
2. The interest sensitivity chart is a one-year result on net interest income of an instantaneous and permanent rate shock. The results include assumptions about deposit rate changes that may or may not occur.

Noninterest Income

Dollars in millions	QTD					YTD		
	Q4-FY21	Q3-FY21	Q/Q Change	Q4-FY20	Y/Y Change	Q4-FY21	Q4-FY20	Y/Y Change
Residential Mortgage Banking Income Net	\$ 20.94	\$ 25.42	(17.6%)	\$ 37.50	(44.2%)	\$ 109.30	\$ 112.17	(2.6%)
Insurance Commissions and Other Title Fees and Income, Net	15.49	17.40	(11.0%)	13.87	11.7%	67.54	65.84	2.6%
Real Estate Brokerage and Property Mgmt Income, Net	12.26	14.28	(14.1%)	9.23	32.9%	55.46	38.25	45.0%
Service Charges on Deposit Accounts	2.48	2.52	(1.7%)	1.71	45.3%	9.58	8.02	19.5%
Credit Card Merchant Fees, Net	1.41	1.66	(15.0%)	1.38	2.5%	6.04	5.17	16.9%
Bank-owned Life Insurance	1.90	2.30	(17.3%)	1.99	(4.3%)	7.26	8.28	(12.3%)
Other Income	5.14	6.04	(14.9%)	5.56	(7.5%)	21.51	36.83	(41.6%)
Gain (Loss) on Investment Securities	-	-	-	0.00	(100.0%)	1.25	9.63	(87.0%)
Noninterest Income	\$ 59.63	\$ 69.63	(14.4%)	\$ 71.23	(16.3%)	\$ 277.96	\$ 284.19	(2.2%)



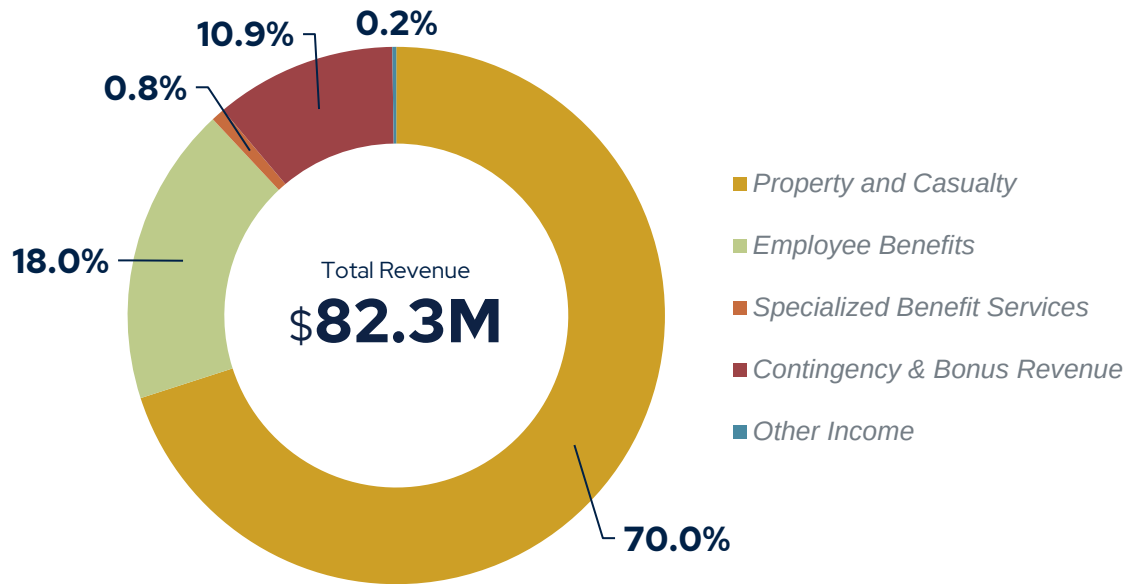
■ Banking Segment
■ Realty Segment
■ Insurance Segment



1. Excludes gain (loss) on investment securities and the gain of \$17.63 million on the sale of Red Sky Travel Insurance (2020)

Insurance Revenue

Insurance Revenue Composition



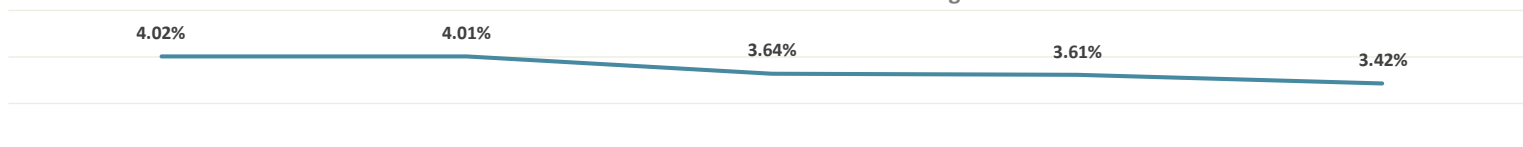
25

insurance acquisitions
since 2001

Continued efforts to
expand in growth
markets

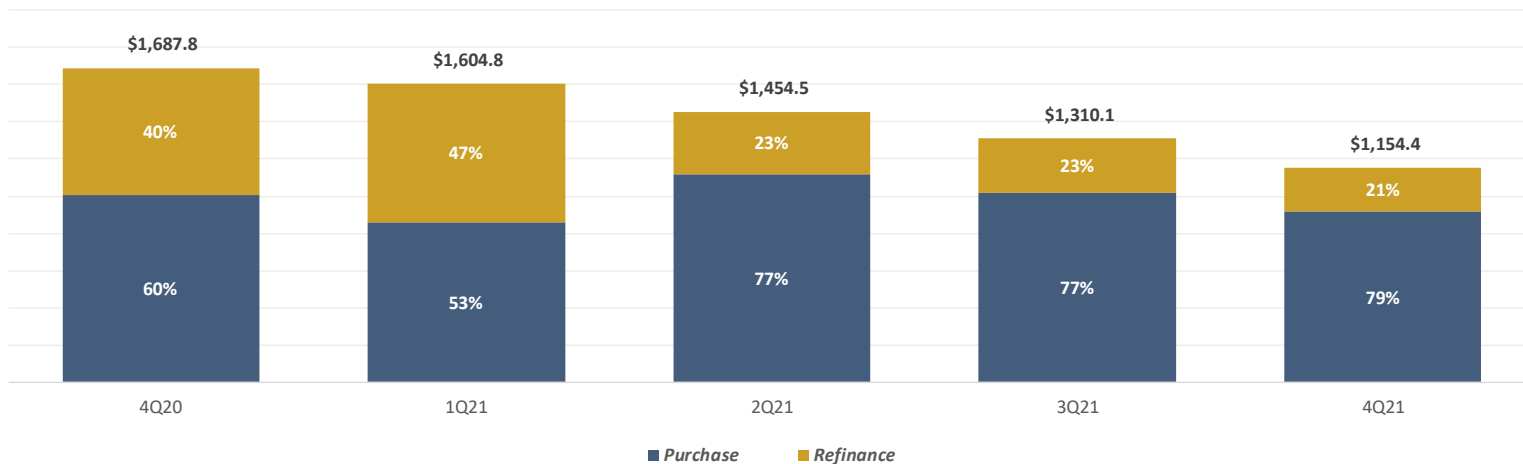
Mortgage Banking

Gain on Sales and Fees as a % of Loans Originated



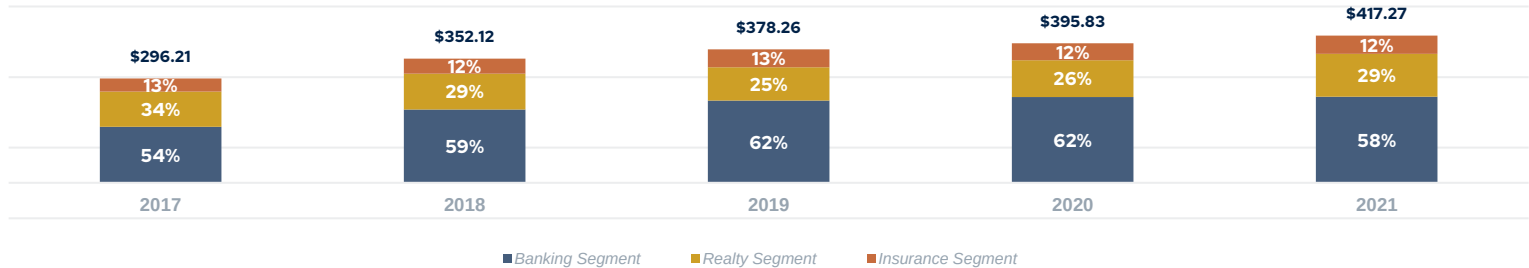
Dollars in millions

Origination Volume

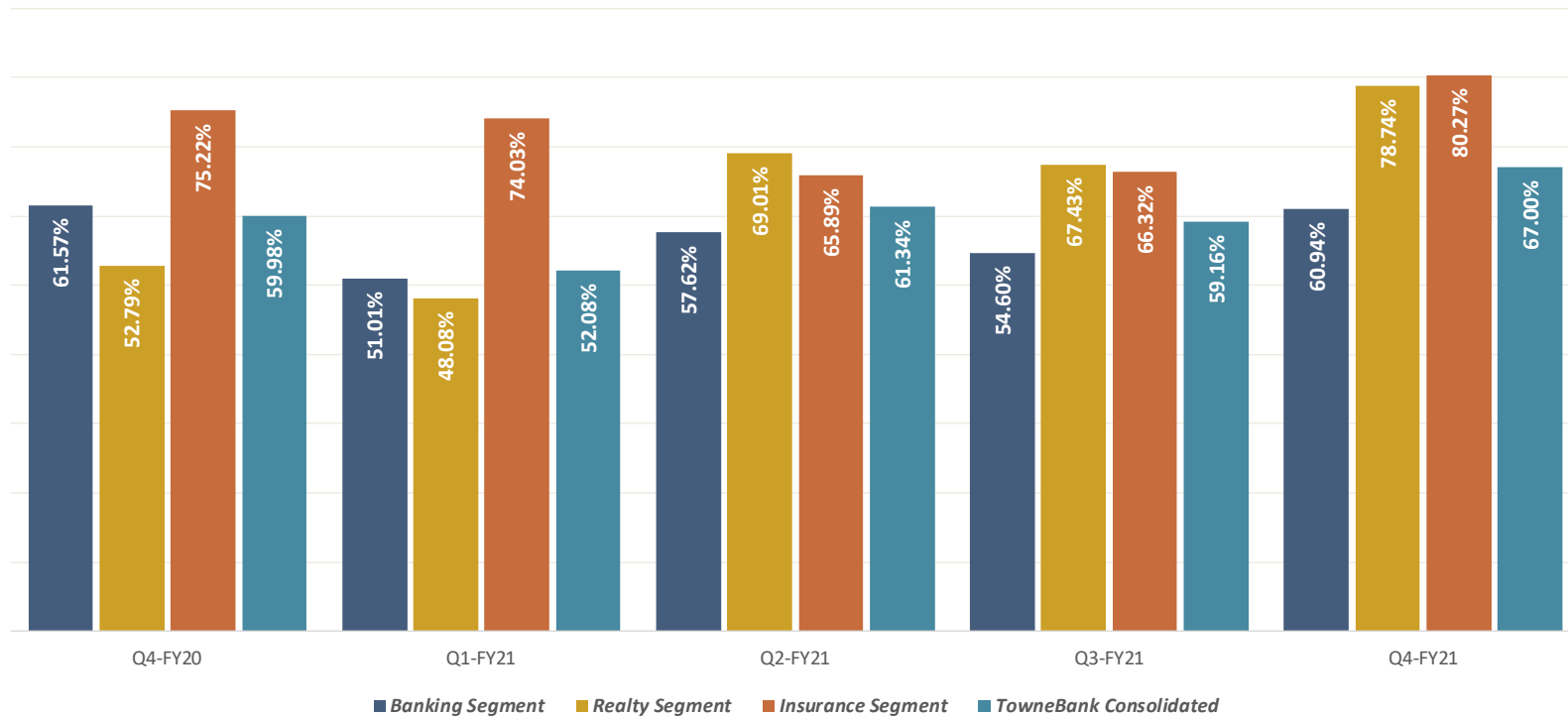


Noninterest Expense

Dollars in millions	QTD					YTD		
	Q4-FY21	Q3-FY21	Q/Q Change	Q4-FY20	Y/Y Change	Q4-FY21	Q4-FY20	Y/Y Change
Employee Compensation	\$ 64.81	\$ 61.23	5.9%	\$ 61.48	5.4%	\$ 245.84	\$ 235.68	4.3%
Occupancy Expense	8.37	7.66	9.3%	8.19	2.2%	31.66	31.32	1.1%
Furniture and Equipment	3.53	3.51	.4%	3.46	1.9%	14.18	13.91	1.9%
Software Expense	4.01	4.21	(4.6%)	4.07	(1.3%)	16.91	14.62	15.7%
Data Processing	3.52	3.60	(2.2%)	2.36	49.1%	13.78	10.99	25.4%
Professional Fees	2.72	2.23	22.2%	2.59	5.1%	9.55	11.27	(15.3%)
Advertising and Marketing	3.41	3.87	(11.7%)	2.20	54.9%	13.50	9.64	40.0%
Amortization - Intangibles	2.93	2.75	6.7%	2.80	4.9%	11.13	11.50	(3.2%)
Other Expenses	17.14	15.03	14.0%	18.78	(8.7%)	60.73	56.90	6.7%
Noninterest Expense	\$ 110.47	\$ 104.09	6.1%	\$ 105.93	4.3%	\$ 417.27	\$ 395.83	5.4%



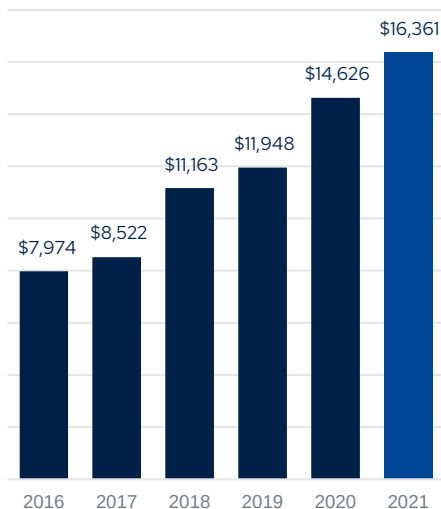
Core Efficiency Ratio¹



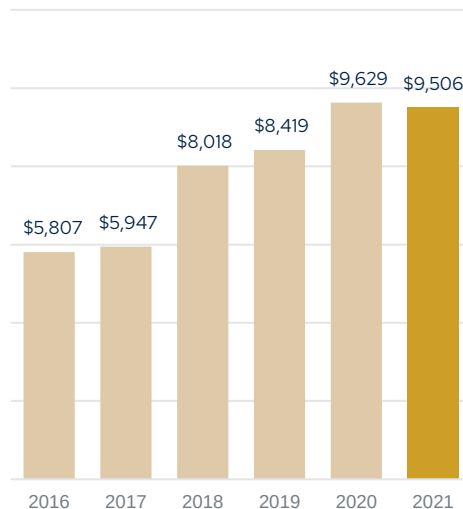
¹. Non-GAAP financial measures - see non-GAAP reconciliations

Balance Sheet: Consistency & Stability

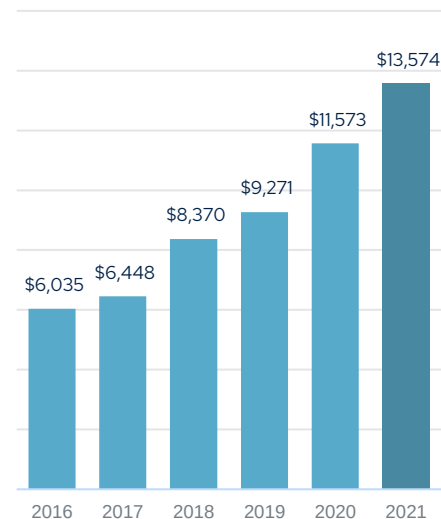
Total Assets AMOUNTS IN MILLIONS



Total Loans AMOUNTS IN MILLIONS



Total Deposits AMOUNTS IN MILLIONS



Balance Sheet Summary

Dollars in millions	Dec-2021	Sep-2021	Q/Q Change	Dec-2020	Y/Y Change
Cash and Cash Equivalents	\$ 3,297	\$ 3,264	1.0%	\$ 1,864	76.8%
Securities	1,980	1,595	24.2%	1,421	39.3%
Loans Held for Sale	358	432	(17.0%)	541	(33.7%)
Loans	9,506	9,298	2.2%	9,629	(1.3%)
Allowance for Credit Losses	(106)	(107)	(1.0%)	(120)	(11.7%)
Net Loans	9,400	9,190	2.3%	9,509	(1.1%)
Premises and Equipment Net	271	271	(.0%)	260	4.0%
Goodwill	457	457	-	452	1.1%
Intangible Assets	50	51	(.9%)	46	10.6%
Bank-owned Life Insurance	252	250	.8%	246	2.3%
Other Assets	296	302	(1.9%)	287	3.1%
Assets	16,361	15,811	3.5%	14,626	11.9%
Noninterest Bearing Deposits	5,547	5,395	2.8%	4,375	26.8%
Interest Bearing Deposits	8,027	7,619	5.4%	7,199	11.5%
Deposits	13,574	13,014	4.3%	11,573	17.3%
Borrowings	482	487	(1.2%)	956	(49.6%)
Other Liabilities	390	409	(4.8%)	314	24.2%
Liabilities	14,445	13,911	3.8%	12,843	12.5%
Shareholders' Equity	1,899	1,883	.9%	1,767	7.5%
Noncontrolling Interest	17	17	(2.8%)	17	(.7%)
Equity	1,916	1,900	.8%	1,784	7.4%
Liabilities and Equities	\$ 16,361	\$ 15,811	3.5%	\$ 14,626	11.9%



\$16.4B

Total Assets

\$575.4M

6.6% y/y loan growth excluding SBA PPP

26.8%

y/y noninterest bearing deposit growth

40.9%

Noninterest bearing deposits % of total deposits

3.9 years

Avg duration of securities portfolio

Current Expected Credit Loss (CECL)

Allowance for Credit Losses AMOUNTS IN MILLIONS



- Q4 2021 provision benefit for on-balance sheet loan losses of \$1.18 million.
- Expected loss estimates are subject to change based on continuing review of models and assumptions, portfolio performance, changes in forecasted macroeconomic conditions and loan mix which could result in material changes to the reserve in future periods.



MACROECONOMIC FORECAST

Weighted Moody's economic sectors

REASONABLE & SUPPORTABLE FORECAST PERIOD

2 Years

REVERSION PERIOD AND APPROACH

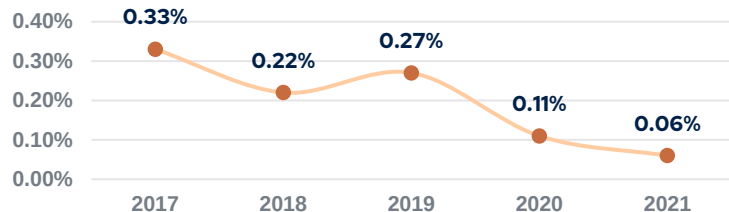
4 quarter reversion period with a blended transition approach

KEY MACROECONOMIC VARIABLES

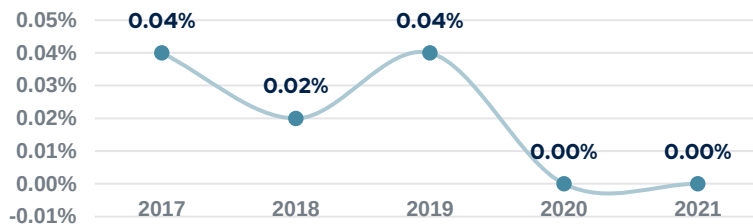
Price Indices
GDP
Interest Rates
Disposable Income

Asset Quality & Credit Focus

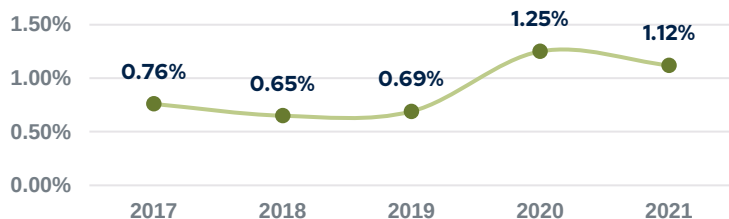
NPAs¹ / Assets



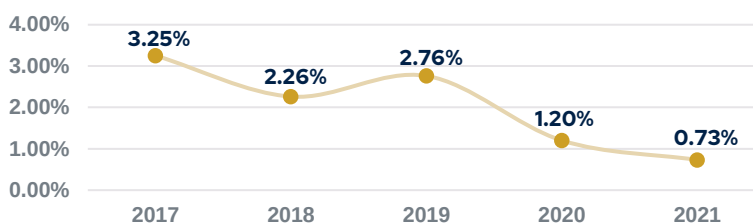
NCOs / Average Loans



Reserves / Loans



Texas Ratio²

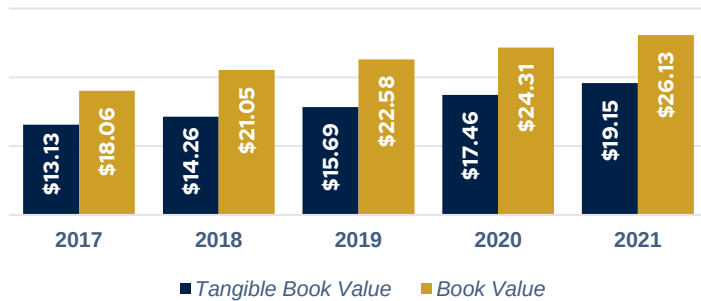
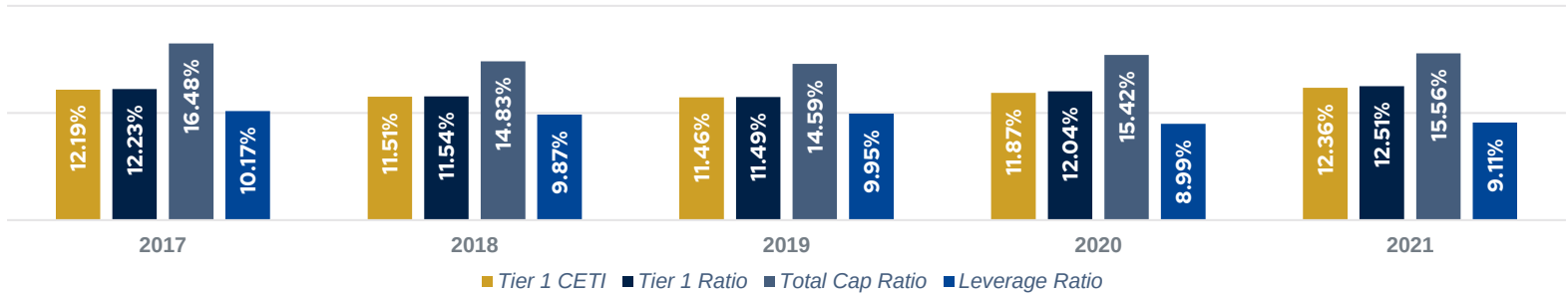


1. Non-performing assets (non-accrual loans and leases, repossessed assets, and real estate owned) as a percent of assets

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

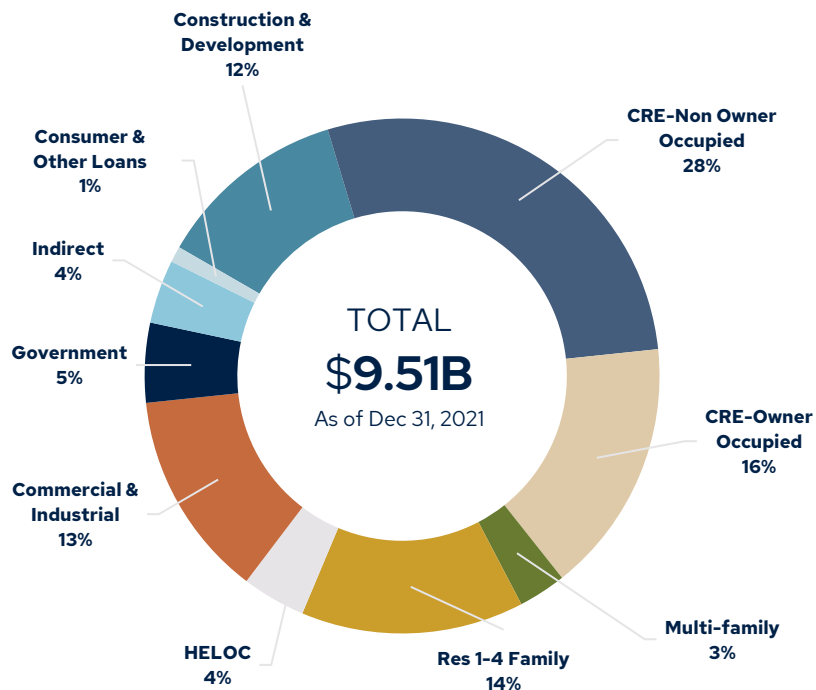
Capital

Risk Based Capital Ratios



Liquidity Sources (in millions)		Dec 31, 2021
Available Liquid Funds:		
Cash and cash equivalents		\$ 3,297
Unencumbered investment securities		1,399
Availability of Borrowings:		
Amount available from FHLB		1,148
Amount available from unsecured lines of credit with correspondent banks		135
Amount available from Federal Reserve discount window		373
Amount available from Federal Reserve PPP liquidity window		-

Total Loan Portfolio



Portfolio Highlights

+6.56%

Annual growth in loans
excluding SBA PPP

0.06%

NPAs/Assets

0.00%

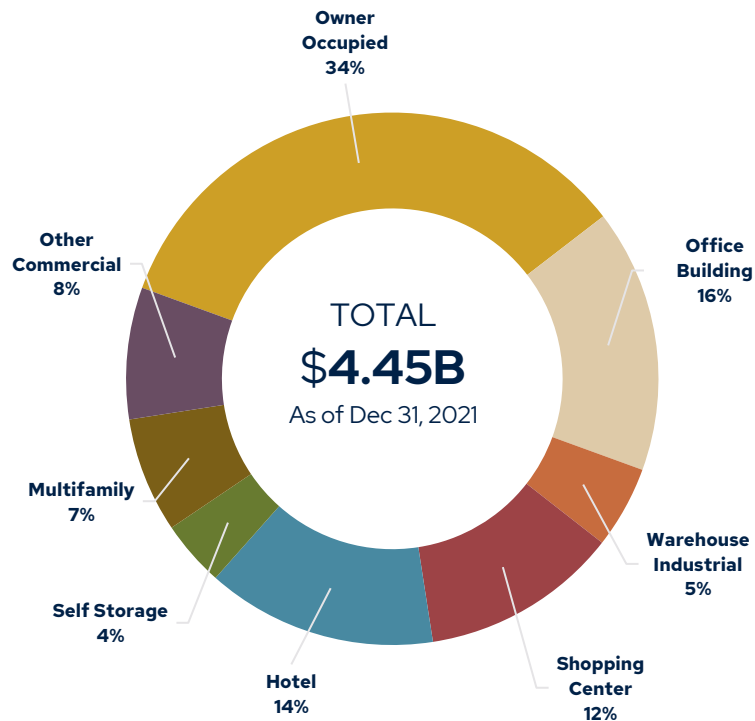
NCOs/Average Loans

17.75x

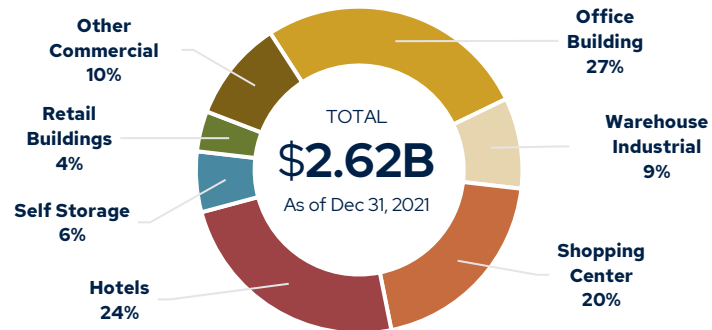
Allowance to NPLs

Variable Rate Portfolio (\$ in millions)	Outstanding Balance	% of Total Balance
Floating Freely - No Floor	\$ 753	29.0%
Floating Freely - Floor	\$ 570	22.0%
0-25 bps to Float Freely	\$ 236	9.1%
26-50 bps to Float Freely	\$ 234	9.0%
51-75 bps to Float Freely	\$ 170	6.6%
76-100 bps to Float Freely	\$ 205	7.9%
101+ bps to Float Freely	\$ 425	16.4%
TOTAL	\$ 2,593	100.00%

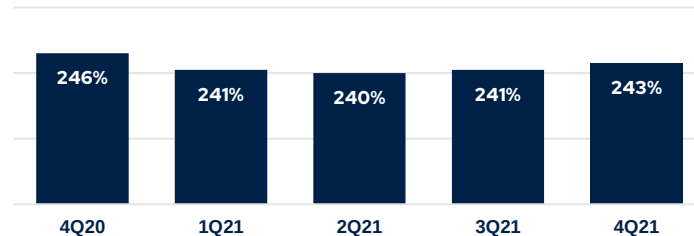
Commercial Real Estate Overview



Non-Owner Occupied Commercial Real Estate

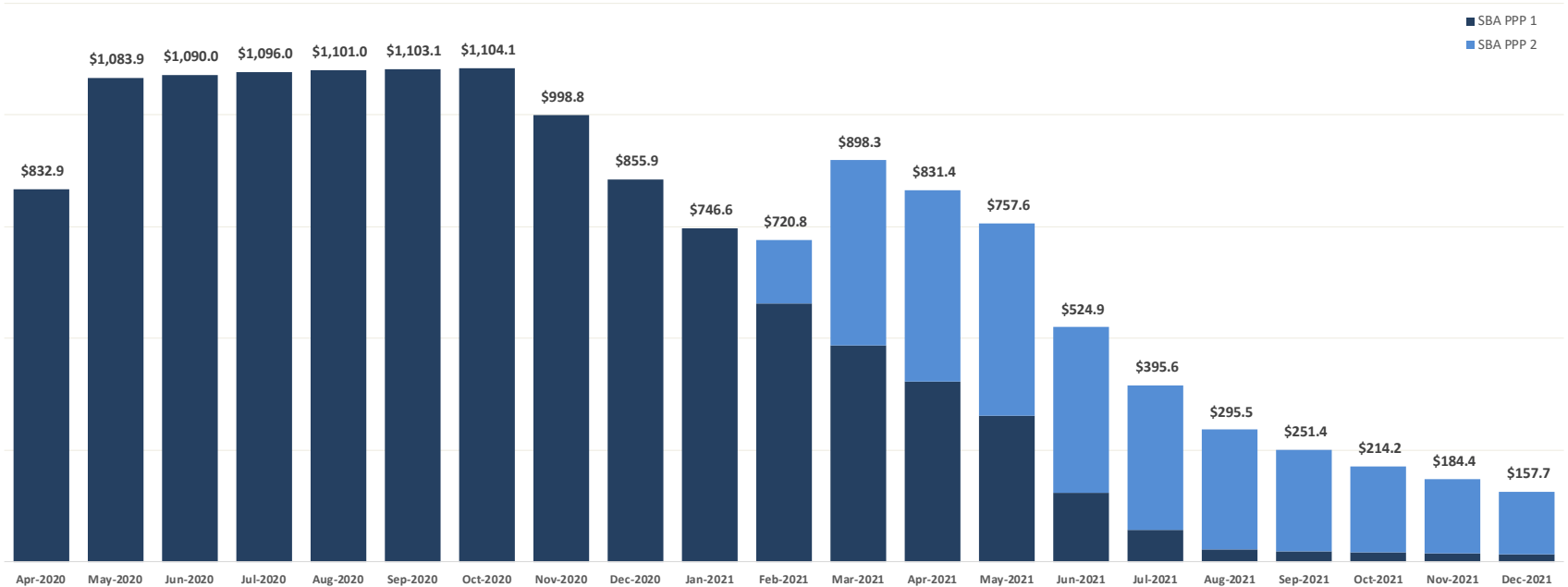


CRE / Total Risk Based Capital



SBA PPP Loans

SBA PPP Loan Balances DOLLARS IN MILLIONS



Outlook Summary

Loans and Asset Quality	• Targeting high-single digit annualized loan growth in 2022 excluding impacts from Paycheck Protection Program • Continued focus on monitoring credit quality • Potential for additional CECL release in 2022 if economic forecasts continue to improve and uncertainty diminishes
Profitability	• Core net interest margin expected to remain flat through Q1 2022, excluding impacts of potential rate increases, Paycheck Protection Programs and purchase accounting accretion • Noninterest expense average quarterly run rate projected at \$107-\$109 million for 2022
Strategic	• New branch opening in Charlotte 1H 2022 in Ballantyne area • Strong capital and liquidity levels to support continued growth • Opportunistic M&A across all lines of business



Non-GAAP Reconciliations

Non-GAAP Reconciliations

Core Net Income and Related Metrics

Amounts in millions except per share data	FY2021	FY2020	FY2019	FY2018	FY2017
Net Income Attributable to TowneBank	\$ 215.38	\$ 145.53	\$ 138.78	\$ 133.79	\$ 87.66
Adjustments					
Acquisition Related Expenses	1.02	(0.07)	0.66	8.43	2.27
Other Adjustments	-	-	-	-	(3.89)
Income Tax Adjustments	(0.20)	-	(0.08)	(0.72)	11.14
Core Net Income	\$ 216.20	\$ 145.47	\$ 139.36	\$ 141.50	\$ 97.18
Avg Assets	\$ 15,384.66	\$ 14,172.21	\$ 11,638.43	\$ 10,594.75	\$ 8,335.00
Return on Avg Assets	1.40%	1.03%	1.19%	1.26%	1.05%
Core Return on Avg Assets	1.41%	1.03%	1.20%	1.33%	1.17%
Avg Common Shares Outstanding-Diluted (YTD)	72.56	72.35	72.19	71.29	62.39
Earnings Per Share-Diluted	\$ 2.97	\$ 2.01	\$ 1.92	\$ 1.88	\$ 1.41
Core Earnings Per Share-Diluted	\$ 2.98	\$ 2.01	\$ 1.93	\$ 1.98	\$ 1.56
Avg Tangible Common Equity	\$ 1,338.57	\$ 1,211.93	\$ 1,082.13	\$ 972.82	\$ 804.88
Intangible Amort Net of Tax	8.79	9.08	9.77	9.24	4.98
Return on Avg Tangible Common Equity	16.75%	12.76%	13.73%	14.70%	11.51%
Core Return on Avg Tangible Common Equity	16.81%	12.75%	13.78%	15.49%	12.69%

Non-GAAP Reconciliations

Pre-tax Pre-provision Net Revenue (PPNR)

Amounts in millions except per share data	FY2021	FY2020	FY2019	FY2018	FY2017
Net Income Attributable to TowneBank	\$ 215.38	\$ 145.53	\$ 138.78	\$ 133.79	\$ 87.66
Provision for Credit Losses	(16.77)	67.18	9.37	8.54	5.43
Provision for Income Tax Expense	54.80	31.90	32.60	34.23	54.81
Pre-tax Pre-Provision Net Revenue (PPNR)	\$ 253.41	\$ 244.61	\$ 180.75	\$ 176.56	\$ 147.90
Avg Assets	\$ 15,384.66	\$ 14,172.21	\$ 11,638.43	\$ 10,594.75	\$ 8,335.00
PPNR Return on Avg Assets	1.65%	1.73%	1.55%	1.67%	1.77%
Avg Common Shares Outstanding-Diluted (YTD)	72.56	72.35	72.19	71.29	62.39
PPNR Earnings Per Share-Diluted	\$ 3.49	\$ 3.38	\$ 2.50	\$ 2.48	\$ 2.37
Avg Tangible Common Equity	\$ 1,338.57	\$ 1,211.93	\$ 1,082.13	\$ 972.82	\$ 804.88
Intangible Amort	11.13	11.50	12.37	11.71	7.66
PPNR Return on Avg Tangible Common Equity	19.76%	21.13%	17.85%	19.35%	19.33%

Non-GAAP Reconciliations

Core Efficiency Ratio – TowneBank Consolidated

Amounts in millions	FY2021	FY2020	FY2019	FY2018	FY2017
Total Revenue	\$ 680.33	\$ 664.33	\$ 563.94	\$ 532.67	\$ 449.24
Less: Gain (Loss) on Securities Investment	1.25	9.63	(0.84)	0.00	(0.00)
Less: Gain (Loss) on Sale of Red Sky Travel Insurance	(0.03)	17.63	-	0.14	0.01
Adjusted Total Revenue	679.11	637.08	564.79	532.52	449.23
Noninterest Expense	417.27	395.83	378.30	352.12	296.21
Less: Intangible Amort	11.13	11.50	12.37	11.71	7.66
Less: Acquisition Related Expenses	1.02	(0.07)	0.66	8.43	2.27
Adjusted Noninterest Expense	\$ 405.12	\$ 384.40	\$ 365.27	\$ 331.99	\$ 286.29
Efficiency Ratio	59.81%	60.33%	64.79%	63.93%	64.23%
Core Efficiency Ratio	59.66%	60.34%	64.67%	62.34%	63.73%

Non-GAAP Reconciliations

Core Efficiency Ratio – Segments

Amounts in millions	Q4-FY21			Q3-FY21			Q2-FY21			Q1-FY21			Q4-FY20		
	Banking Segment	Realty Segment	Insurance Segment	Banking Segment	Realty Segment	Insurance Segment	Banking Segment	Realty Segment	Insurance Segment	Banking Segment	Realty Segment	Insurance Segment	Banking Segment	Realty Segment	Insurance Segment
Total Revenue	\$ 107.11	\$ 38.25	\$ 15.06	\$ 108.19	\$ 45.05	\$ 16.84	\$ 107.85	\$ 41.68	\$ 17.80	\$ 107.07	\$ 59.48	\$ 15.96	\$ 106.48	\$ 51.96	\$ 13.41
Less: Gain (Loss) on Securities Investment	-	-	-	-	-	-	0.25	-	-	1.00	-	-	0.00	-	-
Less: Gain (Loss) on Sale of Red Sky Travel Ins	-	-	-	-	-	-	-	-	-	(0.03)	-	-	-	-	-
Adjusted Total Revenue	107.11	38.25	15.06	108.19	45.05	16.84	107.60	41.68	17.80	106.10	59.48	15.96	106.48	51.96	13.41
Noninterest Expense	66.09	31.10	13.28	59.93	31.80	12.35	62.91	29.58	12.91	55.09	29.19	13.05	66.57	28.09	11.28
Less: Intangible Amort	0.81	0.93	1.19	0.86	0.70	1.19	0.91	0.59	1.22	0.96	0.59	1.17	1.01	0.66	1.13
Less: Acquisition Related Expenses	-	0.05	-	-	0.72	-	-	0.23	(0.03)	-	-	0.06	-	-	0.07
Adjusted Noninterest Expense	\$ 65.27	\$ 30.12	\$ 12.09	\$ 59.07	\$ 30.38	\$ 11.17	\$ 62.00	\$ 28.76	\$ 11.73	\$ 54.12	\$ 28.60	\$ 11.82	\$ 65.56	\$ 27.43	\$ 10.08
Efficiency Ratio	60.94%	78.87%	80.27%	54.60%	69.03%	66.32%	57.62%	69.55%	65.70%	51.01%	48.08%	74.42%	61.57%	52.79%	75.71%
Core Efficiency Ratio	60.94%	78.74%	80.27%	54.60%	67.43%	66.32%	57.62%	69.01%	65.89%	51.01%	48.08%	74.03%	61.57%	52.79%	75.22%

Amounts in millions	TowneBank Consolidated				
	Q4-FY21	Q3-FY21	Q2-FY21	Q1-FY21	Q4-FY20
Total Revenue	\$ 160.42	\$ 170.08	\$ 167.32	\$ 182.51	\$ 171.85
Less: Gain (Loss) on Securities Investment	-	-	0.25	1.00	0.00
Less: Gain (Loss) on Sale of Red Sky Travel Ins	-	-	-	(0.03)	-
Adjusted Total Revenue	160.42	170.08	167.07	181.54	171.85
Noninterest Expense	110.47	104.09	105.39	97.33	105.93
Less: Intangible Amort	2.93	2.75	2.72	2.72	2.80
Less: Acquisition Related Expenses	0.05	0.72	0.19	0.06	0.07
Adjusted Noninterest Expense	\$ 107.48	\$ 100.62	\$ 102.48	\$ 94.54	\$ 103.07
Efficiency Ratio	67.03%	59.58%	61.46%	52.11%	60.02%
Core Efficiency Ratio	67.00%	59.16%	61.34%	52.08%	59.98%

Non-GAAP Reconciliations

Net Interest Margin & Earning Asset Yield – Tax Equivalent (TE) Basis

Amounts in millions	QTD					YTD	
	Q4-FY21	Q3-FY21	Q2-FY21	Q1-FY21	Q4-FY20	Q4-FY21	Q4-FY20
Net Interest Income	\$ 100.79	\$ 100.44	\$ 101.14	\$ 99.99	\$ 100.61	\$ 402.37	\$ 380.14
Tax-Equivalent Adjustment	0.67	0.52	0.92	0.59	0.52	2.70	2.30
Net Interest Income Tax-Equivalent	\$ 101.46	\$ 100.96	\$ 102.06	\$ 100.58	\$ 101.13	\$ 405.06	\$ 382.44
Net Interest Margin	2.70%	2.76%	2.92%	3.04%	2.97%	2.85%	3.17%
Net Interest Margin (TE)	2.72%	2.78%	2.94%	3.06%	2.98%	2.86%	3.18%
Interest Income	\$ 109.50	\$ 109.84	\$ 111.81	\$ 112.29	\$ 115.98		
Tax-Equivalent Adjustment	0.67	0.52	0.92	0.59	0.52		
Interest Income Tax-Equivalent	\$ 110.17	\$ 110.37	\$ 112.73	\$ 112.88	\$ 116.50		
Earning Asset Yield (TE)	2.95%	3.03%	3.25%	3.34%	3.44%		

Non-GAAP Reconciliations

Tangible Book Value

Amounts in millions except per share data	Dec-2021	Dec-2020	Dec-2019	Dec-2018	Dec-2017
Shareholders' Equity (Common)	\$ 1,899.31	\$ 1,766.85	\$ 1,640.75	\$ 1,525.53	\$ 1,131.24
Goodwill	457.19	452.33	446.82	433.66	270.25
Intangible Assets	50.38	45.53	54.40	58.75	38.57
Tangible Common Equity	\$ 1,391.75	\$ 1,268.99	\$ 1,139.54	\$ 1,033.12	\$ 822.42
Common Shares Outstanding	72.68	72.67	72.65	72.47	62.63
Tangible Book Value	\$ 19.15	\$ 17.46	\$ 15.69	\$ 14.26	\$ 13.13



Member FDIC