

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C. 20429**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
 - ☐ **Confidential, for Use of the Corporation Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Under Rule 14a-12

TOWNEBANK

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee paid previously with preliminary materials.
- ☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11.

2025 PROXY STATEMENT



ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 14, 2025 • 11:30 AM • Virginia Beach Convention Center

Your vote is important. Please vote your shares soon!





April 2, 2025

Dear Fellow Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of TowneBank. It will be held on **Wednesday, May 14, 2025**, at 11:30 a.m. Eastern Time at the Virginia Beach Convention Center, 1000 19th Street, Virginia Beach, Virginia.

At the meeting, we will vote to elect eight directors; ratify the appointment of Forvis Mazars, LLP as TowneBank's independent auditors for 2025; approve, on a non-binding advisory basis, TowneBank's Named Executive Officer compensation; and approve the TowneBank 2025 Stock Incentive Plan.

We encourage you to take a few minutes to review the 2024 Chairman's Report that accompanies this Proxy Statement where we share our perspective on 2024 and highlight many of the successes we experienced during this past year.

We are excited to gather in person for our traditional meeting, which gives us the opportunity to see so many of you and to thank you personally for your loyalty.

Whether or not you plan to attend, please cast your vote over the Internet or by telephone, or you may complete, sign, date, and return the enclosed proxy card as soon as possible in the postage-paid envelope provided.

As always, we deeply appreciate and value your continuing support which keeps our hometown spirit of caring alive. Together we are *Serving Others and Enriching Lives*.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Robert Aston, Jr.'.

G. Robert Aston, Jr.
Executive Chairman

A handwritten signature in black ink, appearing to read 'Wm I Foster III'.

William I. Foster III
President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time

Wednesday, May 14, 2025
11:30 a.m., Eastern Time

Location

Virginia Beach Convention Center,
1000 19th Street, Virginia Beach, Virginia

Record Date

March 19, 2025

1. To elect eight directors;
2. To ratify the selection of Forvis Mazars, LLP, certified public accountants, as independent auditors of TowneBank for 2025;
3. To approve, on a non-binding advisory basis, TowneBank's Named Executive Officer compensation;
4. To approve the TowneBank 2025 Stock Incentive Plan; and
5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

A copy of TowneBank's Annual Report for fiscal year 2024 is included for your information.

The Board of Directors has fixed March 19, 2025, as the record date for determination of shareholders entitled to notice of and to vote at the meeting and any adjournments thereof.

How to Vote

You may vote in any of the following ways.



BY INTERNET



BY PHONE



BY MAIL



IN PERSON

YOUR VOTE IS IMPORTANT



Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote by submitting your proxy by telephone, the Internet or mail as promptly as possible to ensure the presence of a quorum for the meeting. For additional instructions on voting by telephone or the Internet, please refer to your proxy card. To vote and submit your proxy by mail, please complete, sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope. If you attend the meeting, you may, if you desire, revoke the proxy and vote in person during the meeting. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares. You may access our proxy materials at www.proxyvote.com, which does not have "cookies" that identify visitors to the site.

By Order of the Board of Directors

A handwritten signature in cursive script that reads 'Robyn S. Leavy'.

Robyn S. Leavy
Secretary to the Board

April 2, 2025

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PROXY STATEMENT SUMMARY

This summary highlights information that is contained elsewhere in this Proxy Statement. You should carefully read this Proxy Statement in its entirety before voting, as this is a summary and does not contain all of the information that you should consider.

Annual Meeting of Shareholders

Date and Time:

Wednesday, May 14, 2025
11:30 a.m. Eastern Time

Meeting Site:

Virginia Beach Convention Center
1000 19th Street
Virginia Beach, Virginia 23451

Record Date and Voting:

TowneBank shareholders as of the record date, March 19, 2025, are entitled to vote on the matters presented at the meeting. Each share of common stock of the Company is entitled to one vote for each director nominee and one vote on each other matter presented.

Meeting Agenda and Voting Matters

Proposal	Board's Recommendation	Page references
1. Election of 8 directors	✓ FOR	2
2. Ratification of Forvis Mazars, LLP as our independent auditors for 2025	✓ FOR	47
3. Advisory vote to approve the compensation of our named executive officers	✓ FOR	48
4. Approval of the TowneBank 2025 Stock Incentive Plan	✓ FOR	49

DIRECTOR NOMINEES

Name	Director Since	Independent	Board Committees				
			Audit	Compensation	Nominating	Enterprise Risk Management	Executive
DIRECTOR NOMINEES—CLASS III—TERM TO EXPIRE IN 2025							
G. Robert Aston, Jr.	1999						✓
J. Morgan Davis	1999						
Harry T. Lester	2010	✓		✓	✓		✓
William T. Morrison	2016						
J. Christopher Perry	2023	✓	✓				
Elizabeth W. Robertson	2015	✓	✓			✓	
Sachin S. Shetty	2024	✓				✓	
DIRECTOR NOMINEES—CLASS II—TERM TO EXPIRE IN 2027							
Frank E. Jenkins, Jr.	2025	✓					

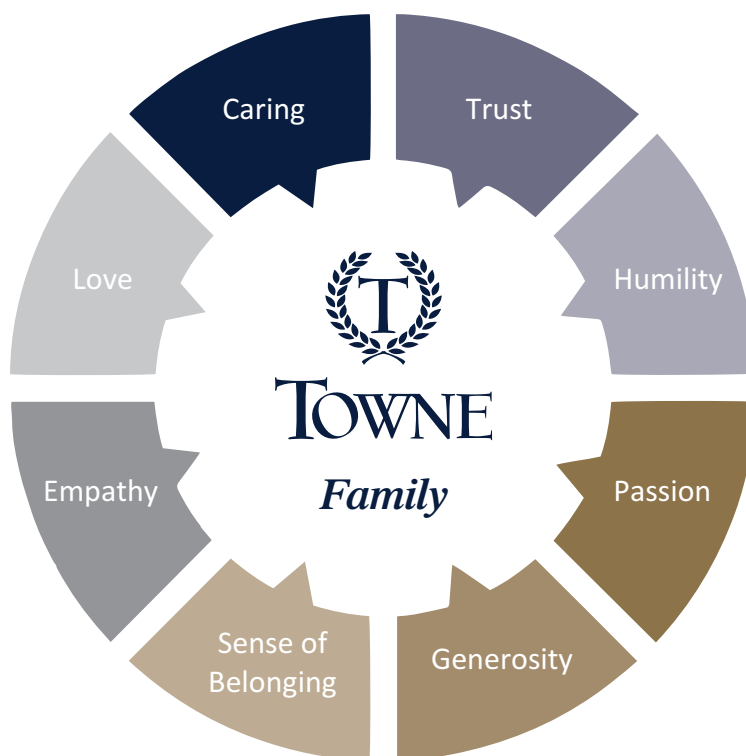


ABOUT TOWNEBANK

TowneBank (Nasdaq: TOWN) was founded in 1999, based on the idea of personal relationships, excellent service, and having the most respected and experienced bankers in each market we serve. We offer a full range of banking and financial services through our controlled divisions and subsidiaries.

Our Commitment	We value all employees and members by embracing their diverse talents, perspectives, and experiences, and by fostering inclusion that inspires innovation, encourages respect, and promotes success.
Our Mission Statement	We will be a relationship and friendship driven local bank focused on basic human values that will serve to create a warm sense of belonging and financial well-being among our family members.
Our Strategy	We will offer a competitive array of business and personal financial services, delivered with only the highest ethical standards. Our commitment to exquisite service for our members will lead to our ability to create a reasonable rate of return for our shareholders, a bright future for our dedicated bankers, and a leadership role for our bank in promoting the social, cultural, and economic well-being of our community.
Community Commitment	We will strive to be a source of community pride by being a leader in community support activities through involvement of Towne family members, and the funding and fundraising activities of the TowneBank Foundation.

THE TOWNEBANK CULTURE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

As a relationship-driven and community-focused company, we are committed to delivering on each of our guiding principles while balancing the interests of our shareholders, our communities, our customers (whom we call our members), and our employees. We believe our employees are one of our most important and valuable assets, and we strive to create a warm sense of belonging. We believe our strong culture strengthens our bond with the communities we serve.

Highlights



Community Engagement and Impact

- ▲ TowneBank seeks to enhance the quality of life in the communities we serve.
- ▲ Committed to invest over \$94 million in Federal low-income housing tax credits, providing families with more than 500 affordable housing opportunities.
- ▲ Approximately \$13.14 million in charitable contributions supporting over 130 nonprofit organizations.



Social Engagement and Impact

- ▲ “Going to Towne” program provides many opportunities for employees to give back through volunteering, board service, and donations.
- ▲ Over 9,500 self-reported volunteer hours at more than 380 different organizations.
- ▲ Employees personally donated over \$700,000 through the United Way Workplace Giving Campaign.



Business Ethics Code of Conduct

- ▲ Executive Code of Ethics certified annually.
- ▲ Employee handbook includes the Company Code of Conduct and employees must certify receipt annually.
- ▲ Both the Code of Ethics and the Code of Conduct approved by the Board annually.



Governance

- ▲ Enterprise Risk Management Committee led by independent director with oversight of ERM policies and standards.
- ▲ Retaliation-free whistleblower policy for employees with annual training.
- ▲ Conflict of Interest policy for directors and executive officers with Audit Committee oversight.



Data Privacy and Cybersecurity

- ▲ Employees receive mandatory annual training in information security.
- ▲ Engage independent third parties to conduct internal and external penetration testing and risk assessments.
- ▲ Routinely conduct exercises to raise data security awareness.



Human Capital Management

- ▲ Periodic employee engagement surveys are conducted on topics such as career satisfaction and member experience.
- ▲ Career development training programs readily available.
- ▲ Competitive compensation and employee benefits plans.



Diversity and Inclusion

- ▲ Diversity & Inclusion Council chaired by Chief Executive Officer.
- ▲ College focused recruitment programs in place.
- ▲ Approximately 68% of the Company’s workforce self identify as women and approximately 18% self identify as minorities.



Employee Well-Being

- ▲ Non-Discrimination and Harassment Policy updated annually.
- ▲ Networking circles exist to create safe spaces for colleagues to celebrate victories and embrace differences.
- ▲ Unconscious bias training occurs annually.

TowneBank at a Glance

**Consistent Focus on
Earnings and Growth**
Earnings Growth
22.7%
CAGR FY00 - FY24

#1 Deposit Market Share
in Hampton Roads¹

Ranked on
Forbes
Best Banks List²
6 Years in a Row

Total Assets		Total Loans	Total Deposits	
\$17.2B		\$11.5B	\$14.4B	
Core ROAA	Core ROTCE	NIM (FTE)	Avg NIB Deposits / Avg Total Deposits	10 Year Total Shareholder Return ³
0.95%	10.82%	3.02%	30%	198%
Results for the year ending December 31, 2024				

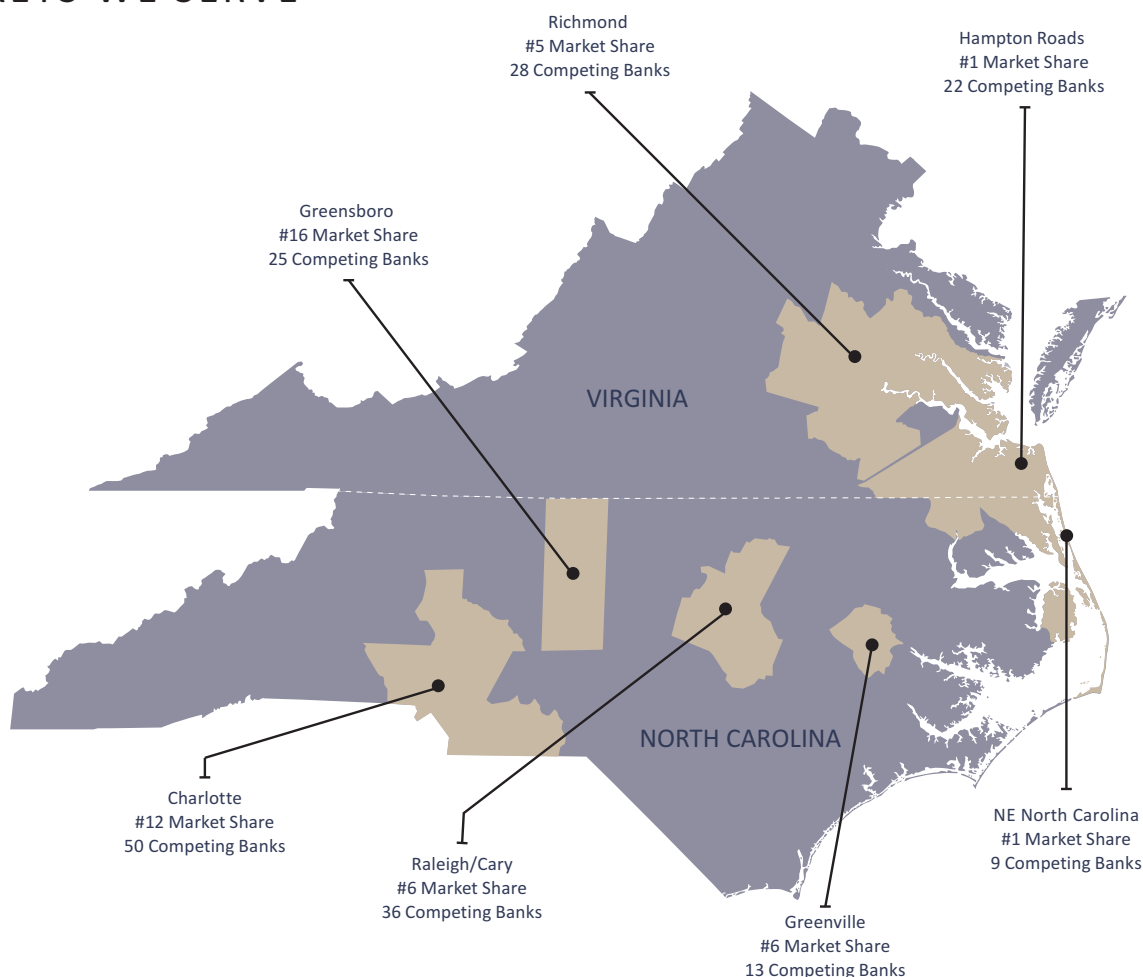
(1) Source: FDIC Summary of Deposits for the VA Beach-Norfolk-Newport News, VA MSA, data as of June 30, 2024

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

(3) Total Return as of 12/31/2024; Source: S&P Global, data collected 1/13/2025.

Note: Financial results for the quarter ending December 31, 2024

MARKETS WE SERVE



Deposit data from FDIC Deposit Market Share Report as of June 30, 2024; Competing Banks' count excludes institutions with no deposits in stated market regardless of physical or other presence.



GOVERNANCE AND BUSINESS CONDUCT

Our Board of Directors (“Board”) works in partnership with our management team to serve all our stakeholders. Our directors, who live and work in the local communities we serve, represent a variety of skills, knowledge, experience, and perspectives. In particular, they have considerable community banking experience, which gives them valuable insight into the increasingly complex regulatory and operating environment that banking institutions must navigate. The Board is committed to overseeing our efforts to integrate ESG principles and practices throughout the organization.

Governance highlights include:

BOARD STRUCTURE AND INDEPENDENCE

- Three classes of Directors (I, II, III) who stand for three-year terms, on a rotating basis
- Strong, independent Lead Director with explicit duties and responsibilities
- Long tenured Directors with diverse experience and qualifications
- All Directors attend annually at least 75% of the Board and Board committee meetings
- Independent Audit, Compensation, and Nominating Committees of the Board

BOARD OVERSIGHT

- Oversees the Company’s annual budget, business plan, succession planning and corporate strategy
- Monitors the Company’s values, culture and “tone at the top”
- Key executive management talent reviewed on an annual basis
- Risk-aware culture overseen by a separate Enterprise Risk Committee comprised primarily of Directors
- Director access to experts and advisors, both internal and external

CORPORATE GOVERNANCE PRACTICES

- Prohibition on hedging transactions by executive officers and directors
- Comprehensive Code of Conduct for members of the Board, including annual certification
- Clawback policy for executive management
- Annual risk assessment of executive compensation, policies, and practices
- Annual engagement of an independent Compensation Consultant to facilitate the executive officer compensation process
- Policy on public office and public company board service established
- Established share ownership requirements for executive management and directors
- Commitment to diversity and inclusion and workspace safety



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PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 14, 2025

GENERAL

We are providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of TowneBank for the 2025 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Wednesday, May 14, 2025. In this Proxy Statement, we refer to the Board of Directors as the “Board” and to TowneBank as “we,” “us,” or “the Company.” The approximate mailing date of this Proxy Statement and accompanying proxy is April 2, 2025.

Voting Rights of Shareholders

Only shareholders of record of the Company’s common stock at the close of business on March 19, 2025, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. As of the close of business on March 19, 2025, there were 75,392,159 shares of the Company’s common stock outstanding and entitled to vote at the Annual Meeting. The Company has no other class of voting stock outstanding. Each share of common stock entitles the record holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

A majority of the votes entitled to be cast, represented by attendance at the meeting or by proxy, will constitute a quorum for the transaction of business. Shares for which the holder has elected to abstain or to withhold the proxies’ authority to vote on a matter will count toward a quorum, but will not be included in determining the number of votes cast with respect to such matter. Shares held by brokers, banks or other nominees in street name (“broker shares”) that are voted on any matter are included in the quorum. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

Voting of Proxies

We encourage you to complete and return the proxy card accompanying this Proxy Statement, regardless of whether you plan to attend the Annual Meeting. For your convenience, a postage-paid return envelope is enclosed. You may also vote over the Internet at the website shown on your proxy card, or by telephone through the number shown on your proxy card. Proxies will extend to, and will be voted at, any adjourned session of the Annual Meeting.

Revocation of Proxies

Execution of a proxy will not affect a shareholder’s right to attend the Annual Meeting and to vote in person during the meeting. Any shareholder who has executed and returned a proxy may revoke it by attending the Annual Meeting and voting in person during the meeting. A shareholder may also revoke his or her proxy at any time before it is exercised by filing a written notice with the Company or by submitting a proxy bearing a later date.

Solicitation of Proxies

The cost of solicitation of proxies will be paid by the Company. Solicitation is being made by mail and, if necessary, may be made in person, by telephone or other electronic communication or by special letter by officers and employees of the Company, acting without compensation other than regular compensation. The Company will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of common stock as of the record date and will reimburse such persons for the cost of forwarding the proxy materials in accordance with customary practice. The Company has engaged Georgeson LLC to assist the Company in the solicitation of proxies for the Annual Meeting for a fee of \$19,000, plus certain expenses.



ELECTION OF DIRECTORS — PROPOSAL ONE

The Company's Board of Directors is divided into three classes (I, II and III), with staggered terms, and the term of office for the Class III directors will expire at the Annual Meeting. Each of the nominees in the election of directors currently serves as a director of the Company. If elected, the Class III nominees will serve until the Annual Meeting of Shareholders held in 2028 and the Class II nominee will serve until the Annual Meeting of Shareholders held in 2027.

As a term of the acquisition of Village Bank and Trust Financial Corp. ("Village") and its wholly owned subsidiary Village Bank, the Company agreed to appoint one of Village's directors to the Board when the acquisition closes. Frank E. Jenkins, Jr. will be appointed to the Board of Directors on the date the Company closes its acquisition. The Board selected Mr. Jenkins as that director following the recommendation of the Nominating Committee. As a result, he will be presented to shareholders for the first time at the Annual Meeting, and he will be placed in Class II to keep the number of directors in each class as equal as possible. The parties to the acquisition have received the required shareholder and regulatory approvals for closing, which remains subject only to customary contractual conditions. In the event that the closing does not occur before the Annual Meeting, Mr. Jenkins will not be presented for election at the Annual Meeting.

The affirmative vote of a plurality of the votes cast at the Annual Meeting is required for the election of directors. This means that the nominees receiving the greatest number of affirmative votes cast at the Annual Meeting will be elected. A properly returned proxy indicating "withhold" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Broker non-votes will not be counted as votes cast on the proposal and will have no effect on the election of directors.

Each of the nominees has indicated the willingness to serve if elected. If any nominee is unable or unwilling to serve as a director at the time of the Annual Meeting, then shares represented by properly executed proxies will be voted at the discretion of the persons named in those proxies for such other person as the Board may designate. We do not presently expect that any of the nominees will be unavailable.

Richard B. Thurmond is not standing for re-election at the Annual Meeting and will transition to emeritus status. John W. Failes retired from the Board on June 30, 2024 and Dwight C. Schaubach retired from the Board on July 31, 2024, and both are currently in emeritus status. Our Board is deeply grateful for the extraordinary contributions each of these Board members made to aid in the growth and success of the Company.



The Board of Directors recommends the nominees, as set forth below, for election and that shareholders vote "FOR" these nominees.

The following table provides the business experience for at least the past five years and other information with respect to each director and director nominee for election at the Annual Meeting, followed by a statement regarding the specific experience, qualifications, attributes or skills that led the Board to conclude that each director or director nominee should serve as a director of the Company. An asterisk (*) notes that the director is an "independent director" as defined in Rule 5605(a)(2) of the Marketplace Rules of The Nasdaq Stock Market, LLC ("Nasdaq").



2025 Class III (Continuing Directors to Serve Until the 2028 Annual Meeting):

G. Robert Aston, Jr. (79)

Director since 1999

Mr. Aston served as Chairman of the Board and Chief Executive Officer from the founding of TowneBank in 1998 until 2018. In 2018, Mr. Aston assumed the position of Executive Chairman of the Board. Prior to the founding of TowneBank, Mr. Aston served as President and Chief Executive Officer of BB&T of Virginia from 1995 to 1998 and as President and Chief Executive Officer of Commerce Bank, Virginia Beach, Virginia, from 1985 until its acquisition by BB&T in 1995. Mr. Aston began his career at Citizens Trust Company in 1964 and rose through the ranks to serve as President and Chief Executive Officer from 1981 to 1985.

Through his over 60 years of service to the community as a hometown banker and the leader of several community banks, Mr. Aston has gained a significant level of management experience in all aspects of community banking.

J. Morgan Davis (74)

Director since 1999

Mr. Davis has served as an employee senior adviser with TowneBank since January 1, 2023. Mr. Davis served as Chief Executive Officer of the Company from 2018 to 2022 and as President of the Company from 2011 to 2021. He also served as Chief Banking Officer from 2011 until 2018. Mr. Davis served as President of Towne Financial Services Group ("TFSG"), which oversees the Company's non-banking businesses (mortgage, insurance, and real estate brokerage), from 2005 to 2011, and as President of TowneBank Virginia Beach from 1999 to 2005.

Mr. Davis is a 40-year banking veteran and served as the founding President of a local banking institution for 13 years before becoming a founding member of TowneBank in 1998. Mr. Davis has served on the boards of several prominent community organizations. Mr. Davis provides vital senior management experience and business acumen to our Board of Directors.

Harry T. Lester (79)*

Director since 2010

Mr. Lester served as President of Eastern Virginia Medical School ("EVMS"), Norfolk, Virginia, from 2005 until his retirement in 2013. Previously, Mr. Lester was a member of the EVMS Board of Visitors for five years and served a portion of that time as Rector of the EVMS Board.

Previously, he served as an officer in the U.S. Navy and had a successful career in commercial real estate of over 30 years. An active community leader, he serves on numerous boards, including serving 20 years as a regional director for TowneBank. Mr. Lester's extensive senior management and community service experience, coupled with his knowledge of banking and commercial real estate, provides significant benefits to our Board.

William T. Morrison (62)

Director since 2016

Mr. Morrison has served as President and Chief Executive Officer of TFSG since January 1, 2023. Mr. Morrison served as the Chairman and Chief Executive Officer of the TowneBank Mortgage and Realty Group from the merger of Monarch with TowneBank in 2016 until 2022. Previously, he served as Chief Executive Officer of Monarch Mortgage from 2011 until the merger with TowneBank.

Mr. Morrison has over 30 years of banking experience and has previously served as Chief Operating Officer and Chief Credit Officer at local community banks. He has served on the boards of several prominent community and educational organizations. Mr. Morrison's experience, leadership, and skills in the financial and mortgage lending industries are critical in leading our mortgage division and bring significant value to our Board.



J. Christopher Perry (51)***Director since 2023**

Mr. Perry is the founder and has served as Chief Executive Officer of Suburban Capital (privately held hospitality company), Virginia Beach, Virginia, since 1999. Mr. Perry served on TowneBank's regional Virginia Beach Board of Directors until 2015.

Mr. Perry brings years of management experience and expertise to the TowneBank Board, and he understands the needs of developing businesses. His service on the boards of various organizations in the local community, combined with his service as a TowneBank regional director, is invaluable as TowneBank continues to carry out its mission.

Elizabeth W. Robertson (72)***Director since 2015**

Ms. Robertson retired in 2018 as Chief Financial Officer of Monument Restaurants, LLC, Richmond, Virginia, upon the sale of the company. She was a director of Franklin Financial Corporation and Franklin Savings Bank until their merger with TowneBank in 2015. Previously, she worked with KPMG LLP and Virginia Resources Authority.

Ms. Robertson has extensive experience in audit and public accounting. Her involvement in multiple business and civic organizations in the Richmond, Virginia community provides valuable insight regarding our business and operations.

Sachin S. Shetty, Ph.D. (47)***Director since 2024**

Dr. Shetty has been an Executive Director for the Center for Secure and Intelligent Critical Systems and Professor with the Electrical and Computer Engineering Department at Old Dominion University, where he leads a research team focused on developing and integrating secure and intelligent technologies designed to ensure safe, reliable, and resilient critical infrastructure, since 2021. He was an Associate Director for the Virginia Modeling, Analysis and Simulation Center and Associate Professor with the Electrical and Computer Engineering Department from 2019 to 2021. Dr. Shetty, whose research interests lie at the intersection of computer networking, network security and machine learning, has published over 300 research articles.

Dr. Shetty's extensive experience in cybersecurity and data privacy brings significant value to our Board.

2027 Class II (Director Nominee to Serve Until the 2027 Annual Meeting):**Frank E. Jenkins, Jr. (59)*****Director since 2025**

Mr. Jenkins will be joining the Board following the closing of the Company's acquisition of Village and Village Bank, where he has been a director since 2017. He has been Managing Partner of Adams, Jenkins and Cheatham since 1998, one of the largest accounting firms in Virginia. Mr. Jenkins is a licensed Certified Public Accountant in Virginia and North Carolina and is a member of the Virginia Young Presidents' Organization, the American Institute of Certified Public Accountants, the Community Associations Institute, and the Virginia Society of Certified Public Accountants. At Village, he served as Chair of the Audit Committee and on the Executive Committee, Nominating and Corporate Governance Committee and Board Risk Committee.

Mr. Jenkins's experience aligns well with the Company's strategy of working closely with individuals and businesses to solve problems and help businesses grow and prosper. He brings valuable business and accounting experience to the Board as a Certified Public Accountant, business owner and entrepreneur. Mr. Jenkins's substantial network of business and personal relationships will help the Company grow and achieve its strategic goals.



2026 Class I (Continuing Directors to Serve Until the 2026 Annual Meeting):

Jeffrey F. Benson (63)*

Director since 2016

Mr. Benson has served as Vice Chairman of the Board of Directors of TowneBank since the merger of Monarch with TowneBank in 2016. Mr. Benson has served as a partner of The Overton Group, Inc. (real estate development and management), Suffolk, Virginia, since 1985. He served as a director of Monarch until the merger with TowneBank in 2016.

Mr. Benson's companies are involved in the development and management of commercial real estate, residential development and construction, as well as office and industrial development. Mr. Benson is active in local youth activities. He also serves on the Board of Trustees of Liberty University. Mr. Benson's significant involvement in the residential and commercial real estate markets provides meaningful value and insight to the Board.

Douglas D. Ellis (80)*

Director since 2010

Mr. Ellis has served as President of Ellis-Gibson Development Group (real estate development and property management), Virginia Beach, Virginia, since 1988.

Mr. Ellis has over 40 years of experience in commercial real estate, including over 25 years as founder and President of the Ellis-Gibson Development Group. He has also served on the boards of several civic and business organizations, including the Virginia Beach Development Authority. Mr. Ellis' extensive business, civic, and real estate experience in the local community, combined with his service as a TowneBank regional director, makes him a valuable asset to the Board.

William I. Foster III (69)

Director since 2005

Mr. Foster became President and Chief Executive Officer of TowneBank on January 1, 2023. Mr. Foster served as President, Central Virginia and the Carolinas, from 2020 to 2022 and as President, Commercial and Real Estate Banking, from 2018 to 2020. He served as President of TowneBank Virginia Beach from 2011 to 2018 and as President of TowneBank Norfolk from 2005 to 2011.

Mr. Foster has over 30 years of experience in the banking industry, with a background in retail, commercial and industrial, and commercial real estate. Mr. Foster's extensive experience in banking and commercial real estate provides significant insight and expertise to our Board.

Robert C. Hatley (74)

Director since 2018

Mr. Hatley retired from TowneBank in 2019. He had served as President of TowneBank North Carolina since 2018, when Paragon Commercial Corporation ("Paragon") and its wholly owned subsidiary, Paragon Commercial Bank ("Paragon Bank"), were merged into TowneBank. Previously, he served as President, CEO, and a director of Paragon and Paragon Bank since 1998. Mr. Hatley founded Paragon in 1998 and has a total of over 40 years of banking experience.

Mr. Hatley's extensive banking experience and knowledge of our North Carolina market makes him a valuable addition to the Board.

Howard J. Jung (78)*

Director since 2018

Mr. Jung joined TowneBank as a director in 2018 when Paragon was merged into TowneBank. He previously served as Chairman of the Board of Directors of Paragon Bank since 1999, and as Chairman of the Board of Directors of Paragon since 2001, until their merger with TowneBank. He has extensive prior experience as a corporate director, having served as a director of the Ace Hardware Corporation from 1987 to 1996 and as Chairman of the Board at Ace Hardware Corporation from 1998 to 2003. Mr. Jung also owned and served as Vice President of Ace Hardware Stores, Inc., Raleigh, North Carolina, from 1997 to 2016.

Mr. Jung's extensive board and executive management experience, as well as his knowledge of our North Carolina markets, make him an important member of the Board.



Stephanie J. Marioneaux, M.D. (66)***Director since 2010**

Dr. Marioneaux has served as an ophthalmologist in Chesapeake, Virginia, since 1989.

Dr. Marioneaux has been active in numerous civic and professional organizations. Dr. Marioneaux was one of five recipients of the Benjamin F. Boyd Humanitarian Medal for Services to the Americas in 2011, presented by the Pan-American Association of Ophthalmology, for her successful efforts to ship over \$500,000 of ophthalmology equipment to Haiti after the earthquake in 2011. Dr. Marioneaux provides our Board with a valuable combination of community service experience and banking industry expertise gained through her tenure as a member of the Board and the Company's Chesapeake Regional Board.

Juan M. Montero, II, M.D. (82)***Director since 1999**

Dr. Montero is retired from practice as a General and Thoracic Surgeon. Dr. Montero is the Founder and Chairman of Montero Medical Missions, which provides medical missions and creates sustainable healthcare projects through physicians and allied health professionals in the U.S. and abroad.

Dr. Montero has over 30 years of experience serving on the boards of banking institutions, including TowneBank. He also served the local community as a general/thoracic surgeon for 35 years. Dr. Montero brings a unique perspective to our Board by combining banking industry expertise with a strong focus on service in the community.

Thomas K. Norment, Jr. (79)***Director since 2009**

Mr. Norment has served as a Commissioner of Accounts for the City of Williamsburg, Virginia, and James City County, Virginia, since 2009. He also served as a professor at the College of William & Mary from 2008 to 2020. In addition, he is "of counsel" to the law firm of Kaufman & Canoles, P. C., where he was formerly a partner. Mr. Norment represented the 3rd Senatorial District as a Virginia State Senator from 1992 to 2024.

Mr. Norment's experience as an elected public official provides insight into the workings of state government and the issues facing the citizens living and working in our Hampton Roads and Richmond markets.

Alan S. Witt (69)***Director since 2004**

Mr. Witt has served as Dean of the Luter School of Business at Christopher Newport University, Newport News, Virginia, since 2021. Previously, Mr. Witt served as Chief Executive Officer of PBMAres, LLP (accounting and business consulting firm), Newport News, Virginia, from its formation in 2013 until his retirement from the firm in 2020. He previously served as Chief Executive Officer of Witt Mares, PLC from 1989 until its merger with PBGH, LLP in 2013. He also served as a director of Harbor Bank from 1996 to 2004, when it was acquired by TowneBank.

Mr. Witt is a licensed CPA and has served numerous clients in various industries, giving him broad-based experience and expertise in financial operating and reporting matters. Mr. Witt provides an expertise in technical auditing and reporting matters related to financial institutions, which, combined with his experience as Chief Executive Officer of a large regional public accounting and business consulting firm, is a unique and valuable asset to the Board.

2027 Class II (Director Nominees to Serve Until the 2027 Annual Meeting):**Andrew S. Fine (88)****Director since 1999**

Mr. Fine serves as Co-Chair of The Runnymede Corporation (real estate development), Virginia Beach, Virginia.

Mr. Fine has an extensive legal, business, and banking background. He has over 50 years of experience serving as a bank director, including 20 years with TowneBank. Mr. Fine's business background and his expertise in banking and legal matters make him a valuable member of the Board.



John R. Lawson, II (73)***Director since 2004**

Mr. Lawson serves as Executive Chairman of W.M. Jordan Company, Inc. (general construction contractor), Newport News, Virginia. Prior to assuming the Executive Chairman position in 2018, he served as President and Chief Executive Officer of the company. He was a director of Harbor Bank from 1996 to 2004, when it was acquired by TowneBank.

Mr. Lawson provides the valuable perspective gained from more than 48 years of leading a large, general construction firm as the Chief Executive Officer.

Aubrey L. Layne, Jr. (68)***Director since 2023**

Mr. Layne has been the Executive Vice President and Chief Administrative Officer for Sentara Healthcare (not-for-profit health care delivery system), Norfolk, Virginia, since 2021. Mr. Layne was Secretary of Finance for the Commonwealth of Virginia from 2018 to 2021 and Secretary of Transportation for the Commonwealth of Virginia from 2014 to 2018. He currently serves as the Chair of the Board of Commissioners of the Virginia Port Authority. Mr. Layne served on TowneBank's regional Peninsula Board of Directors until 2014.

Mr. Layne brings years of leadership and business expertise to the TowneBank Board. He has also served on the boards of numerous civic and business organizations. His experience in both the local community and throughout Virginia, combined with his past service as a TowneBank regional director, has created an innovative leader that will help move our Company forward.

W. Ashton Lewis (79)***Director since 1999**

Mr. Lewis has served as President of Lewis Gibbs Corporation (automobile dealership holding company), Chesapeake, Virginia, and Treasurer of First Team Automotive Group, Chesapeake, Virginia, since 1999.

Mr. Lewis has over 45 years of experience as the owner/operator of new auto dealerships and over 35 years of experience as a director of banking institutions. Mr. Lewis' experience as a local entrepreneur and his banking industry experience make him an asset to the Board.

R. Scott Morgan (80)**Director since 1999**

Mr. Morgan retired from TowneBank in 2011. He served as President and Senior Credit Officer of TowneBank from 1999 until his retirement in 2011.

During Mr. Morgan's 47 years in banking and financial services, he served in numerous leadership roles focusing on lending, policy, review, and management. As one of the founding officers of TowneBank, Mr. Morgan brings to our Board a deep understanding of our Company's business, history, and organization, as well as extensive leadership, community banking expertise, and management experience.

Robert M. Oman (70)***Director since 2016**

Mr. Oman retired in 2020, upon the sale of his business, Oman Funeral Homes, Inc., Chesapeake, Virginia, where he had served as President since 1985. Mr. Oman served as a director of Monarch Financial Holdings, Inc. ("Monarch") until the merger with TowneBank in 2016. He is a former board member and Chairman of the Chesapeake Hospital Authority, which serves as the governing body for the Chesapeake Regional Medical Center.

As a former small business owner and native of Chesapeake, Mr. Oman brings value and insight into our business banking focus as well as the community.

R.V. Owens, III (68)***Director since 2011**

Mr. Owens is President and Chief Executive Officer of Honey Badger OBX, LLC (real estate investment firm), Kill Devil Hills, North Carolina.

Mr. Owens' experience as the owner and President of a local retail business, combined with his extensive knowledge of our market area in northeastern North Carolina, makes him a valuable asset to the Board.



Board of Directors and Committees

Each director is expected to devote sufficient time, energy and attention to ensure diligent performance of the director's duties, including attendance at Board and committee meetings. There were 13 meetings of the Board of Directors in 2024. Each director attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings of the committees of which the director was a member during 2024.

The Company encourages each member of the Board to attend the annual meeting of shareholders. Of the 24 current directors who were serving at the time, 21 attended the 2024 annual meeting of shareholders.

The Board has reviewed the definition of "independent director" as defined in Nasdaq Marketplace Rule 5605(a)(2) and determined that of the 8 director nominees and 16 other directors, 17 are independent.

There are no family relationships among any of the directors or among any director and any executive officer.

The Board of Directors of the Company has established various committees, including Executive, Audit, Compensation, Nominating, and Enterprise Risk Management.

Lead Director. W. Ashton Lewis serves as the Company's Lead Director. The responsibilities and duties of the Lead Director include (i) presiding at meetings of the Board of Directors at which the Chairman is not present, including executive sessions of the independent directors; (ii) serving as the principal liaison between the Chairman and the independent directors on sensitive issues; (iii) calling special meetings or executive sessions of the independent directors; (iv) facilitating communication between the Board and senior management, including advising the Chairman of the Board's informational needs regarding meeting agendas and schedules and the types and forms of information supplied to directors; (v) serving as an additional point of contact for Board members and shareholders and being available for consultation and direct communication with major shareholders; and (vi) working with the Chairman to ensure that the Board is provided with the resources, including external advisors and consultants as considered appropriate, to permit the Board to carry out its responsibilities and duties. The Lead Director is elected annually by a majority vote of the independent directors. Although elected annually, the Lead Director is generally expected to serve for more than one year. The Lead Director may be removed or replaced at any time with or without cause by a majority vote of the independent members of the Board of Directors.

Board's Role in Risk Oversight. While each of the Company's Board committees oversees the management of the risks that are within their areas of responsibility, the Company's Enterprise Risk Management Committee is responsible for overseeing the development and implementation of the Company's Enterprise Risk Management program.

The program takes an ongoing enterprise view of risk tolerances, risk limits, and key risk indicators towards the development and refinement of the Company's risk appetite framework, as approved by the Board of Directors. The program includes consistent processes for identifying, assessing, managing, monitoring and reporting risks of all types, including credit risk, market risk, liquidity risk, cyber and security risk, operational risk, compliance risk, strategic risk and reputation risk, as well as Bank Secrecy Act/Anti-Money Laundering compliance and environmental, social and governance matters. The Board of Directors is regularly informed about the Company's risk profile through management presentations, committee reports and minutes of the meetings of the Enterprise Risk Management Committee. Although risk management is primarily the responsibility of the Company's management, the Enterprise Risk Management Committee actively engages with management to establish risk management principles and to determine risk appetite.

As a financial institution entrusted with safeguarding sensitive customer information, the Board of Directors is actively engaged in the oversight of the Company's cyber risk profile and key cyber initiatives. Under the direction of its Chief Information Security Officer, the Company maintains a formal information security management program, which is subject to oversight by, and reporting to, the Enterprise Risk Management Committee. The Enterprise Risk Management Committee oversees and reviews reports on significant matters of actual, threatened or potential breaches of corporate security, including cybersecurity. The Company maintains cyber insurance through its corporate insurance program.

Other committees of the Board of Directors consider the risks within their areas of responsibility. The Audit Committee has responsibility for oversight of risks associated with financial accounting and reporting, including the system of internal controls. The Audit Committee also oversees the Company's internal audit function. To better coordinate its risk oversight



function, the Chair of the Audit Committee is a member of the Enterprise Risk Management Committee. The Compensation Committee oversees risks relating to the Company's compensation plans and programs.

In addition to reviewing committee reports and minutes concerning the Company's risk management program, the Board of Directors also monitors and reviews reports presented by management, internal and external auditors, and regulatory examiners.

While the Company believes that its risk oversight structure is designed to provide an effective risk management program, the Board of Directors and the management team are committed to the continuous strengthening of the Company's risk management practices.

Executive Committee. The Executive Committee is composed of Messrs. Lawson (Chair), Aston, Benson, Ellis, Foster, Lester, and Lewis. The committee, which is subject to the supervision and control of the Board of Directors, has been delegated substantially all of the powers of the Board of Directors to act between meetings of the Board, except for certain matters reserved to the Board by law. In 2024, there were three meetings of the Executive Committee.

Audit Committee. The Audit Committee is composed of Ms. Robertson (Chair) and Messrs. Jung, Layne, Lewis, Perry, and Witt. Serving as consultants to the Audit Committee are Lawton H. Baker, a Director of the Portsmouth TowneBanking Group board; Daniel N. Ryan, Sr., a Director of the Virginia Beach TowneBanking Group board; and Robert E. Yancey, a Director of the Peninsula TowneBanking Group board. The six committee members are considered "independent directors" as defined by Nasdaq Marketplace Rule 5605(a)(2). The Board of the Company has established that the Company has two Audit Committee financial experts: Ms. Robertson and Mr. Witt. The Board has determined that Ms. Robertson and Mr. Witt possess the requisite accounting and related financial management expertise to qualify for the position. Pursuant to the written charter of the Audit Committee, the functions of the committee are to review and approve the selection of independent auditors; to remain apprised of the status and results of examination by the regulatory agencies, the independent auditors and the internal auditor, as well as monitor remediation progress if applicable; and to issue its report to the Board of Directors.

The Audit Committee is responsible for reviewing all transactions between the Company and any officer or director of the Company or any entity in which an officer or director has a material interest. Any such transactions must be on terms no less favorable than those that could be obtained on an arm's-length basis from independent third parties. The Audit Committee met eight times in 2024. The Audit Committee Report begins on page 46. A copy of the charter of the Audit Committee is available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Governance Documents."

Compensation Committee. The Compensation Committee is composed of Messrs. Lewis (Chair), Benson, Ellis, Lester, and Montero. The five committee members are considered "independent directors" as defined by Nasdaq Marketplace Rule 5605(a)(2). Pursuant to the written charter of the Compensation Committee, the primary function of the committee is to provide independent oversight of TowneBank's compensation practices and to determine compensation or provide recommendations to the Board for the compensation of the Executive Chairman, the Chief Executive Officer and all other executive officers of TowneBank. The committee also monitors all incentive and equity compensation plans for the benefit of Company officers and directors eligible to participate in such plans. The Compensation Committee met four times in 2024. The Compensation Committee Report is included on page 18. A copy of the charter of the Compensation Committee is available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Governance Documents."

Compensation Committee Interlocks and Insider Participation. During 2024, there were transactions between TowneBank and certain members of the Compensation Committee, or their associates, primarily consisting of extensions of credit and purchases of goods and services by the Company in the ordinary course of its business. Each transaction was made on substantially the same terms, including interest rates, lease rates, purchase prices, collateral and repayment terms, as those prevailing at the time for comparable transactions with the general public. In the opinion of management, none of the transactions involve more than the normal risk of collectibility or present other unfavorable features.

Enterprise Risk Management Committee. The Enterprise Risk Management Committee is composed of Messrs. Witt (Chair), Jung, Lewis, Norment, and Shetty, and Ms. Robertson. Serving as advisors to the Enterprise Risk Management Committee are Messrs. Davis and Morgan. Ernest S. Piccioli serves as a non-voting member and Committee Secretary. The Enterprise Risk

Management Committee was formed to be primarily responsible for overseeing the Company's risk management function on behalf of the Board.

The Enterprise Risk Management Committee is responsible for aligning the Company's risk profile, inclusive of risk appetite, with the Company's strategic plans and objectives. This involves identifying, assessing, managing, monitoring and reporting risks of all types, including credit risk, market risk, liquidity risk, operational risk, technology risk, strategic risk, and reputation risk.

In carrying out its responsibilities, the Enterprise Risk Management Committee works closely with TowneBank's Chief Risk Officer, internal audit, and other members of TowneBank's management team. The Enterprise Risk Management Committee met four times in 2024.

In addition to the Enterprise Risk Management Committee, the other committees of the Board consider the risks within their areas of responsibility. For example, the Compensation Committee considers the risks that may be implicated by our executive compensation programs. For a discussion of the Compensation Committee's review of TowneBank's senior executive officer compensation plans and employee incentive compensation plans and the risks associated with these plans, see "Compensation Discussion and Analysis" beginning on page 19. A copy of the charter of the Enterprise Risk Management Committee is available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Governance Documents."

Director Nominations Process

The Company's Board of Directors has adopted a Director Nominations Policy (the "Nominations Policy"). The purpose of the Nominations Policy is to describe the process by which candidates for possible inclusion in the Company's recommended slate of director nominees are selected. The Nominations Policy is administered by the Nominating and Corporate Governance Committee ("Nominating Committee").

Nominating Committee. The Nominating Committee is composed of Messrs. Lester (Chair), Benson, Ellis and Lewis. The committee members are considered independent directors "as defined by Nasdaq Marketplace Rule 5605(a)(2)". The Nominating Committee met one time in 2024. A copy of the charter of the Nominating Committee is available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Governance Documents." The Nominating Committee reviews the qualifications of potential candidates and makes recommendations to the full Board. The factors considered by the committee and the Board in its review of potential candidates include the following:

Minimum Criteria for Board Members. Each candidate must possess at least the following specific minimum qualifications:

- Each candidate shall be prepared to represent the best interests of all of the Company's shareholders and not just one particular constituency.
- Each candidate shall be an individual who has demonstrated integrity and ethics in his or her personal and professional life and has established a record of professional accomplishment in his or her chosen field.
- No candidate, family member (as defined by Nasdaq rules), affiliate or associate (each as defined in Rule 405 under the Securities Act of 1933) of a candidate shall have any material personal, financial or professional interest in any present or potential significant competitor of the Company.
- Each candidate shall be prepared to participate fully in Board activities, including committee assignments. Attendance at, and active participation in, meetings of the Board and the committee of which he or she is a member is expected. There should be no other personal or professional commitments that would, in the Nominating Committee's sole judgment, interfere with or limit his or her ability to do so.

Desirable Qualities and Skills. In addition, the Company also considers it desirable that candidates possess the following qualities or skills:

- Each candidate should contribute to the Board's overall diversity – diversity being broadly construed to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics.
- Each candidate should contribute positively to the existing chemistry and collaborative culture among Board members.



Internal Process for Identifying Candidates. The Company has a primary method for identifying candidates (other than those proposed by the Company's shareholders, as discussed below). On a periodic basis, the Company solicits ideas for possible candidates from a number of sources: members of the Board, senior-level Company executives, individuals personally known to the members of the Board, and research.

The Nominations Policy divides the process for candidates proposed by shareholders into the general nomination right of all shareholders and proposals by "Qualified Shareholders" (as defined below).

General Nomination Right of All Shareholders. Any shareholder of the Company may nominate one or more persons for election as a director of the Company at the annual meeting of shareholders if the shareholder complies with the notice, information and consent provisions contained in the Company's bylaws. The Company has an advance notice bylaw provision. In order for the director nomination to be timely, a shareholder's notice must be delivered to the Company's principal executive offices not less than 60 nor more than 90 days prior to the anniversary of the preceding year's annual meeting, subject to certain exceptions if the meeting date is not held within the same general time period.

The procedures described in the next section are meant to establish additional means by which certain shareholders can have access to the Company's process for identifying and evaluating candidates, before they become nominees, and are not meant to replace or limit shareholders' general nomination rights in any way.

Proposals by Qualified Shareholders. In addition to those candidates identified through the Company's own internal processes, in accordance with the Nominations Policy, the Nominating Committee will evaluate a candidate proposed by any single shareholder or group of affiliated shareholders who has beneficially owned more than 5% of the Company's common stock for at least one year (and will hold the required number of shares through the annual shareholders' meeting) and who satisfies the notice, information and consent provisions in the Nominations Policy (a "Qualified Shareholder").

In order to be considered by the Nominating Committee during the identification and evaluation process for an upcoming annual meeting of shareholders, a notice from a Qualified Shareholder regarding a potential candidate must be received by the Company not less than 120 calendar days before the anniversary of the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting. If the Company changes its annual meeting date by more than 30 days from year to year, the notice must be received by the Company no later than the close of business on the 10th day following the day on which notice of the date of the upcoming annual meeting is publicly disclosed.

All candidates (whether identified internally or by a Qualified Shareholder) who, after evaluation, are then recommended by the Nominating Committee and approved by the Board, will be included in the Company's recommended slate of director nominees in its proxy statement.

Any candidate proposed by a Qualified Shareholder must be independent of the Qualified Shareholder in all respects as determined by the Nominating Committee or by applicable law. Any candidate submitted by a Qualified Shareholder must also meet the definition of an "independent director" under Nasdaq Marketplace Rule 5605(a)(2).

Evaluation of Candidates. The Nominating Committee will consider all candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. If, based on the committee's initial evaluation, a candidate continues to be of interest, certain members of the Nominating Committee will interview the candidate and communicate their evaluation to the other committee members, the Chairman of the Board, and the Chief Executive Officer.

The Nominating Committee and senior management will conduct later reviews. Ultimately, background and reference checks will be conducted and the Nominating Committee will meet to finalize a list of recommended candidates for the Board's consideration.

Timing of the Identification and Evaluation Process. The Company's fiscal year ends each year on December 31. The Nominating Committee meets on an as-needed basis to consider, among other things, candidates to be recommended to the Board for inclusion in the Company's recommended slate of director nominees for the next annual meeting and the Company's proxy statement.

Future Revisions to the Nominations Policy. The Nominations Policy is intended to provide a flexible set of guidelines for the effective functioning of the Company's director nominations process. The Nominating Committee intends to review the Nominations Policy periodically and anticipates that modifications will be necessary from time to time as the Company's needs and circumstances evolve.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

As a relationship driven and community focused company, TowneBank is committed to delivering on each of our guiding principles while balancing the interests of our shareholders, our communities, our customers (whom we call our members), and our employees. We believe our employees are one of our most important and valuable assets, and we strive to create a warm sense of belonging. We believe our strong culture strengthens our bond with the communities we serve.

At TowneBank, we empower consumers—both individual consumers and businesses—to make financial decisions with confidence. We believe that our environmental, social and governance initiatives contribute to our success in achieving the Company's goals for all our shareholders. We have identified the following topics of focus: Human Capital Management, Diversity and Inclusion (D&I), Community Engagement, Climate and Environmental Operations, Governance and Business Conduct, and Data Privacy and Cybersecurity. The following summary highlights some of these initiatives.

Human Capital Management

TowneBank's ability to deliver value to our members starts with our people. The success of the Company is directly attributable to an exceptional team of people who are clearly committed to a caring and nurturing environment centered on serving others. Continuing to build a passionate team with adherence to our culture of caring, vision, and opportunity for all will be the cornerstone of our ongoing success.

We have a strategic focus on designing our compensation and incentive programs to ensure they are competitive and effective in attracting and retaining diverse talent across all lines of business. In addition to competitive base and incentive compensation plans, the Company offers all full-time employees competitive benefits including paid vacation and sick leave, parental leave, 401(k) plan, health, dental, and vision plans, life and disability coverage, wellness plan, paid training opportunities, pre-tax flexible spending accounts, and tuition reimbursement.

As part of the Company's governance framework for human capital, the Board of Directors has a Compensation Committee composed of independent directors. Pursuant to the written charter of the Compensation Committee, the primary function of the committee is to provide independent oversight of TowneBank's compensation practices and to determine compensation or provide recommendations to the Board for the compensation of the Executive Chairman, the Chief Executive Officer, and all other executive officers of TowneBank. The committee also monitors all incentive and equity compensation plans for the benefit of Company officers and directors eligible to participate in such plans.

The Company's strategic plan has dedicated objectives and tactics to ensure we recruit, retain, and develop a diverse and talented team, with a specific focus on enhancing diversity and inclusion. None of our employees are represented by any collective bargaining agreements.

Periodically, we send Company-wide surveys to our employees on topics such as career satisfaction and member experience, inviting confidential feedback on our benefits, processes and opportunities. We have used this feedback to develop and enhance employee benefits and opportunities.

The Company has active learning and development programs designed to develop skills and knowledge, provide ongoing opportunities for teams to grow in existing roles, and to be prepared for future opportunities. For over 17 years, the Company has had a management development program designed to develop leadership and managerial talent for the future. Over this time, 201 employees have participated in this program, and many of these graduates have moved into leadership roles in the Company.

Diversity and Inclusion

Our mission statement includes a commitment "to create a warm sense of belonging" for everyone. To ensure that all our employees feel valued and respected and recognizing the vital importance of having a workforce that reflects the communities we serve, we established the Diversity and Inclusion Council. Our Chief Executive Officer chairs this council, which includes leaders and representatives from diverse business lines and regions across our organization. In 2024, the council met seven times.



The Diversity and Inclusion Council oversees our initiatives to foster an environment of respect, value, and engagement, allowing all team members to reach their full potential.

Our strategy is to:

- Support TowneBank’s commitment to creating a warm sense of belonging;
- Foster and sustain a diverse workforce;
- Cultivate and support an inclusive culture;
- Provide resources to promote professional and career development opportunities; and
- Provide access to mentorship opportunities.

As part of our initiatives to achieve these objectives, we have established recruiting partnerships with local colleges and universities to promote and enhance diversity within our workforce. Our vision is to continue to attract and retain a high-performing workforce by actively recruiting, developing, and supporting employees who work collaboratively to fulfill TowneBank’s mission.

We offer several inclusive spaces designed for team members to engage with and appreciate diverse perspectives. These forums are inclusive and open to all team members who are passionate about learning from different viewpoints and enjoy contributing to initiatives supporting TowneBank’s strategic plan, mission, and guiding principles. These spaces include NOIR, Pride, Women’s, Working Parents and Caregivers, Emerging Leaders, Administrative Professionals, and New Family Members.

The TowneBank Diversity and Inclusion Council is also responsible for oversight of the Supplier Diversity Program, which seeks to raise awareness among certified minority-owned and women-owned businesses about opportunities to compete for the procurement of TowneBank’s business and services.

At December 31, 2024, approximately 68% of our colleagues who participated in the survey process self-identify as women and approximately 18% self-identify as minorities.

Community Engagement

Robust community engagement, volunteerism and philanthropy are some of the ways in which TowneBank continues to serve our communities. Here are some highlights of our initiatives.

- In 2024, we committed to invest over \$94 million in Federal low-income housing tax credits, providing families with more than 500 affordable housing opportunities.
- Our employees self-reported over 9,500 volunteer hours last year at more than 380 different organizations throughout the regions we serve.
- Our employees personally donated over \$700,000 through the United Way Workplace Giving Campaign.
- Our charitable contributions in 2024 totaled \$13.14 million, which went to support over 130 organizations in the communities we serve that are dedicated to a wide variety of causes, including health care, childhood development, education, food banks, veterans, and job creation.
- We ranked 3rd in total corporate philanthropic donations to Virginia nonprofits in 2023, the most recent year for this ranking, with total donations of \$10.33 million according to the Generous Virginians Project sponsored by Virginia Business magazine.
- We have received six consecutive “Outstanding” ratings, the highest possible, on our Community Reinvestment Act performance evaluation since 2007, demonstrating our ongoing commitment to support the communities we serve through community development loans, support of affordable housing, philanthropic donations and volunteer services.
- With a designated Financial Engagement Officer on the team, we conduct financial literacy, credit, mortgage, and business financing seminars on topics such as: entrepreneurship, budgeting, mortgage basics, business financing, homeownership basics, managing debt, and work readiness, for non-profit organizations, individuals, and the general public. In 2024, we conducted more than 35 sessions, reaching approximately 2,400 individuals.



- We have an active interest in Junior Achievement programs throughout our footprint. TowneBank is a multi-year financial sponsor of Junior Achievement of the Central Carolinas' "Build On Opportunity" campaign. In 2024, our bankers volunteered in multiple regions and we provided additional financial sponsorships in Greater Hampton Roads, Central Virginia, Eastern and the Central Carolinas.
- We are also active in many financial literacy programs for children and young adults, including Making Money Count ("MMC"), which has reached approximately 115,000 second graders in our central Virginia market since it launched in 2010.
- We are involved with multiple American Bankers Association education programs. In 2024, an estimated 2,400 students were reached as part of the "Teach Children to Save" program for elementary schools and an estimated 697 middle and high-schoolers were reached as part of the "Get Smart About Credit" program. Additionally, TowneBank employees visited local schools as part of the "Virginia Reads One Book" program, reaching an estimated 2,200 students.

Climate and Environmental Operations

We recognize the importance of climate, environmental sustainability, and the heightened interest in companies' environmental footprints. As we evolve our environmental program and strategy, we look forward to sharing our progress. Highlights of our initiatives include:

- We encourage our members to use online and mobile banking and to opt-in for electronic statements;
- More than 60% of the approximate 8,000 mortgage loan applicants in 2024 applied using our online application portal, and over 92% of our mortgage borrowers received, completed, and signed electronically the mortgage loan package, which includes a substantial number of disclosure related forms required by law;
- We utilize energy-saving LED bulbs and fixtures throughout our facilities;
- In late 2021, we entered into a four-year energy procurement arrangement that provides electricity generated from 100% renewable energy sources for a majority of our banking facilities located in Virginia;
- New and renovated locations include energy efficient time-controlled HVAC systems and light fixtures with motion-detecting sensors;
- We have pledged our financial support to a number of environmental conservation organizations and projects that are active in our communities, including:
 - The Elizabeth River Project (a \$500,000 commitment over five years starting in 2021),
 - The James River Association (a \$50,000 commitment over four years starting in 2022); and
 - The Nansemond River Preservation Alliance (a \$60,000 commitment over three years starting in 2023).
- We have no credit exposure involving the exploration, mining or extraction of coal, oil or natural gas.

Governance and Business Conduct

Our Board of Directors works in partnership with our management team to serve all our stakeholders. Our directors, who live and work in the local communities we serve, represent a well-rounded variety of skills, knowledge, experience and perspectives. In particular, they have considerable community banking experience which gives them valuable insight into the increasingly complex regulatory and operating environment that banking institutions must navigate. The Board is committed to overseeing our efforts to integrate ESG principles and practices throughout the organization.

Governance highlights include:

- All of our board committees are chaired by independent directors;
- Strong independent Lead Director with clearly delineated duties;
- Our directors maintain a high level of engagement with the Company with a monthly meeting cadence (13 meetings held in 2024) and an average attendance of approximately 92% for board and committee meetings in 2024;
- Our directors and executive officers own Company stock and as a group, they beneficially own 6.57% of our outstanding shares as of the record date (March 19, 2025);
- Each share of our common stock has equal voting rights with one vote per share;



- The Board of Directors has adopted a conflicts of interest policy that requires actual or potential conflicts of interest of any director or executive officer be disclosed to and reviewed by the Audit Committee;
- Directors and executive officers are prohibited from hedging Company stock;
- In keeping with our policy of non-partisanship, we do not contribute any corporate funds to candidates for public office or to political parties, and do not allow members of executive management to occupy any elective public office;
- Our Employee Handbook includes standards of conduct that address the Company's values, which include, among other things, integrity, ethical behavior, and conflicts of interest;
- We maintain a retaliation-free whistleblower policy for employees to communicate concerns regarding accounting, auditing or other matters relating to violations of law or fraud to the Audit Committee. The Audit Committee provides oversight of the Company's whistleblower policy and reviews complaints in accordance with the policy;
- Executive officers are asked to certify annually their receipt of the Company Code of Ethics; and
- All our employees receive annual compliance training in our key policies and procedures.

Data Privacy and Cybersecurity

The security of our members' private information is one of our key priorities. We have put in place corporate policies and operating procedures that govern how we collect, use, retain and protect private and personal data. Information security highlights include:

- Our Enterprise Risk Management Committee, a Board level committee chaired by an independent director, oversees the Company's cybersecurity risk program and reports periodically to the Board of Directors;
- The cybersecurity program utilizes multiple levels of preventive and detective tools, rigorous systems testing, software patch management, and a dedicated information security staff led by our Chief Information Security Officer;
- We engage independent third parties to conduct internal and external system penetration testing and conduct internal security risk assessments and audits;
- We have an incident response program that enables a coordinated response to mitigate the impact of, and recover from, any cyber-attacks and facilitates communications to internal and external stakeholders; and
- Employees receive mandatory annual training in information security, and we routinely conduct exercises to raise data security awareness.

OWNERSHIP OF COMPANY COMMON STOCK

The following table sets forth, as of March 19, 2025, certain information with respect to the beneficial ownership of the Company's common stock held by each director and director nominee, each executive officer named in the "Summary Compensation Table" on page 29, the current directors and all executive officers as a group, and persons known by the Company to be beneficial owners of more than 5% of the outstanding shares of the Company's common stock.

Name	Number of Shares Beneficially Owned ⁽¹⁾	Percent of Class
G. Robert Aston, Jr.	423,920 ⁽²⁾⁽³⁾	*
Jeffrey F. Benson	123,001 ⁽²⁾	*
J. Morgan Davis	31,865 ⁽²⁾	*
Douglas D. Ellis	160,375	*
Andrew S. Fine	449,828 ⁽²⁾	*
William I. Foster III	50,530 ⁽²⁾⁽³⁾	*
Robert C. Hatley	75,513 ⁽²⁾	*
Frank E. Jenkins, Jr.	— ⁽⁹⁾	*
Howard J. Jung	207,003 ⁽²⁾	*
John R. Lawson, II	1,902,462 ⁽²⁾	2.52%
Aubrey L. Layne, Jr.	27,878	*
Harry T. Lester	44,000	*
W. Ashton Lewis	201,522 ⁽²⁾	*
William B. Littreal	65,094 ⁽³⁾	*
Stephanie J. Marioneaux, M.D.	54,905 ⁽²⁾	*
Juan M. Montero, II, M.D.	22,235	*
R. Scott Morgan	256,534 ⁽²⁾	*
William T. Morrison	169,225 ⁽³⁾	*
Thomas K. Norment, Jr.	74,521 ⁽²⁾	*
Robert M. Oman	50,764 ⁽²⁾	*
R.V. Owens, III	22,978	*
J. Christopher Perry	12,691 ⁽²⁾	*
Elizabeth W. Robertson	60,863 ⁽²⁾	*
Sachin S. Shetty	2,427	*
Brian K. Skinner	49,621 ⁽²⁾⁽³⁾	*
Richard B. Thurmond	89,350 ⁽²⁾	*
Alan S. Witt	95,044	*
All directors, director nominees and executive officers as a group (35 persons)	4,952,172 ⁽⁴⁾	6.57%
5% Shareholders		
BlackRock, Inc. 50 Hudson Yards New York, New York 10001	5,501,466 ⁽⁵⁾	7.30%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	4,344,673 ⁽⁶⁾	5.76%
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	7,482,171 ⁽⁷⁾	9.92%
Dimensional Fund Advisors 6300 Bee Caves Road, Building 1 Austin, TX 78746	4,334,669 ⁽⁸⁾	5.75%

(Footnotes appear on the next page.)



* Represents less than 1% of the Company's common stock.

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934 under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security, the power to dispose of or direct the disposition of the security, or the right to acquire beneficial ownership of the security within 60 days. The mailing address of the directors and executive officers included in the table is 6001 Harbour View Blvd., Suffolk, Virginia 23435.
- (2) Includes shares held by affiliated corporations, close relatives and children, and shares held jointly with spouses or as custodians or trustees, as follows: Mr. Aston, 78,918 shares; Mr. Benson, 17,875 shares; Mr. Davis, 370 shares; Mr. Fine, 289,288 shares; Mr. Foster, 214 shares; Mr. Hatley, 8,193 shares; Mr. Jung, 70,008 shares; Mr. Lawson, 1,480,335 shares; Mr. Lewis, 49,070 shares; Dr. Marioneaux, 110 shares; Mr. Morgan, 3,466 shares; Mr. Norment, 3,438 shares; Mr. Oman, 29,562 shares; Mr. Perry, 6,826 shares; Ms. Robertson, 60,463 shares; Mr. Skinner, 2,731 shares; and Mr. Thurmond, 5,560 shares.
- (3) Includes shares of common stock that are restricted stock holdings as follows: Mr. Aston, 15,221; Mr. Foster, 28,876 shares; Mr. Littreal, 27,416 shares; Mr. Morrison, 7,668 shares; and Mr. Skinner, 13,838 shares. The shares are subject to a vesting schedule, forfeiture risk and other restrictions. These shares can be voted at the Annual Meeting.
- (4) Includes 68,127 shares of common stock that are restricted stock holdings for other executive officers not included in footnote three above. These shares can be voted at the Annual Meeting.
- (5) This information is based on a Schedule 13F-HR filed with the Securities and Exchange Commission on February 7, 2025, which reported sole voting power over 5,348,185 shares, shared voting power over 0 shares, sole dispositive power over 5,501,466 shares and shared dispositive power over 0 shares at December 31, 2024.
- (6) This information is based on a Schedule 13F-HR filed with the Securities and Exchange Commission on February 14, 2025, which reported sole voting power over 4,320,693 shares, shared voting power over 0 shares, sole dispositive power over 4,344,673 shares and shared dispositive power over 0 shares at December 31, 2024.
- (7) This information is based on a Schedule 13F-HR filed with the Securities and Exchange Commission on February 11, 2025, which reported sole voting power over 0 shares, shared voting power over 72,728 shares, sole dispositive power over 7,313,810 shares and shared dispositive power over 168,361 shares at December 31, 2024.
- (8) This information is based on a Schedule 13F-HR filed with the Securities and Exchange Commission on February 13, 2025, which reported sole voting power over 4,087,531 shares, shared voting power over 179,876 shares, sole dispositive power over 4,151,828 shares and shared dispositive power over 182,841 shares at December 31, 2024.
- (9) Frank E. Jenkins, Jr. is expected to join the Board in April 2025. See "Election of Directors — Proposal One" for more information.

Stock Ownership Guidelines

The Board of Directors believes that it is in the best interests of the Company to align the financial interests of the directors and executive officers with those of the Company's shareholders and has adopted minimum stock ownership guidelines applicable to directors and the Named Executive Officers listed in the "Summary Compensation Table" on page 29.

The ownership threshold for directors is \$100,000 aggregate value of the Company's common stock. The ownership threshold for the Named Executive Officers is based on the following multiples of their base salaries: three times base salary for the Executive Chairman and the Chief Executive Officer; two times base salary for the President (if not also the Chief Executive Officer), and one times base salary for the other Named Executive Officers. There is a five year accumulation period for new directors and Named Executive Officers.

Shares owned directly by a director and Named Executive Officer or indirectly (e.g., by a spouse, trust or affiliated company) count towards the ownership targets. Restricted stock awards, restricted stock units and other equity-based awards granted under the Company's stock incentive plans that are time-vested awards involving the issuance of shares of common stock are also included as owned for the purposes of the guidelines. Unexercised stock options, unearned performance shares, and any shares pledged to secure a loan or held in a margin account are not counted toward meeting the guidelines. If any director or officer is not in compliance with the ownership guidelines, any shares acquired upon the exercise of a stock option or any shares that vest and are no longer subject to any time-based or performance-based vesting requirement may not be sold or transferred, except for the limited purpose of paying any applicable tax withholding or exercise price.

The value of the Company's common stock held by a director or Named Executive Officer is based on the average closing price of the Company's common stock for the last 10 trading days of the applicable year. As of January 1, 2025, with two exceptions, all of the directors and Named Executive Officers satisfied their respective stock ownership requirements. Mr. Foster became the Chief Executive Officer as of January 1, 2023, and is taking appropriate steps to accumulate ownership as permitted for a new Chief Executive Officer by the ownership guidelines. Dr. Shetty joined the Board on March 1, 2024 and is taking appropriate steps to accumulate ownership as permitted for a new Director by the ownership guidelines.

No Hedging Policy

The Company has an anti-hedging policy that prohibits directors and executive officers from engaging in hedging transactions designed to hedge or offset any decrease in the market value of the Company's common stock including prepaid variable forward contracts, equity swaps, puts, calls, collars, forwards, exchange funds and other derivative instruments. The policy also prohibits directors and executive officers from engaging in short sale transactions in the Company's common stock.

Delinquent Section 16(a) Reports

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as adopted by the Federal Deposit Insurance Corporation (the "FDIC"), directors and executive officers of the Company are required to file reports with the FDIC indicating their holdings of and transactions in the Company's equity securities.

Based upon a review of filings with the FDIC and written representation that no other reports were required, the Company believes that all of its directors and executive officers were in compliance with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934 during 2024 with the following exceptions:

Directors: two late Form 4 reports were filed by Jacqueline B. Amato, each reporting the disposition of shares in one transaction; one late Form 4 report was filed by Juan M. Montero, II reporting the disposition of shares in one transaction; one late Form 4 report was filed by John R. Lawson, II reporting the disposition of shares in three transactions; and one late Form 4 report was filed by Thomas K. Norment, Jr. reporting the acquisition of shares in two transactions.

Executive Officers: one late Form 4 report was filed by G. Robert Aston, Jr. reporting the disposition of shares in one transaction, and one late Form 4 report was filed by Philip M. Rudisill reporting the disposition of shares in two transactions.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis for the year ended December 31, 2024 with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report is provided by the following independent directors, who comprise the Compensation Committee:

W. Ashton Lewis, Chair
 Jeffery F. Benson
 Douglas D. Ellis
 Harry T. Lester
 Juan M. Montero, II, M.D.



COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes our 2024 executive compensation programs and decisions with respect to our executive officers and, in particular, our Named Executive Officers (sometimes referred to as our “NEOs”) listed in the “Summary Compensation Table” on page 29. In this discussion, we explain, among other things, our compensation philosophy and programs, factors considered by the Compensation Committee in making compensation decisions, and additional information about our compensation programs and practices.

Focus on Management Succession and Leadership Changes

Several years ago, the Company implemented a strategy to enhance its management structure to help prepare the Company for its next decade of growth and to continue to build out its long-term management succession plan. A key component of this strategy involved the formation of a Corporate Management Group.

The Corporate Management Group consists of the following executive officers:

Executive Officers	Principal Position	Years of Service at TowneBank
G. Robert Aston, Jr. (79)	Executive Chairman	25
William I. Foster III (69)	President and Chief Executive Officer	20
R. Lee Clark (57)	Senior Executive Vice President and Chief Operating Officer	19
Matthew C. Davis (58)	President and Regional Banking Director, North Carolina	8
Denys J. Diaz (58)	Senior Executive Vice President and Chief Information Officer	9
Dawn S. Glynn (57)	President, Corporate Services Group and Chief Experience Officer	25
William B. Littreal (55)	Senior Executive Vice President and Chief Financial Officer	17
William T. Morrison (62)	President and Chief Executive Officer, Towne Financial Services Group	9
Ernest S. Piccioli (58)	Senior Executive Vice President and Chief Risk Officer	2
Phillip M. Rudisill (59)	Senior Executive Vice President and Chief Credit Officer	19
Brian K. Skinner (54)	President and Regional Banking Director, Virginia and Northeastern North Carolina	18

The Named Executive Officers for 2024 include Messrs. Aston, Foster, Littreal, Morrison, and Skinner.

Executive Summary

TowneBank’s executive compensation programs are designed to attract, retain and motivate exceptional leaders with the ability to foster strong business results and ensure the long-term success of the Company. The goal of the Compensation Committee in setting compensation is to motivate executives to achieve a range of performance consistent with strategic and business plans approved by the Board of Directors while ensuring that the financial costs of current or proposed compensation and benefit programs are reasonable and consistent with industry standards and shareholders’ interests.

2024 Performance Highlights. During 2024, the Company delivered a solid financial and operational performance that included earnings growth, deposit market share growth, loan growth, and strong credit quality. We had anticipated 2024 would be a challenging year, given the uncertain economic environment. In response, we turned our attention to maintaining balance sheet strength and enhanced liquidity. Management focused on disciplined loan growth closely aligned with core deposits and maintaining a healthy loan to deposit ratio.

Our 2024 financial results are more fully described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in our 2024 Annual Report to Shareholders (the “2024 Annual Report”), which is included as Exhibit 13 to the Annual Report on Form 10-K for the year ended December 31, 2024. Performance highlights for 2024 include:

- Net income of \$161.76 million, or \$2.15 per fully-diluted share, compared to \$153.72 million, or \$2.06 per fully-diluted share, for the prior year.



- Total revenues decreased slightly to \$693.75 million, compared to \$694.12 million in prior year driven by a \$15.18 million, or 3.31%, decrease in net interest income that was mostly offset by a \$14.80 million increase in noninterest income driven by growth in residential mortgage banking income and insurance commissions.
- At December 31, 2024, excess liquidity, in the form of cash and cash equivalents, unencumbered investment securities, long- and short- term borrowing facilities at the Federal Reserve, Federal Home Loan Bank, and correspondent banks, was \$6.82 billion, which represents 107% of uninsured deposits as adjusted to exclude certain municipal deposits collateralized by securities.
- Total deposits were \$14.44 billion at December 31, 2024, a 3.92% increase over the prior year. Noninterest bearing deposits represented 29.46% of total deposits at December 31, 2024.
- Loans held for investment increased 1.15%, to \$11.46 billion, at December 31, 2024.
- Loan to deposit ratio of 79.37% at December 31, 2024 compared to 81.54% at December 31, 2023.
- Asset quality showed continued strength with nonperforming assets totaling \$7.87 million, or 0.05%, of total assets, at December 31, 2024, and nonperforming loans at 0.06% of period end loans at both December 31, 2024 and 2023.
- Towne Insurance, with total annual revenue in 2024 of \$118.11 million, continued its pattern of growth and now has the distinction of being the the largest bank-owned insurance agency in the nation.
- The Company extended the footprint of its vacation property management business to the “Emerald Coast” of northwest Florida (from the 30-A area west to Destin) with the acquisition on March 1, 2024 of My Vacation Haven, which added over 400 vacation rental units to bring the total number of properties managed by Towne Vacations to over 2,800.
- Total equity at year-end was \$2.16 billion, a 4.85% increase from 2023 year-end. Under the guidelines of Basel III, TowneBank operates in excess of well-capitalized levels.
- The Company remained in first place in the most recent annual deposit market share report issued by the FDIC (based on June 30, 2024 deposit levels) for its Hampton Roads legacy market, with a 29.95% market share. Other notable top ten deposit market share positions include the Richmond, VA Metropolitan Statistical Area (“MSA”) (5th place), the Raleigh, NC MSA (6th place), and the Greenville, NC MSA (6th place).
- The Company expects to have completed its acquisition of Village Bank and Trust Financial Corp., and its wholly owned bank subsidiary, Village Bank, on April 1, 2025, subject to the satisfaction of customary closing conditions. This transaction was publicly announced on September 24, 2024.

2024 Compensation Highlights. The Compensation Committee took the following compensation-related actions for 2024:

- **Base Salaries.** At its February 2024 meeting, the Compensation Committee increased the base salaries of Mr. Aston and Mr. Foster to \$1.5 million and \$1.1 million, respectively. Later in the year, the Compensation Committee increased the base salaries of Messrs. Littreal, Morrison, and Skinner, along with the other members of the Corporate Management Group, by 3% effective as of October 1, 2024.
- **Incentive Compensation.** Based on the Company’s performance results, the Compensation Committee approved incentive awards in February 2025 to the NEOs and other members of the Corporate Management Group equal to 32% of average base salary, slightly above the mid-point between the threshold (20%) and the target (40%) incentive opportunity for which they were eligible, other than Mr. Aston for whom the Compensation Committee approved an incentive award equal to 35.7% of his average base salary. In the exercise of its discretion and consistent with its approach in previous years, the Compensation Committee determined that 75% of the incentive award will be paid in cash and 25% in the form of a restricted stock award vesting in equal annual installments over a three-year period, subject to the officer’s continued service through the applicable vesting date.

Say-On-Pay Results. We held an advisory vote on the compensation of our NEOs (“say-on-pay”) at our 2024 annual shareholders meeting. At that meeting, 97.88% of the votes cast on the say-on-pay proposal were cast in support of the compensation of the Company’s NEOs.

While the 2024 shareholder vote continued to reflect strong support for our executive compensation programs, the Compensation Committee, the Board of Directors and executive management evaluate compensation programs each year to ensure the programs continue to align the interests of the executives with those of the Company’s shareholders and continued



to strengthen the linkage of pay to performance. The Compensation Committee plans to continue considering our shareholders' perspectives on an annual basis.

Compensation Governance. The Company maintains policies and practices that promote strong compensation governance. These policies and procedures require the Company to:

- Use various performance metrics to deter excessive risk taking by eliminating any incentive focus on a single performance goal.
- Balance short-term (cash) and long-term (equity) compensation to discourage short-term risk taking at the expense of long-term results.
- Use equity incentive to promote total return to shareholders, Company performance, and executive retention.
- Require meaningful stock ownership from our executive officers.
- Apply clawback features to all executive officer incentive pay in the event of an accounting restatement filed to correct a material non-compliance with financial reporting requirements, the material miscalculation of a financial measure used to determine the amount or vesting of incentive compensation, or reputational harm to the Company caused by the misconduct of an executive officer.
- Conduct reviews of annual incentive risks in conjunction with our Chief Risk Officer.
- Engage an independent compensation consultant who advises and reports directly to the Compensation Committee.
- Prohibit executive officers from engaging in hedging transactions in our common stock.
- Prohibit dividends on unvested equity awards, require one year minimum vesting period for equity awards, prohibit share recycling and repricing/discounting of stock options.
- Provide an shareholder say-on-pay vote.

Executive Compensation Process

Compensation Philosophy and Objectives. TowneBank's primary goal is to create long-term value for our shareholders. We believe that the quality of our NEOs and their ability to successfully lead the Company is a critical component of achieving that goal. To that end, TowneBank's executive compensation program is designed to motivate, attract, and retain the leadership deemed essential to ensure the success of the Company. The program strives to align executive compensation with Company objectives, business strategy, and financial performance while avoiding excessive risk. In applying these principles, the Company seeks to:

- Reward executives for enhancing shareholder value;
- Support an environment that rewards performance with respect to the achievement of Company goals, as well as Company performance relative to industry competitors;
- Integrate compensation programs with the short- and long-term strategic plans of the Company; and
- Align the interests of executives with the long-term interests of shareholders through award opportunities that can result in ownership of stock.

Role of the Compensation Committee. The executive compensation programs are administered by or under the direction of the Compensation Committee, with Mr. Aston making compensation recommendations for executive officers other than himself, and are reviewed on an annual basis to ensure that remuneration levels and benefits are competitive and reasonable using the principles described above. The particular elements of the compensation programs for such persons are set forth in more detail below.

The Compensation Committee generally targets the median of the total direct compensation (base, annual cash incentive, and equity) of our peer group in setting compensation levels of our NEOs, unless certain factors, such as performance or expertise, warrant a higher or lower competitive positioning.

In approving the compensation of the Named Executive Officers and other members of the Corporate Management Group, the Compensation Committee considers the overall financial, market, and competitive performance of the Company during the

fiscal year under consideration. In addition, the Compensation Committee also considers the proper balance between certain financial performance measures, including loan growth, the level of and/or increases in return on assets and return on equity, without encouraging short-term profitability through unreasonable risk taking or a deterioration of long-term asset quality.

The Compensation Committee also takes into account individual as well as combined measures of progress of the Company, including the quality of the loan and investment portfolios, desirable changes in capital ratios, the overall growth of the Company, earnings per share, deposit market share positions, the level of non-performing loans and real estate owned, the performance of the non-bank financial service companies, the results of bank regulatory exams and ratings, and other objectives as may be established by the Board of Directors.

The Compensation Committee operates under a written charter that establishes its responsibilities. The Compensation Committee reviews the charter annually to ensure that the scope of the charter is consistent with its expected role. A copy of the charter can be found on the Company's website at www.townebank.com.

Role of the Executive Chairman. In 2024, the Compensation Committee made all compensation recommendations for Mr. Aston, in his role as Executive Chairman, after the annual review of his performance. Mr. Aston did not make recommendations with respect to his own compensation, nor was he present during the deliberations concerning his compensation.

With respect to the Company's other NEOs, the Compensation Committee considered salary and incentive recommendations prepared by Mr. Aston to establish compensation and approved equity awards to officers of the Company. The Compensation Committee may exercise its discretion in modifying any recommended adjustments to the compensation of the NEOs.

In 2025, it is anticipated that Mr. Aston, as Executive Chairman, will continue his role in making recommendations regarding the compensation of the Company's other NEOs and members of the Corporate Management Group. The Compensation Committee will continue to be solely responsible for determining Mr. Aston's compensation.

Role of the Independent Compensation Consultant. The Compensation Committee engages Meridian Compensation Partners, LLC ("Meridian") to perform executive compensation consulting services. The Compensation Committee has utilized the consulting services of Meridian, beginning after the 2024 annual meeting of shareholders, to facilitate the executive officer compensation process and other executive officer compensation initiatives. Meridian is an independent compensation consultant without any previous relationship to the Company's management. Meridian reports directly to the Compensation Committee, which retains sole authority to select, retain, terminate, and approve the fees and other retention terms of its relationship with Meridian.

The Compensation Committee analyzes whether the work of Meridian as a compensation consultant has raised any conflict of interest, taking into consideration the factors set forth in Rule 10C-1 of the Securities Exchange Act of 1934 and applicable Nasdaq rules. The Compensation Committee has determined that the work of Meridian and the individual compensation advisors employed by Meridian as compensation consultants to the Company has not created any conflict of interest.

Role of Benchmarking. The Company competes against a wide range of financial institutions, including local, regional and national banks, as well as numerous other financial service providers. Due to the significant market share position of the regional and national banks in the Company's key markets, coupled with the Company's growth, the Company primarily competes with these larger institutions for executive talent.

The Compensation Committee reviewed the compensation programs and philosophies of the major banks operating in the Company's markets, and other competitive data available to the committee. The Compensation Committee seeks to provide a comprehensive compensation opportunity for its executives commensurate with the market for talent.

After the annual meeting of shareholders in 2022, the Compensation Committee reviewed and updated the composition of the peer group of selected banking organizations. Potential peer group companies were considered using the following screening criteria:

- Geography: Initial screen for companies headquartered in the Mid-Atlantic and Southeast regions.
- Size: Initial range of approximately 0.5x – 2x the Company's asset size (\$16.6 billion) at March 31, 2022. Banks below \$10 billion in assets were ultimately excluded.



- **Business Model:** Reasonably similar business model as indicated by loan portfolio mix and revenue characteristics.
- **Additional Considerations:** Although they exceeded the desired 2x size-based parameters, Pinnacle Financial Partners, Inc. and SouthState Corporation were included for strategic reasons due to their overlapping market areas with TowneBank and the fact that we compete with each organization for talent and business.

The Compensation Committee ultimately approved a peer group that included the 20 banking organizations listed below with median assets of \$18.9 billion and ranging in assets from \$10.6 billion to \$46.2 billion as of March 31, 2022, and with operations weighted towards the Mid-Atlantic and Southeast regions. For purposes of setting compensation levels in 2024, the Compensation Committee determined that the banking organizations listed below continued to serve as an appropriate basis of comparison.

Company Name	Ticker	Company Name	Ticker
Ameris Bancorp	ABCB	Pinnacle Financial Partners, Inc.	PNFP
Atlantic Union Bankshares Corp.	AUB	Renasant Corporation	RNST
Bank OZK	OZK	Sandy Spring Bancorp, Inc.*	SASR
Customers Bancorp, Inc.	CUBI	ServisFirst Bancshares, Inc.	SFBS
Eagle Bancorp, Inc.	EGBN	Simmons First National Corporation	SFNC
First Bancorp	FBNC	SouthState Corporation	SSB
First Financial Bancorp	FFBC	Trustmark Corporation	TRMK
FB Financial Corp	FBK	United Bankshares, Inc.	UBSI
Fulton Financial Corporation	FULT	United Community Banks, Inc.	UCBI
Home BancShares, Inc.	HOMB	WesBanco, Inc.	WSBC

* Atlantic Union Bankshares Corp. has announced that it plans to close its acquisition of Sandy Spring Bancorp on April 1, 2025

2024 Executive Compensation Decisions

Base Salary. The Company provides the NEOs and other employees with a base salary to compensate them for services rendered during the year. Base salary levels for the NEOs are primarily determined by the Compensation Committee for each executive based on his position and responsibility and what the committee deems necessary or appropriate to attract the level of competence needed for the position. Length of service, experience, and job performance are also considered.

The Compensation Committee reviews base salary levels annually and focuses on individual performance from prior years, current industry conditions, and current market considerations to ensure that base salary levels for the Company's NEOs and other executive officers are competitive within a range that the committee considers to be reasonable and necessary.

The Compensation Committee generally targets the median of the total direct compensation (base, annual cash incentive and equity) of our peer group in setting compensation levels for our NEOs, unless certain factors, such as performance or expertise, warrant a higher or lower competitive positioning. Compared to our peer group, the mix of the elements of total direct compensation has typically been more heavily weighted towards base salary.

In 2024, the Compensation Committee took the following actions regarding the base salaries for the NEOs.

- **Executive Chairman.** At its meeting in February 2024, the Compensation increased Mr. Aston's base salary from \$1.0 million to \$1.5 million, effective January 1, 2024. Mr. Aston's base salary was last increased January 1, 2019. Despite the Compensation Committee's insistence that his base salary be increased to reflect properly his contributions to the growth and success of the Company, Mr. Aston has respectfully declined to accept any increase in his base salary until the adjustment in 2024.
- **President and Chief Executive Officer.** At its meeting in February 2024, the Compensation Committee increased Mr. Foster's base salary from \$900,000 to \$1.1 million and made the adjustment retroactive to September 1, 2023. Mr. Foster's base salary was last increased on September 1, 2022 in connection with his appointment as President and Chief Executive Officer of the Company.



- Other NEOs. At its meeting later in the year, the Compensation Committee increased the base salaries for Messrs. Littreal, Morrison, and Skinner, along with the other members of the Corporate Management Group, by 3% effective October 1, 2024.

The table below shows the base salary levels of the NEOs in effect at December 31, 2024 and 2023. As noted above, the base salaries for Messrs. Littreal, Morrison and Skinner were increased, effective October 1, 2024, to the levels shown below that were in place at December 31, 2024. Taking these base salary increases into account for the last three months of 2024, the adjusted base salaries for these NEOs in 2024 were as follows: Mr. Littreal – \$755,625; Mr. Morrison – \$806,000; and Mr. Skinner – \$705,250 See the Summary Compensation Table on page 29 for more information.

	Base Salary Level at December 31, 2024	Base Salary Level at December 31, 2023
G. Robert Aston, Jr.	\$1,500,000	\$1,000,000
William I. Foster III	\$1,100,000	\$1,100,000
William B. Littreal	\$ 772,500	\$ 750,000
William T. Morrison	\$ 824,000	\$ 800,000
Brian K. Skinner	\$ 721,000	\$ 700,000

Incentive Awards Paid/Granted in 2025 for 2024 Performance. The 2024 incentive plan used pre-established goals set by the Compensation Committee at the beginning of the year. Under the plan, each NEO had a target award incentive opportunity of 40% of average base salary which could be adjusted from 0% (below threshold) to 50% (maximum) of average base salary depending on actual results. No adjustments were made to the pre-established goals during the course of the year.

Award Payout as a % of Average Base Salary		
Threshold	Target	Maximum
20%	40%	50%

The plan included three performance measures.

- Diluted Earnings per Share (“EPS” – 40% weighting). EPS is equal to net income divided by the total number of diluted shares outstanding. The Company achieved Target level performance of \$2.15 EPS, equal to its reported earnings for 2024.
- Core Return On Average Assets (core “ROAA” – 40% weighting). For purposes of the plan, the Company defined core ROAA as net income, less tax effective realized gains (losses) on securities and nonrecurring items plus tax effective intangible amortization, divided by average assets. The Company achieved a core ROAA of 1.02%, which was benchmarked against the performance of the companies included in the proxy peer group listed on page 23 using the bands indicated in the table below. The Company achieved Threshold level performance (the peer median was 1.09%).

Award Payout Levels for Peer Percentiles		
Threshold	Target	Maximum
30-49%	50-74%	≥ 75%

- Strategic Quality Measures (20% weighting). The Compensation Committee evaluated certain strategic quality measures, including among others revenue growth, credit quality, liquidity, regulatory ratings, and deposit market share growth. Based on its qualitative assessment, the Compensation Committee determined that the Company achieved at Target level performance and further determined, in the exercise of its discretion, that the Company’s performance on these strategic quality measures under Mr. Aston’s leadership warranted an incentive award for Mr. Aston slightly above Target level performance.

The Compensation Committee had the right to decrease, modify, or eliminate the incentive opportunity based on the Company’s performance and other factors the committee wished to consider.

Based on the Compensation Committee’s assessment of the Company’s performance level in 2024, the Compensation Committee approved incentive awards in February 2025 to the NEOs and other members of the Corporate Management Group equal in value to 32% of their average base salary for 2024, with the exception of Mr. Aston for whom the Compensation Committee approved an incentive award equal to 35.7% of his average base salary.



Performance Metrics	Measurement	Weighting	Actual Result	Earned Payout ⁽¹⁾
Earnings per Share	Company Performance	40%	Target	16.00%
Core ROAA	Performance to Peer	40%	Threshold	8.00%
Strategic Quality Measures	Qualitative Assessment	20%	Target ⁽²⁾	8.00%
		100%		32.00%

(1) As a percent of average base salary.

(2) Based on the Compensation Committee's qualitative assessment, Mr. Aston earned 11.7% for the Strategic Quality Measures, resulting in a 35.7% aggregate earned payout.

As indicated in the table below and in the exercise of its discretion, the Committee approved 75% of the incentive award to be paid in cash and 25% in the form of a restricted stock award, vesting in equal annual installments over a three-year period and subject to the officer's continued service through the applicable vesting date. Because the Summary Compensation Table reports equity-based awards only in the year in which they were granted, the value of these restricted stock awards are not reported as compensation to the NEOs in this Proxy Statement.

Name	Maximum Opportunity as a Percentage of Base Salary	Maximum Award	Actual Cash Award	Long-Term Equity Incentive Award ⁽¹⁾	Total Actual Award ⁽²⁾
G. Robert Aston, Jr.	50%	\$750,000	\$401,250	\$133,750	\$535,000
William I. Foster III	50%	\$550,000	\$264,000	\$ 88,000	\$352,000
William B. Littreal	50%	\$377,813	\$181,350	\$ 60,450	\$241,800
William T. Morrison	50%	\$403,000	\$193,440	\$ 64,480	\$257,920
Brian K. Skinner	50%	\$352,625	\$169,260	\$ 56,420	\$225,680

(1) Consists of restricted stock grants payable in shares of Company common stock that vest at the rate of one-third/year beginning on the first anniversary of the grant date, based on a service requirement that requires the executive to remain continuously employed through the applicable vesting date. Per the reporting requirements, the grant date fair value of these equity incentive awards will be reported in the Summary Compensation Table in next year's proxy statement.

(2) Represents 32% of the officer's average base salary for 2024, except for Mr. Aston whose incentive award represents 35.7% of his average base salary for 2024.

Long-Term Equity Grants. At its meeting in August 2024, the Compensation Committee approved the granting of long-term equity awards to the NEOs and other members of the Corporate Management Group in recognition of their contributions to the growth and success of the Company. The equity grants, which took the form of restricted stock awards, vest in equal annual installments over a four-year period, beginning on September 1, 2025, based on continued service through each vesting date. The grant date value of the equity awards for each of Messrs. Aston, Foster, and Littreal was \$350,000, which corresponded to 10,359 shares based on the Company's closing stock price on the August 27, 2024 grant date. The grant date value of the equity awards for each of Messrs. Morrison and Skinner and for the other members of the Corporate Management Group was \$200,000, which corresponded to 5,919 shares based on the closing stock price on the August 27, 2024 grant date.

Other Aspects of Our Executive Compensation Program

Stock Ownership Guidelines. The Company's stock ownership guidelines call for the NEOs to own equity representing a multiple of their salary and to retain this equity throughout their tenure with the Company. The specific ownership guidelines are:

- Executive Chairman – three times base salary;
- Chief Executive Officer – three times base salary;
- President (if not also the Chief Executive Officer) – two times base salary; and
- Other NEOs – one times base salary.



Shares counting toward the guidelines include; shares owned directly and indirectly (e.g., by a spouse or trust); shares held in benefit plans and time-vested equity awards granted under the Company's stock incentive plan. Unexercised stock options and unearned performance shares and units are not counted toward meeting the guidelines.

The value of the Company's common stock held by a director or NEO is based on the average closing price of the Company's common stock for the last 10 trading days of the applicable year. As of January 1, 2025, with two exceptions, all of the directors and NEOs satisfied their respective stock ownership requirements. Mr. Foster became the President and Chief Executive Officer as of January 1, 2023, and is taking appropriate steps to accumulate ownership as permitted for a new Chief Executive Officer by the ownership guidelines. Dr. Sachin S. Shetty joined the Board on March 1, 2024 and is taking appropriate steps to accumulate ownership as permitted for a new Director by the ownership guidelines.

Clawback of Incentive-Based Compensation. The Board of Directors believes that it is in the best interests of the Company and its shareholders to maintain a culture that emphasizes integrity and accountability. Consistent with that philosophy, the Company has adopted a policy that provides for the recovery of incentive-based compensation paid to the Company's executive officers and certain other employees if the Company has to prepare an accounting restatement or correct a material miscalculation of a financial measure used to determine the amount or vesting of incentive compensation. The policy also allows for the recovery of incentive-based compensation if the misconduct of an executive officer causes serious reputational harm to the Company.

In the event of a restatement or material miscalculation of a financial measure, the policy will be triggered and will apply to any incentive-based cash or equity compensation granted, earned or vested, the amount of which was calculated based wholly or in part on the attainment of any financial reporting measure based on: (i) accounting principles using the Company's financial statements and any measures derived wholly or in part from such measures; (ii) stock price; or (iii) total shareholder return. The Company will recover any incentive compensation that is in excess of what would have been paid or granted based on the restated financial information or corrected financial measure, as the case may be, during the three completed fiscal years preceding the date on which the Board of Directors determines an accounting restatement is required to be filed or that a material miscalculation of any financial performance measure used to determine the amount or vesting of incentive compensation occurred. The policy applies to each executive officer of the Company, regardless of whether the individual was responsible for the accounting restatement or miscalculation of any financial performance measure. The policy also applies to an employee who the Board determines was directly responsible for such restatement or miscalculation.

If the Board of Directors determines that an executive officer has engaged in misconduct that causes, or is reasonably likely to cause, serious reputational harm to the Company or any client or former client of the Company, the Company may recover any incentive-based compensation received by the executive officer during the three completed fiscal years preceding such determination.

The Company's incentive compensation clawback policy complies with Nasdaq's final listing standards implementing the incentive compensation clawback rule adopted by the Securities and Exchange Commission as mandated by the Dodd-Frank Act.

Compensation Programs that Affect Risk Management. The Company uses incentive compensation plans for a large number of its employees in addition to our executive officers. The Company has business unit incentive plans that reward measurable performance across its three major business segments: Banking, Realty, and Insurance. The Company has employment compensation plans and arrangements with non-executive employees that provide for variable cash compensation bonus, commission, or incentive payments. Each arrangement is available to a different set of employees, and the amount received differs depending on level of job responsibility and plan objectives. The majority of these arrangements related to commissions paid to mortgage loan officers, insurance agents, and investment brokers are in lieu of or in addition to a base salary. The mortgage loan officers are compensated based on loan origination volume, which is subject to approval by a separate credit underwriting approval process. The Company does not believe that the risks which may arise from its compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

Benefits. During 2024, the Company maintained various employee benefit plans that constitute a portion of the total compensation package available to NEOs and all eligible employees of the Company. These plans consist of the following:

- **Stock Incentive Plan.** The Company maintains a stock incentive plan that is designed to attract and retain qualified personnel in key positions and provide employees with a proprietary interest in the Company as an incentive to contribute to the



success of the Company. The stock incentive plan provides for the grant of stock options and stock awards, including restricted stock awards and restricted stock units. The plan prohibits the payment of dividends or similar distributions on awards, whether subject to time-based or performance-based vesting, unless and until the vesting requirements have been met, requires a minimum one-year vesting period for awards granted under the plan, prohibits the repricing of stock options, and prohibits share recycling.

The Compensation Committee administers the plan, and each member of the committee is a “non-employee director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934.

The Company is recommending shareholders approve a new stock incentive plan at the Annual Meeting to replace the existing plan. The new plan, which closely resembles the Company’s existing stock incentive plan, is described in this Proxy Statement beginning on page 49.

- **401(k) Plan.** The Company has adopted a defined contribution plan established in accordance with Section 401(k) of the Internal Revenue Code of 1986 (the “401(k) Plan”). Employees of the Company are eligible to participate in their second month of employment. Under the 401(k) Plan, employees may contribute a percentage of their annual salary, subject to statutory limitations. The Company may make matching and discretionary contributions under the 401(k) Plan. Employer contributions, if any, vest 20% after each year of service, until fully vested after five years of service.

In 2024, the Company matched employee contributions up to 3.0% of their salary. There were no additional discretionary contributions in 2024.

- **Supplemental Executive Retirement Plan.** The Company established a SERP on December 1, 2008, to provide supplemental retirement benefits to certain officers covered under the plan as selected by the committee.

The SERP agreements with the officers generally provide that upon the later of separation of service or the attainment of retirement age, usually at age 65, the participating officer will be entitled to receive a retirement benefit equal to either (1) a designated percentage, ranging from 30% to 50% of their designated base salary depending on their level of seniority, with an annual 4% increase until retirement, or (2) a fixed targeted benefit amount.

The retirement benefit is payable over a 15-year period, beginning at attainment of retirement age. The SERP agreements provide for an annual vesting schedule until the participating officer reaches the planned retirement age.

In the case of a participating officer’s voluntary termination of employment, disability, or termination for cause, the annual amount payable under the SERP is equal to the amount of the vested benefit earned as of the date of termination of employment. In the case of involuntary termination without cause or termination of employment for good reason by the participating officer, the participating officer becomes fully vested in the full retirement benefit. Upon termination of employment, payment of the retirement benefit does not begin until the participating officer reaches the designated retirement age set forth in the SERP agreement and is subject to certain loyalty and confidentiality covenants, including non-competition, non-solicitation, and other restrictions. In the event of death, the full amount of the retirement benefit is payable.

The Company invested in bank-owned life insurance as a financing strategy to offset the cost of the nonqualified benefits through a combination of incremental tax-effected earnings and tax-free death benefits to the Company as beneficiary.

- **Nonqualified Deferred Compensation.** The NEOs, in addition to certain other eligible executives, are entitled to participate in the TowneBank Deferred Compensation Plan. Pursuant to the Deferred Compensation Plan, eligible employees can defer up to 100% of base salary and/or annual bonus on an annual basis. Deferral elections are made by eligible executives in November of each year for amounts to be earned in the following year.

The Company has the option to match an employee’s nonqualified deferred compensation deferrals up to a maximum of 6% of his or her salary. In addition, the Company has the option to make additional matching contributions to employees whose matching contributions were limited in the 401(k) plan due to statutory limitations. The Company does not match deferrals made by employees who are participants in the Supplemental Executive Retirement Plan. Compensation deferred pursuant to the program is invested in a rabbi trust and participants are credited with an annual return equal to 120% of the long-term applicable federal rate as published and effective each July.

There was no Company match of contributions made by Named Executive Officers in 2024.

- **Health and Welfare Plans.** The NEOs are eligible to participate in Company-sponsored benefit plans on the same terms and conditions as those generally provided to salaried employees. Basic health benefits, dental benefits and similar programs are provided to make certain that access to healthcare and income protection is available to employees and their family members.



The cost of Company-sponsored benefit plans is negotiated with the providers of such benefits, and the executive officers contribute to the cost of the benefits. In accordance with terms of their respective employment agreements, the Company also provides postretirement benefits other than pensions for Mr. Aston. These postretirement benefits include healthcare, dental care, Medicare Part B reimbursement and life insurance benefits.

- Other. The Company has no other long-term incentive, defined benefit or actuarial plans covering employees of the Company.

Tax Deductibility of Compensation. The Compensation Committee annually reviews and considers the deductibility under the Internal Revenue Code of 1986 of the compensation paid to our executive officers, which includes each of the NEOs. Generally, compensation paid to our executive officers in excess of \$1 million may not be deductible for tax purposes. While the Company will monitor guidance and developments in this area, the Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, retains and rewards the executive talent necessary for our success. Consequently, the Compensation Committee may pay or provide, and has paid or provided, compensation that is not tax deductible or is otherwise limited as to tax deductibility.



NAMED EXECUTIVE OFFICERS COMPENSATION

The following table sets forth information regarding compensation for services rendered by the Named Executive Officers for the periods indicated.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation ⁽²⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽³⁾	All Other Compensation ⁽⁴⁾	Total
G. Robert Aston, Jr. Executive Chairman	2024	\$1,500,000	—	\$ 350,031	\$401,250	\$690,477	\$75,664	\$3,017,422
	2023	\$1,000,000	—	\$ 112,524	—	\$470,186	\$65,862	\$1,648,572
	2022	\$1,000,000	—	\$ 125,021	\$337,500	—	\$75,593	\$1,538,114
William I. Foster III President & Chief Executive Officer	2024	\$1,104,738	—	\$ 350,031	\$264,000	\$821,679	\$31,423	\$2,571,871
	2023	\$ 900,000	—	\$ 67,879	—	\$457,917	\$38,737	\$1,464,533
	2022	\$ 603,333	—	\$ 806,933	\$203,625	—	\$40,439	\$1,654,330
William B. Littreal Senior Executive Vice President & Chief Financial Officer	2024	\$ 755,625	—	\$ 350,031	\$181,350	\$346,843	\$45,136	\$1,678,985
	2023	\$ 750,000	—	\$ 72,003	—	\$233,371	\$44,225	\$1,099,599
	2022	\$ 640,000	—	\$1,223,173	\$216,000	—	\$47,112	\$2,126,285
William T. Morrison President & CEO Towne Financial Services Group	2024	\$ 806,000	—	\$ 200,003	\$193,440	\$367,154	\$38,356	\$1,604,953
	2023	\$ 800,000	—	\$ 400,022	—	\$170,919	\$40,872	\$1,411,813
	2022	\$ 450,000	—	—	\$ 3,683	—	\$34,930	\$ 488,613
Brian Skinner President & Regional Banking Director, Virginia and Northeastern North Carolina	2024	\$ 705,250	—	\$ 200,003	\$169,260	\$187,254	\$34,228	\$1,295,995
	2023	\$ 700,000	—	\$ 72,762	—	\$ 44,884	\$33,839	\$ 851,485
	2022	\$ 646,667	—	\$ 327,522	\$218,250	—	\$35,507	\$1,227,946

- (1) Amounts reflect the aggregate grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation of the restricted stock awards are set forth in Note 15 of the Notes to Consolidated Financial Statements in TowneBank's Annual Report on Form 10-K for the year ended December 31, 2024.
- (2) Consists of cash incentive compensation paid to the officers as described under "Compensation Discussion and Analysis" beginning on page 19. For 2024 performance, the officers earned an incentive award equal in value to 32% of their average base salary for 2024, except for Mr. Aston whose incentive award represents 35.7% of his average base salary for 2024, 75% of which was paid as a cash award and 25% of which was paid through the issuance of restricted stock granted in February 2025 and which vests in equal installments over a three year period. For 2023 performance, the officers did not earn an incentive award. In 2022, the officers earned an incentive award equal in value to 45% of their average base salary, 75% of which was paid as a cash award and 25% of which was paid through the issuance of restricted stock granted in February 2023 and which vests in equal installments over a three year period.
- (3) Reflects the change in actuarial present value of SERP benefits. All amounts are paid in equal monthly installments over a 15-year period upon attainment of retirement age, other than the amounts for Mr. Morrison, which includes his Monarch SERP that consists of amounts to be paid in equal monthly installments over a 10 year period. Accounting rules require that the expense be recorded over the participant's remaining service period prior to attainment of retirement eligibility.



NAMED EXECUTIVE OFFICERS COMPENSATION

(4) For 2024, All Other Compensation amounts include:

Name	401(k) Plan Contributions	Benefit Premium Credit	Personal Usage of a Company Automobile	Company-Paid Travel	Bank Owned Life Insurance	Other	Total ⁽¹⁾
G. Robert Aston, Jr.	\$10,350	\$10,545	\$ 7,294	—	\$43,700	\$ 3,775	\$75,664
William I. Foster III	\$10,350	\$10,545	\$ 7,128	—	—	\$ 3,400	\$31,423
William B. Littreal	\$10,350	\$10,545	\$14,023	—	—	\$10,218	\$45,136
William T. Morrison	\$10,350	—	\$ 5,251	\$14,175	—	\$ 8,580	\$38,356
Brian K. Skinner	\$ 6,125	—	\$ 4,431	\$11,783	—	\$11,889	\$34,228

(1) Each NEO is responsible for paying income tax on the amounts other than with respect to plan contributions and insurance premiums.

Grants of Plan-Based Awards

The Company's stock incentive plan provides for the grant of both incentive and nonqualified stock options and stock awards, including restricted stock and restricted stock units, to executives and key employees of the Company. Executives and key employees of the Company may also receive incentive compensation in the form of annual cash bonuses. The following table shows: (i) the non-equity (cash) incentive awards granted to the NEOs for 2024 performance; and (ii) the stock awards granted to the NEOs in 2024 for their contributions to the growth and success of the Company.

Name	Grant Date	Actual Cash Payout ⁽¹⁾	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽²⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards ⁽³⁾
			Threshold	Target	Maximum	Threshold	Target	Maximum		
G. Robert Aston, Jr.	N/A	\$401,250	\$225,000	\$450,000	\$562,500	—	—	—	—	—
	8/27/2024	—	—	—	—	—	—	—	10,359	\$350,031
William I. Foster III	N/A	\$264,000	\$165,000	\$330,000	\$412,500	—	—	—	—	—
	8/27/2024	—	—	—	—	—	—	—	10,359	\$350,031
William B. Littreal	N/A	\$181,350	\$113,344	\$226,688	\$283,359	—	—	—	—	—
	8/27/2024	—	—	—	—	—	—	—	10,359	\$350,031
William T. Morrison	N/A	\$193,440	\$120,900	\$241,800	\$302,250	—	—	—	—	—
	8/27/2024	—	—	—	—	—	—	—	5,919	\$200,003
Brian K. Skinner	N/A	\$169,260	\$105,788	\$211,575	\$264,469	—	—	—	—	—
	8/27/2024	—	—	—	—	—	—	—	5,919	\$200,003

(1) Actual cash awards paid in 2025 for the 2024 incentive are reflected in the "Summary Compensation Table" under the Non-Equity Incentive Compensation column. See that table and related footnote (2) for more information.

(2) Amounts represent the range of possible annual cash incentive payouts for 2024 performance.

(3) Amounts reflect the aggregate grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation of the restricted stock awards are set forth in note 15 of the Notes to Consolidated Financial Statements in TowneBank's Annual Report on Form 10-K for the year ended December 31, 2024.

With respect to 2024 performance, the Compensation Committee determined that 75% of the total incentive award value should be paid in cash and 25% in the form of restricted stock that will vest over a three year period, beginning in 2026. The restricted stock awards for 2024 performance are not included in the table above (or in the Summary Compensation Table on the preceding page) because the applicable compensation disclosure rules provide that restricted stock awards should be reflected only in the year in which they are granted (in this case, the restricted stock awards were granted in February 2025).



Outstanding Equity Awards at Fiscal Year-End

The following table provides certain information on the unexercised options and value of restricted stock previously awarded to the NEOs at December 31, 2024.

Name	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽¹⁾
G. Robert Aston, Jr.	1,382 ⁽²⁾	\$ 47,071	—	—
	2,473 ⁽⁷⁾	\$ 84,230	—	—
	10,359 ⁽⁹⁾	\$352,828	—	—
William I. Foster III	629 ⁽²⁾	\$ 21,424	—	—
	15,384 ⁽⁴⁾	\$523,979	—	—
	1,492 ⁽⁷⁾	\$ 50,818	—	—
	10,359 ⁽⁹⁾	\$352,828	—	—
William B. Littreal	809 ⁽²⁾	\$ 27,555	—	—
	7,962 ⁽³⁾	\$271,186	—	—
	9,318 ⁽⁵⁾	\$317,371	—	—
	1,582 ⁽⁷⁾	\$ 53,883	—	—
	10,359 ⁽⁹⁾	\$352,828	—	—
William T. Morrison	10,551 ⁽⁸⁾	\$359,367	—	—
	5,919 ⁽⁹⁾	\$201,601	—	—
Brian K. Skinner	857 ⁽²⁾	\$ 29,189	—	—
	5,590 ⁽⁶⁾	\$190,395	—	—
	1,599 ⁽⁷⁾	\$ 54,462	—	—
	5,919 ⁽⁹⁾	\$201,601	—	—

- (1) The market value of unearned shares that have not vested is based on the closing market price of the Company's common stock on December 31, 2024 (\$34.06 per share).
- (2) The restricted stock award vests at the rate of one-third/year beginning on the first anniversary of the grant date of February 2022, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (3) The restricted stock award vests at the rate of one-fifth/year beginning on the first anniversary of the grant date of February 2022, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (4) The restricted stock award vests at the rate of one-fifth/year beginning on the first anniversary of the grant date of August 2022, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (5) The restricted stock award vests at the rate of one-third/year beginning on the first anniversary of the grant date of September 2022, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (6) The restricted stock award vests at the rate of one-fifth/year beginning on the first anniversary of the grant date of September 2022, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (7) The restricted stock award vests at the rate of one-third/year beginning on the first anniversary of the grant date of February 2023, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (8) The restricted stock units vest at the rate of one-fifth/year beginning on the first anniversary of the grant date of February 2023, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.
- (9) The restricted stock award vests at the rate of one-fourth/year beginning on the first anniversary of the grant date of August 2024, based on a service requirement, which requires the executive to remain continuously employed through the applicable vesting date.



Option Exercises and Stock Vested

The following table provides certain information concerning exercises of stock options and the vesting of restricted stock on an aggregate basis for each of the NEOs during 2024.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting ⁽¹⁾
G. Robert Aston, Jr.	—	—	4,119	\$109,079
William I. Foster III	—	—	8,293	\$262,250
William B. Littreal	—	—	16,273	\$489,228
William T. Morrison	—	—	2,638 ⁽²⁾	\$ 70,382
Brian K. Skinner	—	—	6,063	\$174,832

(1) Value represents the market value of TowneBank's common stock on the vesting date (closing market price).

(2) This vesting was for restricted stock units. Upon vesting, shares of common stock equal to the number of restricted stock units that vested were acquired.

Supplemental Executive Retirement Plan

The following table shows the actuarial present value of accumulated benefits payable to each of the participating NEOs as of December 31, 2024, including the number of years of service credited to each such NEO, under the SERP using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements. Benefits under these plans are generally payable as a monthly annuity for a 15-year period upon attainment of retirement age and remain subject to certain loyalty and confidentiality covenants, including non-competition, non-solicitation, and other restrictions. Mr. Morrison's SERP agreement is payable as an annual annuity for a 15-year period and his Monarch SERP agreements that were assumed by TowneBank in conjunction with the Monarch merger are payable as an annual annuity for a 10-year period.

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
G. Robert Aston, Jr.	SERP	16.09	\$8,404,113	—
William I. Foster III	SERP	16.09	\$1,998,488	—
	SERP	2.00	\$1,247,728	—
William B. Littreal	SERP	12.39	\$1,329,520	—
William T. Morrison	SERP	8.52	\$1,200,929	—
	SERP ⁽¹⁾	17.35	\$ 216,596	—
	SERP ⁽¹⁾	14.01	\$ 324,894	—
Brian K. Skinner	SERP	14.01	\$ 729,980	—

(1) Plans were assumed by TowneBank in the Monarch merger.



Nonqualified Deferred Compensation

The following table provides certain information on nonqualified deferred compensation contributions by the NEOs, as well as earnings on such compensation, with respect to the NEOs during 2024. The amounts included in the Executive Contributions column represent voluntary deferrals of salary amounts that are included in the Salary column of the Summary Compensation Table on page 29.

Name	Executive Contributions in Last Fiscal Year ⁽¹⁾	Registrant Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/Distributions	Aggregate Balance at Last Fiscal Year-End
G. Robert Aston, Jr.	—	—	\$54,837	—	\$1,116,049
William I. Foster III	—	—	—	—	—
William B. Littreal	—	—	—	—	—
William T. Morrison	\$80,600	—	\$21,025	—	\$ 468,482
Brian K. Skinner	—	—	—	—	—

(1) The amounts in this column are included in the Salary column of the Summary Compensation Table.

Employment Agreements and Change-in-Control Agreements

The Company has or had employment agreements and/or change-in-control agreements with each of the persons named in the Summary Compensation Table. The agreements were entered into to provide protection for, and thus retain, its well-qualified executive officers notwithstanding any actual or threatened change in control of TowneBank.

Employment Agreements. The Company has employment agreements with each of its NEOs. The employment agreements for the officers are substantially similar, except for the different levels of base salary, and include the following terms and conditions.

The employment agreements have an initial three-year term and renew automatically for additional periods of three years unless either party elects not to renew the agreement prior to the renewal date. The agreements provide for an annual base salary, which may be adjusted annually by the Board of Directors, an annual cash bonus and stock compensation in such amounts as may be determined by the Board, and are subject to non-competition and non-solicitation covenants.

The Company may terminate the employment of an officer at any time for “cause” (as defined in each agreement) without incurring any additional obligations. If the Company terminates the employment of an officer for any reason other than for “cause” or if an officer terminates his or her employment for “good reason” (as defined in each agreement), the Company will be obligated to continue to provide the compensation and benefits specified in each agreement until the expiration of its term.

The employment agreements will terminate in the event that there is a change in control of the Company, at which time the change-in-control agreements described below between the Company and the executives will become effective, and any termination benefits will be determined and paid solely pursuant to the change-in-control agreements.

Change-in-Control Agreements. The Company also has change-in-control agreements with each of its NEOs. The change-in-control agreements become effective upon a change in control of the Company and protect income for key executives who would likely be involved in decisions regarding and/or successful implementation of merger/acquisition activity and who are at risk for job loss if a takeover occurs. The Board believed it was important to adopt such agreements in order to keep executives employed with the Company.

Under the terms of these agreements, the Company or its successor must continue to employ each officer for a term of three years after the date of a change in control. During such period, the officer is entitled to retain commensurate authority, responsibilities, and compensation benefits. The officers will receive base salaries at least equal to their salaries for the immediate prior year and bonuses at least equal to the annual bonuses paid prior to the change in control. If an officer’s



employment is terminated during the three years other than for “cause” or “disability” (as defined in each agreement), or if the officer should terminate employment because a material term of his or her contract is breached by the Company or its successor, the officer will be entitled to a lump-sum payment, in cash, within 30 days after the date of termination. This lump sum amount will be equal to 2.99 times (in the case of Messrs. Aston and Littreal) or 2.90 times (in the case of Messrs. Foster, Skinner, and Morrison) the sum of the officer’s base salary, annual bonus and equivalent benefits.

The following table provides information on the potential payment upon termination of employment or a change in control of the Company for the NEOs, assuming a termination or change in control occurred on December 31, 2024.

Potential Payments Upon Termination or Change in Control Table

Name	Benefit	Before Change in Control Termination Without Cause or for Good Reason	After Change in Control Termination Without Cause or for Good Reason ⁽¹⁾	Death Benefit ⁽²⁾	Disability Benefit ⁽²⁾
G. Robert Aston, Jr.	Post-Termination Compensation	\$ 4,500,000	\$ 5,830,500	\$ 375,000	\$ 375,000
	Early Vesting of Restricted Stock	484,129	484,129	484,129	484,129
	Health Care Benefits Continuation	52,123	52,123	52,123	52,123
	Retirement Benefit ⁽³⁾	8,386,849	8,386,849	8,386,849	8,386,849
	Total Value	\$13,423,101	\$14,753,601	\$9,298,101	\$9,298,101
William I. Foster III	Post-Termination Compensation	\$ 3,300,000	\$ 3,977,350	\$ 275,000	\$1,100,000
	Early Vesting of Restricted Stock	949,048	949,048	949,048	949,048
	Health Care Benefits Continuation	30,508	30,508	30,508	30,508
	Retirement Benefit ⁽³⁾	4,903,144	4,903,144	4,955,325	3,448,762
	Total Value	\$ 9,182,700	\$ 9,860,050	\$6,209,881	\$5,528,318
William B. Littreal	Post-Termination Compensation	\$ 2,317,500	\$ 3,170,895	\$ 193,125	\$ 193,125
	Early Vesting of Restricted Stock	1,022,822	1,022,822	1,022,822	1,022,822
	Health Care Benefits Continuation	61,305	61,305	61,305	61,305
	Retirement Benefit ⁽³⁾	3,610,645	3,610,645	6,235,116	2,189,671
	Total Value	\$ 7,012,272	\$ 7,865,667	\$7,512,368	\$3,466,923
William T. Morrison	Post-Termination Compensation	\$ 1,648,000	\$ 2,400,281	\$ 206,000	\$ 824,000
	Early Vesting of Restricted Stock	560,968	560,968	560,968	560,968
	Health Care Benefits Continuation	31,387	47,081	47,081	47,081
	Retirement Benefit ⁽³⁾	2,319,687	2,319,687	2,570,053	1,669,717
	Total Value	\$ 4,560,042	\$ 5,328,017	\$3,384,102	\$3,101,766
Brian K. Skinner	Post-Termination Compensation	\$ 2,163,000	\$ 2,934,800	\$ 180,250	\$ 721,000
	Early Vesting of Restricted Stock	475,648	475,648	475,648	475,648
	Health Care Benefits Continuation	3,458	6,916	6,916	6,916
	Retirement Benefit ⁽³⁾	1,921,985	1,921,985	3,423,413	1,248,485
	Total Value	\$ 4,564,091	\$ 5,339,349	\$4,086,227	\$2,452,049

- (1) The change-in-control agreements include a “best-net” provision regarding Internal Revenue Code Section 280G, which could result in a reduction in the amounts paid by the Company following a change in control. The amounts shown do not reflect the potential impact of those provisions.
- (2) The Post-Termination Compensation and Health Care Benefits Continuation shown reflect amounts payable on death or disability termination, as applicable, following a change in control. In such termination circumstances prior to a change in control, salary generally is payable for a maximum of 30 days with no welfare benefit supplement (except that, in the case of Mr. Morrison, up to six months’ salary continuation and 12 months welfare benefit continuation will apply).
- (3) The amounts shown reflect the total of payments to be made to the executive. SERP benefits vest immediately upon death or termination without cause or for good reason. All amounts are paid in equal monthly installments over a 15-year period commencing within 90 days of the death of a participant or upon attainment of retirement age, other than Messrs. Foster and Morrison. Mr. Foster’s death benefit is payable in equal annual installments over a



15-year period and in all other cases payments commence the month following Mr. Foster's separation from service. Mr. Morrison's amounts consist of annual payments for 10 years under his Monarch SERPs and annual payments for 15 years under his TowneBank SERPs that, when combined, result in an equal amount being paid for each year of the 15-year payment period. Under Mr. Morrison's Monarch SERPs, upon early retirement, termination, death or disability, amounts are paid in a single lump sum based on the present value of the payments that would be made following normal retirement.

Pay Versus Performance

As required by Section 953(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(v) of Regulation S-K, we are providing the following information about the relationship between executive compensation actually paid and certain measures of the Company's financial performance. For further information concerning the Company's pay-for-performance philosophy and how our Compensation Committee aligns executive compensation with the Company's performance, refer to the Compensation Discussion and Analysis section beginning on page 19.

The tabular and narrative disclosures provided below are intended to be calculated in a manner consistent with the applicable SEC rules and may reflect reasonable estimates and assumptions where appropriate.

The following table provides information required under the SEC's Item 402(v) of Regulation S-K disclosing (i) a measure of total compensation and a measure reflecting "compensation actually paid" for our principal executive officer ("PEO") and, as an average, for our other NEOs, and (ii) select financial performance measures, in each case, for our five most recently completed fiscal years.

Pay Versus Performance Table

Year A	Summary Compensation Table Total for PEO (1) B	Compensation Actually Paid to PEO (2) C	Average Summary Compensation Table Total for Non-PEO NEOs (3) D	Average Compensation Actually Paid to Non-PEO NEOs (4) E	Value of Initial Fixed \$100 Investment Based On:		Net Income (Loss) (\$ in thousands) (7) H	Revenue (\$ in thousands) (8) I
					Total Shareholder Return (5) F	Peer Group Total Shareholder Return (6) G		
2024	\$2,571,871	\$2,624,133	\$1,899,339	\$1,790,492	\$144.59	\$143.04	\$161,757	\$693,750
2023	\$1,464,533	\$1,637,182	\$1,252,867	\$1,214,038	\$122.17	\$106.26	\$153,715	\$694,122
2022	\$1,382,590	\$1,716,479	\$1,640,720	\$1,792,361	\$121.85	\$ 97.46	\$188,987	\$686,935
2021	\$1,761,871	\$2,029,224	\$1,939,291	\$2,197,098	\$121.04	\$117.87	\$215,383	\$680,330
2020	\$1,561,769	\$1,617,835	\$2,147,971	\$1,832,622	\$ 87.73	\$ 86.86	\$145,535	\$664,335

- (1) The dollar amounts reported in column B are the amounts of total compensation reported in the "Total" column of the Summary Compensation Table for Mr. Davis in 2020, 2021, and 2022 and Mr. Foster in 2023 and 2024. Refer to the Summary Compensation Table on page 29.
- (2) The dollar amounts reported in column C represent the amount of "compensation actually paid" to Mr. Davis in 2020, 2021, and 2022 and to Mr. Foster in 2023 and 2024, as computed in accordance with Item 402(v) of Regulation S-K and as further described below. The dollar amounts do not reflect the actual amount of compensation earned by or paid to Mr. Davis in 2020, 2021, and 2022 or Mr. Foster in 2023 and 2024. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to Mr. Davis' total compensation for 2020, 2021, and 2022 and to Mr. Foster's total compensation for 2023 and 2024 to determine the compensation actually paid:

Year	Reported Summary Compensation Table Total for PEO	Reported Value of Equity Awards (a)	Equity Award Adjustments (b)	Reported Change in the Actuarial Present Value of Pension Benefits (c)	Pension Benefit Adjustments (d)	Compensation Actually Paid to PEO
2024	\$2,571,871	\$(350,031)	\$468,799	\$(821,679)	\$755,173	\$2,624,133
2023	\$1,464,533	\$ (67,879)	\$ 29,407	\$(457,917)	\$669,038	\$1,637,182
2022	\$1,382,590	—	\$ (2,734)	—	\$336,623	\$1,716,479
2021	\$1,761,871	\$(106,250)	\$140,004	\$(228,861)	\$462,460	\$2,029,224
2020	\$1,561,769	—	\$ (89,682)	\$(335,284)	\$481,032	\$1,617,835



- a. The grant date fair value of equity awards represents the total of the amounts reported in the “Stock Awards” column in the Summary Compensation Table for the applicable year. Refer to the Summary Compensation Table on page 29.
- b. The equity award adjustments for each applicable year include the addition (or subtraction, as applicable) of the following: (i) the year-end fair value of any equity awards granted in the applicable year that are outstanding and unvested as of the end of the year; (ii) the amount of change as of the end of the applicable year (from the end of the prior fiscal year) in fair value of any awards granted in prior years that are outstanding and unvested as of the end of the applicable year; (iii) for awards that are granted and vest in the same applicable year, the fair value as of the vesting date; (iv) for awards granted in prior years that vest in the applicable year, the amount equal to the change as of the vesting date (from the end of the prior fiscal year) in fair value; (v) for awards granted in prior years that are determined to fail to meet the applicable vesting conditions during the applicable year, a deduction for the amount equal to the fair value at the end of the prior fiscal year; and (vi) the dollar value of any dividends or other earnings paid on stock or option awards in the applicable year prior to the vesting date that are not otherwise reflected in the fair value of such award or included in any other component of total compensation for the applicable year. The valuation assumptions used to calculate the fair value were updated as of each measurement date and will differ from those disclosed as of the grant date. The methodology used to develop the valuation assumptions as of each applicable measurement date is consistent with those disclosed at the time of grant. The amounts deducted or added in calculating the equity award adjustments are as follows:

Year	Year-End Fair Value of Equity Awards Granted in the Year and that are Unvested	Year-over-Year Change in Fair Value of Equity Awards Granted in Prior Years that are Unvested	Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year	Year-over-Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year	Prior Year-End Fair Value of Equity Awards that Failed to Meet Vesting Conditions in the Year	Value of Dividends or other Earnings Paid on Equity Awards not Otherwise Reflected in Fair Value or Total Compensation	Total Equity Award Adjustments
2024	\$352,828	\$ 75,272	—	\$ 15,451	—	\$25,248	\$468,799
2023	\$ 66,603	\$(25,445)	—	\$(39,495)	—	\$27,744	\$ 29,407
2022	—	\$ (1,912)	—	\$ (3,091)	—	\$ 2,269	\$ (2,734)
2021	\$120,800	\$ 73,947	—	\$ 3,963	\$(66,754)	\$ 8,048	\$140,004
2020	—	\$(85,429)	—	\$(18,425)	—	\$14,172	\$(89,682)

- c. The reported change in the actuarial present value of defined benefit pension benefits reported in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column in the Summary Compensation Table for the applicable year. Refer to the Summary Compensation Table on page 29.
- d. The pension benefit adjustment is the value attributable to the applicable year’s service cost.
- (3) The dollar amounts reported in column D represent the average of the amounts reported for the non-PEO NEOs in the “Total” column of the Summary Compensation Table in each applicable year. The names of each of the non-PEO NEOs included for purposes of calculating the average amounts in each applicable year are as follows: Mr. Aston, Mr. Littreal, Brad E. Schwartz, who was President and Chief Operating Officer until December 31, 2022, and Mr. Morrison for 2020, Mr. Aston, Mr. Littreal, Mr. Schwartz, and Mr. Morrison for 2021, Mr. Aston, Mr. Foster, Mr. Littreal, and Mr. Schwartz for 2022, and Mr. Aston, Mr. Littreal, Mr. Morrison, and Mr. Skinner for 2023 and 2024.
- (4) The dollar amounts reported in column E represent the average amount of “compensation actually paid” to the non-PEO NEOs specified in footnote (3), as computed in accordance with Item 402(v) of Regulation S-K. The dollar amounts do not reflect the actual average amount of compensation earned by or paid to the non-PEO NEOs during the applicable year. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to average total compensation for the non-PEO NEOs for each year to determine the compensation actually paid, using the same methodology described above in footnote (2):

Year	Average Reported Summary Compensation Table Total for Non-PEO NEOs	Average Reported Value of Equity Awards	Average Equity Award Adjustments (a)	Reported Change in the Actuarial Present Value of Pension Benefits (b)	Pension Benefit Adjustments (c)	Average Compensation Actually Paid to Non-PEO NEOs
2024	\$1,899,339	\$(275,017)	\$ 330,984	\$(397,932)	\$233,118	\$1,790,492
2023	\$1,252,867	\$(164,328)	\$ 139,957	\$(229,840)	\$215,382	\$1,214,038
2022	\$1,640,720	\$(560,663)	\$ 609,847	\$ —	\$102,457	\$1,792,361
2021	\$1,939,291	\$ (68,594)	\$ 333,541	\$(197,879)	\$190,739	\$2,197,098
2020	\$2,147,971	\$ —	\$(140,086)	\$(431,827)	\$256,564	\$1,832,622



a. The amounts deducted or added in calculating the total average equity award adjustments are as follows:

Year	Average Year-End Fair Value of Equity Awards Granted in the Year and that are Unvested	Average Year-over-Year Change in Fair Value of Equity Awards Granted in Prior Years that are Unvested	Average Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year	Average Year-over-Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year	Average Prior Year-End Fair Value of Equity Awards that Failed to Meet Vesting Conditions in the Year	Average Value of Dividends or other Earnings Paid on Equity Awards not Otherwise Reflected in Fair Value or Total Compensation	Average Equity Award Adjustments
2024	\$277,214	\$ 45,282	—	\$ (5,572)	—	\$14,060	\$ 330,984
2023	\$161,240	\$ (13,377)	—	\$(24,163)	—	\$16,257	\$ 139,957
2022	\$603,192	\$ (3,635)	—	\$ (5,669)	—	\$15,959	\$ 609,847
2021	\$ 77,988	\$ 246,140	—	\$ 37,910	\$(44,207)	\$15,710	\$ 333,541
2020	—	\$(111,601)	—	\$(47,295)	—	\$18,810	\$(140,086)

- b. The reported change in the actuarial present value of defined benefit pension benefits reported in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column in the Summary Compensation Table for the applicable year. Refer to the Summary Compensation Table on page 29.
- c. The pension benefit adjustment is the value attributable to the applicable year’s service cost.
- (5) Total shareholder return (“TSR”) is the value of \$100 at the end of the measurement period assuming invested in TowneBank’s stock as of December 31, 2019.
- (6) Peer group TSR, is the value of \$100 at the end of the measurement period assuming invested in the peer group index as of December 31, 2019. The peer group used for this purpose is the following published industry index: S&P Composite 1500 Banks Index.
- (7) The dollar amounts reported represent our net income, as reflected in the Company’s audited financial statements for the applicable year.
- (8) The dollar amounts reported represent our operating revenue, as reflected in the Company’s audited financial statements for the applicable year. While the Company uses several financial performance measures for the purpose of evaluating performance for the Company’s compensation programs, the Company has determined that revenue is the financial performance measure that, in the Company’s assessment, represents the most important performance measure (that is not otherwise required to be disclosed in the table) used by the Company to link compensation actually paid to the NEOs, for the most recently completed fiscal year, to the Company’s performance.

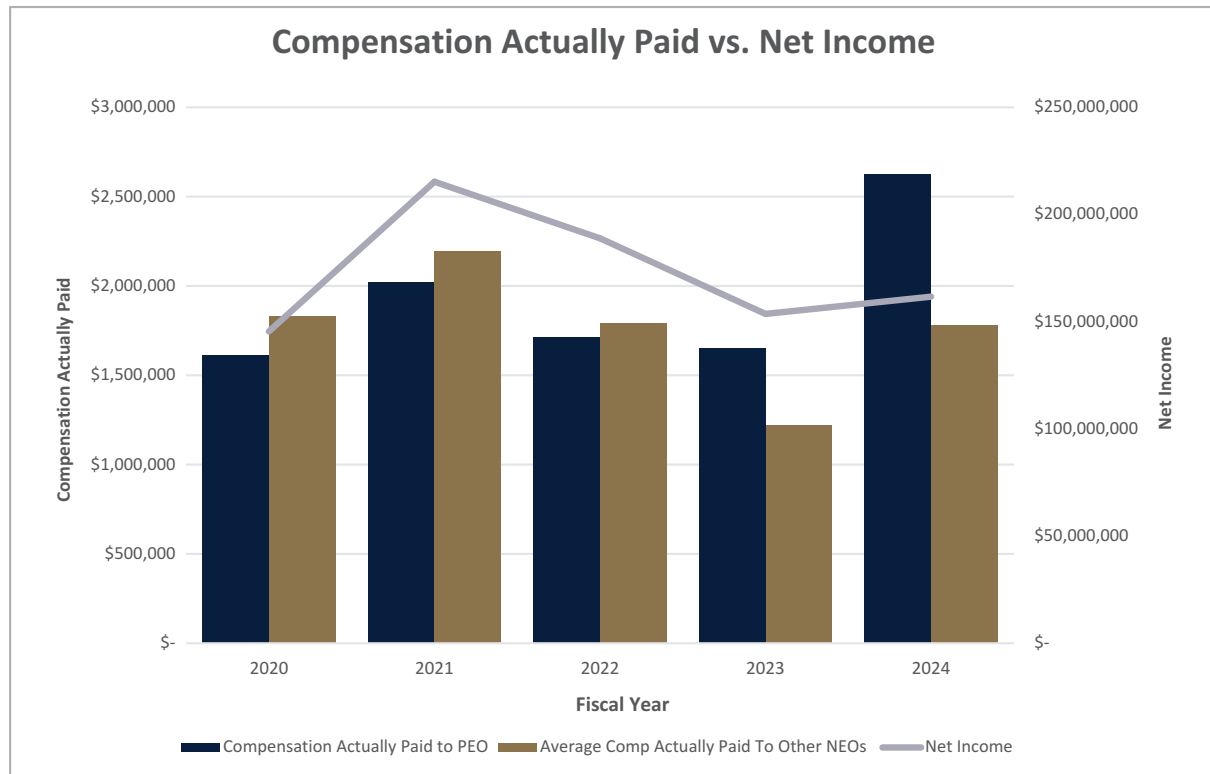
List of Most Important Financial Performance Measures to Determine 2023 Compensation Actually Paid. As described in more detail in the “Compensation Discussion and Analysis” section starting on page 19, our executive compensation program reflects a pay-for-performance philosophy and includes performance metrics that are intended to incentivize our NEOs and align our NEOs’ interests with those of our shareholders. With respect to the 2024 fiscal year, the most important financial performance measures used to link executive compensation actually paid to our performance overall are as follows:

Metrics Used in Determining NEO Pay

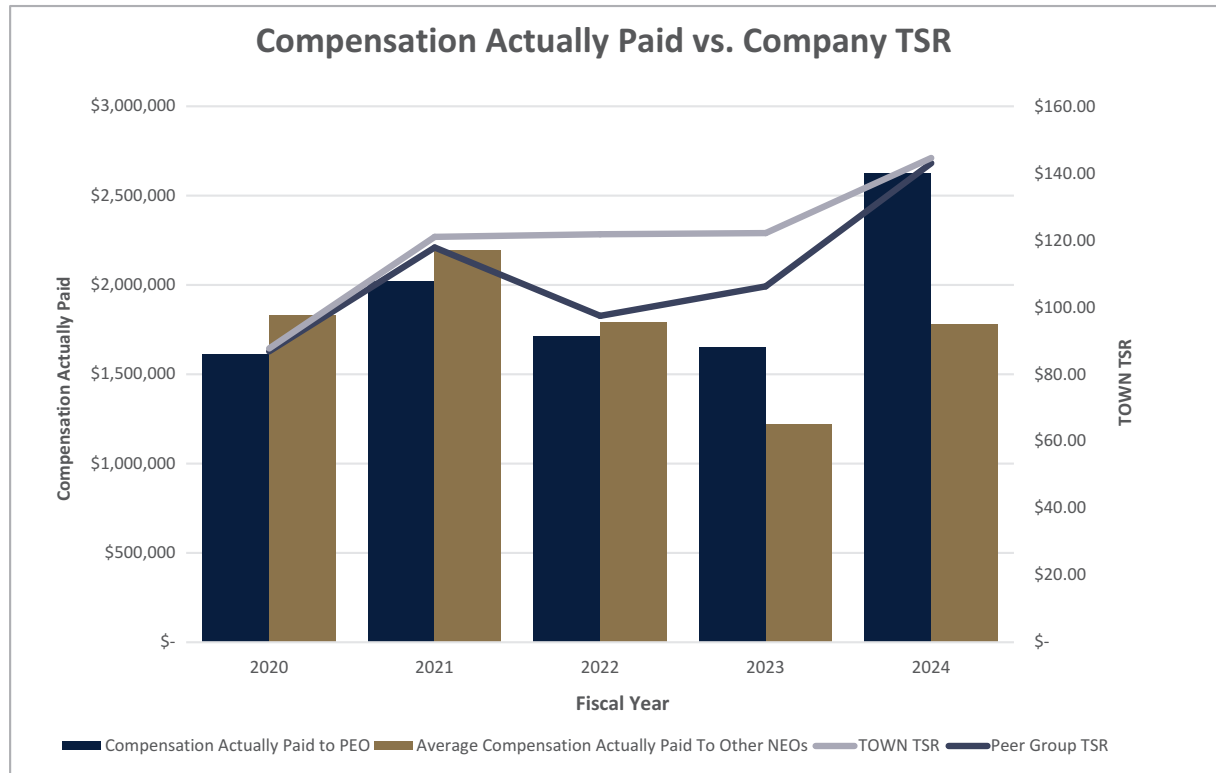
Total Revenue
Earnings Per Share (EPS)
Credit Quality
Market Share
Return on Assets (ROA)

Analysis of the Information Presented in the Pay Versus Performance Table. As described in more detail in the “Compensation Discussion and Analysis” section, the Company’s executive compensation program reflects a variable pay-for-performance philosophy. While the Company utilizes several financial performance measures to align executive compensation with Company performance, all of those Company measures are not presented in the Pay Versus Performance Table. Moreover, the Company generally seeks to incentivize creation of long-term shareholder value, and, therefore, does not specifically align the Company’s performance measures with compensation that is actually paid (as computed in accordance with Item 402(v) of Regulation S-K) for a particular year. In accordance with Item 402(v) of Regulation S-K, the Company is providing the following descriptions of the relationships between information presented in the Pay Versus Performance Table.

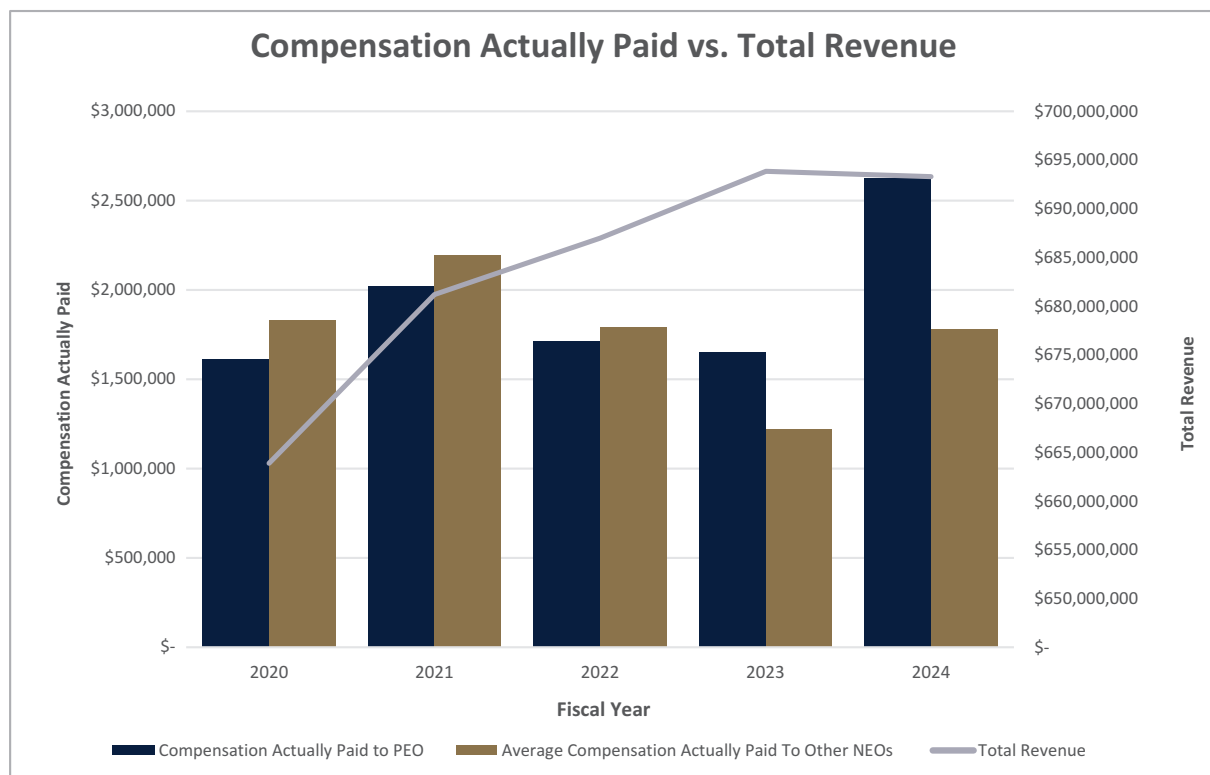
Compensation Actually Paid and Net Income. As demonstrated by the following graph, the compensation actually paid to Mr. Foster and Mr. Davis and the average amount of compensation actually paid to the non-PEO NEOs is trending with the Company's net income over the five years presented in the Pay Versus Performance Table.



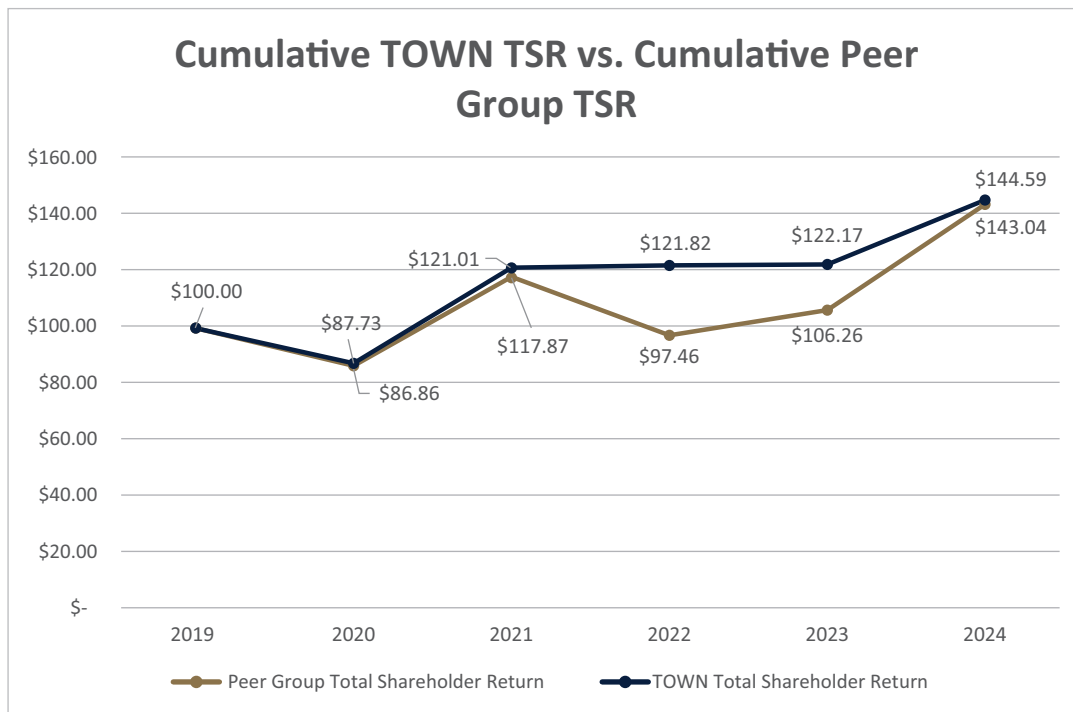
Compensation Actually Paid and Total Shareholder Return (TSR). As demonstrated by the following graph, the compensation actually paid to Mr. Davis and the average amount of compensation actually paid to the non-PEO NEOs is trending with the Company's TSR over the first two years presented in the Pay Versus Performance Table, but unlike the Company's TSR, the compensation actually paid to the PEOs and the average compensation actually paid to the non-PEO NEOs had decreased in 2022 and 2023. The amount of compensation actually paid to Mr. Foster and the average amount of compensation actually paid to the non-PEO NEOs in 2024 is trending with the Company's TSR. The alignment of compensation actually paid with the Company's TSR over the period presented is because a significant portion of the compensation actually paid to Mr. Foster, Mr. Davis, and to the other NEOs is comprised of equity awards. For more information regarding the elements of our executive compensation program and, in particular, our pay mix, refer to the Compensation Discussion and Analysis section on page 19.



Compensation Actually Paid and Total Revenue. As demonstrated by the following graph, the compensation actually paid to Mr. Davis and the average amount of compensation actually paid to the non-PEO NEOs is trending with the Company's revenue over the first two years presented in the Pay Versus Performance Table but unlike revenue, the compensation actually paid to the PEOs and the average amount of compensation actually paid to the non-PEO NEOs had decreased in 2022 and 2023. The Company's revenue decreased slightly in 2024 while the compensation actually paid to Mr. Foster and the average amount of compensation actually paid to the non-PEO NEOs increased.



Cumulative TSR of the Company and Cumulative TSR of the Peer Group. As demonstrated by the following graph, the Company's cumulative TSR overperformed compared to the Index in each fiscal year. For more information regarding the Company's performance and the companies that the Compensation Committee considers when determining compensation, refer to the Compensation Discussion and Analysis section on page 19.



CEO Pay Ratio

Rules enacted by the Securities and Exchange Commission and adopted by the FDIC require us to disclose the ratio of the annual total compensation of our Chief Executive Officer during the last fiscal year to the median annual total compensation of all our employees. For 2024, the annual total compensation of William I. Foster III was \$2,571,871, and the median employee's annual total compensation was \$59,100. Based on these amounts, the ratio of the annual total compensation of Mr. Foster to the median of the annual total compensation of all our employees was approximately 44 to 1.

We believe our compensation programs for both our executive and non-executive level employees must be internally consistent and equitable to motivate our employees to create shareholder value. While the Compensation Committee monitors the relationship between the compensation levels of our executive officers and our non-executive employees, the Compensation Committee does not view this ratio as a meaningful tool in evaluating the appropriateness of the Chief Executive Officer's compensation, either on an internal or external basis.

We completed the following steps to identify the median of the annual total compensation of all our employees and to determine the annual total compensation of our median employee and Chief Executive Officer:

- As of December 31, 2024, our employee population consisted of approximately 2,720 employees, including full-time, part-time, temporary, or seasonal employees employed on that date.
- To find the median of the annual total compensation of all our employees (other than our Chief Executive Officer), we used wages from our payroll records as reported to the Internal Revenue Service on Form W-2 for 2024. In making this determination, we annualized the compensation for full-time and part-time permanent employees who were employed on December 31, 2024, but did not work for us the entire year. No full-time equivalent adjustments were made for part-time employees.
- After identifying the median employee, we added together all of the elements of such employee's compensation for 2024 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K. Total compensation for Mr. Foster is the amount reported in the "Total" column of our 2024 Summary Compensation Table on page 29.

Pay ratios that are reported by our peers may not be directly comparable to ours because of differences in the composition of each company's workforce, as well as the assumptions and methodologies used in calculating the pay ratio, as permitted by Securities and Exchange Commission rules.



COMPENSATION OF DIRECTORS

As compensation for their services during 2024, each member of the Board of Directors of the Company received an annual retainer of \$60,000. Each member of the Board of Directors also received a grant of common stock in the amount of \$30,000 (rounded up to the nearest whole share) in March 2024. That amount represented an additional annual retainer that in part would replace all cash fees for Board and committee meetings.

Each Vice Chair of the Board of Directors received an annual retainer of \$5,000, and the Lead Director received an annual retainer of \$45,000.

Members of the Audit Committee received an annual retainer of \$8,500, and the Chair of the Audit Committee received an annual retainer of \$35,000. The Chair of the Enterprise Risk Management Committee received an annual retainer of \$35,000, and the Chairs of the other standing Board committees received an annual retainer of \$3,000.

Board members who are also officers of the Company did not receive any additional compensation above their regular compensation for service on the Board or any committee.

The Company also paid board fees for service on the TFSG Board and on its Regional Boards.

Towne Financial Services Group. There are two non-employee members of the Board of Directors (Messrs. Benson and Owens) who also serve on the TFSG Board, which meets monthly and has responsibility for the Company's fee-based lines of business. Mr. Benson received a \$6,500 annual retainer. Mr. Benson received an additional \$3,500 annual retainer for serving as Chair of the TFSG Board.

Regional Boards of Directors. Members of the Board of Directors also received payment for each meeting of the Regional Board of Directors of which they are a member. In addition, the three members of the Board of Directors who serve as Chair of a Regional Board (Messrs. Ellis (Virginia Beach) and Norment (Williamsburg) and Ms. Robertson (Richmond)) received an annual retainer of \$3,500.



2024 Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽¹⁾	All Other Compensation	Total
Jeffrey F. Benson	\$ 75,000	\$ 30,024	—	—	\$ 105,024
Richard S. Bray	\$ 153,000	—	—	—	\$ 153,000
Bradford L. Cherry	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Douglas D. Ellis	\$ 63,500	\$ 30,024	—	—	\$ 93,524
John W. Failes	\$ 80,000	\$ 30,024	—	—	\$ 110,024
Andrew S. Fine	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Howard J. Jung	\$ 68,500	\$ 30,024	—	—	\$ 98,524
John R. Lawson, II	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Aubrey L. Layne, Jr.	\$ 68,500	\$ 30,024	—	—	\$ 98,524
Harry T. Lester	\$ 60,000	\$ 30,024	—	—	\$ 90,024
W. Ashton Lewis	\$ 74,500	\$ 30,024	—	—	\$ 104,524
Stephanie J. Marioneaux, M.D.	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Juan M. Montero, II, M.D.	\$ 68,500	\$ 30,024	—	—	\$ 98,524
Thomas K. Norment, Jr.	\$ 63,500	\$ 30,024	—	—	\$ 93,524
Robert M. Oman	\$ 60,000	\$ 30,024	—	—	\$ 90,024
R.V. Owens, III	\$ 60,000	\$ 30,024	—	—	\$ 90,024
J. Christopher Perry	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Elizabeth W. Robertson	\$ 128,500	—	—	—	\$ 128,500
Dwight C. Schaubach	\$ 61,800	\$ 30,024	—	—	\$ 91,824
Sachin S. Shetty	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Richard B. Thurmond	\$ 60,000	\$ 30,024	—	—	\$ 90,024
Alan S. Witt	\$ 133,500	\$ —	—	—	\$ 133,500
Total	\$1,638,800	\$570,456	—	—	\$2,209,256
Non-NEO Directors Who Are Employees or Former Employees of the Company					
Jacqueline B. Amato	—	—	—	—	\$ —
J. Morgan Davis	—	—	—	\$506,832(2)	\$ 506,832
Robert C. Hatley	\$ 60,000	\$ 30,024	—	\$ 18,104(2)	\$ 108,128
R. Scott Morgan	\$ 60,000	\$ 30,024	—	\$ 23,460(2)	\$ 113,484

(1) Reflects the change in actuarial present value of SERP benefits. The SERP benefit is paid in equal monthly installments over a 15-year period upon attainment of retirement age. Accounting rules require that the expense be recorded over the participant's remaining service period prior to attainment of retirement eligibility.

(2) For work performed or consulting services in 2024, reflects the aggregate amount of (i) cash fees for Mr. Davis, \$500,000; (ii) personal usage of automobile for Mr. Davis, \$6,832 and Mr. Hatley, \$18,104; and (iii) other payments for Mr. Morgan, \$23,460. See "Related Party Transactions" beginning on page 44.



RELATED PARTY TRANSACTIONS

Certain directors and officers of the Company and members of their immediate families, and corporations, partnerships, and other entities with which such persons are associated, are customers of the Company. As such, these persons engaged in transactions with the Company in the ordinary course of business during 2024, and will have additional transactions with the Company in the future.

All loans extended and commitments to lend by the Company to directors, officers and members of their immediate families and corporations, partnerships and other entities with which such persons are affiliated are made in the ordinary course of business upon substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons and do not involve more than the normal risk of collectibility or present other unfavorable features.

All related party transactions that would require disclosure under Item 404(a) of Regulation S-K of the Securities and Exchange Commission are identified and reviewed. The terms of all transactions of at least \$120,000 in which related persons had or will have direct or indirect material interests, including, on a sample basis, taking into account whether the transactions are on terms no less favorable to the Company than terms generally available to an unaffiliated third party under the same or similar circumstances are reviewed. Once this review is complete, a list of related party transactions is presented to the Audit Committee. The Audit Committee reviews this list and is given the opportunity to ask questions regarding the related party transactions on the list.

Office Space Owned by Directors. The Company rents space for various financial centers from companies affiliated with certain directors. All leases are made in the ordinary course of business upon substantially the same terms as those prevailing at the time for comparable transactions with unaffiliated persons. The Company rents space from OverYork, LLC, which is a wholly-owned subsidiary of The Overton Group. Jeffrey F. Benson is a partner and, together with his spouse, has a 21% ownership interest in The Overton Group. Rent expense and other payments related to this lease made by TowneBank for the year ended December 31, 2024 totaled \$337,000. The Company also rents space from Pavilion Center Associates, LLC, a company in which Andrew S. Fine is a manager and has a 1% ownership interest that is held in a trust with his wife as the sole beneficiary. In addition, Mr. Fine and his wife, collectively, have a 21% ownership interest in The Runnymede Corporation that is held in two trusts for which they and their children are the beneficiaries. The Runnymede Corporation, for which Mr. Fine serves as Co-Chair, charges management fees to Pavilion Center Associates, LLC. Rent expense related to this lease was \$704,000 for the year ended December 31, 2024. The Company also rents space from Pavilion Center II, LLC, which is 31% owned by Pavilion Center Associates, LLC and 69% by The Runnymede Corporation. Rent expense related to this lease was \$1,055,000 for the year ended December 31, 2024.

Services Provided by Directors. In the ordinary course of its business, the Company obtains certain goods and services from companies affiliated with certain directors. Such transactions are made in the ordinary course of business upon substantially the same terms as those prevailing at the time for comparable transactions with unaffiliated persons. In 2024, the Company made payments to W.M. Jordan Company, Inc. in connection with several office construction projects for the Company. Payments made to W.M. Jordan totaled \$516,000 for the year ended December 31, 2024. John R. Lawson, II has a 59% ownership interest in W.M. Jordan Company, Inc., for which he serves as Executive Chairman. In 2024, the Company made payments to Hilton Norfolk the Main in connection with the use of hotel services. Payments made to Hilton Norfolk the Main totaled \$427,000 for the year ended December 31, 2024. John R. Lawson, II has a 33% ownership interest in Hilton Norfolk the Main. In 2024, the Company made payments to First Team Honda in connection with the acquisition of certain vehicles. Payments made to First Team Honda totaled \$395,000 for the year ended December 31, 2024. W. Ashton Lewis, Sr. has a 29% ownership interest in First Team Honda through a family trust. In 2024, the Company made payments to First Team Toyota in connection with the acquisition of certain vehicles. Payments made to First Team Toyota totaled \$162,000 for the year ended December 31, 2024. W. Ashton Lewis, Sr. has a 44% ownership interest in First Team Toyota.

Transition Agreement with J. Morgan Davis. On November 2, 2022, the Company entered into a letter agreement (the “Davis Advisory Agreement”) with J. Morgan Davis in connection with his stepping down as Chief Executive Officer on December 31, 2022 and transition to a senior advisory role. The Davis Advisory Agreement confirms the terms of Mr. Davis’s service as a senior advisor through June 30, 2026.

Under the Davis Advisory Agreement, Mr. Davis served as an employee senior advisor of the Company from the Succession Date through June 30, 2023 (the “Retirement Date”). During that time, his base salary was reduced to an annualized rate of



\$750,000, and he was not eligible for incentive awards or bonuses. Subject to Mr. Davis's continued employment through the Retirement Date, 1,274 otherwise unvested shares of restricted stock vested, and he received full credit for service for 2023 under his SERP (Supplemental Executive Retirement Plan Agreement). During that time, Mr. Davis remained eligible to continue to participate in standard Company benefit plans through the Retirement Date, subject to his eligibility under the terms of such plans, and he continued to be reimbursed for reasonable business expenses and provided with a Company owned automobile. He also received a supplemental payment of \$30,000 at the Retirement Date to help cover on-going health insurance costs. Mr. Davis's duties as an employee senior advisor included, among other things, the provision of transitional support in connection with the management succession, the maintenance and development of certain external Company relationships, and involvement with the operation and expansion of the Company's non-banking lines of business, including residential mortgage, insurance brokerage, vacation property management and real estate brokerage.

Under the Davis Advisory Agreement, Mr. Davis serves as a non-employee senior advisor to the Company during the three-year period commencing on July 1, 2023 and ending on June 30, 2026 (the "Davis Advisor Period"). Mr. Davis's duties as a non-employee advisor are consistent with his duties as an employee senior advisor; however, the expected time commitment is reduced. For each 12-month period during the three-year Davis Advisor Period, Mr. Davis earns an annual retainer of \$500,000. During the Davis Advisor Period, Mr. Davis continues to be reimbursed for reasonable business expenses and provided with a Company owned automobile and is eligible to be reimbursed for an annual physical examination. Mr. Davis is expected to continue to serve, with no additional compensation, during the Davis Advisor Period, on the board of directors of the Company and the board of directors of its subsidiary, Towne Financial Services Group, which oversees the Company non-banking lines of business. See "Compensation of Directors" beginning on page 42.

Other Arrangements with Directors. J. Morgan Davis, Robert C. Hatley, and R. Scott Morgan are former employees of the Company. During 2024, the payments under the Company's SERP to Messrs. Davis, Hatley and Morgan totaled \$801,368, \$131,757 and \$182,985, respectively.

Family Relationships. C. Ross Morgan, President of the Company's Real Estate Finance Group, is the son of R. Scott Morgan, a director of the Company. In 2024, Mr. Ross Morgan received total compensation of approximately \$304,000, including base salary and incentive bonus payments. Chelsea Copan, Senior Vice President and Private Banking Officer, is the daughter of Dawn S. Glynn, a member of the Corporate Management Group. In 2024, Ms. Copan received total compensation of approximately \$205,000, including base salary and incentive bonus payments. G. Robert Aston, III, Vice President and Commercial Banking Officer, is the son of G. Robert Aston, Jr., Executive Chairman of the Board. Mr. Aston received total compensation of approximately \$127,000, including base salary and incentive bonus payments. Each of these employees participates in Company benefit plans available to all other employees in similar positions. Each is compensated in a manner consistent with the Company's compensation practices applicable to employees with similar qualifications, responsibilities, and contributions to the Company.

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors of the Company in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. During the year ended December 31, 2024, the committee met eight times. In addition to regularly scheduled meetings, the Audit Committee is available either as a group or individually to discuss any matters that might affect the financial statements, internal controls or other financial aspects of the operations of the Company. Each member of the Audit Committee is an “independent director” as defined by Nasdaq Marketplace Rule 5605(a)(2).

In the performance of its oversight responsibility, the Audit Committee discusses the results of the internal audit examinations and may discuss with management and the independent auditors the results of the internal audit examinations. The Audit Committee also discussed and reviewed with the independent auditors all communications required by generally accepted accounting standards in the United States, the Public Company Accounting Oversight Board, the Securities and Exchange Commission and the FDIC.

The Audit Committee has received from the independent auditors the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding the independent auditors’ communications with the Audit Committee concerning independence, discussed with the independent auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors’ independence. The committee also discussed the quality and adequacy of the Company’s internal controls with management, the internal auditor and the independent auditors and the internal audit function’s organization, responsibilities, budget and staffing. The committee reviewed the audit plans, audit scope and identification of audit risks of both the independent and internal auditors.

The Audit Committee discussed and reviewed the audited financial statements of the Company as of and for the fiscal year ended December 31, 2024, with management and the independent auditors. Management has the responsibility for the preparation of the Company’s financial statements, and the independent auditors have the responsibility for the examination of those statements.

Based on the above-mentioned review and discussions with management and the independent auditors, the Audit Committee recommended to the Board that the Company’s audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, for filing with the FDIC.

Submitted by the Audit Committee of TowneBank:

Elizabeth W. Robertson, Chair
Howard J. Jung
Aubrey L. Layne, Jr.
W. Ashton Lewis
J. Christopher Perry
Alan S. Witt

Consultants to the Audit Committee:

Lawton H. Baker
Daniel N. Ryan, Sr.
Robert E. Yancey



ACCOUNTING FIRM FEES

The following table shows the fees billed for the audit and other services provided by Forvis Mazars, LLP for fiscal years ended December 31, 2024 and 2023. All non-audit services were reviewed by the Audit Committee, which concluded that the provision of such services by Forvis Mazars, LLP was compatible with maintaining the accounting firm's independence. It is the Audit Committee's policy to approve fees for services rendered by the Company's independent auditors only upon a review of such fees.

	2024	2023
Audit Fees ⁽¹⁾	\$1,088,037	\$1,041,340
Audit-related Fees ⁽²⁾	32,150	18,000
Tax Fees	—	—
All Other Fees	—	—
Total	\$1,120,187	\$1,059,340

- (1) Audit fees represent professional services rendered in connection with the audit of the Company's annual financial statements and reviews of the financial statements included in the Company's Forms 10-Q for the fiscal years. Also included in the total amount billed are fees related to the report on effectiveness of internal control as required by the Federal Deposit Insurance Corporation Improvement Act of 1991, the report on internal control as required by the Sarbanes-Oxley Act Section 404, and services performed in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consisted primarily of accounting consultations and other attestation services, including employee benefit plan audits and its due diligence, accounting assistance and other attestation services in connection with proposed or consummated mergers or acquisitions.

Pre-Approval Policy

Under the Audit Committee's pre-approval policy, the Audit Committee is required to review the services expected to be provided by the independent auditor to ensure that the provision of such services will not impair the auditor's independence. For other services provided by the independent auditor that are not specifically excluded, pre-approval by the Audit Committee on an individual project basis is required. Approval for such services may be requested at the next Audit Committee meeting. If earlier approval is necessary, it may be obtained in accordance with the Audit Committee's delegation to the Chair of the Audit Committee, in which case the decision must be presented to the full Audit Committee at its next meeting. For any financial or other consulting or advisory services to be provided by an outside firm, other than the independent auditor, and which services are within the purview of the Audit Committee, pre-approval by the Audit Committee on an individual project basis is required if the estimated fees for such project exceed \$25,000. A summary of all fees paid for any financial services, whether to the independent auditor or to other outside providers, must be presented annually to the Audit Committee.

RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS — PROPOSAL TWO

The Board of Directors, upon recommendation of the Audit Committee, has appointed Forvis Mazars, LLP as the Company's independent auditors for the year ending December 31, 2025, and has further directed that management submit the selection of independent auditors for ratification by the shareholders at the Annual Meeting.

Representatives of the firm are expected to be present at the Annual Meeting and will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The ratification of the appointment of Forvis Mazars, LLP requires that the votes cast "for" exceed the number of votes cast "against" the proposal. Abstentions and broker non-votes will have no effect on the outcome of this proposal.



The Board of Directors recommends that you vote "FOR" the ratification of the appointment of Forvis Mazars, LLP as independent auditors for the fiscal year ending December 31, 2025.



ADVISORY VOTE ON TOWNEBANK'S EXECUTIVE COMPENSATION — PROPOSAL THREE

Shareholders are being given the opportunity to vote on an advisory (non-binding) resolution at the Annual Meeting to approve TowneBank's executive compensation policies and procedures as described in the Compensation Discussion and Analysis, the compensation tables, and related discussion in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives shareholders the opportunity to endorse or not endorse TowneBank's executive pay program through the following resolution:

"Resolved, that TowneBank's shareholders approve the compensation of the Named Executive Officers as disclosed in the Summary Compensation Table, the other compensation tables, the Compensation Discussion and Analysis and the related disclosures in this Proxy Statement."

We have included this proposal in the Proxy Statement pursuant to the requirements of Section 14A of the Securities Exchange Act of 1934. Because this vote is advisory, it will not be binding upon the Board. However, the Compensation Committee of the Board of Directors will take into account the outcome of the vote when considering future executive compensation arrangements.

The Compensation Committee respectfully requests that you consider the following:

- Since the founding of the Company in 1998, TowneBank's ultimate strategic business concept has been to attract, recruit and retain the best bankers in its market areas. It was and remains our belief that extraordinary people will achieve extraordinary results.
- Since the founding of the Company, the leadership of TowneBank has created a locally focused bank with approximately \$17.25 billion in total assets as of December 31, 2024, making it one of the top performing banks in the United States. Additionally, the Company enjoys a stellar reputation based on honesty, integrity, and doing the right thing.
- We believe our employees are our most important and valuable asset.

The approval of the advisory vote on the compensation of the Company's Named Executive Officers as described in this Proxy Statement requires that the votes cast "for" exceed the number of votes cast "against" the proposal. Abstentions and broker non-votes will have no effect on the outcome of this proposal.



The Board of Directors recommends that shareholders vote "FOR" approval of the compensation of the Company's Named Executive Officers as described in this Proxy Statement pursuant to the Securities and Exchange Commission's compensation disclosure rules, which disclosure includes the Compensation Discussion and Analysis, the compensation tables and the related disclosures in this Proxy Statement.

APPROVAL OF THE TOWNEBANK 2025 STOCK INCENTIVE PLAN — PROPOSAL FOUR

The Board of Directors has adopted, subject to approval by the Company's shareholders, the TowneBank 2025 Stock Incentive Plan (the "2025 Plan"). The purpose of the 2025 Plan is to promote the interests of TowneBank and its shareholders by strengthening TowneBank's ability to attract, motivate and retain employees, directors and consultants upon whose judgment, initiative and efforts the financial success and growth of the business of TowneBank largely depend.

If approved by the shareholders, a total of 1,800,000 shares of common stock will be initially reserved for issuance under the 2025 Plan. If the 2025 Plan is approved, the Company will terminate the 2017 Stock Incentive Plan and no shares of common stock will be available for issuance thereunder, other than shares already subject to outstanding equity awards under such plan.

The material terms of the 2025 Plan are summarized below. Because this is a summary, it may not contain all the information that shareholders may consider important. In order to aid understanding of the plan, the full text of the 2025 Plan, as proposed for adoption and approval by shareholders, is provided as Appendix A to this proxy statement. The Board of Directors recommends that shareholders approve the 2025 Plan.

Executive Summary:

The following is a summary of the key provisions of the 2025 Plan, including important features that enable the Company to maintain sound governance practices in granting awards.

- **Award Types:** The following types of awards will be available for issuance under the 2025 Plan:
 - nonstatutory and incentive stock options; and
 - stock awards, including restricted stock awards and restricted stock units.
- **Eligible Participants:** All employees of the Company and our subsidiaries, members of the board of directors and consultants.
- **Shares Reserved under the 2025 Plan:** A total of 1,800,000 shares of the Company's common stock are reserved for issuance under the plan. The number of shares available for issuance under the plan is subject to adjustment to reflect stock splits, stock dividends and similar events.
- **Shares Reserved under the 2025 Plan as a Percentage of Outstanding Common Stock as of December 31, 2024:** 4.0%
- **No Liberal Share Recycling:** Under the 2025 Plan, shares of the Company's common stock used to pay the exercise price of a stock option or to satisfy tax withholding obligations in connection with an award will not be added back (recycled) to the aggregate plan limit.
- **Encourages Double-Trigger Acceleration in Certain Change in Control Situations:** The 2025 Plan adds principles that encourage "double-trigger" vesting in certain change in control situations. Unless otherwise provided by the Compensation Committee, the plan provides that if outstanding awards are assumed, converted, or replaced by the surviving entity in a change in control, the vesting of those awards will only accelerate if a participant's employment or service is terminated without cause or a participant resigns for good reason within two years after the effective date of the change in control.
- **No Dividends or Similar Distributions on Unvested Awards or Options:** The 2025 Plan prohibits the payment of dividends or similar distributions on awards, whether subject to time-based or performance-based vesting, unless and until the vesting requirements have been met.
- **No Discounted Stock Options:** The 2025 Plan prohibits the grant of stock options with an exercise price less than the fair market value of the Company's common stock on the grant date.
- **No Repricing of Stock Options:** The 2025 Plan generally prohibits the repricing of stock options without shareholder approval.
- **One Year Minimum Vesting Period:** The 2025 Plan provides for a minimum one-year vesting period for awards granted under the plan. However, the Company maintains the right to grant awards without the minimum one-year vesting period for up to 5% of the shares reserved under the 2025 Plan.



- **Protective Provisions:** The 2025 Plan provides for the forfeiture of outstanding awards upon a participant's termination for cause and adds provisions subjecting all awards under the plan to the terms of any recoupment, clawback, or similar policy in effect at the Company from time to time.
- **Independent Committee Administration:** Awards granted to named executive officers under the Plan are recommended by the Compensation Committee, which is composed entirely of independent directors.
- **Term of the Plan:** No awards may be granted under the 2025 Plan after April 30, 2027, the termination date of the plan.

Equity Plan Information:

The following table provides information relating to the outstanding equity awards, which consists of only stock options and restricted stock awards, at year-end for the past three years and the number of full-value awards, which consists of only restricted stock awards, granted during this three-year period.

For the Year Ended December 31,	2024	2023	2022
Stock option awards granted	—	—	—
Full value awards granted:			
<i>Restricted stock awards</i>	78,429	18,270	127,580
<i>Other stock awards</i>	—	—	—
Restricted stock unit awards granted	240,057	256,472	400,395
Basic weighted average shares outstanding	74,929,641	74,645,906	72,556,546
Stock option awards outstanding	—	—	—
<i>Weighted average exercise price</i>	—	—	—
<i>Weighted average term (in years)</i>	—	—	—
Full value awards outstanding:			
<i>Restricted stock awards</i>	144,950	113,363	144,772
<i>Other stock awards</i>	—	—	—
Restricted stock unit awards outstanding	644,428	650,691	579,379
Common shares outstanding	75,255,205	74,893,462	72,841,379

Purpose:

The purpose of the 2025 Plan is to further the long-term stability and financial success of the Company by attracting and retaining personnel, including employees, directors and consultants, through the use of stock incentives and other rights that promote and recognize the financial success and growth of the Company. The Company believes that ownership of the Company's common stock will stimulate the efforts of those persons upon whose judgment, interest and efforts the Company is and will be largely dependent for the successful conduct of its business and will further the identification of those persons' interests with the interests of the Company's shareholders.

Shares Available for Issuance:

Subject to approval by shareholders, the aggregate number of shares reserved for issuance under the 2025 Plan is 1,800,000. If any award granted under the 2025 Plan terminates, expires or lapses for any reason other than as a result of exercise or settlement, or if shares issued pursuant to an award are forfeited, the shares associated with such award will be available for future awards under the 2025 Plan. In contrast, any shares withheld by the Company, delivered by a participant, or otherwise used to pay an option exercise price or withholding taxes associated with an award will not be available for future awards under the 2025 Plan. Further, in the event shares are withheld or delivered by a participant in connection with an option exercise, the number of shares available for future awards will be reduced by the gross number of shares to which the exercise relates, rather than the net number of new shares issued upon exercise.



With certain limitations, awards made under the 2025 Plan may be adjusted by the Compensation Committee in an equitable and proportionate manner to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the 2025 Plan in the event of any stock dividend, stock split, combination, merger, change in laws, regulations or accounting principles or other relevant unusual or nonrecurring event affecting the Company. To date, no stock options, restricted stock awards or other stock-based awards have been granted under the 2025 Plan.

Annual Limit on Awards:

The maximum number of shares with respect to which awards may be granted in any calendar year to any individual during a calendar year will be 150,000 shares.

Administration:

The 2025 Plan will be administered by the Compensation Committee of the Company's Board of Directors. The Compensation Committee will have the power to select award recipients and grant awards on terms the Compensation Committee considers appropriate. In addition, the Compensation Committee will have the authority, among other things, to interpret the 2025 Plan, to adopt, amend, or waive rules and regulations for the 2025 Plan's administration, and to make all other determinations for administration of the 2025 Plan.

Eligibility:

Any employee or director of, or consultant to the Company (or affiliate thereof) who, in the judgment of the Committee, has contributed or can be expected to contribute to the profits or growth of the Company is eligible to become a participant.

Types of Awards:

Stock Options. Stock options granted under the Plan may be incentive stock options (which meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and options that do not qualify as incentive stock options. A stock option entitles a recipient to purchase shares of common stock at a specified exercise price. The Compensation Committee will fix the exercise price at the time the stock option is granted, provided the exercise price cannot be less than 100% of the fair market value of a share of the Company's common stock on the date of grant (or, in the case of an incentive stock option granted to a 10% shareholder of the Company, 110% of the shares' fair market value on the date of grant). The exercise price may be paid in cash, by delivery of previously acquired shares with an aggregate fair market value equal to the exercise price for the number of option shares being acquired, through a "net share exercise" whereby the Company withholds and retains sufficient shares issuable in connection with the stock option to cover the exercise price, through a "cashless exercise" procedure that enables a participant the opportunity to sell immediately some of the shares underlying the exercised portion of the stock option to generate sufficient cash to pay the exercise price, or through a combination of the foregoing.

Stock options may be exercised at such times and subject to such conditions as may be prescribed by the Compensation Committee, including the requirement that they will not be exercisable after ten years from the date of grant (or five years in the case of an incentive stock option granted to a 10% shareholder of the Company).

Restricted Stock Awards. The 2025 Plan permits the grant of restricted stock awards that are subject to forfeiture until the restrictions established by the Compensation Committee lapse and the restricted shares vest. A restricted stock award is an award of common stock that may be subject to restrictions on transferability and other restrictions as the Compensation Committee determines in sole discretion on the date of grant. The restrictions may lapse over a specified period of time based on continued employment or service and/or the achievement of certain performance objectives. Unless a restricted stock award agreement provides otherwise, a participant who receives a restricted stock award will have all the rights of shareholder as to those shares, including the right to vote. Importantly, however, dividends will not be paid on the restricted shares unless and until the shares vest, at which time the accrued dividends will be paid.

Restricted Stock Unit Awards. The Compensation Committee may also award restricted stock units ("RSU") under the 2025 Plan. An RSU is an award stated with reference to a number of shares of common stock. The Compensation Committee may

place such restrictions on the vesting and settlement of RSUs as the Compensation Committee deems appropriate, including restrictions relating to continued employment or service and/or achievement of certain performance objectives. The RSU may entitle the recipient to receive, upon satisfaction of the vesting conditions set forth in the RSU agreement, cash, shares of common stock or a combination of cash and shares of common stock. Subject to any exceptions authorized by the Compensation Committee, RSUs will be forfeited if the restrictions on vesting, whether time-based or performance-based, established with respect to such awards are not satisfied. Holders of RSUs have no right to vote the shares represented by the units. In addition, holders of RSUs are not eligible to receive dividend payments on the units (because dividend payments are only available for shares that have been issued and are outstanding).

Stock Awards. Unless otherwise provided by the Compensation Committee, a stock award is fully vested and freely transferable as of the date the award is granted, subject to restrictions under applicable federal or state securities laws. The 2025 Plan provides that only 5% of the shares reserved under the plan may be used for stock awards that vest immediately.

Incentive Awards. The Compensation Committee will be authorized to grant incentive awards under the 2025 Plan. Incentive awards are intended to be performance-based compensation awards under Section 162(m) of the Code. Incentive awards are awards stated with reference to a number of shares of common stock. Incentive awards, including the performance objective and the related performance period, will be determined by the Compensation Committee in its discretion. After a performance period has ended, the holder of an incentive award is entitled to receive the value of the award based on the degree to which the performance objectives described below under “Section 162(m) and Performance Goals” and other conditions established by the Compensation Committee have been satisfied. Payment of incentive awards will be in cash, shares of common stock or a combination of cash and shares of common stock as determined by the Compensation Committee, and may be paid in a lump sum or in installments.

Holders of incentive awards have no right to vote the shares represented by the incentive awards. In addition, holders of incentive awards are not eligible to receive dividend payments on the awards (because dividend payments are only available for shares that have been issued and are outstanding).

Performance Goals:

Under the 2025 Plan, the Company may grant awards that are contingent on satisfaction or achievement of a performance objective. The Compensation Committee will determine the performance period during which a performance goal must be met. Performance goals may include a threshold level of performance below which no vesting may occur, levels of performance at which specified vesting will occur, and a maximum level of performance above which no additional vesting will occur.

If shareholders approve the 2025 Plan, at the Compensation Committee’s discretion the performance goals for any performance period may be based on one or more of the following: (1) stock value or increases in stock value, (2) earnings per share and/or earnings per share growth, (3) earnings and/or earnings growth (before or after one or more of taxes, interest, depreciation and/or amortization), (4) total shareholder return, (5) operating revenue or operating cash flow, (6) tangible book value or tangible book value growth, tangible book value per share or growth in tangible book value per share, (7) return on equity, tangible equity, assets, capital and/or investment, (8) net revenue or net revenue growth, (9) gross profit or gross profit growth, (10) deposits, loan and/or equity levels or growth thereof, (11) working capital targets, (12) cost control measures, (13) regulatory compliance and regulatory examination results, (14) gross, operating or other margins, (15) efficiency ratio (as generally recognized and used for bank financial reporting and analysis), (16) interest income, (17) non-interest income, (18) credit quality, (19) net charge-offs and/or non-performing assets (excluding such loans or classes of loans as may be designated for exclusion), (20) customer satisfaction and quality control measures, (21) satisfactory internal or external audits, (22) maintenance or improvement of regulatory or financial ratings, (23) achievement of balance sheet or income statement objectives, (24) budget and expense management, (24) assets under management or growth thereof, (25) achievement of risk management objectives, (26) achievement of strategic performance objectives, (27) implementation, management or completion of critical projects or processes, and (28) achievement of merger or acquisition objectives.

In the Compensation Committee’s sole discretion, performance goals may be adjusted when established, or later, to include or exclude without limitation the effect of discontinued operations and dispositions of business units or segments, non-recurring items, material extraordinary items that are both unusual and infrequent, non-budgeted items, special charges, accruals for



acquisitions, reorganizations, and/or changes in tax law, accounting principles, or other such laws or provisions affecting the Company's reported results.

Restrictions on Transfer:

In general, awards granted under the 2025 Plan may not be assigned, transferred, pledged or otherwise encumbered by a participant, other than by will or the laws of descent and distribution. The plan permits the award of nonstatutory stock options that are transferable to immediate family members (or certain related trusts or entities), in accordance with applicable securities laws.

Change in Control Provisions:

In the event of a “change in control” (as defined in the 2025 Plan), the Compensation Committee may, at the time an award is made or thereafter, take such action as it deems appropriate, in its sole discretion and without the consent of a participant, which may include, without limitation, the following actions: (1) provide for awards to become fully vested, settled, and/or exercisable (in full for time-based Awards and at the greater of target or actual performance levels for Performance-Based Compensation Awards); (2) adjust outstanding awards as the Compensation Committee deems appropriate to retain the economic value of the award; or (3) cause any outstanding award to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation in such change in control.

In connection with a change in control, the Compensation Committee may provide for acceleration of the vesting, delivery, and exercisability of, and the lapse of time-based and/or performance-based vesting restrictions with respect to, an outstanding award, and for the replacement of a stock-settled award with a cash-settled award. Unless otherwise provided by the Compensation Committee, if an award is assumed by the surviving corporation or otherwise equitably converted or substituted in connection with a change in control, the vesting, delivery, and exercisability of, or the lapse of restrictions on, such award will not be accelerated unless the participant's employment or service with the Company or a subsidiary is terminated without cause or the participant resigns for good reason under an applicable plan or agreement within two years after the change in control (commonly referred to as “double-trigger” acceleration). The Company's Board of Directors included these principles in the 2025 Plan that encourage the use of double-trigger acceleration for awards that are assumed by the surviving corporation (or otherwise equitably converted or substituted in connection with a change in control) as a good governance practice.

While the Company's Board of Directors recognizes the benefits of double-trigger acceleration in certain change in control circumstances and has included the principles described above for this reason, the Board of Directors also believes it is appropriate to retain flexibility in the specific terms of equity awards granted under the 2025 Plan and to avoid restricting the range of available options for structuring incentive compensation opportunities for the Company's executives and other employees. The Board of Directors believes that the Compensation Committee, which is composed entirely of independent directors and is advised by an independent compensation consultant, is in the best position to determine when to apply the double-trigger principles described above.

Amendment and Termination:

If not sooner terminated by the Board of Directors of the Company, this 2025 Plan shall terminate on April 30, 2035. The Board of Directors may amend or terminate the 2025 Plan at any time, provided that no such amendment will be made without shareholder approval if (i) the amendment would increase the aggregate number of shares of common stock that may be issued under the 2025 Plan (other than as permitted under the plan), (ii) the amendment changes the class of individuals eligible to become participants or (iii) such approval is required under any applicable law, rule or regulation.

Summary of Federal Income Tax Consequences:

The following is a general summary of the federal income tax consequences under the 2025 Plan. This summary does not address all matters that may be relevant to a particular participant based on his or her specific circumstances.



Generally, no federal income tax liability is incurred by a participant at the time a stock option is granted. If the stock option is an incentive stock option, no income will be recognized upon the participant's exercise of the stock option, provided holding periods required by the tax laws are satisfied. Income is recognized by a participant when he or she disposes of shares acquired under an incentive stock option. The exercise of a nonstatutory stock option generally is a taxable event that requires the participant to recognize, as ordinary income, the difference between the shares' fair market value and the option exercise price.

Federal income tax liability is incurred on the award of restricted stock when the stock first becomes transferable or is no longer subject to a substantial risk of forfeiture, unless a recipient of the restricted stock makes a Section 83(b) election under the Code to have the grant taxed as compensation income at fair market value on the date of grant. At that time, the recipient recognizes income equal to the fair market value of the common stock.

Other equity-based awards under the 2025 Plan generally will result in ordinary income to a participant at the later of the time of delivery of cash, shares or other property, or (in the absence of an appropriate election) the time that either the risk of forfeiture or restriction on transferability lapses on previously delivered cash, shares or other property.

The Company generally will be entitled to claim a federal income tax deduction on account of the exercise of a nonstatutory stock option, the vesting of a stock award and the settlement of other equity-based awards. The amount of the deduction generally is equal to the ordinary income recognized by the participant. The employer will not be entitled to a federal income tax deduction on account of the exercise of an incentive stock option, but may claim a federal income tax deduction on account of certain dispositions of shares acquired under an incentive stock option if the holding periods under the Code are not satisfied.

Section 162(m) of the Code places a \$1 million annual limit on the deductible compensation of certain executives of publicly-traded corporations.

Securities Authorized for Issuance Under Equity Compensation Plans:

The only equity compensation plan of TowneBank pursuant to which options, rights or warrants have or may be granted is the TowneBank 2017 Stock Incentive Plan. The following table summarizes information, as of December 31, 2024, relating to our existing equity compensation plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (A)	Weighted average exercise price of outstanding options, warrants, and rights (B)	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ (C)
Equity compensation plans approved by security holders	—	—	510,429
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	510,429

(1) Consists of shares available for future issuance under the TowneBank 2017 Stock Incentive Plan.

Shareholder Vote Required:

The 2025 Stock Incentive Plan will be approved by shareholders if the votes cast in favor of the proposal exceed the votes opposing it.



The Board of Directors recommends that shareholders vote “FOR” the proposal to approve the TowneBank 2025 Stock Incentive Plan.

SHAREHOLDER PROPOSALS

The Company expects its 2026 Annual Meeting of Shareholders will be held on May 20, 2026. To be considered for inclusion in the Company's proxy statement relating to the 2026 Annual Meeting of Shareholders, shareholder proposals must be received no later than December 3, 2025, and comply with the Company's bylaws. To be considered for presentation at such meeting, although not included in the Company's proxy statement, a shareholder proposal must comply with the Company's bylaws and must be delivered to the Company not less than 60 nor more than 90 days before May 20, 2026. All shareholder proposals should be marked to the attention of Corporate Secretary, TowneBank, 6001 Harbour View Boulevard, Suffolk, Virginia 23435.

SHAREHOLDERS SHARING THE SAME ADDRESS

The Company has adopted a procedure called "householding," which has been approved by the Securities and Exchange Commission. Under this procedure, the Company will deliver only one copy of the Company's 2024 Annual Report and this Proxy Statement to multiple shareholders who share the same address (if they appear to be members of the same family) unless the Company has received contrary instructions from an affected shareholder. Shareholders who participate in householding will continue to receive separate proxy cards. This procedure reduces the Company's printing costs, mailing costs, and fees.

Copies of the 2024 Annual Report and this Proxy Statement are available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Financials" and the subheading "Filing Documents". The Company will deliver promptly upon written or oral request a separate copy of the 2024 Annual Report and this Proxy Statement to any shareholder at a shared address to which a single copy of either of those documents was delivered. To receive a separate copy of the 2024 Annual Report or this Proxy Statement, shareholders should contact the Company at:

Investor Relations—TowneBank
6001 Harbour View Blvd.
Suffolk, Virginia 23435
(757) 638-6700
investor.relations@townebank.net

If you are a shareholder and share an address and last name with one or more other shareholders and would like to revoke your householding consent and receive a separate copy of the Company's annual report or proxy statement in the future, please contact our transfer agent, Computershare Trust Company, N.A., at (800) 368-5948 or by email at Shareholder@computershare.com. You will be removed from the householding program within 30 days of receipt of the revocation of your consent.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker or other holder of record to request information about householding.

SHAREHOLDER COMMUNICATIONS

Shareholders and other parties interested in communicating directly with the non-management directors as a group may do so by writing to Corporate Secretary, TowneBank, 6001 Harbour View Boulevard, Suffolk, Virginia 23435. The Corporate Secretary of the Company reviews all such correspondence and regularly forwards to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or committees thereof or otherwise requires its attention.

Directors may, at any time, review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit division and handled in accordance with procedures established by the Audit Committee with respect to such matters.



IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

A complete set of proxy materials relating to the Annual Meeting is available on the Internet. These materials can be viewed at www.proxyvote.com.

ANNUAL REPORT ON FORM 10-K

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, excluding exhibits, as filed with the FDIC, is available on the "Investor Relations" page of the Company's website at www.townebank.com under the heading "Financials" and the subheading "Filing Documents". Upon request by any shareholder to the following address, a copy of the 2024 Form 10-K will be furnished without charge:

Investor Relations—TowneBank
6001 Harbour View Boulevard
Suffolk, Virginia 23435
(757) 638-6700
investor.relations@townebank.net



APPENDIX A

TOWNEBANK 2025 STOCK INCENTIVE PLAN

1. Purpose; Eligibility.

(a) General Purpose. The purpose of the TowneBank 2025 Stock Incentive Plan (the “Plan”) is to further the long-term stability and financial success of TowneBank, a Virginia chartered banking company (the “Company”), by attracting and retaining key personnel, including employees, directors and consultants, through the use of stock incentives. The Company believes that ownership of Company Stock will stimulate the efforts of those persons upon whose judgment, interest and efforts the Company and its Affiliates (as defined below) are and will be largely dependent for the successful conduct of their businesses and will further the alignment of those persons’ interests with the interests of the Company’s shareholders.

(b) Eligible Award Recipients. Any employee of, director of, or consultant to the Company or an Affiliate who, in the judgment of the Committee (as defined below), has contributed or can be expected to contribute to the profits or growth of the Company or the Affiliate is eligible to become a Participant (as defined below). The Committee shall have the power and complete discretion, as provided in Section 4, to select eligible Participants and to determine for each Participant the terms, conditions and nature of the Award (as defined below) and the number of shares to be allocated as part of the Award; provided, however, that any Award made to a member of the Committee must be approved by the Board.

(c) Available Awards. Awards of Options, Restricted Stock, Restricted Stock Units, Stock Awards, and Incentive Awards (as such terms are defined below) may be granted under the Plan. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options.

(d) Date of Adoption; Effective Date. The Plan was adopted by the Board of Directors of the Company on February 26, 2025 and will become effective (the “Effective Date”) as of May 14, 2025 if approved by the shareholders of the Company on that date in accordance with applicable laws and applicable rules of the Nasdaq Global Select Market on which the Company Stock is listed.

(e) Termination of the 2017 Stock Incentive Plan. The Plan will replace the TowneBank 2017 Stock Incentive Plan (the “2017 Plan”). At the Effective Date of the Plan, the 2017 Plan will terminate, and no additional awards will be made thereunder.

2. Certain Definitions. The following terms have the meanings indicated:

(a) Act. The Securities Exchange Act of 1934, as amended.

(b) Affiliate. A corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company, in each case as designated by the Board as being a participating employer in the Plan.

(c) Applicable Withholding Taxes. The aggregate amount of federal, state and local income and payroll taxes that the Company or an Affiliate is required to withhold in connection with any exercise of an Option or the award, lapse of restrictions or payment with respect to Restricted Stock or any other Award.

(d) Award. The award of an Option, Restricted Stock, Restricted Stock Unit, Stock Award or Incentive Award under the Plan.

(e) Award Agreement. An Award Agreement means any agreement, contract, certificate or other instrument or document (whether written or electronic) evidencing the terms and conditions of an Award granted under the Plan. Each Award Agreement shall be subject to the terms and conditions of the Plan.



- (f) Beneficiary. Means the person designated by a Participant pursuant to Section 25.
- (g) Board. The Board of Directors of the Company.
- (h) Cause. If the Participant is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition of Cause contained in the agreement. If no such agreement exists or if such agreement does not define Cause, the definition of Cause contained in the Award Agreement. In all other cases, Cause shall mean
- (i) Continual or deliberate neglect by the Participant in the performance of his material duties and responsibilities as established from time to time by the Company, or the Participant's repeated failure or refusal to follow reasonable instructions or policies of the Company after being advised in writing of such failure or refusal and being given a reasonable opportunity and period (as determined by the Company) to remedy such failure or refusal;
 - (ii) Conviction of, indictment for (or its procedural equivalent), entering of a guilty plea or plea of no contest with respect to a felony, a crime of moral turpitude or any other crime with respect to which imprisonment is a possible punishment, or the commission of an act of embezzlement or fraud against the Company;
 - (iii) Violation in any material respect of any code or standard of conduct generally applicable to employees of the Company;
 - (iv) Dishonesty of the Participant with respect to the Company, or breach of a fiduciary duty owed to the Company;
- or
- (v) The engaging by the Participant in conduct that is reasonably likely to result, in the good faith judgment of the Company, in material injury to the Company, monetarily, reputationally or otherwise.

The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

- (i) Change in Control. A Change in Control shall be deemed to have occurred if any one of the conditions in paragraphs (i) – (iv) have been satisfied at any time after the Award is granted:

- (i) The acquisition by any Person (as defined below) of beneficial ownership of 30% or more of the then outstanding shares of Company Stock;

- (ii) Individuals who constitute the Board on the date of this Plan (the "Incumbent Board") cease to constitute a majority of the Board, provided that any director whose nomination was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered a member of the Incumbent Board, but excluding any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company;

- (iii) Consummation by the Company of a reorganization, merger, share exchange or consolidation (a "Reorganization"), provided that a Reorganization will not constitute a Change in Control if, upon consummation of the Reorganization, each of the following conditions is satisfied:

- (1) more than 50% of the then outstanding shares of common stock of the corporation resulting from the Reorganization is beneficially owned by all or substantially all of the former shareholders of the Company in substantially the same proportions as their ownership existed in the Company immediately prior to the Reorganization; and

- (2) at least a majority of the members of the board of directors of the corporation resulting from the Reorganization were members of the Incumbent Board at the time of the execution of the initial agreement providing for the Reorganization.

- (iv) The sale, transfer or assignment of all or substantially all of the assets of the Company and its Affiliates to a third party.



For purposes of this Section 2(i), “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) of the Act), other than any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, and “beneficial ownership” has the meaning given the term in Rule 13d-3 under the Act.

(j) Code. The Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

(k) Committee. The Compensation Committee appointed by the Board of Directors shall administer the Plan pursuant to Plan Section 4.

(l) Company. TowneBank, a Virginia banking corporation, or any successor thereto. Unless the context otherwise requires, references in this Plan to the “Company” also shall mean and refer to any Affiliate.

(m) Company Stock. Common stock of the Company.

(n) Consultant. A person or entity rendering consulting or advisory services to the Company or an Affiliate who is not an “employee” for purposes of employment tax withholding under the Code.

(o) Date of Grant. The effective date of an Award granted by the Committee.

(p) Disability or Disabled. As to an Incentive Stock Option, a Disability within the meaning of Section 22(e)(3) of the Code. As to all other Awards, the Committee shall determine whether a Disability exists and such determination shall be conclusive.

(q) Fair Market Value.

(i) The Fair Market Value of the shares of Company Stock shall be the closing price for such stock on the Date of Grant (or if no sales were reported the closing price on the immediately preceding date on which the Company Stock was traded) as reported by the established stock exchange or established stock market system on which the shares of Company Stock are listed or quoted or such other source as the Committee deems reliable; provided, however, the Committee may elect to use the average closing price over a designated number of consecutive days to determine the Fair Market Value if the daily volume of trading in the Company Stock is not, in the sole discretion of the Committee, sufficient to be a reliable indicator of Fair Market Value.

(ii) If the Company Stock is no longer publicly traded, the Fair Market Value shall be determined by the Committee using any reasonable method in good faith and such determination shall be conclusive and binding on all persons, provided that the fair market value of Company Stock subject to an Incentive Stock Option shall be determined in good faith within the meaning of Treasury Regulation §1.422-2(e)(2).

(iii) Fair Market Value shall be determined as of the Date of Grant specified in the Award.

(iv) The Committee reserves the right to specify in the Award Agreement the appropriate method for determining Fair Market Value for purposes of recognizing any gain or deductions for tax purposes in a manner consistent with the Code in connection with the exercise or vesting of an Award.

(r) Good Reason. If the Participant is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of Good Reason, the definition contained in the agreement. If no such agreement exists or if such agreement does not define Good Reason, the definition of Good Reason contained in the Award Agreement. In all other cases, Good Reason shall mean the occurrence of one or more of the following without the Participant’s express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant’s knowledge of the applicable circumstances: (i) any material, adverse change in the Participant’s duties, responsibilities, authority, title, status or reporting structure; (ii) a material reduction in the Participant’s base salary or bonus opportunity unless any such base salary or bonus opportunity reduction is proportionate to reductions in base salaries or bonus opportunities of other similarly situated officers of the Company; or (iii) a geographical relocation of the Participant’s principal office location by more than thirty-five (35) miles.



- (s) Incentive Award. A Performance-Based Compensation Award awarded upon the terms and subject to the restrictions set forth in Section 9 that can be settled in Company stock or cash, or a combination thereof.
- (t) Incentive Stock Option. An Option intended to meet the requirements of, and qualify for favorable federal income tax treatment under, Section 422 of the Code.
- (u) Nonstatutory Stock Option. An Option that does not meet the requirements of Section 422 of the Code, or that is otherwise not intended to be an Incentive Stock Option and is so designated.
- (v) Option. A right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.
- (w) Participant. Any individual who is granted an Award under the Plan.
- (x) Performance-Based Compensation Award. An Award for which exercise, full enjoyment or receipt thereof by the Participant is contingent on satisfaction or achievement of a performance objective applicable, which may or may not be a Performance Goal. The terms and conditions of each Performance-Based Compensation Award, including the performance objective and performance period, shall be set forth in the Award Agreement or in a subplan of the Plan which is incorporated by reference into the Award Agreement.
- (y) Performance Goal. One or more performance measures or goals set by the Committee in its discretion for each grant of a Performance-Based Compensation Award. The extent to which such performance measures or goals are met will determine the amount or value of the Award to which a Participant is entitled to exercise, receive or retain. For purposes of this Plan, a Performance Goal may be particular to a Participant, and may include any one or more of the following performance criteria, either individually, alternatively or in any combination, subset or component, applied to the performance of the Company as a whole or to the performance of an Affiliate, division, strategic business unit, line of business or business segment, measured either quarterly, annually or cumulatively over a period of years or partial years, in each case as specified by the Committee in the Award : (1) stock value or increases in stock value, (2) earnings per share and/or earnings per share growth, (3) earnings and/or earnings growth (before or after one or more of taxes, interest, depreciation and/or amortization), (4) total shareholder return, (5) operating revenue or operating cash flow, (6) tangible book value or tangible book value growth, tangible book value per share or growth in tangible book value per share, (7) return on equity, tangible equity, assets, capital and/or investment, (8) net revenue or net revenue growth, (9) gross profit or gross profit growth, (10) deposits, loan and/or equity levels or growth thereof, (11) working capital targets, (12) cost control measures, (13) regulatory compliance and regulatory examination results, (14) gross, operating or other margins, (15) efficiency ratio (as generally recognized and used for bank financial reporting and analysis), (16) interest income, (17) non-interest income, (18) credit quality, (19) net charge-offs and/or non-performing assets (excluding such loans or classes of loans as may be designated for exclusion), (20) customer satisfaction and quality control measures, (21) satisfactory internal or external audits, (22) maintenance or improvement of regulatory or financial ratings, (23) achievement of balance sheet or income statement objectives, (24) budget and expense management, (24) assets under management or growth thereof, (25) achievement of risk management objectives, (26) achievement of strategic performance objectives, (27) implementation, management or completion of critical projects or processes, and (28) achievement of merger or acquisition objectives.

Performance Goals may include a threshold level of performance below which no payment or vesting may occur, levels of performance at which specified payments or specified vesting will occur, and a maximum level of performance above which no additional payment or vesting will occur. Performance Goals may be absolute in their terms or measured against or in relationship to a pre-established target, the Company's budget or budgeted results, previous period results, a market index, a designated comparison group of other companies comparably, similarly or otherwise situated, or any combination thereof. The Committee shall determine the performance period during which a Performance Goal must be met, and attainment of Performance Goals shall be subject to certification by the Committee.

The Committee retains the discretion to adjust the compensation or economic benefit due upon attainment of Performance Goals and to adjust Performance Goals themselves.

- (z) Restricted Stock. Company Stock awarded upon the terms and subject to the restrictions set forth in Section 6.



(aa) Restricted Stock Unit. An Award, designated as a restricted stock unit, under the Plan that represents the right to receive Company stock and/or cash in lieu thereof upon the terms and subject to the restrictions set forth in Section 7 and which, unless otherwise expressly provided, is valued by reference to the Fair Market Value of a share of Company Stock.

(bb) Rule 16b-3. Rule 16b-3 promulgated under the Act, including any corresponding subsequent rule or any amendments to Rule 16b-3 enacted after the effective date of the Plan.

(cc) Stock Award. Company stock awarded upon the terms and subject to the restrictions set forth in Section 8.

(dd) 10% Shareholder. A person who owns, directly or indirectly and within the meaning of Section 422 or 424 of the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary of the Company. Indirect ownership of stock shall be determined in accordance with Section 424(d) of the Code.

3. Shares Subject to the Plan.

(a) Number of Shares. Subject to adjustment as provided in Section 13 of the Plan, the maximum aggregate number of shares of Company Stock that may be issued pursuant to Awards made under the Plan shall not exceed 1,800,000. Subject to adjustment as provided in Section 13, no more than an aggregate of 1,000,000 shares of Company Stock may be issued pursuant to the exercise of Incentive Stock Options granted under the Plan (including shares issued pursuant to the exercise of Incentive Stock Options that are the subject to disqualifying dispositions within in the meaning of Sections 421 and 422 of the Code).

(b) Lapsed Awards or Forfeited Shares. If any Award granted under this Plan terminates, expires, or lapses for any reason other than by virtue of exercise or settlement of the Award, or if shares of Company Stock issued pursuant to Awards are forfeited, any shares of Company Stock subject to such Award again shall be available for the grant of an Award under the Plan.

(c) Use of Shares as Payment of Exercise Price or Taxes. Shares withheld by the Company, delivered by the Participant, or otherwise used to pay the exercise price of an Option shall not be available for future Awards under the Plan. Shares withheld by the Company, delivered by the Participant or otherwise used to satisfy payment of withholding taxes associated with an Award shall also not be available for future Awards under the Plan.

(d) Per-Participant Annual Limit. The maximum number of shares of Common Stock with respect to which Awards may be granted in any calendar year to any Participant during such calendar year shall not exceed 150,000 shares in the aggregate. If an Award is to be settled in cash, the number of shares of Company Stock on which the Award is based shall count toward the individual share limit set forth in this Section 3(d).

(e) Non-Employee Director Annual Limit. Notwithstanding anything in this Plan to the contrary, the maximum number of shares of Company Stock with respect to which Awards may be granted in any calendar year to any non-employee director of the Company, together with any cash fees paid to such non-employee director during such calendar year, shall not exceed \$300,000 in total value (based on the Fair Market Value of such Award on the Grant Date for financial reporting purposes).

(f) No Fractional Shares. No fractional shares of Company Stock shall be issued or delivered pursuant to the Plan or any Award thereunder. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional shares.

4. Administration of the Plan.

(a) The Committee. The Plan shall be administered by the Committee, which shall be appointed by the Board. The Committee shall consist of "independent" directors for purposes of the relevant stock exchange listing standards. To the extent required by Rule 16b-3, all Awards shall be made by members of the Committee who are "Non-Employee Directors" as that term is defined in Rule 16b-3, or by the Board. In the event the Board determines that a member of the Committee (or any applicable subcommittee) was not an "independent director" under applicable stock exchange listing standards or was not a "non-employee director" as defined in Rule 16b-3, as applicable, on the Date of Grant, such determination shall not invalidate the Award and the Award shall remain valid in accordance with its terms. Except as required under Section 2.1(y) relating to Performance Goals, any authority granted to the Committee may also be exercised by the full Board.



(b) Authority of the Committee. Subject to the express provisions of the Plan, the Committee shall have full and final authority to impose such limitations or conditions upon an Award as the Committee deems appropriate to achieve the objectives of the Award and the Plan. Without limiting the foregoing and in addition to the powers set forth elsewhere in the Plan, the Committee shall have the power and complete discretion to determine: (i) which eligible persons shall receive an Award and the nature of the Award; (ii) the number of shares of Company Stock to be covered by each Award; (iii) whether Options shall be Incentive Stock Options or Nonstatutory Stock Options; (iv) the Fair Market Value of Company Stock; (v) the time or times when an Award shall be granted; (vi) whether an Award shall become vested over a period of time, according to a performance-based vesting schedule or otherwise, and when it shall be fully vested, provided, however, that 95% of all shares available under this Plan shall be subject to a minimum vest of one year from date of grant as described below; (vii) the terms and conditions under which restrictions imposed upon an Award shall lapse; (viii) whether a Change in Control has occurred; (ix) factors relevant to the lapse of restrictions, vesting, exercise and settlement of Awards; (x) when Options may be exercised; (xi) whether to approve a Participant's election with respect to Applicable Withholding Taxes; (xii) conditions relating to the length of time before disposition of Company Stock received in connection with an Award is permitted; (xiii) notice provisions relating to the sale of Company Stock acquired under the Plan; and (xiv) any additional requirements relating to Awards that the Committee deems appropriate. Notwithstanding anything in this subsection 4(b) or anywhere else in this Plan to the contrary, at least 95% of all shares available under this Plan will be subject to a minimum one year vesting period from date of grant.

(c) Action by the Committee. The Committee may adopt rules and regulations for carrying out the Plan. The Committee shall have the express discretionary authority to construe and interpret the Plan and the Award Agreements, to resolve any ambiguities, to define any terms, and to make any other determinations required by the Plan or an Award Agreement. The interpretation and construction of any provisions of the Plan or an Award Agreement by the Committee shall be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

5. Stock Options.

(a) Grants of Options. Whenever the Committee deems it appropriate to grant Options, an Award Agreement shall be given to the Participant stating the number of shares for which Options are granted, the exercise price per share, whether the options are Incentive Stock Options or Nonstatutory Stock Options, and the conditions to which the grant and exercise of the Options are subject. The Award Agreement shall also set forth all restrictions on disposition and transfer applicable to the Option shares. Non-employee directors and Consultants shall not be eligible to receive the Award of an Incentive Stock Option.

(b) Exercise Price. The Committee shall establish the exercise price of Options. The exercise price of an Option shall be not less than 100% of the Fair Market Value of such shares on the Date of Grant, provided that if the Participant is a 10% Shareholder, the exercise price of an Incentive Stock Option shall not be less than 110% of the Fair Market Value of such shares on the Date of Grant.

(c) Term. The Committee shall establish the term of each Option in the Award Agreement. The term of an Incentive Stock Option shall not be longer than ten years from the Date of Grant, except that an Incentive Stock Option granted to a 10% Shareholder shall not have a term in excess of five years. No Option may be exercised after the expiration of its term or, except as set forth in the Award Agreement, after the termination of the Participant's employment with the Company and/or its Affiliates.

(d) Time of Exercise.

(i) During Participant's Employment. Options may be exercised during their terms in whole or in part at such times as may be specified by the Committee in the Award Agreement. The Committee may impose such vesting conditions and other requirements as the Committee deems appropriate.

(ii) After Participant's Termination of Employment. The Committee shall set forth in the Award Agreement when, and under what circumstances, an Option may be exercised after termination of the Participant's employment or period of service; provided that no Incentive Stock Option may be exercised after the earlier of: (a) (i) three months from the Participant's termination of employment with the Company for reasons other than Disability or death, or (ii) one year from the Participant's termination of employment on account of Disability or death; or (b) the expiration of the Option's term. The Award Agreement may provide for various conditions with respect to the exercise of the Option after termination of employment, including, but not limited to, compliance with noncompetition and confidentiality covenants.



(iii) After Participant's Death. If a Participant dies and if his Award Agreement provides that part or all of the Option may be exercised after the Participant's death, then such portion may be exercised by the executor or administrator of the Participant's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Participant's death during the time period specified in the Award Agreement, but not later than the expiration of the Option's term.

The Committee may, in its sole discretion, amend a previously granted Incentive Stock Option to provide for more liberal exercise provisions, provided, however, that if the Incentive Stock Option as amended no longer meets the requirements of Section 422 of the Code, and, as a result the Option no longer qualifies for favorable federal income tax treatment under Section 422 of the Code, the amendment shall not become effective without the written consent of the Participant.

(e) Limit on Exercise of Incentive Stock Options. An Incentive Stock Option, by its terms, shall be exercisable in any calendar year only to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the Company Stock with respect to which Incentive Stock Options are exercisable by the Participant for the first time during the calendar year does not exceed \$100,000 (the "Limitation Amount"). Incentive Stock Options granted under the Plan and all other plans of the Company and its Affiliates shall be aggregated for purposes of determining whether the Limitation Amount has been exceeded. The Board may impose such conditions as it deems appropriate on an Incentive Stock Option to ensure that the foregoing requirement is met. If Incentive Stock Options that first become exercisable in a calendar year exceed the Limitation Amount, the excess Options will be treated as Nonstatutory Stock Options to the extent permitted by law.

(f) Payment of the Exercise Price. In no event shall any shares be issued pursuant to the exercise of an Option until the Participant has made full payment for the shares of Company Stock (including payment of the exercise price and any Applicable Withholding Taxes). Company Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows, provided that the Committee may impose such limitations and restrictions on payments with shares of Company Stock as the Committee, in its discretion, deems advisable:

(i) in cash or by check, payable to the order of the Company;

(ii) by delivery of Company Stock that the Participant has previously acquired and owned (valued at Fair Market Value on the date of exercise), provided that such method of payment is then permitted under applicable law and the Company Stock was owned by the Participant at least six months prior to such delivery (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes);

(iii) by withholding and retention by the Company of sufficient shares of Company Stock issuable in connection with the exercise to cover the exercise price (a "net share exercise");

(iv) by delivery of a properly executed exercise notice together with irrevocable instructions to a creditworthy broker to deliver promptly to the Company, from the sale or loan proceeds with respect to the sale of Company Stock or a loan secured by Company Stock, the amount necessary to pay the exercise price and, if required by the Committee, Applicable Withholding Taxes; or

(v) by any combination of the above permitted forms of payment.

(g) Delivery of Shares. The Company may place on any certificate representing Company Stock issued upon the exercise of an Option any legend deemed desirable by the Company's counsel to comply with federal or state securities laws. The Company may require of the Participant a customary indication of his or her investment intent. A Participant shall not possess shareholder rights with respect to shares acquired upon the exercise of an Option until the Participant has made any required payment, including payment of Applicable Withholding Taxes, and the Company has issued a certificate (or made an equivalent book-entry notation in the records of the Company's stock transfer agent) for the shares of Company Stock acquired.

(h) Disqualifying Disposition. If a Participant disposes of shares acquired upon exercise of an Incentive Stock Option within two (2) years from the date the Option is granted or within one (1) year after the issuance of such shares to the Participant, the Participant shall notify the Company of such disposition and provide information regarding the date of disposition, sale price, number of shares disposed of, and any other information relating thereto that the Company may reasonably request.



6. Restricted Stock Awards.

(a) Grant. Whenever the Committee deems it appropriate to grant a Restricted Stock Award, an Award Agreement shall be given to the Participant stating the number of shares of Restricted Stock for which the Award is granted, the Date of Grant, and the terms and conditions to which the Award is subject. Certificates representing the shares shall be issued (or an equivalent book-entry notation shall be made in the records of the Company's transfer agent) in the name of the Participant, subject to the restrictions imposed by the Plan and the Committee. Alternatively, the Committee may determine that the Restricted Stock shall be held by the Company rather than delivered to the Participant pending the release of the applicable restrictions. An Award Agreement may be entered into by the Committee in its discretion without cash consideration.

(b) Restrictions on Transferability and Vesting. The Committee may place such restrictions on the transferability and vesting of Restricted Stock as the Committee deems appropriate, including restrictions relating to continued employment and/or achievement of performance objectives, which may or may not be Performance Goals. Without limiting the foregoing, the Committee may provide performance or Change in Control acceleration parameters under which all, or a portion, of the Restricted Stock will vest on the Company's (or an Affiliate's) achievement of established performance objectives and, where applicable, after a determination of the satisfaction or achievement of any Performance Goal. Restricted Stock may not be sold, assigned, transferred, disposed of, pledged, hypothecated or otherwise encumbered until the restrictions on such shares shall have lapsed or shall have been removed pursuant to subsection (c) below.

(c) Lapse of Restrictions on Transferability. The Committee shall establish as to each Restricted Stock Award the terms and conditions upon which the restrictions on transferability set forth in paragraph (b) above shall lapse. Such terms and conditions may include, without limitation, the passage of time, the meeting of performance objectives, the lapsing of such restrictions as a result of the Disability or death of the Participant, or the occurrence of a Change in Control.

(d) Rights of the Participant and Restrictions. A Participant shall hold shares of Restricted Stock subject to the restrictions set forth in the Award Agreement and in the Plan. In other respects, unless otherwise provided in the Award Agreement, the Participant shall have all the rights of a shareholder with respect to the shares of Restricted Stock, including, but not limited to, the right to vote such shares and the right to receive all cash dividends and other distributions paid thereon; provided that the Restricted Stock Agreement shall provide that any cash dividends and stock dividends with respect to Restricted Stock shall be withheld by the Company for the Participant's account, and interest may be credited on the amount of cash dividends withheld at a rate and subject to such terms as determined by the Committee. The cash dividends or stock dividends so withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, at the discretion of the Committee, in shares of Company Stock having a Fair Market Value equal to the amount of such dividends, if applicable, upon the release of restrictions on such shares and, if such share is forfeited, the Participant shall have no right to such dividends. To the extent stock certificates are delivered to the Participant, the certificates representing Restricted Stock shall bear a legend referring to the restrictions set forth in the Plan and the Participant's Award Agreement. For the sake of clarity, no dividends shall be paid under this Plan unless and until the underlying Award vests.

7. Restricted Stock Unit Awards.

(a) Grant. Whenever the Committee deems it appropriate to grant a Restricted Stock Unit Award, an Award Agreement shall be given to the Participant stating the number of Restricted Stock Units in the Award, the Date of Grant, and the terms and conditions to which the Award is subject. No shares of Company Stock shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside a fund for the payment of any such award. A Restricted Stock Unit Award may be made by the Committee in its discretion without cash consideration.

(b) Restrictions on Vesting. The Committee may place such restrictions on the vesting and settlement of Restricted Stock Units as the Committee deems appropriate, including restrictions relating to continued employment or service and/or achievement of performance objectives, which may or may not be Performance Goals. Without limiting the foregoing, the Committee may provide performance or Change in Control acceleration parameters under which all, or a portion, of the Restricted Stock Unit will vest on the Company's achievement of established performance objectives and, where applicable, after a determination of the satisfaction or achievement of any Performance Goal. Restricted Stock Units may not be sold, assigned, transferred, disposed of, pledged, hypothecated or otherwise encumbered.



(c) Vesting and Settlement. The Committee shall establish as to each Restricted Stock Unit Award the terms and conditions upon which the Awards shall vest and be settled. Such terms and conditions may include, without limitation, the passage of time, the achievement of performance objectives, the lapsing of such restrictions, vesting and/or settlement as a result of the Disability or death of the Participant, or the occurrence of a Change of Control.

(d) Rights of the Participant. A Participant shall have no voting rights with respect to Restricted Stock Units. At the discretion of the Committee, to the extent set forth in the Award Agreement each Restricted Stock Unit (representing one share of Company Stock) may be credited with cash and stock dividends paid by the Company in respect of one share of Company Stock. Dividends credited to a Participant's account and attributable to any particular Restricted Stock Unit shall be distributed in cash or, at the discretion of the Committee, in shares of Company Stock having a Fair Market Value equal to the amount of such accumulated dividends to the Participant upon settlement of such Restricted Stock Unit. If such Restricted Stock Unit is forfeited, the Participant shall have no right to such accumulated dividends. For the sake of clarity, no dividends shall be paid under this Plan unless and until the underlying Award vests.

(e) Settlement. Unless otherwise provided in the Award Agreement, a Participant's Restricted Stock Units which vest shall be immediately settled by the issuance and delivery to the Participant of one share of Company Stock for each vested Restricted Stock Unit or the payment of cash in an amount equal to the number of shares which vested multiplied by the Fair Market Value of a share on the vesting date, or a combination thereof as determined by the Committee.

8. Stock Awards. Whenever the Committee deems it appropriate to grant a Stock Award, an Award Agreement shall be given to the Participant stating the number of shares of unrestricted Company Stock for which the Award is granted, the Date of Grant, and the terms and conditions to which the Award is subject, if any. Certificates representing the shares shall be issued (or an equivalent book-entry notation shall be made in the records of the Company's transfer agent) in the name of the Participant, subject to any terms imposed by the Plan and the Committee, as soon as practicable after the Date of Grant. A Stock Award may be made by the Committee in its discretion without cash consideration and may be granted as settlement of a Performance-Based Compensation Award.

9. Incentive Awards.

(a) Grant. Whenever the Committee deems it appropriate to grant an Incentive Award, an Award Agreement shall be given to the Participant stating the terms and conditions of the Award. An Incentive Award may be made by the Committee in its discretion without consideration other than the rendering of services.

(b) Performance. Each Incentive Award is intended to be a Performance-Based Compensation Award, and the terms and conditions of each such Award, including the performance objective and performance period (which may be equal to, less than or more than one year), shall be set forth in the Award Agreement or in a subplan of the Plan which is incorporated by reference into the Award Agreement. The Committee shall set the performance objective in its discretion for each Participant who is granted an Incentive Award.

(c) Settlement. After a performance period has ended, the holder of an Incentive Award shall be entitled to receive the value thereof based on the degree to which the performance objectives and other conditions established by the Committee and set forth in the Award Agreement (or subplan incorporated by reference into the Award Agreement) have been satisfied. Payment of the amount to which a Participant shall be entitled upon the settlement of an Incentive Award shall be made in cash, Company Stock or a combination thereof as determined by the Committee. Payment may be made in a lump sum or installments as determined by the Committee.

(d) Transfer. No Incentive Award granted under the Plan may be sold, transferred, pledged, assigned, or encumbered, otherwise than by will or by the laws of descent and distribution. All rights with respect to Incentive Awards granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant or his guardian or legal representative.

10. Applicable Withholding Taxes. Each Participant shall agree, as a condition of receiving an Award, to pay to the Company or the Affiliate, or make arrangements satisfactory to the Company or the Affiliate regarding the payment of, all Applicable Withholding Taxes with respect to the Award. Until the Applicable Withholding Taxes have been paid or arrangements satisfactory to the Company or the Affiliate have been made, no stock certificates (or, in the case of Restricted

Stock, Restricted Stock Units and Stock Awards, no stock certificates free of a restrictive legend) shall be issued to the Participant. As an alternative to making a cash payment to the Company or the Affiliate to satisfy Applicable Withholding Tax obligations, the Committee may establish procedures permitting the Participant to elect to (a) deliver shares of already owned Company Stock or (b) have the Company or the Affiliate retain that number of shares of Company Stock that would satisfy all or a specified portion of the Applicable Withholding Taxes. Any such election shall be made only in accordance with procedures established by the Committee to avoid a charge to earnings for financial accounting purposes and in accordance with Rule 16b-3.

11. Nontransferability of Awards.

(a) Limited Transferability of Awards. In general, Awards, by their terms, shall not be transferable by the Participant except by will or by the laws of descent and distribution or except as described below, without prior written approval from the Committee.

(b) Permissible Transfers for Nonstatutory Options. Notwithstanding the provisions of (a) and subject to federal and state securities laws, the Committee may on a case by case basis grant or amend Nonstatutory Stock Options that permit a Participant to transfer the Options to one or more immediate family members, to a trust for the benefit of immediate family members, or to a partnership, limited liability company, or other entity the only partners, members, or interest-holders of which are among the Participant's immediate family members. Consideration may not be paid for the transfer of Options. The transferee of an Option shall be subject to all conditions applicable to the Option prior to its transfer. The agreement granting the Option shall set forth the transfer conditions and restrictions. The Committee may impose on any transferable Option and on stock issued upon the exercise of an Option such limitations and conditions as the Committee deems appropriate in its sole discretion.

12. Termination, Amendment and Modification.

(a) Termination, Amendment and Modification of the Plan. If not sooner terminated by the Board, this Plan shall terminate at the close of business on April 30, 2035. The Board may at any time terminate, suspend, amend or modify the Plan. Such amendment or modification may be without shareholder approval, except to the extent that such shareholder approval is required by the Code, pursuant to the rules under Section 16 of the Act, by any national securities exchange or system on which shares of Company Stock is then listed or reported, by any regulatory body having jurisdiction with respect thereto, or under any other applicable laws, rules or regulations.

(b) Amendments to Awards. Subject to the terms and provisions and within the limitations of the Plan, the Committee may waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any outstanding Award on either a prospective or retroactive basis; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of any Participant or any holder or Beneficiary of any outstanding Award shall not be effective without the consent of the affected Participant, holder or Beneficiary.

(c) No Option repricing. Notwithstanding any provision of the Plan to the contrary, neither the Committee nor the Board shall have the right or authority, without obtaining shareholder approval, to amend or modify the exercise price of any outstanding Option, or to cancel an outstanding Option, at a time when the exercise price is greater than the Fair Market Value of the Company Stock in exchange for cash, another Award, or other securities, except in connection with a corporate transaction involving the Company in accordance with Sections 13 (a Change in Capital Structure) or 15 (a Change in Control).

13. Change in Capital Structure.

(a) Effect of Change in Capital Structure. In the event of changes in the outstanding shares of Company Stock or in the capital structure of the Company by reason of any stock or extraordinary cash dividend, stock split, reverse stock split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, spin-off of a subsidiary, or other relevant change in capitalization occurring after the Date of Grant of any Award, the number and kind of shares of stock or securities of the Company to be issued under the Plan (under outstanding Awards and Awards to be granted in the future), including the per Participant maximums provided for in Section 3(d), the exercise price of Options, and other relevant provisions shall be equitably adjusted by the Committee as to the number, price or kind of consideration subject to such



Awards to the extent necessary to preserve the economic intent of such Award. If the adjustment would produce fractional shares with respect to any Award, the Committee may adjust appropriately the number of shares covered by the Award so as to eliminate the fractional shares.

(b) Authority. Notwithstanding anything in the Plan to the contrary, the Committee may take the foregoing actions without the consent of any Participant, and the Committee's determination shall be conclusive and binding on all persons for all purposes. The Committee shall make its determinations consistent with Rule 16b-3 and the applicable provisions of the Code.

14. Termination of Employment. The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon the termination of employment of a Participant and may provide such terms and conditions in the Award Agreement or in such rules and policies as it may prescribe.

15. Change in Control.

(a) Effect of a Change in Control of the Company. In the event of a Change in Control of the Company, the Committee, as constituted before such Change in Control, may take such actions with respect to any outstanding Award, either at the time the Award is made or any time thereafter, as the Committee deems appropriate, including the following:

(i) Cause any such Award then outstanding to be assumed, or new rights substituted for the Award, by the acquiring or surviving corporation in such Change in Control, or if such Awards are not assumed or substituted for new Awards, provide for the Award to become fully vested, settled, and/or exercisable (in full for time-based Awards and at the greater of target or actual performance levels for Performance-Based Compensation Awards); and

(ii) Make adjustments to Awards then outstanding as the Committee deems appropriate to reflect such Change in Control and to retain the economic value of the Award.

(b) Acceleration Principles in the Event of a Change in Control. Each outstanding Award shall be vested, earned or become exercisable to the extent provided in the applicable Award Agreement in the event of a Participant is terminated without Cause or the Participant resigns for Good Reason within two (2) years after the effective date of the Change in Control, unless otherwise provided in such Award Agreement.

(c) Successors. The obligations of the Company under the Plan and any Award Agreements shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

16. Electronic Transmissions and Records. Subject to limitations under applicable law, the Committee (and its delegate) is authorized in its discretion to issue Awards and/or to deliver and accept notices, elections, consents, designations and/or other forms of communication to or from Participants by electronic or similar means, including, without limitation, transmissions through e-mail or specialized software and other permissible methods, on such basis and for such purposes as it determines from time to time, and all such communications will be deemed to be "written" for purposes of the Plan.

17. Compliance with Code Section 409A. This Plan is intended to provide compensation that is exempt from or that complies with Code Section 409A and guidance thereunder ("Section 409A"), and the Plan's terms and the terms of any Award Agreement shall be administered and construed in a manner that is compliant with or exempt from the application of Section 409A, as appropriate. For purposes of Section 409A, each payment under this Plan shall be deemed to be a separate payment.

Notwithstanding any provision of this Plan or an Award Agreement to the contrary, to the extent that any payment is subject to Section 409A, if the Participant is a "specified employee" within the meaning of Section 409A as of the date of the Participant's termination of employment and the Company determines, in good faith, that immediate payment of any amounts or benefits under this Plan would cause a violation of Section 409A, then any amounts or benefits payable under this Plan upon the Participant's "separation from service" within the meaning of Section 409A which (i) are subject to the provisions of Section 409A; (ii) are not otherwise exempt from Section 409A; and (iii) would otherwise be payable during the



first six-month period following such separation from service, shall be paid on the first business day next following the earlier of (1) the date that is six months and one day following the Participant's separation from service or (2) the date of the Participant's death.

18. Tax Consequences. Nothing in this Plan or an Award Agreement shall constitute a representation by the Company to a Participant regarding the tax consequences of any Award received by a Participant under this Plan. Although the Company may endeavor to (i) qualify an Award for favorable federal tax treatment or (ii) avoid adverse tax treatment (e.g., under Section 409A), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under this Plan.

19. Clawback. Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement (including but not limited to Section 954 of the Dodd-Frank Act), will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company or any Affiliate pursuant to any such law, government regulation or stock exchange listing requirement). Further, the Company shall have the right to recover from a Participant time-based and Performance-Based Compensation Awards (or amounts received in settlement or as proceeds thereof) in accordance with any other clawback policy adopted by the Company or any Affiliate from time to time, related to a financial restatement by the Company or otherwise. This section shall not limit the Company's right to revoke or cancel an Award or take other action against a Participant for any other reason, including but not limited to misconduct.

20. Interpretation and Governing Law. The terms of this Plan and Awards granted pursuant to the Plan shall be governed, construed and administered in accordance with the laws of the Commonwealth of Virginia, excluding any choice of law rules or principles that might otherwise refer construction or interpretation of any provision of the Plan or an Agreement to the substantive law of another jurisdiction. The Plan and Awards are subject to all present and future applicable provisions of the Code and, to the extent applicable, they are subject to all present and future rulings of the Securities and Exchange Commission with respect to Rule 16b-3. If any provision of the Plan or an Award conflicts with any such Code provision or ruling, the Committee shall cause the Plan to be amended, and shall modify the Award, so as to comply, or if for any reason amendments cannot be made, that provision of the Plan or the Award shall be void and of no effect.

21. Banking Statutory and Regulatory Provisions. The Plan and all Awards granted under the Plan shall be subject to any condition, limitation, or prohibition under any Virginia or federal statutory or regulatory policy or rule to which the Company or any Affiliate is subject.

22. No Employment or Other Service Rights. Nothing in the Plan or any instrument executed or Award granted under the Plan shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an employee with or without notice and with or without Cause or (ii) the service of a director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of Virginia in the case of the Company or the corporate law of the jurisdiction in which an Affiliate is incorporated, as the case may be. Further, the grant of an Award shall not obligate the Company or any Affiliate to pay an employee any particular amount of remuneration or to make further grants to the employee at any time thereafter.

23. Forfeiture Events. The Committee may specify in an Award agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain events, in addition to applicable vesting conditions of an Award. Such events may include, without limitation, breach of non-competition, non-solicitation, confidentiality, or other restrictive covenants that are contained in the Award agreement or otherwise applicable to the Participant, a termination of the Participant's employment or service for Cause, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Affiliates.

24. Deferral of Awards. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of shares of Common Stock or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.



25. Non-Uniform Treatment. The Committee shall be entitled to make non-uniform and selective determinations, amendments and adjustments, and to enter into non-uniform and selective Award agreements.
26. Beneficiary Designation. A Participant may designate a Beneficiary to receive any Options that may be exercised after death or to receive any other Award that may be paid after his death, as provided for in the Award Agreement. Such designation and any change or revocation of such designation shall be made in writing in the form and manner prescribed by the Committee (or its delegee). In the event that the designated Beneficiary dies prior to the Participant, or in the event that no Beneficiary has been designated, any Awards that may be exercised or paid following the Participant's death shall be transferred or paid in accordance with the Participant's will or the laws of descent and distribution.
27. Creditors. The interests of any Participant under the Plan or any Award Agreement are not subject to the claims of creditors and may not, in any way, be assigned, alienated, or encumbered.
28. Unfunded Status of the Plan. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

Adopted: February 26, 2025

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