Offering Circular of TowneBank

Proxy Statement of Dogwood State Bank

PROPOSED MERGER – YOUR VOTE IS VERY IMPORTANT

The board of directors of Dogwood State Bank ("Dogwood") has approved a business combination in which Dogwood will merge with and into TowneBank. Dogwood shareholders are being asked to approve the merger and other related matters at a special meeting of shareholders to be held at Dogwood's headquarters at 5401 Six Forks Road, Raleigh, North Carolina 27609, at 10:00 a.m., Eastern Time, on December 3, 2025.

On August 18, 2025, TowneBank and Dogwood entered into an Agreement and Plan of Merger (together with the related Plan of Merger, the "merger agreement") pursuant to which Dogwood will merge with and into TowneBank (the "merger").

At the effective time of the merger, each share of Dogwood voting common stock and non-voting common stock (collectively, the "Dogwood common stock"), other than dissenting shares and certain shares held by Dogwood or TowneBank, will be converted into and exchanged for the right to receive 0.700 shares of TowneBank common stock (the "exchange ratio" and such shares, the "merger consideration"), with cash paid in lieu of fractional shares. Although the number of shares of TowneBank common stock that Dogwood shareholders will receive is fixed, the market value of the merger consideration will fluctuate with the market price of TowneBank common stock and may increase or decrease prior to and following the merger. Based on the closing sale price for TowneBank common stock on the Nasdaq Global Select Market on August 18, 2025 ($36.90), the last trading day before public announcement of the merger, the exchange ratio represented approximately $25.83 in value for each share of Dogwood common stock, or approximately $491.2 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. The reported closing sale price for TowneBank common stock on the Nasdaq Global Select Market on October 15, 2025, the last practicable date before the date of this proxy statement/offering circular, was $33.59. The reported closing sale price for Dogwood voting common stock on the OTCQX Marketplace on October 15, 2025, the last practicable date before the date of this proxy statement/offering circular, was $22.92. Based on the exchange ratio and the number of shares of Dogwood common stock outstanding and reserved for issuance under equity compensation plans and agreements, the estimated maximum number of shares of TowneBank common stock offered by TowneBank and issuable in the merger is 13,312,539. **We urge you to obtain current market quotations for TowneBank (trading symbol "TOWN") and Dogwood (trading symbol "DSBX") before you vote**.

The merger of Dogwood with and into TowneBank is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and it is a condition to the respective obligations of TowneBank and Dogwood to complete the merger that each of TowneBank and Dogwood receives a legal opinion to that effect. Accordingly, a holder of Dogwood common stock generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of the exchange of the holder's shares of Dogwood common stock for shares of TowneBank common stock pursuant to the merger, except with respect to any cash received in lieu of fractional shares of TowneBank common stock.

This document serves as a proxy statement for the special meeting of Dogwood shareholders and as an offering circular with respect to the offering and issuance of the shares of TowneBank common stock to be issued to Dogwood shareholders in the merger. It describes the special meeting and includes important information about the merger agreement and the transactions contemplated thereby, including the merger, and the companies participating in the merger. **Please carefully read this proxy statement/offering circular, including the information in the "Risk Factors" section beginning on page 18.**

If you are a Dogwood shareholder, whether or not you plan to attend the special meeting, it is important that your shares be represented at the meeting and your vote recorded. Please take the time to vote by completing and mailing the enclosed proxy card or by voting via the Internet using the instructions given on the proxy card. Even if you return the proxy card or otherwise vote by proxy, you may revoke a previously submitted proxy by attending the special meeting and voting your shares in person. Your attendance alone will not result in a revocation of your previously submitted proxy. **The board of directors of Dogwood believes that the merger agreement and the transactions contemplated thereby, including the merger, are fair to and in the best interests of Dogwood and the Dogwood shareholders, and unanimously recommends that Dogwood shareholders vote "FOR" all of the proposals described in this proxy statement/offering circular.**

Neither the Securities and Exchange Commission nor the Federal Deposit Insurance Corporation, nor any state securities commission, has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement/offering circular is accurate or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of either TowneBank or Dogwood or any bank or non-bank subsidiary of either TowneBank or Dogwood, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/offering circular is dated October 16, 2025 and is first being mailed, along with the enclosed proxy card, to Dogwood shareholders on or about October 21, 2025.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on December 3, 2025

A special meeting of shareholders of Dogwood State Bank ("Dogwood") will be held at Dogwood's headquarters at 5401 Six Forks Road, Raleigh, North Carolina 27609, at 10:00 a.m., Eastern Time, on December 3, 2025 for the following purposes:

1. For the holders of Dogwood voting common stock, to consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of August 18, 2025, by and between TowneBank and Dogwood, including the related Plan of Merger (together, the "merger agreement"), pursuant to which Dogwood will merge with and into TowneBank, as more fully described in the accompanying proxy statement/offering circular (the "merger proposal"). A copy of the merger agreement is attached as Appendix A to the accompanying proxy statement/offering circular.

2. For the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to consider and vote on a proposal to approve an amendment to Dogwood's articles of incorporation in the form set forth in Appendix C to the accompanying proxy statement/offering circular to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock (the "voting stock articles amendment proposal").

3. For the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to consider and vote on a proposal to adjourn the meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the merger proposal and/or the voting stock articles amendment proposal (the "voting stock adjournment proposal").

4. For the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to consider and vote on a proposal to approve an amendment to Dogwood's articles of incorporation in the form set forth in Appendix C to the accompanying proxy statement/offering circular to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock (the "non-voting stock articles amendment proposal" and together with the voting stock articles amendment proposal, the "articles amendment proposals").

5. For the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to consider and vote on a proposal to adjourn the meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the non-voting stock articles amendment proposal (the "non-voting stock adjournment proposal").

6. To transact such other business as may properly come before the meeting or any adjournments thereof.

All holders of record of Dogwood voting common stock and Dogwood non-voting common stock at the close of business on October 15, 2025 are entitled to notice of and to vote at the meeting and any adjournments thereof.

Your vote is important. The transactions contemplated by the merger agreement cannot be completed unless holders of Dogwood common stock approve the merger proposal and the articles amendment proposals. The affirmative vote of at least a majority of the outstanding shares of Dogwood voting common stock entitled to vote at the special meeting is required to approve the merger proposal. The affirmative vote of at least a majority of the votes cast by holders of Dogwood voting common stock and the affirmative vote of at least a majority of the outstanding shares of Dogwood non-voting common stock entitled to vote at the special meeting are required to approve the articles amendment proposals.

You are invited to attend the special meeting in person. Whether or not you plan to attend, please complete, date, and sign the enclosed proxy card and promptly return in the postage-paid return envelope, so that your shares will be represented at the special meeting. You may also choose to vote by Internet; instructions for which are provided on the enclosed proxy card. You may revoke your proxy at any time before the proxy is exercised by providing written notice to Dogwood, by executing a proxy bearing a later date, or by attending the special meeting and voting in person. If your shares are held in "street name" by a broker or other nominee, please follow the instructions on the voting instruction card or other form provided by such broker or other nominee.

You have the right to assert appraisal rights with respect to the merger and demand in writing that Dogwood pay the fair value of your shares of Dogwood common stock under applicable provisions of North Carolina law. In order to exercise and perfect appraisal rights, you must give written notice of your intent to demand payment for your shares to Dogwood before the vote is taken on the merger agreement at the special meeting and you must not vote in favor of the merger. A copy of the applicable North Carolina statutory provisions is included in the joint proxy statement/offering circular as Appendix D, and a description of the procedures to demand and perfect appraisal rights is included in the section entitled "The Merger – Appraisal or Dissenters' Rights in the Merger."

If you have any questions regarding the accompanying proxy statement/offering circular, you may contact Georgeson LLC, Dogwood's proxy solicitor, at (888) 466-9973.

By Order of the Board of Directors,

Steven W. Jones
Chief Executive Officer

October 16, 2025

The Dogwood board of directors unanimously recommends that holders of Dogwood voting common stock vote "FOR" the merger proposal, "FOR" the voting stock articles amendment proposal and "FOR" the voting stock adjournment proposal. The Dogwood board of directors unanimously recommends that holders of Dogwood non-voting common stock vote "FOR" the non-voting stock articles amendment proposal and "FOR" the non-voting stock adjournment proposal.

ADDITIONAL INFORMATION

This proxy statement/offering circular incorporates by reference important business and financial information about TowneBank from other documents that are not included in or delivered with this proxy statement/offering circular. For a listing of the documents incorporated by reference, see "Where You Can Find More Information" beginning on page 98. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement/offering circular through the website of the Federal Deposit Insurance Corporation (the "FDIC") at http://www.fdic.gov or by accessing the investor relations page of TowneBank's website at https://www.townebank.com, under the heading "Financials" or, alternatively, by directing a request by telephone or mail to TowneBank, (757) 638-6794, or 6001 Harbour View Boulevard, Suffolk, Virginia 23435, Attention: Investor Relations.

To receive timely delivery of the documents in advance of the special meeting, please make your request no later than November 25, 2025.

You can also find information about TowneBank at its Internet website at https://www.townebank.com under "Investor Relations" and about Dogwood at its Internet website at https://www.dogwoodstatebank.com under "Connect – Investor Relations." Information contained on the websites of TowneBank and Dogwood, or any subsidiary of TowneBank or Dogwood, does not constitute part of this proxy statement/offering circular and is not incorporated into this proxy statement/offering circular.

Information about Dogwood can also be found in reports filed with the FDIC and available through the website of the Federal Financial Institutions Examination Council (the "FFIEC") at http://www.ffiec.gov. While such reports are not incorporated by reference into, and do not constitute a part of, this proxy statement/offering circular, they provide important information concerning Dogwood's financial condition and results of operations. For more information about these reports, including how to obtain them, see "Where You Can Find More Information" beginning on page 98.

No person has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/offering circular. This proxy statement/offering circular is dated October 16, 2025, and you should assume that the information in this proxy statement/offering circular is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such incorporated document. Neither the mailing of this proxy statement/offering circular to the holders of Dogwood common stock, nor the issuance by TowneBank of shares of TowneBank common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this document, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this document nor any distribution of securities pursuant to this document shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this document by reference or in TowneBank's or Dogwood's affairs since the date of this document. The information contained in this document with respect to TowneBank was provided by TowneBank and the information contained in this document with respect to Dogwood was provided by Dogwood.

In this proxy statement/offering circular:

- Dogwood State Bank is referred to as "Dogwood."
- The merger of Dogwood with and into TowneBank is referred to as the "merger."
- The Agreement and Plan of Merger, dated as of August 18, 2025, by and between TowneBank and Dogwood, including the related Plan of Merger, is referred to as the "merger agreement," a copy of which is attached as Appendix A to this proxy statement/offering circular.
- The effective date and time of the merger set forth in the articles of merger filed with the Virginia State Corporation Commission (the "Virginia SCC") and North Carolina Secretary of State (the "NCSOS") effecting the merger is referred to as the "effective time" of the merger.
- The proposal for the holders of Dogwood voting common stock to approve the merger agreement is referred to as the "merger proposal."
- The proposal for the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to approve an amendment to Dogwood's articles of incorporation to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock is referred to as the "voting stock articles amendment proposal."
- The proposal for the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to adjourn the special meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the merger proposal and/or the voting stock articles amendment proposal is referred to as the "voting stock adjournment proposal."
- The proposal for the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to approve an amendment to Dogwood's articles of incorporation to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock is referred to as the "non-voting stock articles amendment proposal."
- The proposal for the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to adjourn the special meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the non-voting stock articles amendment proposal is referred to as the "non-voting stock adjournment proposal."
- The voting stock articles amendment proposal and the non-voting stock articles amendment proposal are referred to collectively as the "articles amendment proposals."

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following questions and answers briefly address some commonly asked questions about the merger and the special meeting of shareholders of Dogwood. They may not include all of the information that is important to Dogwood shareholders. We urge shareholders to read carefully this proxy statement/offering circular, including the appendices and the other documents referred to herein.

Additional important information is also contained in the documents incorporated by reference into this proxy statement/offering circular. See "Where You Can Find More Information" on page 98.

Q: What is the proposed transaction?

A: TowneBank and Dogwood have entered into the merger agreement whereby Dogwood will merge with and into TowneBank. As a result of the merger, Dogwood shareholders will receive 0.700 shares of TowneBank common stock in exchange for each of their shares of Dogwood common stock. A copy of the merger agreement is attached to this proxy statement/offering circular as Appendix A. Additional information regarding the merger is provided in the section entitled "The Merger Agreement – Structure of the Merger."

Q: Why am I receiving this proxy statement/offering circular?

A: We are delivering this document to you because it is a proxy statement being used by the Dogwood board of directors to solicit proxies from Dogwood shareholders in connection with the special meeting of shareholders to approve, among other matters, the merger agreement and the articles amendment proposals. Approval of these matters are necessary in order to complete the merger. This document describes the proposals to be presented at the meeting.

This document is also an offering circular that is being delivered to Dogwood shareholders because TowneBank is offering shares of its common stock to Dogwood shareholders in connection with the merger.

This proxy statement/offering circular contains important information about the merger and the proposals being voted on at the special meeting. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending the meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

Q: What matters will be considered at the Dogwood special meeting?

A: Dogwood is soliciting proxies from its shareholders with respect to the following proposals:

- *Proposal 1 – Merger Proposal:* For the holders of Dogwood voting common stock, to approve the merger agreement. The merger agreement is attached as Appendix A to this proxy statement/offering circular.

- *Proposal 2 – Voting Stock Articles Amendment Proposal:* For the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to approve an amendment to Dogwood's articles of incorporation in the form set forth in Appendix C to this proxy statement/offering circular to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock.

- *Proposal 3 – Voting Stock Adjournment Proposal:* For the holders of Dogwood voting common stock, voting as a separate class from the holders of Dogwood non-voting common stock, to adjourn the meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the merger proposal and/or the voting stock articles amendment proposal.

- *Proposal 4 – Non-Voting Stock Articles Amendment Proposal:* For the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to approve an amendment to Dogwood's articles of incorporation in the form set forth in Appendix C to this proxy statement/offering circular to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will, in general, be exchanged for the same merger consideration as shares of Dogwood voting common stock.

- *Proposal 5 – Non-Voting Stock Adjournment Proposal:* For the holders of Dogwood non-voting common stock, voting as a separate class from the holders of Dogwood voting common stock, to adjourn the meeting, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the non-voting stock articles amendment proposal.

Q: How does Dogwood's board of directors recommend that I vote at the special meeting?

A: Dogwood's board of directors adopted and approved the merger agreement and unanimously recommends that holders of Dogwood voting common stock vote "FOR" the merger proposal, "FOR" the voting stock articles amendment proposal and "FOR" the voting stock adjournment proposal, and holders of Dogwood non-voting common stock vote "FOR" the non-voting stock articles amendment proposal and "FOR" the non-voting stock adjournment proposal.

Q: Do Dogwood directors and executive officers have interests in the merger that are different from, or in addition to, my interests?

A: Yes. Interests of certain directors and executive officers that may be different from or in addition to the interests of Dogwood's shareholders include, but are not limited to, the receipt of continued indemnification and insurance coverage under the merger agreement, continued employment with TowneBank or service on the TowneBank board of directors or a TowneBank regional advisory board after consummation of the merger, and the payment of change in control payments and other employment-related compensation to certain executive officers. For a more detailed description of these interests, refer to the section entitled "The Merger – Interests of Certain Dogwood Directors and Executive Directors in the Merger."

Q: What will Dogwood shareholders receive in the merger?

A: At the effective time of the merger, holders of Dogwood common stock will receive 0.700 shares of common stock of TowneBank in exchange for each of their shares of Dogwood common stock (the "exchange ratio" and such shares, the "merger consideration"). The exchange ratio is fixed and will not be adjusted based upon changes in the market price of TowneBank common stock and Dogwood common stock prior to the effective time of the merger. No fractional shares will be issued in the merger. Instead, cash will be paid in lieu of issuing fractional shares. TowneBank shareholders will continue to own their existing shares, which will not be affected by the merger. See "The Merger Agreement – Merger Consideration" on page 67.

Q: Will the value of the merger consideration change between the date of this proxy statement/offering circular and the time the merger is completed?

A: Yes. Although the exchange ratio is fixed, the value of the merger consideration will fluctuate between the date of this proxy statement/offering circular and the completion of the merger based upon the market value for TowneBank common stock. Any fluctuation in the market price of TowneBank common stock after the date of this proxy statement/offering circular will change the value of the shares of TowneBank common stock that Dogwood shareholders will receive. Based on the reported closing sale price for TowneBank common stock on the Nasdaq Global Select Market on August 18, 2025 ($36.90), the last trading day before public announcement of the merger, the exchange ratio represented approximately $25.83 in value

for each share of Dogwood common stock, or approximately $491.2 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. Based on the reported closing sale price for TowneBank common stock on the Nasdaq Global Select Market on October 15, 2025, the last practicable date before the date of this proxy statement/offering circular, the exchange ratio represented approximately $23.51 in value for each share of Dogwood common stock, or approximately $447.17 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. Dogwood shareholders should obtain current market quotations for TowneBank common stock, which is listed on the Nasdaq Global Select Market, and for Dogwood common stock, which is quoted on the OTCQX Marketplace.

Neither TowneBank nor Dogwood is permitted to terminate the merger agreement as a result of any increase or decrease in the market price of TowneBank common stock prior to completion of the merger.

Q: How will the merger affect Dogwood restricted stock awards?

A: At the effective time of the merger, each restricted share of Dogwood common stock granted under the Dogwood State Bank 2019 Omnibus Incentive Plan, as amended, that is outstanding and unvested or contingent as of immediately prior to the effective time of the merger will, at the effective time, fully vest and be converted into the right to receive the merger consideration.

Q: What equity stake will Dogwood shareholders hold in TowneBank immediately following the merger?

A: Based on the number of shares of Dogwood common stock outstanding (including shares of Dogwood restricted stock) as of October 15, 2025, the last practicable date before the date of this proxy statement/offering circular, TowneBank expects to issue approximately 13,312,539 shares of TowneBank common stock in the merger. Following the completion of the merger, former holders of Dogwood common stock (including holders of shares Dogwood restricted stock) are expected to own approximately 14.5% and existing holders of TowneBank common stock are expected to own approximately 85.5% of TowneBank common stock.

Q: When is the merger expected to be completed?

A: TowneBank and Dogwood expect the merger to close early in 2026. However, neither TowneBank nor Dogwood can predict the actual date on which the merger will be completed, or if the merger will be completed at all, because completion is subject to conditions and factors outside the control of both companies. TowneBank and Dogwood must first obtain the requisite approval of holders of Dogwood common stock, as well as obtain necessary regulatory approvals and satisfy certain other customary closing conditions.

Q: Are Dogwood shareholders entitled to appraisal or dissenters' rights?

A: Yes. Dogwood shareholders are entitled to assert appraisal rights under North Carolina law in connection with the merger. Please refer to page 62 of this proxy statement/offering circular for more information regarding your appraisal rights. A copy of Article 13 of the North Carolina Business Corporation Act ("NCBCA") has also been included as Appendix D to this proxy statement/offering circular.

Q: Who is entitled to vote at the special meeting?

A: The record date for the special meeting is October 15, 2025. Dogwood shareholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting.

For each proposal presented at the special meeting, a holder of Dogwood voting common stock or Dogwood non-voting common stock may cast one vote for each share of Dogwood voting common stock or Dogwood non-voting common stock, respectively, held as of the close of business on the record date. As

of October 15, 2025, there were 17,965,242 outstanding shares of Dogwood voting common stock and 1,052,671 outstanding shares of Dogwood non-voting common stock.

Q: What constitutes a quorum for the special meeting?

A: The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of each of the Dogwood voting common stock and Dogwood non-voting common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions will be included in determining the number of shares present at the meeting for the purposes of determining the presence of a quorum.

Q: What do I need to do now to vote my shares?

A: After carefully reading and considering the information contained in this proxy statement/offering circular, please vote your shares as soon as possible by completing, signing and dating the accompanying proxy card or by submitting your proxy through the Internet, so that your shares will be represented at the special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: How do I vote?

A: **By Mail.** You may vote before the special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

By the Internet. You can also appoint the proxies to vote your shares for you by going to the Internet website http://www.astproxyportal.com/ast/22781/. When you are prompted for your "control number," enter the number included on the enclosed proxy card, and then follow the instructions provided. You may vote by the Internet only until 11:59 p.m., Eastern Time, on December 2, 2025, which is the day before the special meeting.

In Person. You may also cast your vote in person at the special meeting. See below for the date, time and place of the special meeting. If your shares are held in "street name," through a broker or other nominee, that entity will send you separate instructions describing the procedure for voting your shares. "Street name" shareholders who wish to vote in person at the special meeting will need to present a proxy from the entity that holds the shares. You may revoke a previously submitted proxy by attending the special meeting and voting in person. Your attendance alone will not result in a revocation of a previously submitted proxy.

Q: If my shares are held in "street name" by a broker or other nominee, will my broker or nominee vote my shares for me if I do not provide instructions on how to vote my shares?

A: No. Although brokers and other nominees who hold shares in "street name" for their clients typically have discretionary authority to vote their shares on "routine" proposals when they have not received instructions from beneficial owners of the shares, they may not vote such shares on non-routine matters, including the proposals to be presented at the special meeting. As such, you must provide instructions on how to vote for your shares to be represented at the special meeting. You should follow the directions your broker or other nominee provides in a voting instruction card or other form. The effect of not instructing your broker or nominee how you wish your shares to be voted will be the same as a vote "against" the approval of the merger proposal and the non-voting stock articles amendment proposal, and will not have an effect on the approval of the voting stock articles amendment proposal or the adjournment proposals.

Q: When and where is the special meeting?

A: The special meeting will be held at 10:00 a.m., Eastern Time, on December 3, 2025 at Dogwood's headquarters at 5401 Six Forks Road, Raleigh, North Carolina 27609.

Q: What vote is required to approve each proposal at the special meeting?

A: *Proposal 1 – Merger Proposal:* Approval of the merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood voting common stock entitled to vote on the proposal.

Proposal 2 – Voting Stock Articles Amendment Proposal: Approval of the voting stock articles amendment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal.

Proposal 3 – Voting Stock Adjournment Proposal: Approval of the voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.

Proposal 4 – Non-Voting Stock Articles Amendment Proposal: Approval of the non-voting stock articles amendment proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood non-voting common stock entitled to vote on the proposal.

Proposal 5 – Non-Voting Stock Adjournment Proposal: Approval of the non-voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.

Q: What if I do not vote on the matters relating to the merger?

A: *If you are a holder of Dogwood voting common stock:* With respect to the merger proposal, if you fail to vote or fail to instruct your broker or other nominee how to vote, your failure to vote will have the same effect as a vote against such proposal. If you respond with an "abstain" vote, your proxy will have the same effect as a vote against such proposal.

With respect to the voting stock articles amendment proposal and voting stock adjournment proposal, if you fail to vote, fail to instruct your broker or other nominee how to vote, or respond with an "abstain" vote, it will have no effect on the outcome of the vote on such proposals.

If you are a holder of Dogwood non-voting common stock: With respect to the non-voting stock articles amendment proposal, if you fail to vote or fail to instruct your broker or other nominee how to vote, your failure to vote will have the same effect as a vote against such proposal. If you respond with an "abstain" vote, your proxy will have the same effect as a vote against such proposal.

With respect to the non-voting stock adjournment proposal, if you fail to vote, fail to instruct your broker or other nominee how to vote, or respond with an "abstain" vote, it will have no effect on the outcome of the vote on such proposal.

Q: What will happen if I return my proxy card without indicating how to vote?

A: *If you are a holder of Dogwood voting common stock:* If you sign and return your proxy card but do not indicate how you want to vote on the merger proposal, the voting stock articles amendment proposal, or the voting stock adjournment proposal, your proxy will be counted as a vote in favor of such proposals.

If you are a holder of Dogwood non-voting common stock: If you sign and return your proxy card but do not indicate how you want to vote on the non-voting stock articles amendment proposal or the non-voting stock adjournment proposal, your proxy will be counted as a vote in favor of such proposals.

Q: May I change my vote after I have delivered my proxy (including via the Internet) or voting instruction card?

A: Yes. If you are a holder of record of Dogwood common stock, you may change your vote at any time before your proxy is voted at the special meeting. You may do this in any of the following ways:

- by sending a notice of revocation to Dogwood's corporate secretary;
- if you voted by proxy card, by sending a completed proxy card bearing a later date than your original proxy card;
- if you voted via the Internet, by voting at a later time via the Internet, until 11:59 p.m., Eastern Time, on December 2, 2025, which is the day before the special meeting; or
- by attending the special meeting and voting in person.

In each such case, your attendance alone will not revoke any proxy.

If you choose either of the first two methods, your notice or new proxy card must be actually received before the voting takes place at the special meeting.

If your shares are held in a brokerage account or by another nominee, you should call your broker or other nominee for additional information.

Q: Have any shareholders already agreed to vote their shares in favor of the proposals being considered at the meeting?

A: Yes. Certain shareholders of Dogwood, including all the directors of Dogwood, entered into support agreements with TowneBank at the time the merger agreement was executed. Under the terms of the support agreements, such shareholders have agreed to vote their shares of Dogwood common stock in favor of the merger proposal and articles amendment proposals, and against any competing acquisition proposal, respectively, subject to certain exceptions, including that certain shares held in a fiduciary capacity are not covered by the agreements. As of October 15, 2025, the record date for the special meeting, shareholders subject to support agreements are entitled to vote 4,994,294 shares of Dogwood voting common stock, or approximately 27.80% of the total voting power of the shares of Dogwood voting common stock outstanding on that date, and 821,070 shares of Dogwood non-voting common stock, or approximately 78.00% of the total voting power of the shares of Dogwood non-voting common stock outstanding on that date, which is sufficient to approve the non-voting stock articles amendment proposal and non-voting stock adjournment proposal. See "The Merger Agreement – Support Agreements" for additional information regarding the support agreements.

Q: What are the material U.S. federal income tax consequences of the merger to Dogwood shareholders?

A: The merger of Dogwood with and into TowneBank is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and it is a condition to the respective obligations of TowneBank and Dogwood to complete the merger that each of TowneBank and Dogwood receives a legal opinion to that effect. Accordingly, a holder of Dogwood common stock generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of the exchange of the holder's shares of Dogwood common stock for shares of TowneBank common stock pursuant to the merger, except with respect to any cash received in lieu of fractional shares of TowneBank common stock. For greater detail, see "Material U.S. Federal Income Tax Consequences" beginning on page 84. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the specific tax consequences of the merger to you.

Q: If I am a Dogwood shareholder with shares represented by stock certificates, should I send in my Dogwood stock certificates now?

A: No. Please do not send your stock certificates with your proxy card.

If you are a holder of Dogwood stock, you will receive written instructions from the exchange agent after the merger is completed on how to exchange your Dogwood stock certificates for shares of TowneBank common stock and receive your check in lieu of any fractional shares of TowneBank common stock. See the section entitled "The Merger Agreement – Exchange of Dogwood Shares for TowneBank Shares in the Merger" for additional information.

Q: Who should I contact if I cannot locate my Dogwood stock certificate(s)?

A: If you are unable to locate your original Dogwood stock certificate(s), you should contact Dogwood's transfer agent, Equiniti Trust Company, LLC, at (800) 937-5449.

Q: What should I do if I hold my shares of Dogwood common stock in book-entry form?

A: After the completion of the merger, TowneBank will send you instructions regarding the exchange of your shares of Dogwood common stock held in book-entry form for shares of TowneBank common stock and your check in lieu of fractional shares of TowneBank common stock.

Q: What happens if I sell or transfer ownership of shares of Dogwood common stock after the record date for the special meeting?

A: The record date for the special meeting is earlier than the expected date of completion of the merger. Therefore, if you sell or transfer ownership of your shares of Dogwood common stock after the record date for the special meeting, but prior to the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares of Dogwood common stock.

Q: Who should I contact if I have any questions about the proxy materials or voting?

A: If you have any questions about the merger or if you need assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement/offering circular or the enclosed proxy card, you should contact Dogwood's corporate secretary, David B. Therit, at (919) 863-2265 or by writing to Dogwood's executive offices at 5401 Six Forks Road, Raleigh, North Carolina 27609, Attention: Corporate Secretary. You may also obtain more information about the merger and the proxy materials by contacting Georgeson LLC, Dogwood's proxy solicitor, at (888) 466-9973.

If your shares are held in a stock brokerage account or by another nominee, you should call your broker or other nominee for additional information.

SUMMARY

This summary highlights selected information from this proxy statement/offering circular. We urge you to read carefully the proxy statement/offering circular and the other documents to which this proxy statement/offering circular refers to understand fully the merger and the other matters to be considered at the special meeting. See "Where You Can Find More Information" beginning on page 98. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Parties to the Merger (page 95)

TowneBank

TowneBank is a Virginia chartered commercial bank headquartered in Portsmouth, Virginia. TowneBank provides retail and commercial banking services to customers located in numerous markets in Virginia and North Carolina. TowneBank also offers a diversified range of financial services through its non-banking subsidiaries and its affiliated divisions. TowneBank currently operates over 70 banking offices throughout Hampton Roads and Central Virginia, as well as Northeastern and Central North Carolina. TowneBank's common stock is listed on the Nasdaq Global Select Market under the symbol "TOWN." As of June 30, 2025, and inclusive of TowneBank's acquisition of Old Point Financial Corporation (the "Old Point Acquisition"), which was completed on September 1, 2025, TowneBank had total assets of approximately $19.8 billion, total deposits of approximately $16.7 billion and shareholders' equity of approximately $2.4 billion.

The principal executive offices of TowneBank are located at 5716 High Street, Portsmouth, Virginia 23703, and its telephone number is (757) 638-7500. TowneBank's website can be accessed at https://www.townebank.com. Information contained on TowneBank's website does not constitute part of, and is not incorporated into, this proxy statement/offering circular. Additional information about TowneBank is included in documents incorporated by reference into this proxy statement/offering circular. For more information about TowneBank, see "Where You Can Find More Information" beginning on page 98.

Dogwood State Bank

Dogwood is a North Carolina chartered commercial bank headquartered in Raleigh, North Carolina. Dogwood provides a wide range of banking products and services through its online offerings and 17 branch offices in North Carolina, South Carolina and Eastern Tennessee. Dogwood also specializes in providing lending services to small businesses through its Dogwood State Bank Small Business Lending division. Dogwood's voting common stock is quoted on the OTCQX Marketplace under the symbol "DSBX." As of June 30, 2025, Dogwood had total assets of approximately $2.2 billion, total deposits of approximately $1.8 billion and shareholders' equity of approximately $230 million.

The principal executive offices of Dogwood are located at 5401 Six Forks Road, Raleigh, North Carolina 27609, and its telephone number is (919) 863-2293. Dogwood's website can be accessed at https://www.dogwoodstatebank.com. Information contained on Dogwood's website does not constitute part of, and is not incorporated into, this proxy statement/offering circular. For more information about Dogwood, see "Where You Can Find More Information" beginning on page 98.

The Merger (page 34)

TowneBank and Dogwood are proposing a combination of our companies through the merger of Dogwood with and into TowneBank, pursuant to the terms and conditions of the merger agreement. The parties expect to complete the merger early in 2026. The merger agreement is attached to this proxy statement/offering circular as Appendix A. We encourage you to read the merger agreement because it is the legal document that governs the merger.

Consideration to be Received in the Merger by Dogwood Shareholders (page 67)

At the effective time of the merger, each share of Dogwood common stock issued and outstanding immediately before the effective time of the merger, other than dissenting shares and certain shares held by Dogwood or TowneBank, will be converted into and exchanged for the right to receive 0.700 shares of TowneBank common stock with cash paid in lieu of any fractional shares. The number of shares of TowneBank common stock delivered for each share of Dogwood common stock in the merger is referred to as the "exchange ratio", and such shares are referred to as the "merger consideration." The exchange ratio is fixed and will not be adjusted based upon changes in the market price of TowneBank common stock or Dogwood common stock prior to the effective time of the merger. Based on the closing sale price for TowneBank common stock on the Nasdaq Global Select Market on August 18, 2025 ($36.90), the last trading day before public announcement of the merger, the exchange ratio represented approximately $25.83 in value for each share of Dogwood common stock, or approximately $491.2 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. Based on the closing sale price for TowneBank common stock on the Nasdaq Global Select Market on October 15, 2025 ($33.59), the last trading day before the date of this proxy statement/offering circular, the exchange ratio represented approximately $23.51 in value for each share of Dogwood common stock, or approximately $447.17 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. It is expected that existing holders of Dogwood common stock will own approximately 14.5% of TowneBank's outstanding common stock, on a fully diluted basis, after the merger.

Amendment to Dogwood's Articles of Incorporation (page 31)

Section B.5 of Article II of Dogwood's articles of incorporation provides that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, any securities issued in respect of shares of Dogwood non-voting common stock will be non-voting securities under the resulting corporation's organizational documents. Pursuant to the merger agreement, TowneBank and Dogwood have agreed that each share of Dogwood voting common stock and Dogwood non-voting common stock will be exchanged for 0.700 shares of TowneBank common stock, which are voting securities. Accordingly, shareholders of Dogwood are being asked to approve an amendment to Dogwood's articles of incorporation to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will be exchanged for the same merger consideration as shares of Dogwood voting common stock; provided that if upon receipt of any securities from the resulting corporation, a holder of Dogwood non-voting common stock, together with all affiliates of the holder, would own or control in the aggregate more than 9.99% (or 4.99% if such holder is, or is a subsidiary of, a bank holding company) of any class of voting securities of the resulting corporation or the parent company thereof, then, in lieu of any securities that would cause such thresholds to be exceeded, such holder of non-voting common stock will instead receive non-voting securities under the resulting corporation's organizational documents with substantially the same privileges, limitations and relative rights as the Dogwood non-voting common stock. The form of amendment to Dogwood's articles of incorporation is attached to this proxy statement/offering circular as Appendix C.

Treatment of Dogwood Restricted Stock Awards (page 68)

At the effective time of the merger, all outstanding Dogwood restricted stock awards as of immediately prior to the effective time that are unvested or contingent will vest and be converted into the right to receive the merger consideration payable with respect to shares of Dogwood common stock. As of the date of this proxy statement/offering circular, there were 511,433 shares subject to unvested restricted stock awards granted under Dogwood equity compensation plans.

Material U.S. Federal Income Tax Consequences (page 84)

The merger of Dogwood with and into TowneBank is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and it is a condition to the respective obligations of TowneBank and Dogwood to complete the merger that each of TowneBank and Dogwood receives a legal opinion to that effect. Accordingly, a holder of Dogwood common stock generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of the exchange of the holder's shares of Dogwood common stock for shares of TowneBank common stock pursuant to the merger, except with respect to any cash received in lieu of fractional

shares of TowneBank common stock. For greater detail, see "Material U.S. Federal Income Tax Consequences" beginning on page 84. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the specific tax consequences of the merger to you.

Dogwood's Reasons for the Merger; Recommendation of Dogwood's Board of Directors (page 38)

After careful consideration, Dogwood's board of directors, at a meeting held on August 18, 2025, determined that the merger agreement and the transactions contemplated thereby are in the best interests of Dogwood and its shareholders. Accordingly, Dogwood's board of directors adopted and approved the merger agreement and unanimously recommends that holders of Dogwood voting common stock vote "FOR" the merger proposal, "FOR" the voting stock articles amendment proposal and "FOR" the voting stock adjournment proposal, and holders of Dogwood non-voting common stock vote "FOR" the non-voting stock articles amendment proposal and "FOR" the non-voting stock adjournment proposal.

In evaluating the merger agreement and reaching its decision to adopt and approve the merger agreement and recommend that Dogwood's shareholders approve the merger agreement and related matters, Dogwood's board of directors consulted with Dogwood's management, as well as its outside legal and financial advisors, and considered a number of factors, including, among others, the following material factors (not in any relative order of importance):

- the value of the merger consideration relative to the market value, book value and earnings of Dogwood, and considering the fixed exchange ratio with respect to the merger consideration;
- the results that Dogwood could expect to achieve operating independently, and the likely risks and benefits to Dogwood shareholders of that course of action, as compared to the value of the merger consideration to be received from TowneBank;
- its view that the size of the institution and related economies of scale were becoming increasingly important to continued success in the current financial services environment, including the increased expenses of regulatory compliance, and that a merger with a larger bank could provide those economies of scale, increase efficiencies of operations and enhance customer products and services;
- the expanded possibilities, including organic growth and future acquisitions, that would be available to the surviving corporation due to its larger size, asset base, capital, market capitalization and geographic footprint as compared to Dogwood as an independent organization;
- its review and discussions with Dogwood's management regarding strategic alternatives available to Dogwood for enhancing value over the long-term and the potential risks, rewards and uncertainties associated with such alternatives and the benefits of an acquisition by TowneBank compared to such other alternatives;
- the complementary nature of the cultures of the two companies, which management believes should facilitate integration and implementation of the transaction, as well as continue to support the communities in which Dogwood operates;
- the fact that the merger consideration is in the form of shares of TowneBank common stock, which would allow Dogwood shareholders to participate in the future performance of the combined Dogwood and TowneBank business and synergies resulting from the merger, and the value to Dogwood shareholders represented by that consideration;
- the greater liquidity in the trading market for TowneBank common stock relative to the market for Dogwood common stock; and

- the opinion, dated August 18, 2025, of Piper Sandler & Co. ("Piper Sandler") to the Dogwood board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Dogwood common stock of the merger consideration to be received in the merger, as more fully described below under "The Merger – Opinion of Dogwood's Financial Advisor."

The Dogwood board of directors also considered a number of potential risks and uncertainties associated with the merger. The Dogwood board of directors concluded that the anticipated benefits of the merger were likely to outweigh these risks and uncertainties substantially.

For additional discussion of the factors considered by Dogwood's board of directors in reaching its decision to approve the merger agreement, see "The Merger – Dogwood's Reasons for the Merger; Recommendation of Dogwood's Board of Directors."

The foregoing explanation of Dogwood's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Opinion of Dogwood's Financial Advisor (page 41)

At the August 18, 2025 meeting of the Dogwood board of directors, representatives of Piper Sandler rendered to the Dogwood board Piper Sandler's written opinion, dated August 18, 2025, to the effect that, as of such date and subject to the procedures followed, matters considered and assumptions and qualification set forth therein, the exchange ratio was fair, from a financial point of view, to the holders of Dogwood common stock.

The full text of Piper Sandler's opinion is attached as Appendix B to this proxy statement/offering circular. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Piper Sandler in rendering its opinion. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion. Holders of Dogwood common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Piper Sandler's opinion was directed to the board of directors of Dogwood in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of Dogwood as to how any such shareholder should vote at the special meeting. Piper Sandler's opinion was directed only to the fairness, from a financial point of view, of the exchange ratio and the merger consideration to be received by the holders of Dogwood common stock and did not address the underlying business decision of Dogwood to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Dogwood or the effect of any other transaction in which Dogwood might engage.

Appraisal or Dissenters' Rights (page 62)

North Carolina law provides shareholders with the right to assert appraisal rights with respect to the proposed merger and demand in writing to be paid the fair value of their shares of Dogwood common stock instead of accepting the merger consideration. If you wish to exercise your appraisal rights, you must strictly comply with Article 13 of the NCBCA, a copy which is included as Appendix D to this proxy/statement offering circular. Please refer to page 62 of this proxy statement/offering circular for more information regarding your appraisal rights.

Interests of Certain Dogwood Directors and Executive Officers in the Merger (page 55)

The directors and executive officers of Dogwood have interests in the merger that differ from, or are in addition to, their interests as shareholders of Dogwood. These interests exist because of, among other things:

- new employment agreements between TowneBank and certain executive officers of Dogwood pursuant to which such individuals will serve in senior positions at TowneBank upon completion of the merger and will receive annual base salaries and other compensation and benefits, including restricted stock unit awards in specified amounts to be made shortly after completion of the merger;

- the potential receipt by certain executive officers of Dogwood of severance payments in the event of a termination of employment with TowneBank after the merger under certain circumstances as contemplated under employment agreements with Dogwood or under the new employment agreements with TowneBank;

- the termination of existing employment agreements of Dogwood with certain of its executive officers and liquidation of severance entitlements thereunder, resulting in lump sum cash payments following completion of the merger;

- the appointment of one current member of Dogwood's board of directors, G. Robin Perkins, III, to TowneBank's board of directors at the effective time of the merger, and the opportunity for each member of Dogwood's board of directors who resides in TowneBank's or Dogwood's market area and who is serving immediately prior to the effective time of the merger to serve as a member of a regional advisory board of TowneBank effective at the effective time of the merger, and the expected compensation for such service;

- the accelerated vesting of unvested or contingent outstanding restricted stock awards held by executive officers and directors of Dogwood, with an aggregate value of approximately $7.19 million as of the record date for the special meeting, assuming a value of $24.23 per share of Dogwood common stock (the average closing market price of Dogwood common stock over the first five business days following the first public announcement of the merger); and

- the agreement by TowneBank to indemnify the officers and directors of Dogwood against certain liabilities arising before the effective time of the merger and TowneBank's purchase of a six year "tail" prepaid insurance policy for the current officers and directors of Dogwood, subject to a cap on the cost of such policy equal to 300% of Dogwood's last annual premium.

The members of the Dogwood board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger. See "The Merger – Interests of Certain Dogwood Directors and Executive Officers in the Merger" on page 55.

Corporate Governance (page 77)

At the effective time, the articles of incorporation and bylaws of TowneBank in effect immediately prior to the effective time will be the articles of incorporation and bylaws, respectively, of TowneBank after completion of the merger until thereafter amended in accordance with their terms and applicable law.

At the effective time, TowneBank will appoint one current member of the board of directors of Dogwood, G. Robin Perkins, III, to serve as a member of the board of directors of TowneBank to serve until the next annual meeting of shareholders of TowneBank following the effective time. Subject to the good faith consideration by the nominating and corporate governance committee of the board of directors of TowneBank of the selection criteria set forth in its charter, Mr. Perkins will be nominated to sit for election by TowneBank's shareholders at such annual meeting and TowneBank's proxy materials with respect to such annual meeting will include the recommendation of the board of directors of TowneBank that its shareholders vote to elect Mr. Perkins to the same extent as recommendations are made with respect to other incumbent directors of TowneBank. TowneBank's current directors and officers will remain the directors and officers of TowneBank following the merger.

At the effective time, TowneBank will invite each member of the board of directors of Dogwood who resides in TowneBank's or Dogwood's market area and who is serving immediately prior to the effective time to serve as a member of a regional advisory board of directors of TowneBank. Membership on such regional advisory board will be conditioned upon the execution of an agreement by the applicable director of Dogwood providing that such director will not engage in certain activities competitive with TowneBank until the later of the date that is one

year following the effective time or the date on which such director ceases to be a member of such regional advisory board.

Steven W. Jones, Chief Executive Officer of Dogwood, will continue in a key leadership role within the combined company and will join TowneBank as president of its North Carolina and South Carolina banking operations, and be a member of the TowneBank Corporate Management team.

Regulatory Approvals (page 62)

TowneBank and Dogwood cannot complete the merger without prior approval or non-objection from the FDIC, the Virginia SCC and the North Carolina Commissioner of Banks ("NCCOB"). On September 19, 2025, TowneBank filed applications with the FDIC, Virginia SCC and NCCOB seeking approval or non-objection of the merger.

As of the date of this proxy statement/offering circular, we have not yet received the required approvals or non-objections from the FDIC, Virginia SCC and NCCOB. While we do not know of any reason why we would not be able to obtain such approvals or non-objections in a timely manner, we cannot be certain when or if we will receive them, or whether the approval or non-objection will involve the imposition of conditions on the completion of the merger.

Following the receipt of approval from the FDIC, TowneBank may file an application with the Tennessee Department of Financial Institutions ("TDFI") for prior approval to register its name with the Tennessee Secretary of State. Such approval is not required under the terms of the merger agreement.

Timing of the Merger (page 68)

TowneBank and Dogwood expect to complete the merger early in 2026. Completion of the merger is subject to the satisfaction or waiver of certain conditions set forth in the merger agreement, including the receipt of shareholder approvals at the special meeting of Dogwood and the receipt of all required regulatory approvals, among other customary closing conditions. It is possible that factors outside of either party's control could require us to complete the merger at a later time or not to complete it at all.

Agreement Not to Solicit Other Offers (page 78)

Dogwood has agreed that, while the merger agreement is in effect, it will not directly or indirectly:

- initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any "acquisition proposal" (as defined in the merger agreement);
- engage or participate in any negotiations with any person concerning any acquisition proposal;
- provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any acquisition proposal (except to notify a person that has made or, to the knowledge of Dogwood, is making any inquiries with respect to, or is considering making, an acquisition proposal, of the existence of the relevant provisions in the merger agreement); or
- unless the merger agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (whether written or oral, binding or non-binding) (other than a confidentiality agreement referred to and entered into in accordance with the merger agreement) in connection with or relating to any acquisition proposal.

The merger agreement does not, however, prohibit Dogwood from considering an unsolicited bona fide acquisition proposal from a third party if certain specified conditions are met.

Conditions to Completion of the Merger (page 79)

TowneBank's and Dogwood's respective obligations to effect the merger are subject to the satisfaction or waiver, at or prior to the effective time, of the following conditions:

- the approval of the merger proposal and the articles amendment proposals by the requisite vote of Dogwood shareholders;
- the authorization for listing on the Nasdaq Global Select Market, subject to official notice of issuance, of the shares of TowneBank common stock that will be issuable pursuant to the merger agreement;
- (i) the specified governmental consents and approvals, including from the FDIC, the Virginia SCC and the NCCOB, having been received and remaining in full force and effect, and the termination or expiration of all statutory waiting periods in respect thereof, and (ii) in the case of TowneBank's obligation to effect the merger, that no such required regulatory approval has resulted in the imposition of any materially burdensome regulatory condition (as defined in the merger agreement);
- no order, injunction or decree issued by any court or governmental entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger being in effect, and no law, statute, rule, regulation, order, injunction or decree having been enacted, entered, promulgated or enforced by any governmental entity which prohibits or makes illegal the consummation of the merger;
- the accuracy of the representations and warranties of Dogwood, on the one hand, and TowneBank, on the other hand, contained in the merger agreement, generally as of the date on which the merger agreement was entered into and as of the closing date of the merger, subject to the materiality standards provided in the merger agreement (and the receipt by each party of a certificate dated as of the closing date and signed on behalf of the other party by its chief executive officer or chief financial officer to such effect);
- the performance by Dogwood, on the one hand, and TowneBank, on the other hand, in all material respects of the obligations, covenants and agreements required to be performed by it under the merger agreement at or prior to the closing date of the merger (and the receipt by each party of a certificate dated as of the closing date and signed on behalf of the other party by its chief executive officer or chief financial officer to such effect); and
- receipt by TowneBank and Dogwood of opinions of legal counsel to the effect that on the basis of facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Where the merger agreement and/or law permits, TowneBank or Dogwood could choose to waive a condition to its obligation to complete the merger even if that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or that the merger will be completed.

Termination of the Merger Agreement (page 80)

The merger agreement may be terminated at any time prior to the effective time, whether before or after the receipt of approval of the merger and related matters by Dogwood's shareholders (except as indicated below), in the following circumstances:

- by mutual written consent of TowneBank and Dogwood;
- by either TowneBank or Dogwood if any governmental entity that must grant a requisite regulatory approval has denied approval of the merger and such denial has become final and nonappealable, or any governmental entity of competent jurisdiction has issued a final and nonappealable order,

injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the merger, unless, in any such case, the failure to obtain a requisite regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements set forth in the merger agreement;

- by either TowneBank or Dogwood if the merger has not been consummated on or before the termination date, August 18, 2026, unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements set forth in the merger agreement;

- by either TowneBank or Dogwood (provided that the terminating party is not then in material breach of any representation, warranty, obligation, covenant or other agreement contained in the merger agreement) if there is a breach of any of the obligations, covenants or agreements or any of the representations or warranties (or if any such representation or warranty ceases to be true) set forth in the merger agreement on the part of Dogwood, in the case of a termination by TowneBank, or TowneBank, in the case of a termination by Dogwood, which breach or failure to be true, either individually or in the aggregate with all other breaches by such party (or failures of such representations or warranties to be true), would constitute, if occurring or continuing on the closing date of the merger, the failure of an applicable closing condition of the terminating party and which is not cured within 45 days following written notice to the other party, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the termination date);

- by TowneBank, prior to the receipt of approval of the merger and related matters by Dogwood's shareholders, if (i) Dogwood or the Dogwood board of directors has made a recommendation change (as defined in the merger agreement), or (ii) Dogwood or the Dogwood board of directors breaches in any material respect its obligations relating to non-solicitation of acquisition proposals or its obligations related to the approval of the Dogwood shareholders and the Dogwood board recommendation; or

- by either TowneBank or Dogwood, if the receipt of approval of the merger and related matters has not been obtained upon a vote thereon taken at a special meeting of shareholders of Dogwood (including any adjournment or postponement thereof).

Neither TowneBank nor Dogwood is permitted to terminate the merger agreement as a result, in and of itself, of any increase or decrease in the market price of TowneBank common stock or Dogwood common stock.

In the event of termination, the merger agreement will become null and void, except that certain provisions thereof relating to fees and expenses (including the obligation to pay the termination fee described below in certain circumstances) and confidentiality of information exchanged between the parties will survive any such termination.

Termination Fee and Expenses (page 81)

Dogwood must pay TowneBank a termination fee of $19.65 million if the merger agreement is terminated by either party under certain specified circumstances, including circumstances involving an alternative acquisition proposal and a recommendation change by Dogwood's board of directors. The termination and payment circumstances are more fully described elsewhere in this proxy statement/offering circular. See "The Merger Agreement – Termination Fee" on page 81 and in Article 8 of the merger agreement.

In general, whether or not the merger is completed, TowneBank and Dogwood will each pay its respective expenses incident to preparing, entering into and carrying out the terms of the merger agreement. The parties will share the costs of all filing fees paid to any governmental authorities.

The Dogwood Special Meeting (page 26)

The special meeting will be held on December 3, 2025 at 10:00 a.m., Eastern Time, at Dogwood's headquarters at 5401 Six Forks Road, Raleigh, North Carolina 27609. At the special meeting, the shareholders of Dogwood will be asked to vote on the following matters:

- the merger proposal;
- the voting stock articles amendment proposal;
- the voting stock adjournment proposal;
- the non-voting stock articles amendment proposal; and
- the non-voting stock adjournment proposal.

Record Date and Votes Required (pages 26 and 27)

You may vote at the special meeting of shareholders if you owned Dogwood common stock at the close of business on October 15, 2025. On that date, Dogwood had 17,965,242 shares of voting common stock and 1,052,671 shares of non-voting common stock outstanding and entitled to vote. For each proposal presented at the special meeting on which a shareholder is entitled to vote, the shareholder may cast one vote for each share of Dogwood common stock owned on the record date.

The votes required to approve the proposals at the special meeting are as follows:

- *Proposal 1 – Merger Proposal:* Approval of the merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood voting common stock entitled to vote on the proposal.
- *Proposal 2 – Voting Stock Articles Amendment Proposal:* Approval of the voting stock articles amendment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal.
- *Proposal 3 – Voting Stock Adjournment Proposal:* Approval of the voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.
- *Proposal 4 – Non-Voting Stock Articles Amendment Proposal:* Approval of the non-voting stock articles amendment proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood non-voting common stock entitled to vote on the proposal.
- *Proposal 5 – Non-Voting Stock Adjournment Proposal:* Approval of the non-voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.

Support Agreements Entered into by Directors and Certain Significant Shareholders of Dogwood (page 82)

Certain shareholders of Dogwood, including all the directors of Dogwood, entered into support agreements with TowneBank at the time the merger agreement was executed. Under the terms of the support agreements, such shareholders have agreed to vote their shares of Dogwood common stock in favor of the merger proposal and articles amendment proposals, and against any competing acquisition proposal, respectively, subject to certain exceptions, including that certain shares held in a fiduciary capacity are not covered by the agreements. As of October 15, 2025, the record date for the special meeting, shareholders subject to support agreements are entitled to vote 4,994,294 shares of Dogwood voting common stock, or approximately 27.80% of the total voting power of the

shares of Dogwood voting common stock outstanding on that date, and 821,070 shares of Dogwood non-voting common stock, or approximately 78.00% of the total voting power of the shares of Dogwood non-voting common stock outstanding on that date, which is sufficient to approve the non-voting stock articles amendment proposal and non-voting stock adjournment proposal.

Shareholders of TowneBank and Dogwood Have Different Rights (page 89)

TowneBank is a Virginia corporation governed by the Virginia Stock Corporation Act ("VSCA"). Dogwood is a North Carolina corporation governed by the NCBCA. In addition, the rights of TowneBank and Dogwood shareholders are governed by their respective articles of incorporation and bylaws. Upon completion of the merger, Dogwood shareholders will become shareholders of TowneBank, and as such their shareholder rights will then be governed by the articles of incorporation and bylaws of TowneBank, each as amended, and by the VSCA. The rights of shareholders of TowneBank differ in certain respects from the rights of shareholders of Dogwood. These differences are described in more detail in the section entitled "Comparative Rights of Shareholders."

The Merger Will Be Accounted for Under the Acquisition Method of Accounting (page 66)

TowneBank and Dogwood each prepare their respective financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). The merger will be accounted for as an acquisition of Dogwood by TowneBank under the acquisition method of accounting in accordance with GAAP.

Listing of TowneBank Common Stock (page 79)

TowneBank will list the shares of common stock to be issued in the merger on the Nasdaq Global Select Market, the market on which TowneBank's common shares are currently listed.

Risk Factors (page 18)

You should consider all the information contained in or incorporated by reference into this proxy statement/offering circular in deciding how to vote for the proposals presented in the proxy statement/offering circular. In particular, you should consider the factors described under "Risk Factors."

RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/offering circular, including the matters addressed under the heading "Cautionary Statement Regarding Forward-Looking Statements" on page 23, you should consider carefully the following risk factors in deciding how to vote on the proposals presented in this proxy statement/offering circular. Certain risks can also be found in the documents incorporated by reference into this proxy statement/offering circular by TowneBank, including TowneBank's Annual Report on Form 10-K for the year ended December 31, 2024. See "Additional Information" on page i and "Where You Can Find More Information" on page 98.

Because of the fixed exchange ratio and the fluctuation of the market price of TowneBank common stock, shareholders of Dogwood will not know at the time of the special meeting the market value of the merger consideration to be paid by TowneBank to Dogwood shareholders, which will only be determined at the effective time of the merger.

At the effective time of the merger, each share of Dogwood common stock issued and outstanding immediately prior to the effective time of the merger, other than dissenting shares and certain shares held by Dogwood or TowneBank, will be converted into the right to receive 0.700 shares of TowneBank common stock, the value of which will depend upon the price of TowneBank common stock at the effective time of the merger. This exchange ratio is fixed and will not be adjusted based upon changes in the market prices of TowneBank common stock and Dogwood common stock prior to the effective time of the merger. The market prices of TowneBank common stock and Dogwood common stock are likely to change between the date of the proxy statement/offering circular and the date the merger is completed, and they have changed since the date of the merger agreement. Neither TowneBank nor Dogwood is permitted to terminate the merger agreement as a result of such fluctuations.

Future variations in the price of TowneBank common stock may result from changes in TowneBank's business, operations or prospects, regulatory considerations, general market and economic conditions, and other factors. Many of these factors are beyond the control of TowneBank and Dogwood. As TowneBank's market share price fluctuates, the value of the shares of TowneBank common stock that Dogwood shareholders will receive will correspondingly fluctuate. Accordingly, at the time of the special meeting, shareholders of Dogwood will not know the exact value of the consideration to be paid by TowneBank when the merger is completed. We expect to complete the merger early in 2026. However, there is no way to predict how long it will take to satisfy the conditions to closing and to complete the merger. You should obtain current market quotations for shares of TowneBank common stock and Dogwood common stock before you vote.

The market price of TowneBank common stock after the merger may be affected by factors different from those affecting the shares of TowneBank or Dogwood currently.

Upon completion of the merger, current Dogwood shareholders are expected to own approximately 14.5% of TowneBank's outstanding common stock, on a fully diluted basis. TowneBank's business differs in important respects from that of Dogwood, and, accordingly, the results of operations and financial condition of TowneBank and the market price of TowneBank common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations and financial conditions of each of TowneBank and Dogwood. For a discussion of the businesses of TowneBank and Dogwood and of certain factors to consider in connection with those businesses, see "Information About TowneBank" on page 95, "Information About Dogwood State Bank" on page 95, and the documents incorporated herein by reference.

Regulatory approvals and non-objections may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger may be completed, TowneBank and Dogwood must obtain approvals or non-objections from the FDIC, Virginia SCC and NCCOB. Other approvals, non-objections, waivers or consents from bank regulators may also be required. In determining whether to grant these approvals or non-objections, such regulatory authorities consider a variety of factors, including the regulatory standing of each company and the factors described under "The Merger – Regulatory Approvals" on page 62. These approvals and non-objections could be delayed or

not obtained at all, including due to the following: an adverse development in either company's regulatory standing or in any other factors considered by regulators when granting such approvals or non-objections; governmental, political or community group inquiries, investigations or opposition; or changes in legislation or regulations, or the political environment generally.

Any approvals and non-objections that are granted may impose terms and conditions, limitations, obligations or costs, or place restrictions on the conduct of TowneBank's business following the merger or require changes to the terms of the transactions contemplated by the merger agreement. Such conditions, limitations, obligations or restrictions could delay the completion of the merger, impose additional costs on, or limit the revenues of, TowneBank following the merger, or otherwise reduce the anticipated benefits of the merger. In addition, there can be no assurance that any such conditions, limitations, obligations or restrictions will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of any of the transactions contemplated by the merger agreement.

In addition, despite the companies' commitments to use their reasonable best efforts to comply with conditions imposed by regulators, under the terms of the merger agreement, TowneBank will not be required, and Dogwood will not be permitted without the prior written consent of TowneBank, to take actions or agree to conditions that would reasonably be expected to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the merger (measured on a scale relative to TowneBank and its subsidiaries, taken as a whole, after giving effect to the merger). See "The Merger – Regulatory Approvals."

The merger may distract management of TowneBank and Dogwood from their other responsibilities.

During the pendency of the merger, the respective management teams of TowneBank and Dogwood may need to focus their time and energies on matters related to the transactions contemplated by the merger agreement that otherwise would be directed to their business and operations. Any such distraction on the part of either company's management could affect its ability to service existing business and develop new business and adversely affect the business and earnings of TowneBank or Dogwood before the merger, or the business and earnings of TowneBank after the merger.

Failure to complete the merger or a significant delay in the completion of the merger could negatively impact TowneBank or Dogwood.

The merger agreement is subject to conditions that must be satisfied or waived in order to complete the merger and the merger agreement may be terminated under certain circumstances. If the merger is not completed for any reason, TowneBank's or Dogwood's business may be impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of TowneBank's or Dogwood's common stock, or both, could decline to the extent that the current market prices reflect a market assumption that the merger will be completed. Furthermore, costs relating to the merger, such as legal, accounting and certain financial advisory fees, must be paid even if the merger is not completed. If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by Dogwood's board of directors, Dogwood may be required to pay to TowneBank a termination fee of $19.65 million. See "The Merger Agreement – Conditions to Completion of the Merger; Termination of the Merger Agreement; Termination Fee" beginning on page 79.

Any of the foregoing, or other risks arising in connection with the failure of or a delay in completing the merger, including the constraints in the merger agreement on the ability to make significant changes to each company's ongoing business during the pendency of the merger, the incurrence of additional merger-related expenses, and other market and economic factors could negatively impact each company's business, financial condition and results of operations.

TowneBank and Dogwood will incur transaction and integration costs in the merger.

TowneBank and Dogwood have incurred, and expect to continue to incur, significant, non-recurring costs in connection with negotiating the merger agreement and closing the merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, severance/employee benefit-related costs, regulatory fees, printing costs and other related expenses. TowneBank and Dogwood may also incur additional costs to maintain business relationships and to retain key employees. Some of these costs are payable by TowneBank, Dogwood or both companies regardless of whether the merger is completed. See the section entitled "The Merger Agreement – Expenses" for additional information.

In addition, TowneBank expects to incur substantial costs in connection with integration of Dogwood and TowneBank after the merger. There are a large number of processes, policies, procedures, operations, technologies and systems that may need to be integrated, including purchasing, accounting and finance, payroll, compliance, treasury management, branch operations, vendor management, risk management, lines of business, pricing and benefits. Although TowneBank and Dogwood have assumed that a certain level of costs will be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration costs. Moreover, many of the costs that will be incurred are, by their nature, difficult to estimate accurately. Furthermore, there can be no assurances that the expected benefits and efficiencies related to the integration of the businesses will be realized to offset these transaction and integration costs over time. These integration costs may result in the combined company taking charges against earnings following the completion of the merger, and the amount and timing of such charges are uncertain at present.

The fairness opinion received by Dogwood in connection with the merger has not been updated to reflect changes in circumstances since the signing of the merger agreement, and it likely will not be updated before completion of the merger.

The opinion rendered by Piper Sandler, financial advisor to Dogwood, on August 18, 2025, was based upon information available as of such date. The opinion has not been updated to reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of TowneBank or Dogwood, changes in general market and economic conditions, or other changes resulting from factors beyond the control of TowneBank and Dogwood. Any such changes may alter the relative value of TowneBank or Dogwood or the prices of shares of TowneBank common stock or Dogwood common stock by the time the merger is completed. The opinion does not speak as of the date of this proxy statement/offering circular, the date on which the merger will be completed or as of any date other than the date of such opinion. Dogwood does not currently anticipate asking Piper Sandler to update the opinion prior to the time the merger is completed. For a description of the opinion that Dogwood received from its financial advisor, please see "The Merger – Opinion of Dogwood's Financial Advisor," on page 41.

Dogwood's directors and executive officers have interests in the merger that differ from the interests of Dogwood's other shareholders.

Dogwood shareholders, in deciding how to vote on the merger proposal, should be aware that Dogwood's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Dogwood shareholders generally. The Dogwood board of directors was aware of these interests and considered them, among other matters, when making its decision to approve the merger agreement and the articles amendment, and in recommending that holders of Dogwood common stock vote to approve the merger proposal and the articles amendment proposals. For a more complete description of these interests, see "The Merger – Interests of Certain Dogwood Directors and Executive Officers in the Merger" on page 55.

Dogwood will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on customers and personnel may have an adverse effect on Dogwood. These uncertainties may impair Dogwood's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Dogwood to seek to change existing business relationships with Dogwood. In addition, subject to certain exceptions, Dogwood has agreed to operate its businesses in the ordinary course prior to the closing of the merger, and Dogwood is restricted from making certain

acquisitions and taking other specified actions without the consent of TowneBank until the merger is completed. These restrictions may prevent Dogwood from pursuing attractive business opportunities or strategic transactions that may arise prior to the completion of the merger. See "The Merger Agreement – Covenants and Agreements" on page 71.

The merger agreement limits the ability of Dogwood to pursue alternatives to the merger and might discourage competing offers for a higher price or premium.

The merger agreement contains provisions that restrict Dogwood's ability to, among other things, initiate, solicit, knowingly encourage or knowingly facilitate, inquiries or proposals with respect to, or, subject to certain exceptions generally related to the exercise of fiduciary duties by the Dogwood board of directors, engage or participate in any negotiations concerning, or provide any confidential or nonpublic information or data relating to, any alternative acquisition proposals. These provisions, which include a $19.65 million termination fee payable by Dogwood under certain circumstances, might discourage a potential competing acquiror that might have an interest in acquiring all or a significant percentage of ownership of Dogwood from considering or proposing the acquisition even if it were prepared to pay consideration, with respect to Dogwood, with a higher per share market price than that proposed in the merger. See "The Merger Agreement – Agreement Not to Solicit Other Offers" and "The Merger Agreement – Termination Fee" on pages 78 and 81, respectively.

The shares of TowneBank common stock to be received by Dogwood shareholders as a result of the merger will have different rights than shares of Dogwood common stock.

Upon completion of the merger, shareholders of Dogwood will become shareholders of TowneBank, and as such their shareholder rights will then be governed by the articles of incorporation and bylaws of TowneBank, each as amended, and by the VSCA. The rights of shareholders of TowneBank differ in certain respects from the rights of shareholders of Dogwood. See "Comparative Rights of Shareholders" on page 89 for a discussion of the different rights associated with TowneBank common stock.

Litigation against TowneBank or Dogwood, or the members of the boards of directors of Dogwood or TowneBank, could prevent or delay the completion of the merger.

Purported shareholder plaintiffs may assert legal claims related to the merger. The results of any such potential legal proceeding would be difficult to predict, and such legal proceedings could delay or prevent the merger from being completed in a timely manner. The existence of litigation related to the merger could affect the likelihood of obtaining the required approval from Dogwood shareholders. Moreover, any litigation could be time consuming and expensive and could divert attention of TowneBank's and Dogwood's respective management teams away from their companies' regular business. Any lawsuit adversely resolved against TowneBank, Dogwood or members of their respective boards of directors could have a material adverse effect on each party's business, financial condition and results of operations.

Combining TowneBank and Dogwood may be more difficult, costly or time-consuming than we expect.

The success of the merger will depend, in part, on TowneBank's ability to realize the anticipated benefits and cost savings from combining the businesses of TowneBank and Dogwood and to combine the businesses of TowneBank and Dogwood in a manner that permits growth opportunities and cost savings to be realized without materially disrupting the existing customer relationships of TowneBank or Dogwood or decreasing revenues due to loss of customers. However, to realize these anticipated benefits and cost savings, TowneBank must successfully integrate the business of Dogwood into TowneBank. If TowneBank is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than expected.

TowneBank and Dogwood have operated, and, until the completion of the merger, will continue to operate, independently. The success of the merger will depend, in part, on TowneBank's ability to successfully integrate the business of Dogwood into TowneBank. The integration process in the merger could result in the loss of key employees, the disruption of each party's ongoing business, and inconsistencies in standards, controls, procedures and policies that affect adversely either party's ability to maintain relationships with customers and employees or

achieve the anticipated benefits of the merger. If TowneBank experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized, fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be disruptions that cause TowneBank and Dogwood to lose customers or cause customers to withdraw their deposits from TowneBank's or Dogwood's banking operations, or other unintended consequences that may negatively impact TowneBank's results of operations or financial condition after the merger. These integration matters could negatively impact each of TowneBank and Dogwood during this transition period and for an undetermined period after consummation of the merger.

TowneBank may be unable to retain TowneBank and/or Dogwood personnel successfully after the merger is completed.

The success of the merger will depend in part on TowneBank's ability to retain the talents and dedication of key personnel currently employed by TowneBank and Dogwood. It is possible that these personnel may decide not to remain with TowneBank or Dogwood, as applicable, while the merger is pending or with TowneBank after the merger is consummated. If TowneBank or Dogwood are unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, TowneBank could face disruptions in its operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruitment costs after the merger. In addition, if key personnel terminate their employment, TowneBank's business activities may be adversely affected and management's attention may be diverted from successfully integrating Dogwood into TowneBank's operations, and diverted to hiring suitable replacements, all of which may cause TowneBank's business to suffer after the merger. In addition, TowneBank or Dogwood may not be able to locate or retain suitable replacements for any key employees who leave.

Current holders of Dogwood common stock will have less influence as holders of TowneBank common stock after the merger.

It is expected that the current holders of TowneBank common stock will own approximately 85.5% of the outstanding common stock of TowneBank, on a fully diluted basis, after the merger. As a group, the current holders of common stock of Dogwood will own approximately 14.5% of the outstanding common stock of TowneBank, on a fully diluted basis, after the merger. Each current holder of Dogwood common stock will own a smaller percentage of TowneBank after the merger than they currently own of Dogwood. As a result of the merger, holders of Dogwood common stock will have less influence on the management and policies of TowneBank than they currently have on the management and policies of Dogwood.

TowneBank is not obligated to pay cash dividends on its common stock.

For the second and third quarters of 2025, TowneBank paid a quarterly cash dividend to holders of its common stock at a rate of $0.27 per share. However, TowneBank is not obligated to pay dividends in any particular amounts or at any particular times. TowneBank's decision to pay dividends in the future will depend on a number of factors, including its capital and the availability of funds from which dividends may be paid. See "Description of TowneBank Capital Stock" page 87.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/offering circular and the documents incorporated by reference herein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the beliefs, expectations or opinions of TowneBank and Dogwood and their respective management teams regarding future events, many of which, by their nature, are inherently uncertain and beyond the control of TowneBank and Dogwood. Forward-looking statements may be identified by the use of such words as: "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional terms, such as "will," "would," "should," "could," "may," "likely," "probably," or "possibly." Forward-looking statements may include:

- statements relating to the ability of TowneBank and Dogwood to timely complete the merger and the benefits thereof, including anticipated efficiencies, opportunities, synergies and cost savings estimated to result from the merger;

- projections of revenues, expenses, income, net income per share, net interest margins, asset growth, loan production, asset quality, deposit growth and other performance measures;

- statements regarding expansion of operations, including branch openings, entrance into new markets, development of products and services, and execution of strategic initiatives; and

- discussions of the future state of the economy, competition, regulation, taxation, business strategies, subsidiaries, investment risk and policies.

We believe that the expectations reflected in our forward-looking statements are reasonable. By their nature, however, forward-looking statements often involve assumptions about the future. Such assumptions are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. As such, TowneBank and Dogwood cannot guarantee you that the expectations reflected in our forward-looking statements actually will be achieved. In addition to the factors relating to the merger discussed under "Risk Factors" beginning on page 18 and the factors previously disclosed in TowneBank's reports filed with the FDIC, the following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- deposit attrition, operating costs, customer losses and business disruptions following the merger, including adverse effects on relationships with employees and customers, may be greater than expected;

- the possibility that the merger does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received, satisfied or waived on a timely basis or at all;

- the risk that the required regulatory approvals may result in the imposition of conditions that could adversely affect the operations and financial condition of TowneBank following the merger or the ability to realize expected benefits of the merger;

- the occurrence of any event, change or other circumstance that could give rise to the right of one or both of the parties to terminate the merger agreement;

- reputational risk and potential adverse reactions of TowneBank's or Dogwood's customers, employees or other business partners, including those resulting from the announcement or completion of the transaction;

- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future, including litigation related to the merger;

- the possibility that the anticipated benefits of the merger are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where TowneBank and Dogwood do business;

- the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time frames or at all and to successfully integrate Dogwood's operations into TowneBank, or such integration may be more difficult, time consuming or costly than expected;

- certain restrictions during the pendency of the merger that may impact Dogwood's ability to pursue certain business opportunities or strategic transactions;

- the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;

- the impact of purchase accounting with respect to the merger, or any change in the assumptions used regarding the assets purchased and liabilities assumed to determine their fair value;

- diversion of management's attention and time from ongoing business operations and opportunities;

- ability of management to execute their respective business plans and strategies and manage the risks involved with consummating the transaction;

- the challenges of integrating, retaining and hiring key personnel;

- any interruption or breach of security as a result of systems integration resulting in failures or disruptions in customer account management, general ledger, deposit, loan or other systems;

- cybersecurity threats or attacks, whether directed at TowneBank or Dogwood or at vendors or other third parties with which TowneBank or Dogwood interact;

- changes in TowneBank's stock price before closing;

- the dilution caused by TowneBank's issuance of additional shares of its capital stock in connection with the transaction;

- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which TowneBank and Dogwood are highly dependent;

- changes in legislation, regulation, policies or administrative practices, whether by judicial, governmental or legislative action and other changes pertaining to banking, securities, taxation and financial accounting and reporting, environmental protection and insurance, and the ability to comply with such changes in a timely manner;

- changes in the monetary and fiscal policies of the U.S. government, including policies of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System;

- changes in interest rates, which may affect TowneBank's or Dogwood's net income and other future cash flows, or the market value of TowneBank's or Dogwood's assets, including its investment securities, or reductions in margins and/or the volumes and values of loans made or held as well as the value of other financial assets held;

- market, operational, liquidity, credit, strategic and general risks associated with TowneBank's or Dogwood's business;

- competitive pressures in the banking industry that may increase significantly;

- an unforeseen outflow of cash or deposits or an inability to access the capital markets, which could jeopardize TowneBank's or Dogwood's overall liquidity or capitalization;

- changes in the creditworthiness of customers and the possible impairment of the collectability of loans;

- insufficiency of TowneBank's or Dogwood's allowance for credit losses due to market conditions, inflation, changing interest rates or other factors;

- adverse developments in the financial industry generally, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior;

- general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services;

- weather-related or natural disasters, acts of war or terrorist activities, or public health events, and their effects on economic and business environments in which TowneBank and Dogwood operate; and

- other economic, competitive, governmental, regulatory, technological and geopolitical factors affecting TowneBank's or Dogwood's operations, pricing and services.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this proxy statement/offering circular or, in the case of a document incorporated herein by reference, as of the date of that document. Except as required by law, neither TowneBank nor Dogwood undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the FDIC by TowneBank. See "Where You Can Find More Information" beginning on page 98.

THE SPECIAL MEETING

Date, Place and Time

This proxy statement/offering circular is first being mailed on or about October 21, 2025 to Dogwood shareholders who held shares of Dogwood voting common stock and/or Dogwood non-voting common stock at the close of business on the record date for the special meeting of shareholders. This proxy statement/offering circular is accompanied by the notice of the special meeting and a form of proxy that is solicited by the board of directors of Dogwood for use at the special meeting to be held on December 3, 2025 at 10:00 a.m., Eastern Time, at Dogwood's headquarters at 5401 Six Forks Road, Raleigh, North Carolina 27609, and at any adjournments of that meeting.

Purposes of the Special Meeting

At the special meeting, the holders of Dogwood voting common stock will be asked to consider and vote on the following proposals:

- to approve the merger proposal as more fully described in this proxy statement/offering circular;
- to approve the voting stock articles amendment proposal as more fully described in this proxy statement/offering circular; and
- to approve the voting stock adjournment proposal as more fully described in this proxy statement/offering circular.

At the special meeting, the holders of Dogwood non-voting common stock will be asked to consider and vote on the following proposals:

- to approve the non-voting stock articles amendment proposal as more fully described in this proxy statement/offering circular; and
- to approve the non-voting stock adjournment proposal as more fully described in this proxy statement/offering circular.

Recommendation of Dogwood's Board of Directors

The Dogwood board determined that the proposed merger with TowneBank is fair to and is in the best interests of Dogwood and its shareholders and unanimously recommends that Dogwood shareholders vote "FOR" each of the proposals that will be presented at the special meeting as described in this proxy statement/offering circular. See the section entitled "The Merger – Dogwood's Reason for the Merger; Recommendation of Dogwood's Board of Directors" for a more detailed discussion of the Dogwood board of directors' recommendation.

Record Date and Voting Rights; Quorum

The Dogwood board of directors has fixed the close of business on October 15, 2025 as the record date for determining the shareholders of Dogwood entitled to notice of and to vote at the special meeting or any adjournments thereof. Accordingly, you are only entitled to notice of and to vote at the special meeting if you were a record holder of Dogwood common stock at the close of business on the record date. At that date, 17,965,242 shares of Dogwood voting common stock and 1,052,671 shares of Dogwood non-voting common stock were outstanding and entitled to vote.

To have a quorum that permits Dogwood to conduct business at the special meeting, the presence, whether in person or by proxy, of the holders of a majority of the outstanding shares of each of the Dogwood voting common stock and Dogwood non-voting common stock on the record date is required. For each proposal presented at the special meeting, a holder of Dogwood voting common stock or Dogwood non-voting common stock may cast one vote for each share of Dogwood voting common stock or Dogwood non-voting common stock, respectively, held as of the close of business on the record date.

Holders of shares of Dogwood common stock present in person at the special meeting but not voting, and shares of the common stock for which proxy cards or Internet votes are received indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether there is a quorum for transacting business. Shares held in "street name" that have been designated by brokers or other nominees on proxies as not voted will not be counted as votes cast for or against any proposal. These broker non-votes will, however, be counted for purposes of determining whether a quorum exists. As further described below, holders of Dogwood common stock whose shares are held in "street name" by brokers or other nominees must comply with the voting instruction card or other form provided by such brokers or other nominees and provide instructions regarding how the applicable shares should be voted.

Votes Required

Vote Required for Approval of the Merger Proposal. Approval of the merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood voting common stock outstanding on the record date for the special meeting.

Failures to vote, abstentions and broker non-votes will not count as votes cast. Because, however, approval of the merger proposal requires the affirmative vote of at least a majority of the shares of Dogwood voting common stock outstanding on the record date, failures to vote, abstentions and broker non-votes will have the same effect as votes against the merger proposal.

Vote Required for Approval of the Voting Stock Articles Amendment Proposal. Approval of the voting stock articles amendment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal.

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect for purposes of determining whether the voting stock articles amendment proposal has been approved.

Vote Required for Approval of the Voting Stock Adjournment Proposal. Approval of the voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect for purposes of determining whether the voting stock adjournment proposal has been approved.

Vote Required for Approval of the Non-Voting Stock Articles Amendment Proposal. Approval of the non-voting stock articles amendment proposal requires the affirmative vote of at least a majority of the outstanding shares of Dogwood non-voting common stock outstanding on the record date for the special meeting.

Failures to vote, abstentions and broker non-votes will not count as votes cast. Because, however, approval of the non-voting stock articles amendment proposal requires the affirmative vote of at least a majority of the shares of Dogwood non-voting common stock outstanding on the record date, failures to vote, abstentions and broker non-votes will have the same effect as votes against the non-voting stock articles amendment proposal.

Vote Required for Approval of the Non-Voting Stock Adjournment Proposal. Approval of the non-voting stock adjournment proposal requires the affirmative vote of at least a majority of the votes cast on the proposal, whether or not a quorum is present.

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect for purposes of determining whether the non-voting stock adjournment proposal has been approved.

Stock Ownership of Dogwood's Executive Officers, Directors and Certain Significant Shareholders

As of October 15, 2025, the record date for the special meeting, directors and executive officers of Dogwood are entitled to vote 3,496,440 shares of Dogwood voting common stock, or approximately 19.46% of the

total voting power of the shares of Dogwood voting common stock outstanding on that date, and no shares of Dogwood non-voting common stock.

Certain shareholders of Dogwood, including all the directors of Dogwood, entered into support agreements with TowneBank at the time the merger agreement was executed. Under the terms of the support agreements, such shareholders have agreed to vote their shares of Dogwood common stock in favor of the merger proposal and articles amendment proposals, and against any competing acquisition proposal, respectively, subject to certain exceptions, including that certain shares held in a fiduciary capacity are not covered by the agreements. As of October 15, 2025, the record date for the special meeting, directors of Dogwood, each of whom is subject to a support agreement with TowneBank, are entitled to vote 3,240,364 shares of Dogwood voting common stock, or approximately 18.04% of the total voting power of the shares of Dogwood voting common stock outstanding on that date, and no shares of Dogwood non-voting common stock. As of the same date, another significant shareholder of Dogwood who is subject to a support agreement with TowneBank is entitled to vote an additional 1,753,930 shares of Dogwood voting common stock, or approximately 9.76% of the total voting power of the shares of Dogwood voting common stock outstanding on that date, and 821,070 shares of Dogwood non-voting common stock, or approximately 78.00% of the total voting power of the shares of Dogwood non-voting common stock outstanding on that date, which is sufficient to approve the non-voting stock articles amendment proposal and non-voting stock adjournment proposal.

Voting at the Special Meeting

Record Holders. If your shares of Dogwood common stock are held of record in your name, your shares can be voted at the special meeting in any of the following ways:

- **By Mail.** You can vote your shares by using the proxy card which is enclosed for your use in connection with the special meeting. If you complete and sign the proxy card and return it in the enclosed postage-paid envelope, you will be appointing the "proxies" named in the proxy card to vote your shares for you at the meeting. The authority you will be giving the proxies is described in the proxy card. When your proxy card is returned properly executed, the shares of Dogwood common stock represented by it will be voted at the special meeting in accordance with the instructions contained in the proxy card.

  If you are a holder of Dogwood voting common stock and you sign and return your proxy card but do not indicate how you want to vote on the merger proposal, the voting stock articles amendment proposal, or the voting stock adjournment proposal, your proxy will be counted as a vote "FOR" each of such proposals.

  If you are a holder of Dogwood non-voting common stock and you sign and return your proxy card but do not indicate how you want to vote on the non-voting stock articles amendment proposal or the non-voting stock adjournment proposal, your proxy will be counted as a vote "FOR" each of such proposals.

- **By the Internet.** You can appoint the proxies to vote your shares for you by going to the Internet website http://www.astproxyportal.com/ast/22781/. When you are prompted for your "control number," enter the number included on the enclosed proxy card, and then follow the instructions provided. You may vote by the Internet only until 11:59 p.m., Eastern Time, on December 2, 2025, which is the day before the special meeting. If you vote by the Internet, you need not sign and return a proxy card.

- **In Person.** You can attend the special meeting and vote in person. A ballot will be provided for your use at the meeting.

Your vote is important. The transactions contemplated by the merger agreement cannot be completed unless holders of Dogwood common stock approve the merger proposal and the articles amendment proposals through the requisite vote. Accordingly, please sign, date and return the enclosed

proxy card, or follow the instructions above to vote by the Internet, whether or not you plan to attend the special meeting in person.

Shares Held in "Street Name." Only the record holders of shares of Dogwood common stock, or their appointed proxies, may vote those shares. As a result, if your shares of Dogwood common stock are held for you in "street name" by a broker or other nominee, such as a bank or custodian, then only your broker or nominee (*i.e.,* the record holder) may vote them for you, or appoint the proxies to vote them for you, unless you previously have made arrangements for your broker or nominee to assign its voting rights to you or for you to be recognized as the person entitled to vote your shares.

You must follow the directions your broker or nominee provides you and give it instructions as to how it should vote your shares by following the instructions you received from your broker or nominee with your copy of this proxy statement/offering circular. You may not vote any shares held in "street name" by returning a proxy card directly to Dogwood. Brokers and other nominees who hold shares in "street name" for their clients typically have the discretionary authority to vote those shares on "routine" proposals when they have not received instructions from beneficial owners of the shares. However, they may not vote those shares on non-routine matters, such as the proposals that will be presented at the special meeting, unless their clients give them voting instructions. To ensure that your shares are represented at the special meeting and voted in the manner you desire, ***it is important that you instruct your broker or nominee as to how it should vote your shares.***

If your shares are held in "street name" and you wish to vote them in person at the special meeting, you must obtain a legal proxy, executed in your favor, from your broker or other nominee.

Revocation of Proxies

Record Holders. If you are the record holder of shares of Dogwood common stock and you sign and return a proxy card or appoint the proxies by the Internet and you later wish to revoke the authority or change the voting instructions you gave the proxies, you can do so at any time before the voting takes place at the special meeting by taking the appropriate action described below.

To change the voting instructions you gave the proxies:

- if you voted by proxy card, you can complete, sign and submit a new proxy card, dated after the date of your original proxy card, which contains your new instructions, and submit it so that it is received before the special meeting or, if hand delivered, before the voting takes place at the special meeting (or, in each case, any adjournment thereof); or
- if you appointed the proxies by the Internet, you can go to the same Internet website http://www.astproxyportal.com/ast/22781/ until 11:59 p.m., Eastern Time, on December 2, 2025 (the day before the special meeting), enter the same control number (included on the enclosed proxy card) that you previously used to appoint the proxies, and then change your voting instructions.

The proxies will follow the last voting instructions received from you before the special meeting.

To revoke your proxy card or your appointment of the proxies by the Internet:

- you can give Dogwood's corporate secretary a written notice, before the special meeting or, if hand delivered, before the voting takes place at the special meeting, that you want to revoke your proxy card or Internet appointment; or
- you can attend the special meeting and vote in person or notify Dogwood's corporate secretary, before the voting takes place, that you want to revoke your proxy card or Internet appointment. Simply attending the special meeting alone, without voting in person or notifying Dogwood's corporate secretary, will not revoke your proxy card or Internet appointment.

If you submit your new proxy card or notice of revocation by mail, it should be addressed to Dogwood's corporate secretary at Dogwood State Bank, 5401 Six Forks Road, Raleigh, North Carolina 27609, Attention: Corporate Secretary, and must be received no later than the beginning of the special meeting or, if the special

meeting is adjourned, before the adjourned meeting is actually held. If hand delivered, your new proxy card or notice of revocation must be received by Dogwood's corporate secretary before the voting takes place at the special meeting or at any adjourned meeting. If the special meeting is postponed or adjourned, all proxies will be voted at the postponed or adjourned special meeting in the same manner as they would have been voted at the originally scheduled special meeting except for any proxies that have been properly withdrawn or revoked.

If you need assistance in changing or revoking your proxy, please contact Dogwood's corporate secretary, David B. Therit, at (919) 863-2265, or write to Dogwood State Bank, 5401 Six Forks Road, Raleigh, North Carolina 27609, Attention: Corporate Secretary.

Shares Held in "Street Name." If your shares are held in "street name" and you want to change or revoke voting instructions you have given to the record holder of your shares, you must follow the directions given by your broker or other nominee.

Solicitation of Proxies

This solicitation is made on behalf of the Dogwood board of directors, and Dogwood will pay the costs of soliciting and obtaining proxies, including the cost of reimbursing banks and brokers for forwarding proxy materials to shareholders. Proxies may be solicited, without extra compensation, by Dogwood officers and employees by mail, electronic mail, telephone, fax or personal interviews. Dogwood has engaged Georgeson LLC to assist it in the distribution and solicitation of proxies for a fee of approximately $20,000, plus reimbursement of certain expenses.

Other Matters to Come Before the Special Meeting

Dogwood's management knows of no other business to be presented at the special meeting, but if any matters are properly presented to the meeting or any adjournments thereof, the persons named in the proxies will vote upon them in accordance with the board of directors' recommendations.

Assistance

If you need assistance in completing your proxy card, have questions regarding the special meeting or would like additional copies of this proxy statement/offering circular, please contact Georgeson LLC, Dogwood's proxy solicitor, at (888) 466-9973.

PROPOSALS TO BE CONSIDERED AT THE SPECIAL MEETING

Approval of the Merger Proposal (Proposal No. 1)

At the special meeting, holders of Dogwood voting common stock will be asked to approve the merger proposal providing for the approval of the merger agreement and the transactions contemplated thereby, including the merger of Dogwood with and into TowneBank. You should read this proxy statement/offering circular carefully and in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this proxy statement/offering circular as Appendix A.

After careful consideration, the Dogwood board of directors approved the merger agreement and the transactions contemplated thereby, including the merger, and deemed them to be fair to and in the best interests of Dogwood and the shareholders of Dogwood. See "The Merger – Dogwood's Reasons for the Merger; Recommendation of Dogwood's Board of Directors" included elsewhere in this proxy statement/offering circular for a more detailed discussion of the Dogwood board of directors' recommendation. The merger cannot be completed without the approval of the merger proposal.

The Dogwood board of directors unanimously recommends that holders of Dogwood voting common stock vote "FOR" the merger proposal.

Approval of the Voting Stock Articles Amendment Proposal (Proposal No. 2)

Section B.5 of Article II of Dogwood's articles of incorporation provides that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, any securities issued in respect of shares of Dogwood non-voting common stock will be non-voting securities under the resulting corporation's organizational documents. Pursuant to the merger agreement, TowneBank and Dogwood have agreed that each share of Dogwood voting common stock and Dogwood non-voting common stock will be exchanged for 0.700 shares of TowneBank common stock, which are voting securities. Accordingly, shareholders of Dogwood are being asked to approve an amendment to Dogwood's articles of incorporation to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will be exchanged for the same merger consideration as shares of Dogwood voting common stock; provided that if upon receipt of any securities from the resulting corporation, a holder of Dogwood non-voting common stock, together with all affiliates of the holder, would own or control in the aggregate more than 9.99% (or 4.99% if such holder is, or is a subsidiary of, a bank holding company) of any class of voting securities of the resulting corporation or the parent company thereof, then, in lieu of any securities that would cause such thresholds to be exceeded, such holder of non-voting common stock will instead receive non-voting securities under the resulting corporation's organizational documents with substantially the same privileges, limitations and relative rights as the Dogwood non-voting common stock. The form of amendment to Dogwood's articles of incorporation is attached to this proxy statement/offering circular as Appendix C.

Holders of Dogwood voting common stock and Dogwood non-voting common stock will vote as separate classes on the proposed amendment to Dogwood's articles of incorporation. The merger with TowneBank cannot be completed without the approval of the voting stock articles amendment proposal and the non-voting stock articles amendment proposal.

The Dogwood board of directors unanimously recommends that holders of Dogwood voting common stock vote "FOR" the voting stock articles amendment proposal.

Approval of the Voting Stock Adjournment Proposal (Proposal No. 3)

If there are not sufficient shares of Dogwood voting common stock present or represented and voting in favor of the approval of the merger proposal or the voting stock articles amendment proposal at the special meeting, the meeting may be adjourned to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies to approve the merger proposal and the voting stock articles amendment proposal. In that event, holders of Dogwood voting common stock will be asked to vote on the voting stock adjournment proposal and will not be

asked to vote on the merger proposal and the voting stock articles amendment proposal if there are insufficient votes to approve the proposals at the special meeting until such adjournment, if any.

In order to allow proxies that have been received by Dogwood at the time of the special meeting to be voted for the voting stock adjournment proposal, Dogwood is submitting the voting stock adjournment proposal to its shareholders as a separate matter for their consideration. This proposal asks holders of Dogwood voting common stock to authorize the holder of any proxy solicited by the Dogwood board of directors on a discretionary basis to vote in favor of adjourning the special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from holders of Dogwood voting common stock who have previously voted.

If it is necessary to adjourn the special meeting, then, unless the meeting will have been adjourned for a total of more than 120 days, no notice of such adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the special meeting is adjourned. Even if a quorum is not present, shareholders who are represented at a meeting may approve an adjournment of the meeting.

The Dogwood board of directors unanimously recommends that holders of Dogwood voting common stock vote "FOR" the voting stock adjournment proposal.

Approval of the Non-Voting Stock Articles Amendment Proposal (Proposal No. 4)

Section B.5 of Article II of Dogwood's articles of incorporation provides that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, any securities issued in respect of shares of Dogwood non-voting common stock will be non-voting securities under the resulting corporation's organizational documents. Pursuant to the merger agreement, TowneBank and Dogwood have agreed that each share of Dogwood voting common stock and Dogwood non-voting common stock will be exchanged for 0.700 shares of TowneBank common stock, which are voting securities. Accordingly, shareholders of Dogwood are being asked to approve an amendment to Dogwood's articles of incorporation to provide that, in a merger, consolidation, share exchange, reclassification or similar transaction involving Dogwood, shares of Dogwood non-voting common stock will be exchanged for the same merger consideration as shares of Dogwood voting common stock; provided that if upon receipt of any securities from the resulting corporation, a holder of Dogwood non-voting common stock, together with all affiliates of the holder, would own or control in the aggregate more than 9.99% (or 4.99% if such holder is, or is a subsidiary of, a bank holding company) of any class of voting securities of the resulting corporation or the parent company thereof, then, in lieu of any securities that would cause such thresholds to be exceeded, such holder of non-voting common stock will instead receive non-voting securities under the resulting corporation's organizational documents with substantially the same privileges, limitations and relative rights as the Dogwood non-voting common stock. The form of amendment to Dogwood's articles of incorporation is attached to this proxy statement/offering circular as Appendix C.

Holders of Dogwood non-voting common stock and Dogwood voting common stock will vote as separate classes on the proposed amendment to Dogwood's articles of incorporation. The merger with TowneBank cannot be completed without the approval of the non-voting stock articles amendment proposal and the voting stock articles amendment proposal.

The Dogwood board of directors unanimously recommends that holders of Dogwood non-voting common stock vote "FOR" the non-voting stock articles amendment proposal.

Approval of the Non-Voting Stock Adjournment Proposal (Proposal No. 5)

If there are not sufficient shares of Dogwood non-voting common stock present or represented and voting in favor of the approval of the non-voting stock articles amendment proposal at the special meeting, the meeting may be adjourned to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies to approve the non-voting stock articles amendment proposal. In that event, holders of Dogwood non-voting common stock will be asked to vote on the non-voting stock adjournment proposal and will not be asked to vote on the non-

voting stock articles amendment proposal if there are insufficient votes to approve the non-voting stock articles amendment proposal at the special meeting until such adjournment, if any.

In order to allow proxies that have been received by Dogwood at the time of the special meeting to be voted for the non-voting stock adjournment proposal, Dogwood is submitting the non-voting stock adjournment proposal to its shareholders as a separate matter for their consideration. This proposal asks holders of Dogwood non-voting common stock to authorize the holder of any proxy solicited by the Dogwood board of directors on a discretionary basis to vote in favor of adjourning the special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from holders of Dogwood non-voting common stock who have previously voted.

If it is necessary to adjourn the special meeting, then, unless the meeting will have been adjourned for a total of more than 120 days, no notice of such adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the special meeting is adjourned. Even if a quorum is not present, shareholders who are represented at a meeting may approve an adjournment of the meeting.

The Dogwood board of directors unanimously recommends that holders of Dogwood non-voting common stock vote "FOR" the non-voting stock adjournment proposal.

THE MERGER

The following discussion contains certain information about the merger. The discussion is subject to and is qualified in its entirety by reference to the merger agreement, which is attached as Appendix A to this proxy statement/offering circular and incorporated herein by reference. We urge you to read carefully this proxy statement/offering circular, including the merger agreement attached as Appendix A, for a more complete understanding of the merger.

General

The TowneBank board of directors and the Dogwood board of directors have each approved the merger agreement and the transactions contemplated thereby, including the merger of Dogwood with and into TowneBank.

Pursuant to the terms of the merger agreement, at the effective time of the merger, each share of Dogwood common stock issued and outstanding before the merger will be converted into the right to receive 0.700 shares of TowneBank common stock. We sometimes refer to this as the "exchange ratio." This exchange ratio is fixed and will not be adjusted based upon changes in the market prices of TowneBank common stock and Dogwood common stock prior to the effective time of the merger. No fractional shares will be issued. Instead, cash will be paid in lieu of issuing fractional shares.

As of the date of this proxy statement/offering circular, TowneBank expects that it will issue approximately 13,312,539 shares of TowneBank common stock to the holders of Dogwood common stock in the merger, based on the exchange ratio and the number of shares of Dogwood common stock outstanding and reserved for issuance under equity compensation plans and agreements. At the completion of the merger, it is expected that there will be issued and outstanding approximately 92,247,390 shares of TowneBank common stock, with current TowneBank shareholders owning approximately 85.5% of TowneBank's outstanding common stock, on a fully diluted basis, and former holders of Dogwood common stock owning approximately 14.5% of TowneBank's outstanding common stock, on a fully diluted basis.

TowneBank's common stock is listed on the Nasdaq Global Select Market under the symbol "TOWN" and Dogwood's voting common stock is quoted on the OTCQX Marketplace under the symbol "DSBX." The following table sets forth the closing sale prices per share of TowneBank common stock as reported on the Nasdaq Global Select Market and Dogwood voting common stock as reported on the OTCQX Marketplace on August 18, 2025, the last trading day before we announced the signing of the merger agreement, and on October 15, 2025, the last trading day before the date of this proxy statement/offering circular.

	TowneBank Common Stock	**Dogwood Common Stock**
August 18, 2025	$36.90	$15.35
October 15, 2025	$33.59	$22.92

TowneBank cannot assure Dogwood shareholders that its stock price will trade at or above the prices shown in the table above. You should obtain current stock price quotations for TowneBank common stock and Dogwood voting common stock from a newspaper, via the Internet or by calling your broker.

Background of the Merger

As part of developing and overseeing Dogwood's long-term strategy, the Dogwood board of directors and senior management team have periodically engaged in strategic planning discussions to consider potential opportunities and challenges with respect to Dogwood's business. These strategic reviews have recently included, among other things, consideration of the business and regulatory environment in which Dogwood and other similar community banks operate, as well as market and other conditions in the financial services industry. The Dogwood board of directors and senior management team have also periodically discussed potential transactions with other financial institutions that could further its strategic objectives, and the benefits and risks of pursuing such transactions. In 2024, Dogwood expanded its operations in the Upstate region of South Carolina and in East

Tennessee through the acquisition of Community First Bancorporation and its subsidiary, Community First Bank, Inc. Dogwood has also received inquiries from third parties regarding potential acquisitions of Dogwood, but none of these inquiries have advanced beyond the informal stage other than with TowneBank.

The TowneBank board of directors and senior management team regularly review and assess TowneBank's performance, strategy, competitive position, opportunities and prospects in light of the then-current business, interest rate, economic and regulatory environments, as well as developments in the financial sector and the opportunities and challenges facing participants in such sector, in each case with the goal of enhancing value for its shareholders and delivering the best possible products and services to its customers and communities. As part of such reviews, TowneBank also considers opportunities to acquire banks and other financial services companies to build TowneBank's platform and expand its product offerings, customer base and market areas. During the past three years, TowneBank has completed acquisitions of three community banks. In January 2023, TowneBank completed its acquisition of Farmers Bankshares, Inc., and its subsidiary, Farmers Bank, and in April 2025, TowneBank completed its acquisition of Village Bank and Trust Financial Corp. In September 2025, TowneBank also completed its acquisition of Old Point Financial Corporation and its subsidiary, The Old Point National Bank of Phoebus.

In his role as Chief Executive Officer of Dogwood, Steven W. Jones regularly interacts with peer bank executives to gain perspective from larger and smaller organizations operating in or around Dogwood's market areas. Through these interactions, Mr. Jones has developed a relationship with several TowneBank executives who at various times have shared their admiration of Dogwood's business and indicated that TowneBank would welcome the opportunity to discuss a potential merger with Dogwood should Dogwood have reciprocal interest.

On June 12, 2025, Mr. Jones traveled to TowneBank's corporate headquarters and met with G. Robert Aston, Jr., Executive Chairman of TowneBank, William I. Foster, III, Chief Executive Officer of TowneBank, and William B. Littreal, Chief Financial Officer of TowneBank, to discuss whether a potential merger of TowneBank and Dogwood would be in the best interests of both banks. They engaged in informal discussions regarding the general business and banking climate in their market areas and the respective businesses, operations and strategies of TowneBank and Dogwood. They also explored at a high level the potential timing and structure of a combination of TowneBank and Dogwood and determined that such a transaction merited serious consideration given the perceived benefits to both banks. In the days after this meeting, Mr. Jones individually discussed with each member of the Dogwood board of directors TowneBank's interest in a potential merger with Dogwood and received encouragement from the directors to continue exploratory discussions.

On July 1, 2025, Mr. Jones again traveled to TowneBank's corporate headquarters to meet with Mr. Aston, Mr. Foster and Mr. Littreal to continue their conversation regarding a potential merger of TowneBank and Dogwood. They discussed the financial aspects of the proposed transaction and the combined management team for the continuing bank. They also considered the branch footprint and market areas of each bank, as well as opportunities to streamline their combined operations. They agreed that the next step would be for the parties to begin the due diligence process and for TowneBank to present a written offer for consideration by the Dogwood board of directors.

On July 8, 2025, Dogwood formally engaged Piper Sandler to act as Dogwood's financial advisor in the proposed merger with TowneBank. Dogwood has had a longstanding relationship with Piper Sandler and regularly consults Piper Sandler for guidance on strategic matters. Piper Sandler served as Dogwood's financial advisor in connection with Dogwood's 2024 acquisition of Community First Bancorporation and its subsidiary, Community First Bank, Inc.

Also on July 8, 2025, TowneBank and Dogwood executed a mutual confidentiality agreement, which did not contain any exclusivity, standstill or "don't ask, don't waive" provisions, to facilitate due diligence. Immediately thereafter, the parties began populating an online data room with extensive financial and other information about their respective businesses. During the period from July 8, 2025 through August 18, 2025, representatives of TowneBank and Dogwood and their respective financial and legal advisors communicated by phone and other electronic means to review business, financial and other information regarding each bank. During these meetings, members of management of each of the banks and their advisors engaged in a series of discussions

regarding the business and organizational structure of each bank and the potential structure and terms of a possible transaction and asked and answered related questions regarding each bank.

On July 10, 2025, TowneBank delivered a preliminary non-binding written letter of interest to acquire Dogwood. The financial terms provided for an all-stock transaction with a fixed exchange ratio of 0.700 shares of TowneBank common stock for each share of Dogwood common stock, representing an implied value of $24.01 for each share of Dogwood common stock based on TowneBank's 20-day volume weighted average closing price, subject to further due diligence. The letter of interest indicated that TowneBank would offer a board position to one member of Dogwood's board of directors selected and recommended for appointment by TowneBank's Nominating and Governance Committee in accordance with its customary procedures, and that each member of Dogwood's board of directors who resides in TowneBank's or Dogwood's market area would have the opportunity to serve as a member of a regional advisory board of TowneBank. The letter of interest also indicated that Mr. Jones would be offered an employment agreement to serve as President, TowneBank of the Carolinas and as a member of TowneBank's Corporate Management Group, and that certain members of the Dogwood leadership team and key producers would be offered employment agreements with terms and conditions comparable to those in similar positions at TowneBank. The letter of interest included a 90-day exclusivity period for the parties to finalize diligence and negotiate definitive transaction documents.

At a regularly scheduled meeting of Dogwood's board of directors held on July 15, 2025, Dogwood's board of directors discussed, among other matters, the terms of TowneBank's preliminary non-binding letter of interest. Representatives of Williams Mullen, legal counsel to Dogwood, and Piper Sandler also participated in the meeting. The Dogwood board engaged in a fulsome discussion regarding the banking industry in general, the bank merger and acquisition environment and potential strategic alternatives available to Dogwood. The representatives of Piper Sandler provided a preliminary analysis regarding Dogwood, TowneBank and the proposed merger transaction based on publicly available information. Among other matters, the Dogwood board considered and took note of the pricing metrics of recently announced transactions involving other banking institutions and based on this data generally discussed with Piper Sandler the range of values that Dogwood's shareholders could potentially realize in a business combination transaction with a larger institution. The representatives of Williams Mullen provided an overview of the process to be undertaken should the board of directors determine to pursue a merger with TowneBank. The representatives of Williams Mullen also provided an overview of the fiduciary obligations applicable to the board's decisions with respect to the transaction. Following this discussion, Dogwood's board of directors concluded that pursuing a combination with TowneBank was in the best interests of Dogwood and its shareholders and authorized members of Dogwood's management team to countersign TowneBank's preliminary non-binding letter of interest. The letter of interest was countersigned and delivered to TowneBank the same day.

On July 21, 2025, members of the respective senior management teams of TowneBank and Dogwood met via video conference to discuss the proposed merger transaction. Representatives of Raymond James & Associates, Inc. ("Raymond James"), financial advisor to TowneBank, Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton"), outside legal counsel to TowneBank, Piper Sandler and Williams Mullen also participated in the meeting. They discussed, among other things, the structure and timing of the transaction, the merger agreement and employment and benefits matters. They also discussed the ongoing due diligence process and loan portfolio reviews.

On July 25, 2025, members of the senior management team of Dogwood and G. Robin Perkins, III, a director of Dogwood, traveled to TowneBank's corporate headquarters to meet with members of the senior management team of TowneBank. The representatives of TowneBank provided an overview of its operations and strategy, and discussed how Dogwood's operations and management team would be integrated following the merger. The representatives of TowneBank also described TowneBank's history, culture and community focus. The representatives of Dogwood described its operations and market areas, focusing on how Dogwood's operations and footprint would allow TowneBank to expand its presence in some of the most attractive and fastest growing markets in the Carolinas following the merger.

On July 30, 2025, representatives of Wachtell Lipton provided representatives of Williams Mullen with a draft merger agreement. From July 30, 2025 through August 18, 2025, TowneBank, Dogwood and their respective legal counsel and financial advisors negotiated the provisions of the merger agreement and the ancillary documents appearing as exhibits to the merger agreement. Key terms negotiated between the first draft of the merger agreement delivered on July 30, 2025 and the final draft of the merger agreement as presented to the boards of

directors of TowneBank and Dogwood on August 18, 2025 included: (i) representations and warranties of each of TowneBank and Dogwood; (ii) covenants regarding the conduct of Dogwood's business prior to the closing of the merger; (iii) the circumstances under which Dogwood's board of directors may change its recommendation that Dogwood shareholders vote to approve the merger and related matters; (iv) the circumstances under which Dogwood may terminate the merger agreement; (vi) the treatment of Dogwood's employee benefit plans and continuing employees and (v) the terms of the support agreements that were to be entered into by the directors and certain significant shareholders of Dogwood. The employment and related agreements that certain Dogwood officers would enter into with TowneBank in connection with the transaction were also negotiated during this period.

On August 8, 2025, members of the respective senior management teams of TowneBank and Dogwood met via video conference for a detailed due diligence discussion. Representatives of Raymond James, Wachtell Lipton, Piper Sandler and Williams Mullen also participated in the meeting.

On August 14, 2025, TowneBank's board of directors held a special meeting to discuss the proposed merger, at which representatives of Raymond James and Wachtell Lipton were present. Representatives of Raymond James reviewed the financial terms of the proposed merger. Representatives of Raymond James also provided an overview of the relative stock price performance and financial condition of TowneBank and Dogwood, analyzed the financial performance of institutions similarly situated to Dogwood and reviewed its valuation analysis with respect to the proposed merger. Representatives of Wachtell Lipton reviewed the legal aspects of the proposed merger, including key terms of the merger agreement and related transaction documents, the status of negotiations to date and the legal standards applicable to the decisions and actions of TowneBank's board of directors with respect to the proposed merger.

On August 18, 2025, TowneBank's board of directors held a special meeting to further consider the proposed merger and review the final draft of the merger agreement. Representatives of Wachtell Lipton confirmed that the merger agreement and related transaction documents, copies of which were provided to the TowneBank board in advance of the meeting, were in final form. Representatives of Raymond James reviewed and delivered a written opinion to the effect that, based on and subject to the various assumptions and limitations described in the opinion and the information made available to it in connection with the proposed merger, the merger consideration to be paid to holders of Dogwood common stock in the proposed merger was fair, from a financial point of view, to TowneBank. Following extensive review and discussion, the TowneBank board determined that the merger agreement, the related transaction documents and the transactions contemplated thereby, including the merger, were advisable and in the best interest of TowneBank and its shareholders, and approved and adopted the merger agreement.

On August 18, 2025, Dogwood's board of directors, at a regularly scheduled meeting, further considered the proposed merger and reviewed the final draft of the merger agreement. At the meeting, Dogwood's board of directors received an update from Dogwood's senior management and its legal and financial advisors on the status of the merger negotiations with TowneBank. Representatives of Williams Mullen reviewed with Dogwood's board of directors the legal standards applicable to its decisions and actions with respect to the proposed transaction and reviewed in detail the definitive merger agreement and all related documents, copies of which were delivered to each director before the meeting. Representatives of Piper Sandler reviewed its financial analysis of the terms of the merger, including the merger consideration set forth in the merger agreement presented at the meeting, and delivered to Dogwood's board of directors, and described in detail, a written opinion to the effect that, as of August 18, 2025 and based on and subject to various assumptions and limitations described in the opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to Dogwood's shareholders. Following extensive review and discussion, including consideration of the factors described under "– Dogwood's Reasons for the Merger; Recommendation of Dogwood's Board of Directors" beginning on page 38, and consideration of the above referenced presentations, Dogwood's board of directors unanimously voted to approve the merger, the merger agreement and related matters, and directed Dogwood's management to finalize and execute a definitive merger agreement on the terms presented at the meeting.

TowneBank and Dogwood executed the merger agreement after their respective board meetings on August 18, 2025 and, before the financial markets opened on the morning of August 19, 2025, issued a joint press release announcing the execution of the merger agreement and the terms of the merger.

Dogwood's Reasons for the Merger; Recommendation of Dogwood's Board of Directors

After careful consideration, Dogwood's board of directors, at a meeting held on August 18, 2025, determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of Dogwood and its shareholders. Accordingly, Dogwood's board of directors adopted and approved the merger agreement and the transactions contemplated thereby, including the merger, and unanimously recommends that holders of Dogwood voting common stock vote "FOR" the merger proposal, "FOR" the voting stock articles amendment proposal and "FOR" the voting stock adjournment proposal, and holders of Dogwood non-voting common stock vote "FOR" the non-voting stock articles amendment proposal and "FOR" the non-voting stock adjournment proposal.

In evaluating the merger agreement and reaching its decision to adopt and approve the merger agreement and recommend that Dogwood's shareholders approve the merger agreement and related matters, Dogwood's board of directors consulted with Dogwood's management, as well as its outside legal and financial advisors, and considered a number of factors, including the following material factors (not in any relative order of importance):

- Dogwood's belief that the merger will accelerate achievement of its financial performance goals for Dogwood's shareholders;

- each of Dogwood's, TowneBank's and the surviving corporation's business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the Dogwood board of directors considered its view that TowneBank's business and operations complement those of Dogwood's and that the merger would result in a surviving corporation with diversified revenue sources, high growth markets, a well-balanced loan portfolio and an attractive funding base;

- its understanding of the current and prospective environment in which Dogwood and TowneBank operate, including national and local economic conditions, the interest rate environment, increasing operating costs resulting from regulatory initiatives and compliance mandates, the competitive environment for financial institutions generally, and the likely effect of these factors on Dogwood both with and without the proposed transaction;

- the value of the merger consideration relative to the market value, book value and earnings of Dogwood, and considering the fixed exchange ratio with respect to the merger consideration;

- the results that Dogwood could expect to achieve operating independently, and the likely risks and benefits to Dogwood shareholders of that course of action, as compared to the value of the merger consideration to be received from TowneBank;

- its view that the size of the institution and related economies of scale are becoming increasingly important to continued success in the current financial services environment, including the increased expenses of regulatory compliance, and that a merger with a larger bank could provide those economies of scale, increase efficiencies of operations and enhance customer products and services;

- the expanded possibilities, including organic growth and future acquisitions, that would be available to the surviving corporation due to its larger size, asset base, capital, market capitalization and geographic footprint as compared to Dogwood as an independent organization;

- its review and discussions with Dogwood's management regarding strategic alternatives available to Dogwood for enhancing value over the long-term and the potential risks, rewards and uncertainties associated with such alternatives and the benefits of an acquisition by TowneBank compared to such other alternatives;

- the complementary nature of the cultures of the two companies, which management believes should facilitate integration and implementation of the transaction, as well as continue to support the communities in which Dogwood operates;

- management's expectation that the surviving corporation will have a strong capital position upon completion of the transaction;

- its belief that the transaction is likely to provide substantial value to Dogwood's shareholders;

- the terms of the merger agreement, the expected tax treatment and deal protection provisions, including the fact that the receipt of the TowneBank common stock in the merger will generally be tax-free to Dogwood shareholders based on the expected qualification of the merger as a "reorganization" for U.S. federal income tax purposes, as further described under "Material U.S. Federal Income Tax Consequences", and the ability of Dogwood's board of directors, under certain circumstances, to withdraw, qualify or modify its recommendation to Dogwood shareholders that they approve the merger agreement (subject to payment of a termination fee), each of which it reviewed with its outside legal advisor;

- the fact that the merger consideration is in the form of shares of TowneBank common stock, which would allow Dogwood shareholders to participate in the future performance of the combined Dogwood and TowneBank business and synergies resulting from the merger, and the value to Dogwood shareholders represented by that consideration;

- the historical performance of each of Dogwood's and TowneBank's common stock;

- the support of the merger agreement by certain holders of Dogwood common stock who have entered into support agreements pursuant to which, among other things, each such holder has agreed, subject to the terms of the support agreements, to (i) vote the shares of Dogwood common stock such holder owns beneficially or of record and has the sole power to vote or direct the voting of (constituting in the aggregate approximately 27.80% of the voting power represented by issued and outstanding shares of Dogwood voting common stock and 78.00% of the voting power represented by issued and outstanding shares of Dogwood non-voting common stock as of October 15, 2025, the record date for the Dogwood special meeting) in favor of the approval of the merger proposal and the articles amendment proposals, and against any competing transaction and (ii) not transfer such holder's shares of Dogwood common stock prior to the Dogwood special meeting, with certain limited exceptions, on the terms and subject to conditions set forth therein, as more fully described in the section entitled "The Merger Agreement – Support Agreements";

- the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions, including based on TowneBank's past record of receiving timely receiving regulatory approvals for comparable acquisition transactions;

- the greater liquidity in the trading market for TowneBank common stock relative to the market for Dogwood common stock;

- that any Dogwood shareholder who concludes the merger consideration does not represent the fair value of shares of Dogwood common stock may dissent and follow statutory procedures to assert appraisal rights under North Carolina law; and

- the opinion, dated August 18, 2025, of Piper Sandler to the Dogwood board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Dogwood common stock of the exchange ratio in the merger, as more fully described below under "– Opinion of Dogwood's Financial Advisor."

Dogwood's board of directors also considered a number of potential risks and uncertainties associated with the merger. Dogwood's board of directors concluded that the anticipated benefits of the merger were likely to outweigh these risks and uncertainties substantially. These potential risks and uncertainties included:

- the potential for the value of the TowneBank common stock to be received by holders of shares of Dogwood common stock to be adversely affected by a decrease in the trading price of shares of TowneBank common stock;

- the potential risk of diverting management attention and resources from the operation of Dogwood's business and toward completion of the merger;

- the fact that the merger agreement restricts the conduct of Dogwood's business prior to the effective time which, subject to certain exceptions, could delay or prevent Dogwood from undertaking business opportunities that may arise or taking certain other actions that it would otherwise take to operate Dogwood's business absent the pending merger;

- the potential risks associated with achieving the anticipated synergies and cost savings and successfully integrating Dogwood's business, operations and employees with those of TowneBank, and the risk of not realizing all of the anticipated benefits of the merger or not realizing them in the expected timeframe;

- the possibility that Dogwood will have to pay an $19.65 million termination fee to TowneBank if the merger agreement is terminated under certain circumstances;

- the risk that, while Dogwood expects the merger to be consummated, there can be no assurance that the conditions to the parties' conditions to complete the merger will be satisfied, including the risk that the requisite Dogwood shareholder approvals may not be obtained;

- the risk that the necessary regulatory approvals may not be obtained in a timely manner or without the imposition of unacceptable conditions;

- the risk of employee attrition or other adverse effects on business and customer relationships as a result of the pending merger;

- that Dogwood's directors and executive officers may have interests in the merger that are different from or in addition to those of Dogwood's shareholders generally, as more fully described under "– Interests of Certain Dogwood Directors and Executive Officers in the Merger" beginning on page 55;

- certain anticipated merger-related costs;

- that under the merger agreement and subject to certain exceptions, Dogwood cannot solicit or pursue competing acquisition proposals;

- the possibility of litigation challenging the merger, notwithstanding the belief of Dogwood's board of directors that any such litigation would be without merit; and

- the other risks described under the section of this proxy statement/offering circular entitled "Risk Factors."

Based on the factors described above, the board of directors of Dogwood determined that the merger with TowneBank would be fair and in the best interests of Dogwood and its shareholders and adopted the merger agreement and the transactions contemplated thereby, including the merger, and resolved to recommend its approval to the shareholders of Dogwood.

The foregoing discussion of the information and factors considered by the Dogwood board of directors is not intended to be exhaustive but includes the material factors considered by the Dogwood board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Dogwood board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of the Dogwood board of directors may have given different weight to different factors. The Dogwood board of directors conducted an overall analysis of the factors described above including through discussions with, and questioning of, Dogwood's management and Dogwood's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination to adopt the merger agreement and recommend its approval to Dogwood's shareholders.

The foregoing explanation of Dogwood's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Opinion of Dogwood's Financial Advisor

Dogwood retained Piper Sandler to act as financial advisor to Dogwood's board of directors in connection with Dogwood's consideration of a possible business combination with TowneBank. Dogwood selected Piper Sandler to act as its financial advisor because Piper Sandler is a nationally recognized investment banking firm which specializes in financial institutions. In the ordinary course of its investment banking business, Piper Sandler is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Piper Sandler acted as financial advisor to Dogwood's board of directors in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the August 18, 2025 meeting at which Dogwood's board of directors considered the merger agreement and the transactions contemplated thereby, including the merger, Piper Sandler delivered to the board of directors its oral opinion, which was subsequently confirmed in writing on August 18, 2025, to the effect that, as of such date, the exchange ratio was fair to the holders of Dogwood's common stock from a financial point of view. **The full text of Piper Sandler's opinion is attached as Appendix B to this proxy statement/offering circular. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Piper Sandler in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Dogwood common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Piper Sandler's opinion was directed to the board of directors of Dogwood in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of Dogwood as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger agreement and the merger. Piper Sandler's opinion was directed only to the fairness, from a financial point of view, of the exchange ratio to the holders of Dogwood common stock and did not address the underlying business decision of Dogwood to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Dogwood or the effect of any other transaction in which Dogwood might engage. Piper Sandler also did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any Dogwood officer, director or employee, or class of such persons, if any, relative to the amount of compensation to be received by any other shareholder. Piper Sandler's opinion was approved by Piper Sandler's fairness opinion committee.

In connection with its opinion, Piper Sandler reviewed and considered, among other things:

- a draft of the merger agreement, dated August 10, 2025;
- certain publicly available financial statements and other historical financial information of Dogwood that Piper Sandler deemed relevant;

- certain publicly available financial statements and other historical financial information of TowneBank that Piper Sandler deemed relevant;

- internal financial projections for Dogwood for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Dogwood for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Dogwood;

- publicly available mean analyst net income estimates for TowneBank for the years ending December 31, 2025 and December 31, 2026 (which information included the estimated impact of TowneBank's pending Old Point Acquisition), as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for TowneBank for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of TowneBank;

- the pro forma financial impact of the merger on TowneBank based on certain assumptions relating to transaction expenses, cost savings and purchase accounting adjustments, as well as certain assumptions related to the Old Point Acquisition and adjustments for current expected credit losses ("CECL") accounting standards, as provided by the senior management of TowneBank;

- the publicly reported historical price and trading activity for Dogwood common stock and TowneBank common stock, including a comparison of certain stock trading information for Dogwood common stock and TowneBank common stock and certain stock indices, as well as similar publicly available information for certain other companies, the securities of which are publicly traded;

- a comparison of certain financial and market information for Dogwood and TowneBank with similar financial institutions for which information is publicly available;

- the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available;

- the current market environment generally and the banking environment in particular; and

- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Piper Sandler considered relevant.

Piper Sandler also discussed with certain members of the senior management of Dogwood and its representatives the business, financial condition, results of operations and prospects of Dogwood and held similar discussions with certain members of the senior management of TowneBank and its representatives regarding the business, financial condition, results of operations and prospects of TowneBank.

In performing its review, Piper Sandler relied upon the accuracy and completeness of all of the financial and other information that was available to Piper Sandler from public sources, that was provided to Piper Sandler by Dogwood, TowneBank or their respective representatives, or that was otherwise reviewed by Piper Sandler, and Piper Sandler assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Piper Sandler further relied on the assurances of the respective senior managements of Dogwood and TowneBank that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading in any respect material to Piper Sandler's analyses. Piper Sandler was not asked to undertake, and did not undertake, an independent verification of any of such information and Piper Sandler did not assume any responsibility or liability for the accuracy or completeness thereof. Piper Sandler did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Dogwood or TowneBank, nor was Piper Sandler furnished with any such evaluations or appraisals. Piper Sandler rendered no opinion on or evaluation of the collectability of any assets or the future performance of any loans of Dogwood or TowneBank, nor any of their respective subsidiaries.

Piper Sandler did not make an independent evaluation of the adequacy of the allowance for credit losses of Dogwood or TowneBank, any of their respective subsidiaries or the combined entity after the merger, and Piper Sandler did not review any individual credit files relating to Dogwood or TowneBank or any of their respective subsidiaries. Piper Sandler assumed, with Dogwood's consent, that the respective allowances for credit losses for Dogwood and TowneBank and their respective subsidiaries were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Piper Sandler used internal financial projections for Dogwood for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Dogwood for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Dogwood. In addition, Piper Sandler used publicly available mean analyst net income estimates for TowneBank for the years ending December 31, 2025 and December 31, 2026 (which information included the estimated impact of TowneBank's Old Point Acquisition), as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for TowneBank for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of TowneBank. Piper Sandler also received and used in its pro forma analyses certain assumptions relating to the pro forma financial impact of the merger on TowneBank based on certain assumptions relating to transaction expenses, cost savings and purchase accounting adjustments, as well as certain assumptions related to the Old Point Acquisition and adjustments for CECL accounting standards, as provided by the senior management of TowneBank. With respect to the foregoing information, the respective senior managements of Dogwood and TowneBank confirmed to Piper Sandler that such information reflected (or in the case of the publicly available analyst estimates referred to above, were consistent with) the best currently available projections, estimates and judgments of those respective senior managements as to the future financial performance of Dogwood and TowneBank, respectively, and Piper Sandler assumed that the financial results reflected in such information would be achieved. Piper Sandler expressed no opinion as to such projections, estimates or judgements, or the assumptions on which they were based. Piper Sandler also assumed that there had been no material change in Dogwood's or TowneBank's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Piper Sandler. Piper Sandler assumed in all respects material to its analyses that Dogwood and TowneBank would remain as going concerns for all periods relevant to its analyses.

Piper Sandler also assumed, with Dogwood's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements required to effect the merger, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no material delay, limitation, restriction or condition would be imposed that would have an adverse effect on Dogwood, TowneBank, the merger or any related transactions, and (iii) the merger and any related transactions would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with Dogwood's consent, Piper Sandler relied upon the advice that Dogwood received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement. Piper Sandler expressed no opinion as to any such matters.

Piper Sandler's opinion was necessarily based on financial, regulatory, economic, market and other conditions as in effect on, and the information made available to Piper Sandler as of, the date thereof. Events occurring after the date thereof could materially affect Piper Sandler's opinion. Piper Sandler did not undertake to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Piper Sandler expressed no opinion as to the trading value of Dogwood common stock or TowneBank common stock at any time or what the value of TowneBank common stock would be once the shares are actually received by the holders of Dogwood common stock.

In rendering its opinion, Piper Sandler performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying Piper Sandler's opinion or the presentation made by Piper Sandler to Dogwood's board of directors, but is a summary of the material analyses performed and presented by Piper Sandler. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Piper Sandler believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Piper Sandler's comparative analyses described below is identical to Dogwood or TowneBank and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or transaction values, as the case may be, of Dogwood and TowneBank and the companies to which they were compared. In arriving at its opinion, Piper Sandler did not attribute any particular weight to any analysis or factor that it considered. Rather, Piper Sandler made qualitative judgments as to the significance and relevance of each analysis and factor. Piper Sandler did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Piper Sandler made its determination as to the fairness of the exchange ratio to the holders of Dogwood common stock on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Piper Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Dogwood, TowneBank, and Piper Sandler. The analyses performed by Piper Sandler are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Piper Sandler prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Dogwood's board of directors at its August 18, 2025 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Piper Sandler's analyses do not necessarily reflect the value of Dogwood common stock or TowneBank common stock or the prices at which Dogwood or TowneBank common stock may be sold at any time. The analyses of Piper Sandler and its opinion were among a number of factors taken into consideration by Dogwood's board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of Dogwood's board of directors with respect to the fairness of the exchange ratio.

Summary of Proposed Merger Consideration and Implied Transaction Metrics

Piper Sandler reviewed the financial terms of the proposed merger. Pursuant to the terms of the merger agreement, at the effective time of the merger each share of Dogwood common stock issued and outstanding immediately prior to the effective time of the transaction, except for certain shares of Dogwood common stock as specified in the merger agreement, shall be converted into the right to receive 0.700 of a share of TowneBank common stock. Piper Sandler calculated an aggregate implied transaction value of approximately $499.1 million and an implied purchase price per share of $26.24 consisting of the implied value of 19,017,913 shares of Dogwood common stock based on the closing price of TowneBank common stock on August 14, 2025. Based upon financial information for Dogwood as of or for the last twelve months ("LTM") ended June 30, 2025 and the closing price of Dogwood's common stock on August 14, 2025, Piper Sandler calculated the following implied transaction metrics:

Transaction Price Per Share / Tangible Book Value Per Share	222%[1]
Transaction Price Per Share / LTM Core Earnings Per Share (Non-Core / Core)	31.2x / 19.4x[2]
Transaction Price Per Share / Estimated 2025 Earnings Per Share	15.5x[3]
Tangible Book / Core Deposits (CDs > $100K)	15.5%
Market Premium as of August 14, 2025	72.0%

1 Dogwood total intangibles excluded U.S. Small Business Administration ("SBA") servicing asset.

2 Dogwood core net income as defined by S&P Global Market Intelligence, or "net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill, and nonrecurring items." Dogwood LTM core net income per S&P Global Market Intelligence removed $10.1 million pre-tax merger and acquisition expenses related to Community First Bancorporation acquisition, assuming a tax rate of 21%, among other non-core adjustments.

3 Dogwood projections provided by Dogwood senior management.

Stock Trading History

Piper Sandler reviewed the publicly available historical reported trading prices of Dogwood common stock and TowneBank common stock for the one-year and three-year periods ended August 14, 2025. Piper Sandler then compared the relationship between the movements in the price of Dogwood common stock and TowneBank common stock, respectively, to movements in their respective peer groups (as described below) as well as certain stock indices.

Dogwood's One-Year Stock Performance

	Beginning Value 8/14/2024	Ending Value 8/14/2025
Dogwood	100%	109.4%
Dogwood Peer Group	100%	113.6%
S&P 500 Index	100%	118.6%
NASDAQ Bank Index	100%	111.8%

Dogwood's Three-Year Stock Performance

	Beginning Value 8/12/2022	Ending Value 8/14/2025
Dogwood	100%	87.0%
Dogwood Peer Group	100%	100.4%
S&P 500 Index	100%	151.1%
NASDAQ Bank Index	100%	98.4%

TowneBank's One-Year Stock Performance

	Beginning Value 8/14/2024	Ending Value 8/14/2025
TowneBank	100%	117.8%
TowneBank Peer Group	100%	113.2%
S&P 500 Index	100%	118.6%
NASDAQ Bank Index	100%	111.8%

TowneBank's Three-Year Stock Performance

	Beginning Value 8/12/2022	Ending Value 8/14/2025
TowneBank	100%	122.7%
TowneBank Peer Group	100%	100.5%
S&P 500 Index	100%	151.1%
NASDAQ Bank Index	100%	98.4%

Comparable Company Analyses

Piper Sandler used publicly available information to compare selected financial information for Dogwood with a group of financial institutions selected by Piper Sandler. The Dogwood peer group included major exchange-traded banks headquartered in the Southeast region of the U.S. with total assets between $1.0 billion and $3.5 billion, but excluded MVB Financial Corp. and NewtekOne, Inc., due to their classification as a non-traditional bank, and excluded targets of announced merger transactions (the "Dogwood Peer Group"). The Dogwood Peer Group consisted of the following companies:

Auburn National Bancorporation, Inc.	First Community Corporation
Bank of the James Financial Group, Inc.	First National Corporation
BayFirst Financial Corp.	First US Bancshares, Inc.
Blue Ridge Bankshares, Inc.	FVCBankcorp, Inc.
C&F Financial Corporation	John Marshall Bancorp, Inc.
Chain Bridge Bancorp, Inc.	MainStreet Bancshares, Inc.
CoastalSouth Bancshares, Inc.	National Bankshares, Inc.
Colony Bankcorp, Inc.	Peoples Bancorp of North Carolina, Inc.
Eagle Financial Services, Inc.	USCB Financial Holdings, Inc.
First Community Bankshares, Inc.	Virginia National Bankshares Corporation

The analysis compared publicly available financial information for Dogwood with corresponding data for the Dogwood Peer Group as of or for the six-month period ended June 30, 2025 (unless otherwise noted) with pricing data as of August 14, 2025. The table below sets forth the data for Dogwood and the median, mean, low and high data for the Dogwood Peer Group.

Dogwood Comparable Company Analysis

	Dogwood	Dogwood Peer Group Median	Dogwood Peer Group Mean	Dogwood Peer Group Low	Dogwood Peer Group High
Total Assets ($mm)	2,363	2,044	2,016	1,004	3,181
Loans / Deposits (%)	95.4	84.9	81.0	22.5	101.1
Non-performing Assets[1] / Total Assets (%)	0.65	0.31	0.36	0.00	1.53
Tangible Common Equity / Tangible Assets (%)	9.59[2]	8.61	9.05	6.34	13.36
Total RBC Ratio (%)	13.03	15.64	16.83	11.23	44.64
CRE / Total RBC Ratio (%)	277.8	254.6	245.3	23.9	365.9
LTM Return on Average Assets (%)	1.18[3]	0.86	0.78	(0.41)	1.56
LTM Return on Average Equity (%)	11.13[3]	9.25	8.60	(4.06)	15.76
LTM Net Interest Margin (%)	4.11	3.26	3.28	2.37	4.36
LTM Fee Income / Revenue	16.4	16.6	18.6	2.8	49.4
LTM Efficiency Ratio (%)	57.7	68.0	68.0	52.7	107.0
LTM Cost of Deposits (%)	2.39	1.97	2.08	0.27	3.65
Price / Tangible Book Value (%)	129[2]	107	112	43	195
Price / LTM Earnings Per Share[4] (x)	11.3[3]	11.9	12.0	5.6	22.4
Current Dividend Yield (%)	0.0	2.6	2.4	0.0	5.1
Market Value ($mm)	290	199	212	40	676

1 Non-performing assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned.
2 Dogwood total intangibles excluded SBA servicing asset.
3 Data for Dogwood reflects core net income as defined by S&P Global Market Intelligence, or "net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items." Dogwood LTM core net income per S&P Global Market Intelligence removed $10.1 million pre-tax merger and acquisition expenses related to Community First Bancorporation acquisition, assuming a tax rate of 21%, among other non-core adjustments.
4 Data excluded and shown as "NM", standing for "Not Meaningful", for Blue Ridge Bankshares, Inc. and MainStreet Bancshares, Inc. due to a multiple less than 0.0x or greater than 35.0x.

Note: Institutions not pro forma for pending or recently completed acquisitions or capital raises; Call Report data used where holding company information was unavailable

Piper Sandler used publicly available information to perform a similar analysis for TowneBank by comparing selected financial information for TowneBank with a group of financial institutions selected by Piper Sandler. The TowneBank peer group included major exchange-traded banks headquartered in the Southeast and Mid-Atlantic region of the U.S. with total assets between $15.0 billion and $25.0 billion, but excluded targets of announced merger transactions (the "TowneBank Peer Group"). The TowneBank Peer Group consisted of the following companies:

Community Financial System, Inc.
Customers Bancorp, Inc.
Home Bancshares, Inc. (Conway, AR)
NBT Bancorp, Inc.
Provident Financial Services, Inc.
Seacoast Banking Corporation of Florida
ServisFirst Bancshares, Inc.
Trustmark Corporation
WSFS Financial Corporation

The analysis compared publicly available financial information for TowneBank with corresponding data for the TowneBank Peer Group as of or for the six-month period ended June 30, 2025 (unless otherwise noted) with pricing data as of August 14, 2025. The table below sets forth the data for TowneBank and the median, mean, low and high data for the TowneBank Peer Group.

TowneBank Comparable Company Analysis

	TowneBank	TowneBank Peer Group Median	TowneBank Peer Group Mean	TowneBank Peer Group Low	TowneBank Peer Group High
Total Assets ($mm)	18,265	18,616	19,487	15,945	24,547
Loans / Deposits (%)	80.6	85.9	86.4	75.9	102.1
Non-performing Assets[1] / Total Assets (%)	0.05	0.44	0.41	0.27	0.57
Tangible Common Equity / Tangible Assets (%)	9.37	8.64	8.92	6.25	12.35
Total RBC Ratio (%)	14.49	14.49	15.09	12.81	19.28
CRE / Total RBC Ratio (%)	266.7	211.1	242.5	156.4	426.7
LTM Return on Average Assets (%)	1.00	1.18	1.17	0.67	1.91
LTM Return on Average Equity (%)	8.13	10.19	10.01	6.29	15.47
LTM Net Interest Margin (%)	3.13	3.40	3.49	2.95	4.38
LTM Fee Income / Revenue	34.8	18.1	20.7	6.5	38.8
LTM Efficiency Ratio (%)	66.7	56.8	54.1	34.6	62.4
LTM Cost of Deposits	2.01	2.03	2.09	1.20	3.04
Price / Tangible book value (%)	171	175	188	119	300
Price / LTM Earnings Per Share (x)	16.3	15.6	14.6	10.9	18.1
Price / 2025E Earnings Per Share	12.7	11.9	12.4	9.0	16.8
Current Dividend Yield (%)	2.9	2.5	2.5	0.0	5.0
Market Value ($mm)	2,786	2,538	3,134	2,108	5,684

1 Non-performing assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned

Note: Institutions not pro forma for pending or recently completed acquisitions or capital raises; Call Report data used where holding company information was unavailable.

Analysis of Precedent Transactions

Piper Sandler reviewed two groups of historical merger and acquisition transactions, including a regional and nationwide group. The regional group consisted of bank transactions announced between January 1, 2022 and August 14, 2025 with target total assets between $1.5 billion and $4.0 billion at the time of announcement of the transaction and headquartered in the Southeast region of the U.S. (the "Regional Precedent Transactions"). The nationwide group consisted of bank transactions announced between January 1, 2022 and August 14, 2025 with target total assets between $2.0 billion and $4.0 billion and LTM return on average assets greater than 0.50% at the time of announcement of the transaction and headquartered in the U.S. (the "Nationwide Precedent Transactions").

The Regional Precedent Transactions group was composed of the following transactions:

Acquiror	Target
Commerce Bancshares Inc.	FineMark Holdings Inc.
FB Financial Corporation	Southern States Bancshares Inc.
United Bankshares Inc.	Piedmont Bancorp Inc.
Old National Bancorp	CapStar Financial Holdings Inc.
Atlantic Union Bankshares Corporation	American National Bankshares
Seacoast Banking Corporation of Florida	Professional Holding Corporation
The First Bancshares	Heritage Southeast Bancorp.
United Community Banks Inc.	Progress Financial Corporation

The Nationwide Precedent Transactions group was composed of the following transactions:

Acquiror	Target
Prosperity Bancshares Inc.	American Bank Holding Corporation
Glacier Bancorp Inc.	Guaranty Bancshares Inc.
First Financial Bancorp.	Westfield Bancorp
FB Financial Corporation	Southern States Bancshares Inc.
CNB Financial Corporation	ESSA Bancorp Inc.
Northwest Bancshares, Inc.	Penns Woods Bancorp Inc.
NBT Bancorp Inc.	Evans Bancorp Inc.
United Bankshares Inc.	Piedmont Bancorp Inc.
Wintrust Financial Corporation	Macatawa Bank Corporation
Orrstown Financial Services	Codorus Valley Bancorp Inc.
Old National Bancorp	CapStar Financial Holdings Inc
Atlantic Union Bankshares Corporation	American National Bankshares
Shore Bancshares Inc.	The Community Financial Corporation
Prosperity Bancshares Inc.	First Bancshares of Texas Inc.
Seacoast Banking Corporation of Florida	Professional Holding Corporation

Using the latest publicly available information prior to the announcement of the relevant transaction, Piper Sandler reviewed the following transaction metrics: transaction price to last-twelve-months earnings per share, transaction price to tangible book value per share, core deposit premium, pay-to-trade ratio, and 1-day market premium. Piper Sandler compared the indicated transaction metrics for the merger to the median, mean, low and high metrics of the Regional Precedent Transactions group as well as to the median, mean, low and high metrics of the Nationwide Precedent Transactions group.

		Regional Precedent Transactions			
	TowneBank/ Dogwood	Median	Mean	Low	High
Transaction Price / LTM Earnings Per Share (x)	19.4[1]	13.2	13.5	9.8	23.2
Transaction Price / Tangible Book Value Per Share (%)	222[2]	160	164	106	216
Pay-To-Trade Ratio (%)	130	95	93	63	120
Tangible Book Value Premium to Core Deposits (%)	15.5	8.1	7.5	0.7	12.8
1-Day Market Premium (%)	72.0	32.1	29.9	3.1	54.7

[1] Data for Dogwood reflects core net income as defined by S&P Global Market Intelligence, or "net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items." Dogwood LTM core net income per S&P Global Market Intelligence removed $10.1 million pre-tax merger and acquisition expenses related to Community First Bancorporation acquisition, assuming a tax rate of 21%, among other non-core adjustments

[2] Dogwood total intangibles excluded SBA servicing asset

		Nationwide Precedent Transactions			
	TowneBank/ Dogwood	Median	Mean	Low	High
Transaction Price / LTM Earnings Per Share (x)	19.4[1]	12.2	12.6	7.5	23.2
Transaction Price / Tangible Book Value Per Share (%)	222[2]	151	157	96	268
Pay-To-Trade Ratio (%)	130	96	97	64	151
Tangible Book Value Premium to Core Deposits (%)	15.5	6.4	6.4	(0.4)	12.8
1-Day Market Premium (%)	72.0	12.7	17.7	(0.1)	54.9

[1] Data for Dogwood reflects core net income as defined by S&P Global Market Intelligence, or "net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items." Dogwood LTM core net income per S&P Global Market Intelligence removed $10.1 million pre-tax merger and acquisition expenses related to Community First Bancorporation acquisition, assuming a tax rate of 21%, among other non-core adjustments

[2] Dogwood total intangibles excluded SBA servicing asset

Net Present Value Analyses

Piper Sandler performed an analysis that estimated the net present value of a share of Dogwood common stock assuming Dogwood performed in accordance with internal financial projections for Dogwood for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Dogwood for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Dogwood. To approximate the terminal value of a share of Dogwood common stock at December 31, 2028, Piper Sandler applied price to 2028 earnings multiples ranging from 8.0x to 14.0x and multiples of 2028 tangible book value ranging from 80% to 140%. The terminal values were then discounted to present values using

different discount rates ranging from 9.5% to 13.5%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Dogwood common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of Dogwood common stock of $16.30 to $32.34 when applying multiples of earnings and $11.06 to $21.94 when applying multiples of tangible book value.

Earnings Per Share Multiples

Discount Rate	8.0x	9.5x	11.0x	12.5x	14.0x
9.5%	$18.48	$21.94	$25.41	$28.87	$32.34
10.5%	$17.90	$21.26	$24.61	$27.97	$31.32
11.5%	$17.34	$20.60	$23.85	$27.10	$30.35
12.5%	$16.81	$19.96	$23.11	$26.27	$29.42
13.5%	$16.30	$19.35	$22.41	$25.47	$28.52

Tangible Book Value Per Share Multiples

Discount Rate	80%	95%	110%	125%	140%
9.5%	$12.54	$14.89	$17.24	$19.59	$21.94
10.5%	$12.15	$14.42	$16.70	$18.98	$21.26
11.5%	$11.77	$13.98	$16.18	$18.39	$20.60
12.5%	$11.41	$13.55	$15.68	$17.82	$19.96
13.5%	$11.06	$13.13	$15.21	$17.28	$19.35

Piper Sandler also considered and discussed with Dogwood's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, Piper Sandler performed a similar analysis, assuming Dogwood's earnings varied from 20.0% above projections to 20% below projections. This analysis resulted in the following range of per share values for Dogwood's common stock, applying the price to 2028 earnings multiples range of 8.0x to 14.0x referred to above and a discount rate of 11.62%.

Earnings Per Share Multiples

Annual Estimate Variance	8.0x	9.5x	11.0x	12.5x	14.0x
(20.0%)	$13.82	$16.41	$19.01	$21.60	$24.19
(10.0%)	$15.55	$18.47	$21.38	$24.30	$27.21
0.0%	$17.28	$20.52	$23.76	$27.00	$30.24
10.0%	$19.01	$22.57	$26.13	$29.70	$33.26
20.0%	$20.73	$24.62	$28.51	$32.40	$36.29

Piper Sandler also performed an analysis that estimated the net present value per share of TowneBank common stock, assuming TowneBank performed in accordance with publicly available mean analyst net income estimates for TowneBank for the years ending December 31, 2025 and December 31, 2026 (which information included the estimated impact of TowneBank's pending Old Point Acquisition), as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for TowneBank for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of TowneBank. To approximate the terminal value of a share of TowneBank common stock at December 31, 2028, Piper Sandler applied price to 2028 earnings multiples ranging from 8.5x to 14.5x and multiples of 2028 tangible book value ranging from 150% to 210%. The terminal values were then discounted to present values using different discount rates ranging from 8.5% to 12.5%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of TowneBank common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of TowneBank common stock of $24.91 to $45.69 when applying multiples of earnings and $32.47 to $50.08 when applying multiples of tangible book value.

Earnings Per Share Multiples

Discount Rate	8.5x	10.0x	11.5x	13.0x	14.5x
8.5%	$28.11	$32.50	$36.90	$41.29	$45.69
9.5%	$27.26	$31.51	$35.77	$40.02	$44.28
10.5%	$26.44	$30.56	$34.69	$38.81	$42.93
11.5%	$25.66	$29.65	$33.65	$37.64	$41.64
12.5%	$24.91	$28.78	$32.65	$36.52	$40.39

Tangible Book Value Per Share Multiples

Discount Rate	150%	165%	180%	195%	210%
8.5%	$36.69	$40.04	$43.38	$46.73	$50.08
9.5%	$35.57	$38.81	$42.05	$45.29	$48.54
10.5%	$34.49	$37.63	$40.77	$43.91	$47.05
11.5%	$33.46	$36.50	$39.55	$42.59	$45.63
12.5%	$32.47	$35.42	$38.37	$41.32	$44.26

Piper Sandler also considered and discussed with Dogwood's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, Piper Sandler performed a similar analysis assuming TowneBank's earnings varied from 20.0% above estimates to 20.0% below estimates. This analysis resulted in the following range of per share values for TowneBank common stock, applying the price to 2028 earnings multiples range of 8.5x to 14.5x referred to above and a discount rate of 10.63%.

Earnings Per Share Multiples

Annual Estimate Variance	8.5x	10.0x	11.5x	13.0x	14.5x
(20.0%)	$21.68	$24.97	$28.25	$31.54	$34.82
(10.0%)	$24.01	$27.71	$31.40	$35.10	$38.79
0.0%	$26.34	$30.44	$34.55	$38.66	$42.76
10.0%	$28.66	$33.18	$37.70	$42.21	$46.73
20.0%	$30.99	$35.92	$40.84	$45.77	$50.70

Piper Sandler noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Transaction Analysis

Piper Sandler analyzed certain potential pro forma effects of the merger on TowneBank assuming the transaction closes on December 31, 2025. Piper Sandler also utilized the following information and assumptions: (i) internal financial projections for Dogwood for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Dogwood for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Dogwood, (ii) publicly available mean analyst net income estimates for TowneBank for the years ending December 31, 2025 and December 31, 2026 (which information included the estimated impact of TowneBank's pending Old Point Acquisition), as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for TowneBank for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of TowneBank, and (iii) certain assumptions relating to transaction expenses, cost savings, and purchase accounting adjustments, as well as certain

assumptions related to the Old Point Acquisition and adjustments for CECL accounting standards, as provided by the senior management of TowneBank. The analysis indicated that the transaction could be accretive to TowneBank's estimated earnings per share (excluding one-time transaction costs and expenses) in the years ending December 31, 2026 through December 31, 2028 and dilutive to TowneBank's estimated tangible book value per share at close and for the years ending December 31, 2025 through December 31, 2028.

In connection with this analysis, Piper Sandler considered and discussed with Dogwood's board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Piper Sandler's Relationship

Piper Sandler is acting as Dogwood's financial advisor in connection with the merger and will receive a fee for such services in an amount equal to 1.50% of the aggregate purchase price, which fee is contingent upon the closing of the merger. At the time of announcement of the transaction Piper Sandler's fee was approximately $7.4 million. Piper Sandler also received a $1.0 million fee from Dogwood upon rendering its opinion, which opinion fee will be credited in full towards the advisory fee which will become payable to Piper Sandler upon closing of the transaction. Dogwood has also agreed to indemnify Piper Sandler against certain claims and liabilities arising out of Piper Sandler's engagement and to reimburse Piper Sandler for certain of its out-of-pocket expenses incurred in connection with Piper Sandler's engagement.

In the two years preceding the date of Piper Sandler's opinion Piper Sandler provided certain other investment banking services to Dogwood. Specifically, Piper Sandler acted as financial advisor to Dogwood in connection with its acquisition of Community First Bancorporation, which transaction closed in August 2024 and for which Piper Sandler received an advisory fee of $950,000. In the two years preceding the date of Piper Sandler's opinion Piper Sandler provided certain other investment banking services to TowneBank. In summary, Piper Sandler acted as financial advisor to TowneBank in connection with TowneBank's acquisition of Village Bank and Trust Financial Corp., which transaction closed in April 2025 and for which Piper Sandler received an advisory fee of $1.5 million. In addition, the Dogwood board of directors was aware that Piper Sandler is currently acting as financial advisor and rendered an opinion to TowneBank in connection with the Old Point Acquisition, which is expected to close in September 2025. Piper Sandler received a fee of $400,000 from TowneBank upon rendering its opinion, which opinion fee will be credited in full towards the $2.25 million advisory fee which became payable to Piper Sandler by TowneBank upon closing of the Old Point Acquisition on September 2, 2025. In the ordinary course of Piper Sandler's business as a broker-dealer, Piper Sandler may purchase securities from and sell securities to Dogwood, TowneBank and their respective affiliates. Piper Sandler may also actively trade the equity and debt securities of Dogwood, TowneBank and their respective affiliates for Piper Sandler's account and for the accounts of Piper Sandler's customers.

Certain Unaudited Prospective Financial Information

TowneBank and Dogwood do not, as a matter of course, publicly disclose forecasts or internal projections as to their respective future performance, revenues, earnings, financial condition or other results given, among other reasons, the inherent uncertainty of the underlying assumptions and estimates, other than, from time to time, estimated ranges of certain expected financial results and operational metrics for the current year and certain future years in their respective regular earnings press releases and other investor materials.

However, TowneBank and Dogwood are including in this proxy statement/offering circular certain unaudited prospective financial information for TowneBank and Dogwood that was made available as described below. We refer to this information collectively as the "prospective financial information." A summary of certain significant elements of this information is included in this proxy statement/offering circular solely for the purpose of providing holders of Dogwood common stock access to certain information made available to Dogwood and its board of directors and financial advisor.

Neither TowneBank nor Dogwood endorses the prospective financial information as necessarily predictive of actual future results. Furthermore, although presented with numerical specificity, the prospective financial

information reflects numerous estimates and assumptions with respect to, among other things, economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among other things, the inherent uncertainty of the business and economic conditions affecting the industries in which TowneBank and Dogwood operate and the risks and uncertainties described under the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" and in the reports that TowneBank files with the FDIC from time to time, all of which are difficult to predict and many of which are outside the control of TowneBank and Dogwood and will be beyond the control of the surviving corporation. There can be no assurance that the underlying assumptions or projected results will be realized, and actual results could differ materially from those reflected in the prospective financial information, whether or not the merger is completed. Further, these assumptions do not include all potential actions that the management of TowneBank or Dogwood could or might have taken during these time periods. In addition, since the prospective financial information covers multiple years, such information by its nature becomes subject to greater uncertainty with each successive year. The inclusion in this proxy statement/offering circular of the prospective financial information below should not be regarded as an indication that TowneBank, Dogwood or their respective boards of directors or advisors considered, or now consider, this prospective financial information to be material information to any holders of TowneBank common stock or holders of Dogwood common stock, as the case may be, particularly in light of the inherent risks and uncertainties associated with such prospective financial information, or that it should be construed as financial guidance, and it should not be relied on as such. The prospective financial information is not fact and should not be relied upon as necessarily indicative of actual future results. The prospective financial information also reflects numerous variables, expectations and assumptions available at the time it was prepared as to certain business decisions that are subject to change and does not take into account any circumstances or events occurring after the date it was prepared, including the transactions contemplated by the merger agreement or the possible financial and other effects on TowneBank or Dogwood of the merger, and does not attempt to predict or suggest actual future results of the surviving corporation or give effect to the merger, including the effect of negotiating or executing the merger agreement, the costs that may be incurred in connection with consummating the merger, the potential synergies that may be achieved by the surviving corporation as a result of the merger, the effect on TowneBank or Dogwood of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions which would likely have been taken if the merger agreement had not been executed, but which were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the prospective financial information does not take into account the effect of any possible failure of the merger to occur. No assurances can be given that if the prospective financial information had been prepared as of the date of this proxy statement/offering circular, similar assumptions would be used. In addition, the prospective financial information may not reflect the manner in which the surviving corporation would operate after the merger.

The prospective financial information was not prepared for the purpose of, or with a view toward, public disclosure (except for the consensus Wall Street research estimates described below) or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, published guidelines of the FDIC regarding forward-looking statements or generally accepted accounting principles. No independent registered public accounting firm has audited, reviewed, examined, compiled or applied any procedures with respect to the prospective financial information and, accordingly, no independent public accounting firm has expressed any opinion or given any other form of assurance with respect thereto or its achievability.

Certain Unaudited Prospective Financial Information of Dogwood

For purposes of certain financial analyses performed in connection with Piper Sandler's opinion, Dogwood provided Piper Sandler with certain estimated unaudited prospective financial information for Dogwood in 2025, 2026, and 2027, as well as estimated annual growth rates to be used to extrapolate Dogwood's financial results. The following table presents Dogwood's estimated unaudited prospective total assets, gross loans, total deposits, total shareholders' equity, net income and dividends per share for the years ending December 31, 2025, 2026, and 2027, as provided to Piper Sandler by Dogwood and used by Piper Sandler in performing financial analyses in connection with its opinion delivered to the Dogwood board of directors.

(Amounts in millions, except per share data)	For the years ending December 31, 2025	2026	2027
Total Assets	$ 2,478	$ 2,941	$ 3,416
Gross Loans	2,009	2,400	2,807
Total Deposits	2,021	2,371	2,727
Total Shareholders' Equity	267	310	365
Net Income	32.1	43.3	54.9
Dividends per Share	0.00	0.00	0.00

Piper Sandler assumed a long-term balance sheet and net income growth rate of 10.0% for 2028 and thereafter for Dogwood and no future dividends, as provided by Dogwood management.

Certain Unaudited Prospective Financial Information of TowneBank

The following table presents consensus Wall Street research estimates for TowneBank's 2025 and 2026 net income and earnings per share, that were discussed with Piper Sandler by TowneBank senior management and used by Piper Sandler at the direction of Dogwood management in performing financial analyses in connection with its opinion delivered to the Dogwood board of directors.

(Amounts in millions, except per share data)	For the years ending December 31, 2025	2026
Net Income	$ 188.4	$ 273.6
Earnings Per Share	2.44	3.47

In addition, for purposes of the net present value and dividend discount model analyses of TowneBank performed in connection with Piper Sandler's opinion delivered to the Dogwood board of directors, TowneBank senior management provided Piper Sandler with an estimated annual growth rate of 6.0% in 2027 and thereafter for TowneBank's net income, and an estimated annual dividend per share increase of $0.02. Certain additional pro forma assumptions (including preliminary purchase accounting and merger-related adjustments) that are described on page 9 of an investor presentation attached as Exhibit 99.2 to TowneBank's Form 8-K filed with the FDIC on August 19, 2025, were also used in Piper Sandler's analysis. See "Where You Can Find More Information."

Interests of Certain Dogwood Directors and Executive Officers in the Merger

In considering the recommendations of the Dogwood board of directors that Dogwood shareholders vote in favor of the merger proposal, Dogwood shareholders should be aware that Dogwood directors and executive officers may have interests in the merger that differ from, or are in addition to, their interests as shareholders of Dogwood. The Dogwood board of directors was aware of these interests and took them into account in its decision to approve the merger agreement and the merger.

Indemnification and Insurance. TowneBank has agreed to indemnify the officers and directors of Dogwood against certain liabilities arising before the effective time of the merger. TowneBank has also agreed to purchase a six-year "tail" prepaid insurance policy, on the same terms as Dogwood's existing directors' and officers' liability insurance policy, for the current officers and directors of Dogwood, subject to a cap on the cost of such policy equal to 300% of Dogwood's last annual premium.

Appointment to the Board of Directors of TowneBank. At the effective time, TowneBank will appoint one current member of the board of directors of Dogwood, G. Robin Perkins, III, to serve as a director on the board of directors of TowneBank to serve until the next annual meeting of shareholders of TowneBank following the effective time. Subject to the good faith consideration by the nominating and corporate governance committee of the board of directors of TowneBank of the selection criteria set forth in its charter, Mr. Perkins will be nominated to sit for election by TowneBank's shareholders at such annual meeting and TowneBank's proxy materials with respect to such annual meeting will include the recommendation of the board of directors of TowneBank that its shareholders vote to elect Mr. Perkins to the same extent as recommendations are made with respect to other incumbent directors of TowneBank. Mr. Perkins will receive compensation in respect of his director service consistent with the compensation received by other directors on the board of directors of TowneBank.

Regional Advisory Board Appointments and Compensation. At the effective time of the merger, TowneBank will invite each member of the board of directors of Dogwood who resides in TowneBank's or Dogwood's market area and who is serving immediately prior to the effective time to serve as a member of a regional advisory board of directors of TowneBank. Membership on a regional advisory board of TowneBank is conditional on the Dogwood director executing an agreement providing that such individual will not engage in activities competitive with TowneBank until the later of the date that is one year following the merger and the date on which he or she ceases to be a member of the TowneBank regional advisory board.

Each of the Dogwood directors who serves on a regional advisory board will receive an annual cash board retainer fee of $20,000 until the earlier of termination of such director's service on such regional advisory board or December 31, 2027.

Officer Positions. As set forth below, TowneBank will appoint certain officers of Dogwood to senior positions with TowneBank, effective upon consummation of the merger.

- Steven W. Jones, Chief Executive Officer of Dogwood, will be appointed President, TowneBank of the Carolinas.
- J. Stewart Patch, President of Dogwood, will be appointed Eastern Regional President.
- Natasha K. Austin, Chief Operating Officer of Dogwood, will be appointed Director of Retail Banking, the Carolinas.
- Christopher G. Kwiatkowski, President of Government Guaranteed Lending of Dogwood, will be appointed Director, Government Guaranteed Lending.

New Employment Agreements with TowneBank

In connection with entering into the merger agreement, TowneBank has entered into employment agreements with certain executive officers of Dogwood concerning their employment with TowneBank following consummation of the merger. The agreements are summarized below.

TowneBank Employment Agreement with Mr. Jones

TowneBank has entered into an employment agreement, dated August 18, 2025, with Mr. Jones to serve as President, TowneBank of the Carolinas. Dogwood is a party to the agreement solely with respect to provisions relating to Mr. Jones' existing employment agreement with Dogwood, which remains in effect prior to the consummation of the merger and contains certain restrictive covenants. The agreement becomes effective upon the consummation of the merger, and will expire on December 31, 2030, but will be automatically extended for an additional calendar year each December 31 beginning in 2029 subject to prior notice from either TowneBank or Mr. Jones not to renew and extend the term. In the event the merger agreement is terminated, the employment agreement will expire and be of no further force or effect.

During the employment period, Mr. Jones will receive an annual base salary in an amount to be determined by TowneBank, but in no event less than $750,000. He will also be entitled to receive annual incentive payments and stock awards in such amounts and at such times as may be determined by TowneBank pursuant to its incentive plans and programs.

Subject to the approval of the TowneBank board and as soon as practicable after the merger closing, TowneBank will make a restricted stock unit grant to Mr. Jones covering shares of TowneBank common stock with a market value of $1,000,000 as of the grant date. The restricted stock units will vest in full on the fifth anniversary of the date of grant, provided that Mr. Jones remains employed by TowneBank on such anniversary date, unless termination occurs due to death, disability, termination by TowneBank without cause or resignation for good reason. During the employment period, Mr. Jones will participate in TowneBank benefit plans and programs on the same basis as other similarly situated officers of TowneBank. If Mr. Jones dies while employed by TowneBank,

TowneBank will pay his beneficiary or estate his base salary through the end of the calendar month in which his death occurs. Mr. Jones will be eligible to participate in a supplemental executive retirement plan ("SERP"), which will provide for certain supplemental nonqualified cash retirement benefits equal to 40% of his initial base salary, adjusted annually at a rate of 4% through age 65, payable for a period of fifteen years beginning at the later of age 65 or separation of service. Such SERP benefit will vest on an annual basis through attainment of 65, subject to earlier vesting in limited circumstances and to other terms and conditions of the SERP.

TowneBank may terminate Mr. Jones' employment at any time for "cause" as defined in his employment agreement. If Mr. Jones' employment is terminated for cause, he will have no right to render services or to receive compensation or other benefits from TowneBank following termination. If Mr. Jones' terminates his employment without "good reason" as defined in his employment agreement, then he will have no right to render services or to receive compensation or other benefits following such termination. If TowneBank terminates Mr. Jones' employment without cause before the end of the employment period or if Mr. Jones terminates his employment for good reason, he will receive any earned but unpaid base salary through the date of termination. In addition, he will receive the benefits described below if he signs a release and waiver of claims in favor of TowneBank: (i) a cash severance payment determined as follows: (a) if the termination of employment occurs not on or within 36 months following a change in control of TowneBank, Mr. Jones shall receive a cash severance payment equal to two times his base salary; or (b) if the termination of employment occurs on or within 36 months following a change in control, Mr. Jones shall receive a cash severance payment equal to 2.9 times his final compensation (as defined in the agreement); and (ii) if Mr. Jones elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), TowneBank will reimburse the difference between Mr. Jones' monthly COBRA premium and the monthly amount paid by similarly situated active employees until the earliest of (a) until the end of his employment period or for one year following termination, whichever period is greater, (b) the date Mr. Jones is no longer eligible for COBRA coverage, or (c) the date Mr. Jones becomes eligible to receive similar coverage from another employer, in each case subject to modification as necessary to conform with or avoid penalties under the Patient Protection and Affordable Care Act of 2010 and the related regulations and guidance promulgated thereunder.

Mr. Jones will be subject to a covenant not to compete and a covenant not to solicit customers or employees of TowneBank. The non-competition and non-solicitation restrictions apply during the term of the employment agreement and for a one-year period following the earlier of (i) the expiration of the employment agreement or (ii) the termination of his employment for any reason. TowneBank's obligation to continue to make any payments and provide any benefits to Mr. Jones under the employment agreement for the period after the noncompete period has expired and prior to the applicable dates specified in the provisions regarding Mr. Jones' termination by TowneBank without cause shall cease effective upon Mr. Jones engaging in any conduct or activity that otherwise would have been prohibited under the loyalty covenants of the employment agreement. To the extent any payments have been made to Mr. Jones during such periods when he may engage in any such prohibited conduct or activity, such payments must be repaid to TowneBank within 10 calendar days after its written demand.

In connection with the closing of the merger, Mr. Jones will also receive a cash payment in lieu of the change of control severance payment to which he would be entitled pursuant to his existing employment agreement with Dogwood if his employment is terminated under certain circumstances following a change of control of Dogwood. Under the terms of his employment agreement with Dogwood, if within 180 days following a change of control of Dogwood, he is terminated without cause or he terminates his employment for good reason, he will be paid an amount equal to three times his base salary as of the date of termination plus three times the applicable bonus (as defined in his agreement), to be paid in substantially equal periodic payments over the three year period following the termination date (as defined in his agreement); provided, however, that the change of control payments and benefits to Mr. Jones will be reduced to the extent necessary to avoid certain excise taxes under Sections 280G and 4999 of the Code. The cash payment to Mr. Jones is expected to be approximately $3.70 million.

TowneBank Employment Agreement with Mr. Patch

TowneBank has entered into an employment agreement, dated August 18, 2025, with Mr. Patch to serve as Eastern Regional President, TowneBank. Dogwood is a party to the agreement solely with respect to provisions relating to Mr. Patch's existing employment agreement with Dogwood, which remains in effect prior to the consummation of the merger and contains certain restrictive covenants. The agreement becomes effective upon

consummation of the merger, and will expire on December 31, 2028, but will be automatically extended for an additional calendar year each December 31 beginning in 2027, subject to prior notice from either TowneBank or Mr. Patch not to renew and extend the term. In the event the merger agreement is terminated, the employment agreement will expire and be of no further force or effect.

During the employment period, Mr. Patch will receive an annual base salary in an amount to be determined by TowneBank, but in no event less than $475,000. He will also be entitled to receive annual incentive payments and stock awards in such amounts and at such times as may be determined by TowneBank pursuant to its incentive plans and programs.

Subject to the approval of the TowneBank board and as soon as practicable after the merger closing, TowneBank will make a restricted stock unit grant to Mr. Patch covering shares of TowneBank common stock with a market value of $500,000 as of the grant date. The restricted stock units will vest in five equal annual increments beginning on the first anniversary of the date of grant, provided that Mr. Patch remains employed by TowneBank on such anniversary date, unless termination occurs due to death, disability, termination by TowneBank without cause or resignation for good reason. During the employment period, Mr. Patch will participate in TowneBank benefit plans and programs on the same basis as other similarly situated officers of TowneBank. If Mr. Patch dies while employed by TowneBank, TowneBank will pay his beneficiary or estate his base salary through the end of the calendar month in which his death occurs.

TowneBank may terminate Mr. Patch's employment at any time for "cause" as defined in his employment agreement. If Mr. Patch's employment is terminated for cause, he will have no right to render services or to receive compensation or other benefits from TowneBank following termination. If Mr. Patch terminates his employment without "good reason" as defined in his employment agreement, then he will have no right to render services or to receive compensation or other benefits following such termination. If TowneBank terminates Mr. Patch's employment without cause before the end of the employment period or if Mr. Patch terminates his employment for good reason, he will receive any earned but unpaid base salary through the date of termination. In addition, he will receive the benefits described below if he signs a release and waiver of claims in favor of TowneBank: (i) a cash severance payment determined as follows: (a) if the termination of employment occurs not on or within 36 months following a change in control of TowneBank, Mr. Patch shall receive continuation of base salary through the later of (I) the end of his employment period, or (II) the one-year anniversary of the date of termination; or (b) if the termination of employment occurs on or within 36 months following such a change in control, Mr. Patch shall receive a cash severance payment equal to 1.5 times his final compensation (as defined in the agreement); and (ii) if Mr. Patch elects continuation coverage under COBRA, TowneBank will reimburse the difference between Mr. Patch's monthly COBRA premium and the monthly amount paid by similarly situated active employees until the earliest of (a) until the end of his employment period or for one year following termination, whichever period is greater, (b) the date Mr. Patch is no longer eligible for COBRA coverage, or (c) the date Mr. Patch becomes eligible to receive similar coverage from another employer, in each case subject to modification as necessary to conform with or avoid penalties under the Patient Protection and Affordable Care Act of 2010 and the related regulations and guidance promulgated thereunder.

Mr. Patch is subject to a covenant not to compete and a covenant not to solicit customers or employees of TowneBank. The non-competition and non-solicitation restrictions apply during the term of the employment agreement and for a one-year period following the earlier of (i) the expiration of the employment agreement or (ii) the termination of his employment for any reason. TowneBank's obligation to continue to make any payments and provide any benefits to Mr. Patch under the employment agreement for the period after the noncompete period has expired and prior to the applicable dates specified in the provisions regarding Mr. Patch's termination by TowneBank without cause shall cease effective upon Mr. Patch engaging in any conduct or activity that otherwise would have been prohibited under the loyalty covenants of the employment agreement. To the extent any payments have been made to Mr. Patch during such periods when he may engage in any such prohibited conduct or activity, such payments must be repaid to TowneBank within 10 calendar days after its written demand.

In connection with the closing of the merger, Mr. Patch will also receive a cash payment in lieu of the change of control severance payment to which he would be entitled pursuant to his existing employment agreement with Dogwood if his employment is terminated under certain circumstances following a change of control of Dogwood. Under the terms of his employment agreement with Dogwood, if within 180 days following a change of

control of Dogwood, he is terminated without cause or he terminates his employment for good reason, he will be paid an amount equal to two times his base salary as of the date of termination plus two times the applicable bonus (as defined in his agreement), to be paid in substantially equal periodic payments over the two year period following the termination date (as defined in his agreement); provided, however, that the change of control payments and benefits to Mr. Patch will be reduced to the extent necessary to avoid certain excise taxes under Sections 280G and 4999 of the Code. The cash payment to Mr. Patch is expected to be approximately $1.01 million.

TowneBank Employment Agreement with Ms. Austin

TowneBank has entered into an employment agreement, dated August 18, 2025, with Ms. Austin to serve as Director of Retail Banking, the Carolinas. Dogwood is a party to the agreement solely with respect to provisions relating to Ms. Austin's existing employment agreement with Dogwood, which remains in effect prior to the consummation of the merger and contains certain restrictive covenants. The agreement becomes effective upon consummation of the merger, and will expire on December 31, 2028, but will be automatically extended for an additional calendar year each December 31 beginning in 2027, subject to prior notice from either TowneBank or Ms. Austin not to renew and extend the term. In the event the merger agreement is terminated, the employment agreement will expire and be of no further force or effect.

During the employment period, Ms. Austin will receive an annual base salary in an amount to be determined by TowneBank, but in no event less than $350,000. She will also be entitled to receive annual incentive payments and stock awards in such amounts and at such times as may be determined by TowneBank pursuant to its incentive plans and programs.

Subject to the approval of the TowneBank board and as soon as practicable after the merger closing, TowneBank will make a restricted stock unit grant to Ms. Austin covering shares of TowneBank common stock with a market value of $350,000 as of the grant date. The restricted stock units will vest in five equal annual increments beginning on the first anniversary of the date of grant, provided that Ms. Austin remains employed by TowneBank on such anniversary date, unless termination occurs due to death, disability, termination by TowneBank without cause or resignation for good reason. During the employment period, Ms. Austin will participate in TowneBank benefit plans and programs on the same basis as other similarly situated officers of TowneBank. If Ms. Austin dies while employed by TowneBank, TowneBank will pay her beneficiary or estate her base salary through the end of the calendar month in which her death occurs.

TowneBank may terminate Ms. Austin's employment at any time for "cause" as defined in her employment agreement. If Ms. Austin's employment is terminated for cause, she will have no right to render services or to receive compensation or other benefits from TowneBank following termination. If Ms. Austin terminates her employment without "good reason" as defined in her employment agreement, then she will have no right to render services or to receive compensation or other benefits following such termination. If TowneBank terminates Ms. Austin's employment without cause before the end of the employment period or if Ms. Austin terminates her employment for good reason, she will receive any earned but unpaid base salary through the date of termination. In addition, she will receive the benefits described below if she signs a release and waiver of claims in favor of TowneBank: (i) a cash severance payment determined as follows: (a) if the termination of employment occurs not on or within 36 months following a change in control of TowneBank, Ms. Austin shall receive continuation of base salary through the later of (I) the end of her employment period, or (II) the one-year anniversary of the date of termination; or (b) if the termination of employment occurs on or within 36 months following such a change in control, Ms. Austin shall receive a cash severance payment equal to 1.5 times her final compensation (as defined in the agreement); and (ii) if Ms. Austin elects continuation coverage under COBRA, TowneBank will reimburse the difference between Ms. Austin's monthly COBRA premium and the monthly amount paid by similarly situated active employees until the earliest of (a) until the end of her employment period or for one year following termination, whichever period is greater, (b) the date Ms. Austin is no longer eligible for COBRA coverage, or (c) the date Ms. Austin becomes eligible to receive similar coverage from another employer, in each case subject to modification as necessary to conform with or avoid penalties under the Patient Protection and Affordable Care Act of 2010 and the related regulations and guidance promulgated thereunder.

Ms. Austin is subject to a covenant not to compete and a covenant not to solicit customers or employees of TowneBank. The non-competition and non-solicitation restrictions apply during the term of the employment

agreement and for a one-year period following the earlier of (i) the expiration of the employment agreement or (ii) the termination of her employment for any reason. TowneBank's obligation to continue to make any payments and provide any benefits to Ms. Austin under the employment agreement for the period after the noncompete period has expired and prior to the applicable dates specified in the provisions regarding Ms. Austin's termination by TowneBank without cause shall cease effective upon Ms. Austin engaging in any conduct or activity that otherwise would have been prohibited under the loyalty covenants of the employment agreement. To the extent any payments have been made to Ms. Austin during such periods when she may engage in any such prohibited conduct or activity, such payments must be repaid to TowneBank within 10 calendar days after its written demand.

In connection with the closing of the merger, Ms. Austin will also receive a cash payment in lieu of the change of control severance payment to which she would be entitled pursuant to her existing employment agreement with Dogwood if her employment is terminated under certain circumstances following a change of control of Dogwood. The terms of Ms. Austin's change of control severance payment are substantially the same as those of Mr. Jones' change of control severance payment summarized above. The cash payment to Ms. Austin is expected to be approximately $2.00 million.

TowneBank Employment Agreement with Mr. Kwiatkowski

TowneBank has entered into an employment agreement, dated August 18, 2025, with Mr. Kwiatkowski to serve as Director, Government Guaranteed Lending. Dogwood is a party to the agreement solely with respect to provisions relating to Mr. Kwiatkowski's existing employment agreement with Dogwood, which remains in effect prior to the consummation of the merger and contains certain restrictive covenants. The agreement becomes effective upon consummation of the merger, and will expire on December 31, 2028, but will be automatically extended for an additional calendar year each December 31 beginning in 2027, subject to prior notice from either TowneBank or Mr. Kwiatkowski not to renew and extend the term. In the event the merger agreement is terminated, the employment agreement will expire and be of no further force or effect.

During the employment period, Mr. Kwiatkowski will receive an annual base salary in an amount to be determined by TowneBank, but in no event less than $500,000. He will also be entitled to receive annual incentive payments and stock awards in such amounts and at such times as may be determined by TowneBank pursuant to its incentive plans and programs.

Subject to the approval of the TowneBank board and as soon as practicable after the merger closing, TowneBank will make a restricted stock unit grant to Mr. Kwiatkowski covering shares of TowneBank common stock with a market value of $750,000 as of the grant date. The restricted stock units will vest in five equal annual increments beginning on the first anniversary of the date of grant, provided that Mr. Kwiatkowski remains employed by TowneBank on such anniversary date, unless termination occurs due to death, disability, termination by TowneBank without cause or resignation for good reason. During the employment period, Mr. Kwiatkowski will participate in TowneBank benefit plans and programs on the same basis as other similarly situated officers of TowneBank. If Mr. Kwiatkowski dies while employed by TowneBank, TowneBank will pay his beneficiary or estate his base salary through the end of the calendar month in which his death occurs.

TowneBank may terminate Mr. Kwiatkowski's employment at any time for "cause" as defined in his employment agreement. If Mr. Kwiatkowski's employment is terminated for cause, he will have no right to render services or to receive compensation or other benefits from TowneBank following termination. If Mr. Kwiatkowski terminates his employment without "good reason" as defined in his employment agreement, then he will have no right to render services or to receive compensation or other benefits following such termination. If TowneBank terminates Mr. Kwiatkowski's employment without cause before the end of the employment period or if Mr. Kwiatkowski terminates his employment for good reason, he will receive any earned but unpaid base salary through the date of termination. In addition, he will receive the benefits described below if he signs a release and waiver of claims in favor of TowneBank: (i) a cash severance payment determined as follows: (a) if the termination of employment occurs not on or within 36 months following a change in control of TowneBank, Mr. Kwiatkowski shall receive continuation of base salary through the later of (I) the end of his employment period, or (II) the one-year anniversary of the date of termination; or (b) if the termination of employment occurs on or within 36 months following such a change in control, Mr. Kwiatkowski shall receive a cash severance payment equal to 1.5 times his final compensation (as defined in the agreement); and (ii) if Mr. Kwiatkowski elects continuation coverage under

COBRA, TowneBank will reimburse the difference between Mr. Kwiatkowski's monthly COBRA premium and the monthly amount paid by similarly situated active employees until the earliest of (a) until the end of his employment period or for one year following termination, whichever period is greater, (b) the date Mr. Kwiatkowski is no longer eligible for COBRA coverage, or (c) the date Mr. Kwiatkowski becomes eligible to receive similar coverage from another employer, in each case subject to modification as necessary to conform with or avoid penalties under the Patient Protection and Affordable Care Act of 2010 and the related regulations and guidance promulgated thereunder.

Mr. Kwiatkowski is subject to a covenant not to compete and a covenant not to solicit customers or employees of TowneBank. The non-competition and non-solicitation restrictions apply during the term of the employment agreement and for a one-year period following the earlier of (i) the expiration of the employment agreement or (ii) the termination of his employment for any reason. TowneBank's obligation to continue to make any payments and provide any benefits to Mr. Kwiatkowski under the employment agreement for the period after the noncompete period has expired and prior to the applicable dates specified in the provisions regarding Mr. Kwiatkowski's termination by TowneBank without cause shall cease effective upon Mr. Kwiatkowski engaging in any conduct or activity that otherwise would have been prohibited under the loyalty covenants of the employment agreement. To the extent any payments have been made to Mr. Kwiatkowski during such periods when he may engage in any such prohibited conduct or activity, such payments must be repaid to TowneBank within 10 calendar days after its written demand.

In connection with the closing of the merger, Mr. Kwiatkowski will also receive a cash payment in lieu of the change of control severance payment to which he would be entitled pursuant to his existing employment agreement with Dogwood if his employment is terminated under certain circumstances following a change of control of Dogwood. The terms of Mr. Kwiatkowski's change of control severance payment are substantially the same as those of Mr. Patch's change of control severance payment summarized above. The cash payment to Mr. Kwiatkowski is expected to be approximately $1.45 million.

Existing Employment Agreements with Dogwood. Dogwood currently has executive employment agreements with Mr. Jones, Mr. Patch, Ms. Austin, Mr. Kwiatkowski, Scott M. Custer, Executive Chairman of Dogwood, David B. Therit, Chief Financial Officer of Dogwood, and Michael C. Johnson, Chief Credit Officer of Dogwood. Such agreements provide the executives with a right to receive change of control severance payments if their employment is terminated under certain circumstances following a change of control of Dogwood. Such change of control severance payments for Mr. Jones, Mr. Patch, Ms. Austin, and Mr. Kwiatkowski are described above. The change of control severance payment provisions of Dogwood's employment agreements with Mr. Custer and Mr. Therit are substantially similar to those of Mr. Jones and Ms. Austin summarized above. The change of control severance payment provisions of Dogwood's employment agreements with Mr. Johnson are substantially similar to those of Mr. Patch and Mr. Kwiatkowski summarized above. Such severance payments, as well as a COBRA subsidy benefits, will be paid to the affected officer if he or she signs a release and waiver of claims in accordance with his or her Dogwood employment agreement.

Long-Term Incentive Agreements with Dogwood. Dogwood currently has long-term incentive agreements with Mr. Jones, Mr. Therit and Ms. Austin. These long-term incentive agreements provide the executive with a supplemental retirement benefit in the form of annual benefit payments. In addition, the long-term incentive agreements provide that each executive will become fully vested in his or her long-term incentive award upon the occurrence of a change in control event.

Treatment of Outstanding Dogwood Restricted Stock Awards. As of the record date for the special meeting, the Dogwood directors and executive officers owned, in the aggregate, 296,683 restricted shares of Dogwood common stock granted under a Dogwood equity compensation plan. Such shares had an aggregate value of approximately $7.19 million as of the record date for the special meeting, assuming a value of $24.23 per share of Dogwood common stock (the average closing market price of Dogwood common stock over the first five business days following the first public announcement of the merger). At the effective time of the merger, all of such restricted shares owned by executive officers and directors of Dogwood that are outstanding immediately prior to the merger will vest and be converted into the right to receive shares of TowneBank common stock upon consummation of the merger in accordance with the exchange ratio.

Employee Benefit Plans. For one year after the effective time of the merger, TowneBank will provide generally to officers and employees of Dogwood who become employees of TowneBank employee benefits on terms and conditions substantially comparable in the aggregate to benefits provided to similarly situated officers and employees of TowneBank. Subject to certain exceptions, these employees will receive credit for their years of service to Dogwood for purposes of their participation in employee benefit plans.

Employee Severance Benefits. Each employee of Dogwood at the effective time of the merger whose employment is involuntarily terminated other than for cause by TowneBank or who resigns for good reason on or within nine months after the date of the effective time of the merger, excluding any employee who has a contract providing for severance pay, will be entitled to receive severance pay equal to two weeks of such employee's pay for each year of continuous service to Dogwood (with a minimum of four weeks and a maximum of 26 weeks of severance pay). Such employees will also receive a welfare supplement equal to $13,980 multiplied by the quotient of (i) the number of weeks of severance pay divided by (ii) 52. Such severance pay will be subject to a required release of claims and will be in lieu of any payment provided for under any Dogwood severance plans.

Regulatory Approvals

Pursuant to the terms of the merger agreement, TowneBank and Dogwood agreed to cooperate with each other and use reasonable best efforts to promptly (and in the case of applications, notices, petitions and filings required to obtain the requisite regulatory approvals, within 45 days of the date of the merger agreement) to file all necessary documentation to obtain as promptly as practicable all permits, consents, orders, approvals, waivers, non-objections and authorizations of all third parties and governmental entities which are necessary or advisable to complete the transactions contemplated by the merger agreement (including the merger and the amendment of Dogwood's articles of incorporation). The requisite regulatory approvals include the prior approval or non-objection from the FDIC, Virginia SCC and NCCOB. On September 19, 2025, TowneBank filed applications with the FDIC, Virginia SCC and NCCOB seeking approval or non-objection of the merger.

As of the date of this proxy statement/offering circular, we have not yet received the required approvals or non-objections from the FDIC, Virginia SCC and NCCOB. While we do not know of any reason why we would not be able to obtain such approvals or non-objections in a timely manner, we cannot be certain when or if we will receive them, or whether the approval or non-objection will involve the imposition of conditions on the completion of the merger.

Following the receipt of approval from the FDIC, TowneBank may file an application with the TDFI for prior approval to register its name with the Tennessee Secretary of State. Such approval is not required under the terms of the merger agreement.

Appraisal or Dissenters' Rights in the Merger

Dogwood shareholders will have the right to assert appraisal rights with respect to the merger and demand in writing to be paid the fair value of their shares of Dogwood common stock under applicable provisions of North Carolina law following consummation of the merger with TowneBank. In order to exercise and perfect appraisal rights, you must generally give written notice of your intent to demand payment for your shares to Dogwood common stock before the vote is taken on the merger proposal at the Dogwood special meeting and you must not vote, or cause or permit any shares to be voted, in favor of the merger proposal. A copy of Article 13 of the NCBCA, which includes the applicable North Carolina statutory provisions regarding appraisal rights, is included in this proxy statement/offering circular as Appendix D.

The following is only a summary of the rights of a dissenting Dogwood shareholder, is not a complete statement of law pertaining to appraisal rights under the NCBCA, and is qualified in its entirety by reference to the full text of the provisions of Article 13 of the NCBCA pertaining to appraisal rights, a copy of which is attached as Appendix D hereto and incorporated into this discussion by reference. If you intend to exercise your right to dissent, you should carefully review the following summary and comply with all requirements of the NCBCA. You should also consult with your attorney. **No further notice of the events giving rise to appraisal rights will be furnished to you by TowneBank or Dogwood.**

If a Dogwood shareholder elects to exercise the right to demand appraisal under the NCBCA, such shareholder must satisfy all of the following conditions:

- The shareholder must be a holder of record of Dogwood common stock as of the close of business on the record date for the special meeting, October 15, 2025.

- The shareholder must deliver to Dogwood, before the vote on approval or disapproval of the merger proposal is taken, written notice of the shareholder's intent to demand payment if the merger is effectuated. This notice is separate from any proxy or vote against the merger proposal. Voting against, abstaining from voting, or failing to vote on the merger proposal will not constitute a notice within the meaning of Article 13.

- The shareholder must not vote, or cause or permit to be voted, any shares in favor of the merger proposal. A failure to vote will satisfy this requirement, as will a vote against the merger proposal, but a vote in favor of the merger proposal, by proxy or in person, or the return of a signed proxy which does not specify a vote against approval of the merger proposal or contain a direction to abstain, will constitute a waiver of the shareholder's appraisal rights.

If the requirements above are not satisfied and the merger becomes effective, a Dogwood shareholder will not be entitled to payment for such shareholder's shares under the provisions of Article 13 of the NCBCA.

Written notices of intent to demand payment should be addressed to Dogwood State Bank, 5401 Six Forks Road, Raleigh, North Carolina 27609, Attention: David B. Therit, Chief Financial Officer. The notice must be executed by the holder of record of shares of Dogwood common stock. A beneficial owner may assert appraisal rights only with respect to all shares of Dogwood common stock of which it is the beneficial owner. A record holder, such as a broker, who holds shares of Dogwood common stock as a nominee for others, may exercise appraisal rights with respect to the shares held by all or less than all beneficial owners of shares as to which such person is the record holder, provided such record holder exercises appraisal rights with respect to all shares beneficially owned by any particular beneficial shareholder. In such case, the notice submitted by such nominee as record holder must set forth the name and address of each beneficial shareholder who is demanding payment. With respect to shares of Dogwood common stock that are owned of record by a voting trust or nominee, the beneficial owner of such shares may exercise appraisal rights only if such beneficial owner also submits to Dogwood the record holder's written consent to such exercise not later than the Demand Deadline (as defined below).

If the merger becomes effective, TowneBank, as the surviving entity in the merger, will be required to deliver a written appraisal notice to all shareholders who have satisfied the requirements to assert appraisal rights described above. The appraisal notice and form must be sent no earlier than the effective date of the merger and no later than 10 days after such effective date. The appraisal notice and form must:

- Identify the first date of any announcement of the principal terms of the merger to the shareholders. If such an announcement was made, the form must require the shareholder to certify whether beneficial ownership of the shares was acquired before that date.

- Require the shareholder to certify that the shareholder did not vote for or consent to the transaction.

- State where the appraisal form is to be returned, where certificates for certificated shares must be deposited, and the date by which such certificates must be deposited (the "Demand Deadline"). The Demand Deadline may not be less than 40 nor more than 60 days after the date the appraisal notice and form are sent.

- State that if the appraisal form is not received by TowneBank by the Demand Deadline, the shareholder will be deemed to have waived the right to demand appraisal.

- State TowneBank's estimate of the fair value of the shares.

- Disclose that, if requested in writing by the shareholder, TowneBank will disclose within 10 days after the Demand Deadline the number of shareholders who have returned their appraisal forms by the Demand Deadline and the total number of shares owned by them.

- Establish a date within 20 days of the Demand Deadline by which shareholders can withdraw the request for appraisal.

- Include a copy of Article 13 of the NCBCA.

A shareholder who receives an appraisal notice from TowneBank must demand payment by signing and returning the form included with the notice and, in the case of certificated shares, deposit his or her share certificates in accordance with the terms of the appraisal notice. Shareholders should respond to the appraisal form's request discussed above regarding when beneficial ownership of the shares was acquired. A failure to provide this certification allows TowneBank to treat the shares as "after-acquired shares" subject to TowneBank's authority to delay payment as described below. Once a shareholder deposits his or her certificates or, in the case of uncertificated shares, returns the signed appraisal form, the shareholder loses all rights as a shareholder unless a timely withdrawal occurs as described below. A shareholder who does not sign and return the appraisal form and, in the case of certificated shares, fails to deposit the shares, is not entitled to payment under Article 13.

A shareholder who has complied with all the steps required for appraisal may thereafter decline to exercise appraisal rights and withdraw from the appraisal process by notifying TowneBank in writing. The appraisal notice will include a date by which the withdrawal notice must be received. Following this date, a shareholder may only withdraw from the appraisal process with TowneBank's consent.

Within 30 days after the Demand Deadline, TowneBank is required to pay each shareholder the amount that TowneBank estimates to be the fair value of such shareholder's shares, plus interest accrued from the effective date of the merger to the date of payment. The payment must be accompanied by the following:

- Dogwood's most recently available balance sheet, income statement, and statement of cash flows as of the end of or for the fiscal year ending not more than 16 months before the date of payment, and the latest available quarterly financial statements, if any;

- a statement of TowneBank's estimate of the fair value of the shares, which must equal or exceed TowneBank's estimate in the earlier-circulated appraisal notice; and

- a statement that the shareholder has the right to submit a final payment demand as described below and that the shareholder will lose the right to submit a final payment demand if he or she does not act within the specified time frame.

A shareholder who is dissatisfied with the amount of the payment received from TowneBank may notify TowneBank in writing of such shareholder's own estimate of the fair value of the shares and the amount of interest due, and demand payment of the excess of this estimate over the amount previously paid by TowneBank. A shareholder who does not submit a final payment demand within 30 days after receiving TowneBank's payment is only entitled to the amount previously paid.

TowneBank may withhold payment with respect to any shares which a shareholder failed to certify on the appraisal form as being beneficially owned prior to the date stated in the appraisal notice as the date on which the principal terms of the merger were first announced. If TowneBank withholds payment, it must, within 30 days after the Demand Deadline, provide affected shareholders with Dogwood's most recently available balance sheet, income statement, and statement of cash flows as of the end of or for the fiscal year ending not more than 16 months before the date of payment, and the latest available quarterly financial statements, if any. TowneBank must also inform such shareholders that they may accept TowneBank's estimate of the fair value of their shares, plus interest, in full satisfaction of their claim or submit a final payment demand. Shareholders who wish to accept the offer must notify TowneBank of their acceptance within 30 days after receiving the offer. TowneBank must send payment to such shareholders within 10 days after receiving their acceptance. Shareholders who are dissatisfied with the offer must

reject the offer and demand payment of the shareholder's own estimate of the fair value of the shares, plus interest. If a shareholder does not explicitly accept or reject TowneBank's offer, the shareholder will be deemed to have accepted the offer. TowneBank must send payment to these shareholders within 40 days after sending the notice regarding withholding of payment.

If TowneBank does not pay the amount demanded pursuant to a shareholder's final payment demand, it must commence a proceeding in North Carolina Superior Court within 60 days after receiving the final demand. The purpose of the proceeding is to determine the fair value of the shares and the interest due. If TowneBank does not commence the proceeding within the 60-day period, it must pay each shareholder demanding appraisal the amount demanded, plus interest. All shareholders whose payment demands remain unsettled will be parties to the action, and such shareholder must demonstrate that it complied with the requirements of Article 13 with respect to their entitlement to appraisal rights. There is no right to a jury trial. Each shareholder who is a party to the proceeding will be entitled to judgment for the amount, if any, by which the court finds the fair value of the shareholder's shares, plus interest, exceeds the amount paid by TowneBank to the shareholder for the shares. The court will determine all court costs of the proceeding and will assess the costs against TowneBank, except that the court may assess costs against some or all of the shareholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by Article 13. The court may also assess expenses (including legal fees) for the respective parties, in the amounts the court finds equitable: (i) against TowneBank if the court finds that it did not comply with the statutes or (ii) against TowneBank or the shareholder demanding appraisal, if the court finds that the party against whom expenses are assessed acted arbitrarily, vexatiously, or not in good faith. If the court finds that the expenses incurred by any shareholder were of substantial benefit to other shareholders similarly situated and that the expenses should not be assessed against TowneBank, it may direct that the expenses be paid out of the amounts awarded to the shareholders who were benefited. If TowneBank fails to make a required payment to a shareholder under Article 13, the shareholder entitled to payment can commence an action against TowneBank directly for the amount owed and recover the expenses of that action.

The foregoing summary does not purport to be a complete statement of the provisions of Article 13 of the NCBCA and is qualified in its entirety by reference to Article 13, a copy of which is included as Appendix D to this joint proxy statement/offering circular. Shareholders who intend to exercise dissenters' rights are urged to review Appendix D carefully and to consult with legal counsel as to their rights so as to be in strict compliance therewith.

Certain Differences in Rights of Shareholders

TowneBank is a Virginia corporation governed by the VSCA. Dogwood is a North Carolina corporation governed by the NCBCA. In addition, the rights of TowneBank and Dogwood shareholders are governed by their respective articles of incorporation and bylaws. Upon completion of the merger, Dogwood shareholders will become shareholders of TowneBank, and as such their shareholder rights will then be governed by the articles of incorporation and bylaws of TowneBank, each as amended, and by the VSCA. The rights of shareholders of TowneBank differ in certain respects from the rights of shareholders of Dogwood.

A summary of the material differences between the rights of a Dogwood shareholder under North Carolina law and Dogwood's articles of incorporation and bylaws, on the one hand, and the rights of a TowneBank shareholder under Virginia law and the articles of incorporation and bylaws of TowneBank, on the other hand, is provided in this proxy statement/offering circular in the section "Comparative Rights of Shareholders" on page 89.

Accounting Treatment

The merger will be accounted for under the acquisition method of accounting pursuant to GAAP. Under the acquisition method of accounting, the assets and liabilities, including identifiable intangible assets arising from the transaction, of Dogwood will be recorded, as of completion of the merger, at their respective fair values and added to those of TowneBank. Any excess of purchase price over the fair values is recorded as goodwill. Financial statements and reported results of operations of TowneBank issued after completion of the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of Dogwood.

THE MERGER AGREEMENT

The following is a summary description of the material provisions of the merger agreement. It is subject to and is qualified in its entirety by reference to the merger agreement, which is attached as Appendix A to this proxy statement/offering circular and incorporated herein by reference. We urge you to read the merger agreement in its entirety as it is the legal document governing the merger. This section is not intended to provide you with any factual information about TowneBank or Dogwood. Such information can be found elsewhere in this proxy statement/offering circular and in the public filings TowneBank and Dogwood each make with the FDIC, as described in the section entitled "Where You Can Find More Information."

Explanatory Note Regarding the Merger Agreement

The merger agreement and this summary of terms are included to provide you with information regarding the terms of the merger agreement. Factual disclosures about TowneBank and Dogwood contained in this proxy statement/offering circular or in the public filings TowneBank and Dogwood each make with the FDIC, may supplement, update or modify the factual disclosures about TowneBank and Dogwood contained in the merger agreement. The merger agreement contains representations and warranties by TowneBank, on the one hand, and by Dogwood, on the other hand, made solely for the benefit of the other. The representations, warranties and covenants made in the merger agreement by TowneBank and Dogwood were qualified and subject to important limitations agreed to by TowneBank and Dogwood in connection with negotiating the terms of the merger agreement. In your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the merger agreement may have the right not to consummate the merger, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to shareholders and reports and documents filed with the FDIC, and some were qualified by the matters contained in the confidential disclosure schedules that TowneBank and Dogwood each delivered in connection with the merger agreement and certain documents filed with the FDIC, as applicable. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/offering circular, may have changed since the date of the merger agreement. Accordingly, the representations and warranties in the merger agreement should not be relied on by any persons as characterizations of the actual state of facts about TowneBank and Dogwood at the time they were made or otherwise and should be read only in conjunction with the other information provided elsewhere in this proxy statement/offering circular or incorporated by reference into this proxy statement/offering circular. See "Where You Can Find More Information" for more information about TowneBank and Dogwood.

Structure of the Merger

The TowneBank board of directors and the Dogwood board of directors have each approved the merger agreement. Pursuant to the merger agreement, Dogwood will merge with and into TowneBank, with TowneBank as the surviving entity.

Merger Consideration

General. At the effective time of the merger, holders of Dogwood common stock will receive 0.700 shares of common stock of TowneBank for each share of Dogwood common stock outstanding immediately before the effective time of the merger. The exchange ratio is fixed and will not be adjusted based upon changes in the market price of TowneBank common stock and Dogwood common stock prior to the effective time of the merger. Based on the closing sale price for TowneBank common stock on the Nasdaq Global Select Market on August 18, 2025 ($36.90), the last trading day before public announcement of the merger, the exchange ratio represented approximately $25.83 in value for each share of Dogwood common stock, or approximately $491.2 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. Based on the closing sale price for TowneBank common stock on the Nasdaq Global Select Market on October 15, 2025, the last trading day before the date of this proxy statement/offering circular, the exchange ratio represented approximately $23.51 in value for each share of Dogwood common stock, or approximately $447.17 million in the aggregate based on the number of shares of Dogwood common stock outstanding on such date. The market value of the merger

consideration will fluctuate with the market price of TowneBank common stock and may increase or decrease prior to and following the merger, and such value will not be known at the time of the special meeting. Neither TowneBank nor Dogwood is permitted to terminate the merger agreement as a result of any increase or decrease in the market price of TowneBank common stock prior to completion of the merger.

If the number of shares of TowneBank common stock changes before the merger is completed because of a reclassification, recapitalization, stock dividend, stock split, reverse stock split or similar event, then a proportionate adjustment will be made to the exchange ratio.

TowneBank's shareholders will continue to own their existing shares of TowneBank common stock. Each share of TowneBank common stock will continue to represent one share of TowneBank common stock following the merger.

Fractional Shares. TowneBank will not issue any fractional shares of common stock. Instead, a Dogwood shareholder who would otherwise have received a fraction of a share of TowneBank common stock will receive an amount of cash equal to the fraction of a share of TowneBank common stock to which such holder would otherwise be entitled multiplied by the average closing price per share of TowneBank common stock, as reported on the Nasdaq Global Select Market, for the five full trading days ending on the trading day prior to the closing date of the merger.

Treatment of Dogwood Restricted Stock Awards

At the effective time of the merger, all outstanding Dogwood restricted stock awards as of immediately prior to the effective time that are unvested or contingent will vest and be converted into the right to receive the merger consideration payable with respect to shares of Dogwood common stock. As of the date of this proxy statement/offering circular, there were 511,433 shares subject to unvested restricted stock awards granted under Dogwood's equity compensation plans.

Effective Date and Time; Closing

Subject to the terms and conditions of the merger agreement, the closing of the merger will take place by electronic exchange of documents (i) at 10:00 a.m., New York City time, on the first business day of the first calendar month that follows the month in which the satisfaction or waiver (subject to applicable law) of the last of the conditions set forth in the merger agreement (other than those conditions that by their nature can only be satisfied at the closing, but subject to the satisfaction or waiver of such conditions) occurs, provided that where fewer than five business days remain between such satisfaction or waiver and the last day of the month in which such satisfaction or waiver occurs, the closing of the merger will instead take place on the first business day of the second calendar month following the month in which such satisfaction or waiver occurs, provided, further, that the closing will take place no earlier than January 1, 2026, or (ii) at such other date, time or place agreed to in writing by Dogwood and TowneBank. See "– Conditions to Completion of the Merger" on page 79.

On or (if agreed by Dogwood and TowneBank) prior to the closing date of the merger, TowneBank and Dogwood will cause to be filed articles of merger with the Virginia SCC and NCSOS. The merger will become effective at such time as specified in the articles of merger, or at such other time as will be provided by applicable law.

There can be no assurances as to if or when the shareholder and regulatory approvals will be obtained or that the merger will be completed within the expected timeframe, or at all.

Exchange of Dogwood Shares for TowneBank Shares in the Merger

TowneBank Common Stock. Each share of TowneBank common stock issued and outstanding immediately before the effective time of the merger will remain issued and outstanding immediately after completion of the merger as a share of TowneBank common stock.

Dogwood Common Stock. At or prior to the effective time of the merger, TowneBank will cause to be deposited with its transfer agent, Computershare, Inc. (the "exchange agent"), evidence in book-entry form representing shares of TowneBank common stock for the benefit of the holders of certificates or book-entry shares representing shares of Dogwood common stock, and cash in lieu of any fractional shares that would otherwise be issued to Dogwood shareholders in the merger.

As promptly as practicable after the effective time, and in no event more than five business days thereafter, TowneBank will cause the exchange agent to send transmittal materials to each holder of a certificate and/or book-entry share for Dogwood common stock for use in exchanging Dogwood stock certificates and Dogwood book-entry shares for book-entry shares representing shares of TowneBank common stock, and cash in lieu of fractional shares, if applicable. The transmittal materials will specify that delivery will be effected, and risk of loss and title to the Dogwood stock certificates will pass, only upon the proper delivery of the Dogwood stock certificates to the exchange agent in accordance with the instructions contained therein. The exchange agent will deliver certificates and/or book-entry shares representing TowneBank common stock and a check in lieu of any fractional shares once it receives the properly completed transmittal materials together with certificates and/or book-entry shares representing a holder's Dogwood common stock.

Dogwood stock certificates or Dogwood book-entry shares should NOT be returned with the enclosed proxy card. They also should NOT be forwarded to the exchange agent until you receive a transmittal letter following completion of the merger.

Dogwood stock certificates and book-entry shares may be exchanged for new TowneBank book-entry shares with the exchange agent for up to 12 months after the completion of the merger. At the end of that period, any TowneBank book-entry shares and cash in lieu of fractional shares held by the exchange agent in connection with the merger will be returned to TowneBank. Any holders of Dogwood stock certificates or Dogwood book-entry shares who have not exchanged their certificates or book-entry shares will be entitled to look only to TowneBank for shares of TowneBank common stock and any cash to be received in lieu of fractional shares of TowneBank common stock without any interest thereon.

If you own Dogwood common stock in book-entry form or through a broker, bank or other holder of record, you will not need to obtain Dogwood stock certificates to surrender to the exchange agent.

If your Dogwood stock certificate has been lost, stolen or destroyed, you may receive a new stock certificate upon the making of an affidavit of that fact. TowneBank may require you to post a bond in a reasonable amount as an indemnity against any claim that may be made against TowneBank with respect to the lost, stolen or destroyed Dogwood stock certificate.

Neither TowneBank nor Dogwood, nor any other person, will be liable to any former holder of Dogwood stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

Withholding. TowneBank will be entitled to deduct and withhold, or cause the exchange agent to deduct and withhold, from any cash in lieu of fractional shares of TowneBank common stock, cash dividends or distributions payable pursuant to the merger agreement or any other amounts otherwise payable pursuant to the merger agreement to any holder of Dogwood common stock or Dogwood restricted stock awards, such amounts as it is required to deduct and withhold with respect to the making of such payment or distribution under the Code or any provision of state, local or foreign tax law. To the extent that amounts are so deducted or withheld by TowneBank or the exchange agent, as the case may be, and paid over to the appropriate governmental entity, such withheld amounts will be treated for all purposes of the merger agreement as having been paid to the holder of Dogwood common stock or Dogwood restricted stock awards in respect of which the deduction and withholding was made by the surviving corporation or the exchange agent, as the case may be.

Dividends or Distributions. No dividends or other distributions declared with respect to TowneBank common stock will be paid to the holder of any unsurrendered shares of Dogwood common stock until the holder thereof surrenders such shares in accordance with the merger agreement. After the surrender of such shares in accordance with the merger agreement, the record holder thereof will be entitled to receive any such dividends or

other distributions, without any interest thereon, which had become payable with respect to the TowneBank common stock that the shares of Dogwood common stock were converted into the right to receive.

Representations and Warranties

The merger agreement contains representations and warranties made by TowneBank and Dogwood relating to a number of matters, including the following:

- corporate matters, including due organization, qualification and subsidiaries;
- capitalization;
- authority relative to execution and delivery of the merger agreement and the consummation of the transactions contemplated thereby, including the merger, and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the transactions contemplated by the merger agreement, including the merger;
- required governmental and other regulatory and self-regulatory filings and consents and approvals in connection with the transactions contemplated by the merger agreement, including the merger;
- reports to regulatory agencies;
- financial statements, including internal controls, books and records, and absence of undisclosed liabilities;
- broker's fees payable in connection with the merger;
- the absence of certain changes or events;
- legal proceedings;
- tax matters;
- employees and employee benefit matters;
- FDIC reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (in the case of TowneBank);
- compliance with applicable law;
- certain material contracts (in the case of Dogwood);
- absence of certain supervisory actions;
- risk management instruments;
- environmental matters (in the case of Dogwood);
- investment securities and commodities (in the case of Dogwood);
- real property (in the case of Dogwood);
- intellectual property (in the case of Dogwood);
- customer relationships related to wealth management and trust (in the case of TowneBank);

- related party transactions (in the case of Dogwood);
- inapplicability of state takeover laws;
- absence of any action (or failure to take any action), fact or circumstance that could reasonably be expected to prevent or impede the merger from qualifying as a reorganization under Section 368(a) of the Code;
- opinion of advisors;
- the accuracy of information supplied for inclusion in this proxy statement/offering circular and other similar documents;
- loan portfolio matters (in the case of Dogwood);
- insurance matters (in the case of Dogwood); and
- sanctions, anti-money laundering and anti-corruption laws (in the case of Dogwood).

Certain representations and warranties of TowneBank and Dogwood are qualified as to "materiality" or "material adverse effect" (as such terms are defined in the merger agreement). For purposes of the merger agreement, a "material adverse effect," when used in reference to TowneBank, Dogwood or the surviving corporation, as the case may be, means any effect, change, event, circumstance, condition, occurrence or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such party and its subsidiaries taken as a whole, subject to certain exceptions, or (ii) the ability of such party to timely consummate the transactions contemplated by the merger agreement.

The representations and warranties in the merger agreement do not survive the effective time.

Covenants and Agreements

Conduct of Businesses by Dogwood Prior to the Effective Time

Dogwood has agreed that it will, prior to the effective time or earlier termination of the merger agreement, subject to specified exceptions, as required by law or consented to in writing by TowneBank (such consent not to be unreasonably withheld, conditioned or delayed), (i) conduct its business in the ordinary course consistent with past practice in all material respects, (ii) use reasonable best efforts to maintain and preserve intact its business organization, employees and advantageous business relationships (including relationships with governmental entities) and (iii) take no action that would reasonably be expected to adversely affect or delay the ability of either TowneBank or Dogwood to obtain any necessary approvals of any regulatory agency or other governmental entity required for the transactions contemplated by the merger agreement, or to perform its covenants and agreements under the merger agreement or to consummate the transactions contemplated by the merger agreement on a timely basis.

Additionally, prior to the effective time or earlier termination of the merger agreement, subject to specified exceptions, Dogwood has agreed that it will not, without the prior written consent of TowneBank (such consent not to be unreasonably withheld, conditioned or delayed), take any of the following actions:

- other than (i) federal funds borrowings and Federal Home Loan Bank borrowings, in each case with a maturity not in excess of six months, (ii) deposits in the ordinary course of business consistent with past practice, (iii) issuances of letters of credit, (iv) sales of certificates of deposit and (v) entry into repurchase agreements, in each case of clauses (i) through (v), in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money, or assume, guarantee,

endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity;

- adjust, split, combine or reclassify any capital stock;

- make, declare, pay or set a record date for any dividend, or any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or other equity or voting securities or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) or exchangeable into or exercisable for any shares of its capital stock or other equity or voting securities, including any Dogwood securities or Dogwood subsidiary securities, except the acceptance of shares of Dogwood common stock as payment for withholding taxes incurred in connection with the vesting of Dogwood restricted stock awards, in each case, outstanding as of the date of the merger agreement;

- grant any stock options, warrants, restricted stock units, performance stock units, phantom stock units, restricted shares or other equity or equity-based awards or interests, or grant any person any right to acquire any Dogwood securities under a Dogwood stock plan or otherwise;

- issue, sell, transfer, encumber or otherwise permit to become outstanding any shares of capital stock or voting securities or equity interests or securities convertible (whether currently convertible or convertible only after the passage of time of the occurrence of certain events) or exchangeable into, or exercisable for, any shares of its capital stock or other equity or voting securities, or any options, warrants, or other rights of any kind to acquire any shares of capital stock or other equity or voting securities;

- sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets to any individual, corporation or other entity other than a wholly owned subsidiary, or cancel, release or assign any indebtedness to any such person or any claims held by any such person, in each case other than (i) sales and dispositions of immaterial properties or assets in the ordinary course of business consistent with past practice or (ii) pursuant to contracts or agreements in force at the date of the merger agreement;

- except for (i) foreclosures or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith in the ordinary course of business consistent with past practice or (ii) such other acquisitions in the ordinary course of business consistent with past practice in amounts that do not exceed $50,000 individually or $100,000 in the aggregate, make any material investment in or acquisition of (whether by purchase of stock or securities, contributions to capital, property transfers, merger or consolidation, or formation of a joint venture or otherwise) any other person or the property or assets of any other person, in each case, other than a wholly owned subsidiary of Dogwood;

- in each case except for transactions in the ordinary course of business consistent with past practice, terminate, materially amend, or waive any material provision of, or waive, release, compromise or assign any material rights or claims under, certain material contracts or make any change in any instrument or agreement governing the terms of any of its securities, other than normal renewals of contracts without material adverse changes of terms with respect to Dogwood, or enter into certain material contracts;

- except as required by the terms (in effect as of the date of the merger agreement) of any Dogwood benefit plan existing as of the date of the merger agreement or by applicable law, (i) enter into, adopt, amend or terminate any employment agreement, offer letter, retention agreement, change in control or transaction bonus agreement, severance agreement or similar arrangement, other than entering into offer letters that do not contain severance or change in control provisions in the ordinary course of business consistent with past practice with respect to an employee hire who is not (and would not be) an executive officer or any employee reporting directly to an executive officer or who would not have

a target annual compensation opportunity (base salary, target annual bonus and target long-term incentive opportunity) of $150,000 or more (each, a "key employee"), (ii) enter into, adopt, materially amend or terminate any employee benefit plan or any collective bargaining agreement, (iii) increase the compensation or benefits payable to any current or former employee, director or individual consultant, other than increases in base salary or wage rate to employees who are not key employees in connection with Dogwood's annual compensation reviews in the ordinary course of business consistent with past practice, (iv) pay or award, or accelerate the vesting of, any non-equity bonuses or incentive compensation, (v) grant or accelerate the vesting or payment of any equity-based compensation, (vi) fund any rabbi trust or similar arrangement, (vii) terminate the employment of any key employee, other than for cause, or (viii) hire any individual who would be a key employee;

- settle any claim, suit, action or proceeding, except involving solely monetary remedies in an amount not in excess of $500,000 individually or $1,000,000 in the aggregate, and that would not impose any material restriction on, or create any adverse precedent that would be material to, the business of it or its subsidiaries or the surviving corporation or to the receipt of regulatory approvals for the transactions contemplated by the merger agreement on a timely basis;

- take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

- amend its articles of incorporation or bylaws;

- merge or consolidate itself with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its subsidiaries;

- other than in prior consultation with TowneBank, materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported;

- implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or applicable law, regulation or policies imposed by any governmental entity;

- enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management, interest rate, fee pricing or other material banking or operating policies and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital exposure applicable with respect to its loan portfolio or any segment thereof), except as required by applicable law, regulation or policies imposed by any governmental entity;

- make any material changes in its policies and practices with respect to (i) underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service, loans or (ii) its investment securities portfolio, hedging practices and policies or its policies with respect to the classification or reporting of such portfolios, in each case except as required by law or requested by a regulatory agency;

- (i) make, renew, restructure or otherwise modify any loan other than loans that are made, renewed, restructured or otherwise modified in the ordinary course of business consistent with past practice (excluding participations) or loans that were previously acquired in the ordinary course of business consistent with past practice, in each case originated in compliance with Dogwood's internal loan policies and that have (a) in the case of unsecured loans, a principal balance not in excess of $500,000, (b) in the case of U.S. Small Business Administration loans, a principal balance not in excess of $2,000,000, (c) in the case of secured loans, a principal balance not in excess of $3,500,000 and (d) total exposure to the borrower and its affiliates not in excess of $7,000,000; (ii) except in the ordinary course of business, take any action that would result in any discretionary release of collateral

or guarantees or otherwise restructure the respective amounts set forth in clause (i) above; (iii) enter into any loan securitization or create any special purpose funding entity; or (iv) purchase or otherwise acquire any loans from unaffiliated third parties (including any loan participations), except for acquisitions in satisfaction of debts previously contracted in good faith. In the event that TowneBank's prior written consent is required pursuant to clause (i) above, TowneBank will use its commercially reasonable efforts to provide such consent within two business days of any request by Dogwood, and if TowneBank does not respond to a request for consent within two business days of having received such request together with the relevant loan package, such non-response will be deemed to constitute consent (provided that if TowneBank reasonably requests additional information from Dogwood during such two-business day period, such period will be tolled and a new two-business day period will apply upon TowneBank's receipt of the requested information from Dogwood);

- make, or commit to make, any capital expenditures in excess of certain budgeted amounts, subject to certain exceptions;

- make, change or revoke any material tax election, change an annual tax accounting period, adopt or change any material tax accounting method, file any material amended tax return, enter into any closing agreement with respect to a material amount of taxes, or settle any material tax claim, audit, assessment or dispute or surrender any material right to claim a refund of taxes; or

- agree to take, make any commitment to take, or adopt any resolutions of its board of directors or similar governing body in support of, any of the foregoing.

Conduct of Businesses by TowneBank Prior to the Effective Time

Prior to the effective time or earlier termination of the merger agreement, subject to specified exceptions or as required by law, TowneBank will not, and TowneBank will not permit any of its subsidiaries to, without the prior written consent of Dogwood (such consent not to be unreasonably withheld, conditioned or delayed), take any of the following actions:

- adjust, split, combine or reclassify any shares of TowneBank common stock;

- take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

- amend the TowneBank articles of incorporation or bylaws in a manner that would materially and adversely affect the holders of Dogwood common stock, or adversely affect the holders of Dogwood common stock relative to other holders of TowneBank common stock;

- take any action that would reasonably be expected to adversely affect or delay the ability of either TowneBank or Dogwood to obtain any necessary approvals from any regulatory or other governmental entity required for the transactions contemplated by the merger agreement or to perform TowneBank's covenants and agreements under the merger agreement or to consummate the transactions contemplated by the merger agreement on a timely basis; or

- agree to take, make any commitment to take, or adopt any resolutions of its board of directors or similar governing body in support of, any of the foregoing.

Assumption of Debt Obligations

Towne has agreed to take all necessary actions to assume, at the effective time of the merger, the due and punctual payment of the principal of and any premium and interest on Dogwood's 5.125% Fixed to Floating Rate Subordinated Note due 2030 in the principal amount of $10,000,000. Dogwood has agreed to cooperate as reasonably requested by TowneBank in connection with such assumption.

Employee Matters

The merger agreement provides that, for one year after the effective time of the merger, TowneBank will provide to employees of Dogwood who become employees of TowneBank or any TowneBank subsidiary at the effective time (the "Dogwood continuing employees") employee benefits on terms and conditions that are substantially comparable in the aggregate to those provided to similarly situated employees of TowneBank and any TowneBank subsidiary. Each Dogwood continuing employee whose employment is involuntarily terminated other than for cause on or after the effective time but on or before the date that is nine months following the effective time, excluding any employee who has a contractual or other legally binding arrangement providing for severance pay, will be entitled to receive severance on the terms agreed between TowneBank and Dogwood.

In addition, with respect to any TowneBank employee benefit plan in which any Dogwood continuing employees first become eligible to participate on or after the effective time, TowneBank will use commercially reasonable efforts to (i) waive all waiting periods and restrictions and exclusions for preexisting conditions and insurability with respect to participation and coverage requirements applicable to such employees and their eligible dependents under any such TowneBank employee benefit plans, except to the extent that such waiting periods and restrictions and exclusions for preexisting conditions and insurability would apply under the analogous Dogwood employee benefit plan immediately prior to the effective time, (ii) provide each such Dogwood continuing employee and his or her eligible dependents with credit for any co-payments and deductibles paid prior to the effective time (or, if later, prior to the time such employee commenced participation in such TowneBank employee benefit plan to the same extent that such credit was given under the analogous Dogwood employee benefit plan) in satisfying any applicable deductible or out-of-pocket requirements under any such TowneBank employee benefit plans, and (iii) recognize service of such employees with Dogwood to the same extent that such service was taken into account under the analogous Dogwood employee benefit plan prior to the effective time. Notwithstanding the foregoing, TowneBank's obligation to provide service recognition will not apply to the extent that it would result in duplication of benefits for the same period of services or for purposes of benefit accrual or any TowneBank employee benefit plan that provides defined benefit or retiree welfare benefits or any frozen plan or plan that provides grandfathered benefits.

Unless otherwise directed by TowneBank in writing at least 75 days prior to the effective time, Dogwood has agreed that it will terminate its participation in any Dogwood employee benefit plan intended to qualify under Section 401(a) of the Code effective as of, and contingent upon, the effective time. In connection with the termination of such participation, Dogwood and TowneBank will take such action as necessary to permit, for each affected Dogwood employee and in accordance with the plan, a transfer of such employee's plan account balance including any participant loans or a rollover contribution of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code, including all participant loans) in an amount equal to the eligible rollover distribution portion of the account balance distributed to each such affected employee from such plan, in either case to an "eligible retirement plan" (within the meaning of Section 401(a)(31) of the Code) of TowneBank or its subsidiaries.

Simultaneous with the execution of the merger agreement, TowneBank entered into employment agreements and other arrangements with certain officers and employees of Dogwood providing for their continued service with TowneBank following the merger (see "The Merger – Interests of Certain Dogwood Directors and Executive Officers in the Merger").

Regulatory Matters

Pursuant to the terms of the merger agreement, TowneBank and Dogwood agreed to cooperate with each other and use reasonable best efforts to promptly (and in the case of applications, notices, petitions and filings required to obtain the requisite regulatory approvals, within 45 days of the date of the merger agreement) to file all necessary documentation to obtain as promptly as practicable all permits, consents, orders, approvals, waivers, non-objections and authorizations of all third parties and governmental entities which are necessary or advisable to complete the transactions contemplated by the merger agreement (including the merger and the amendment of Dogwood's articles of incorporation). The requisite regulatory approvals include the prior approval or non-objection from the FDIC, Virginia SCC and NCCOB. On September 19, 2025, TowneBank filed applications with the FDIC, Virginia SCC and NCCOB seeking approval or non-objection of the merger.

As of the date of this proxy statement/offering circular, we have not yet received the required approvals or non-objections from the FDIC, Virginia SCC and NCCOB. While we do not know of any reason why we would not be able to obtain such approvals or non-objections in a timely manner, or why they would be received with conditions unacceptable to TowneBank, we cannot be certain when or if we will receive them or the nature of any conditions imposed.

Following the receipt of approval from the FDIC, TowneBank may file an application with the TDFI for prior approval to register its name with the Tennessee Secretary of State. Such approval is not required under the terms of the merger agreement.

Director and Officer Indemnification and Insurance

The merger agreement provides that from and after the effective time of the merger, TowneBank will indemnify and hold harmless and will advance expenses as incurred, in each case to the fullest extent (subject to applicable law) permitted by the Dogwood articles of incorporation, the Dogwood bylaws, the governing or organizational documents of any subsidiary of Dogwood and certain indemnification agreements in existence as of the date of the merger agreement, the Dogwood indemnified parties against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, damages or liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, whether arising before or after the effective time, arising out of, or pertaining to, the fact that such person is or was a director, officer or employee of Dogwood or any of its subsidiaries and pertaining to matters existing or occurring at or prior to the effective time, including matters, acts or omissions occurring in connection with the approval of the merger agreement and the transactions contemplated by the merger agreement; provided, that in the case of advancement of expenses, any Dogwood indemnified party to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Dogwood indemnified party is not entitled to indemnification.

TowneBank is required to cause to be maintained in effect for a period of six years after the effective time the current policies of directors' and officers' liability insurance maintained by Dogwood (provided that TowneBank may substitute therefor policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the insured) with respect to claims arising from facts or events which occurred at or before the effective time (including the approval of the transactions contemplated by the merger agreement); provided, that TowneBank will not be obligated to expend, on an annual basis, an amount in excess of 300% of the current annual premium paid as of the date of the merger agreement by Dogwood (the "premium cap"), and if such premiums for such insurance would at any time exceed the premium cap, then the surviving corporation will cause to be maintained policies of insurance which, in the surviving corporation's good faith determination, provide the maximum coverage available at an annual premium equal to the premium cap. In lieu of the foregoing, TowneBank or Dogwood, in consultation with, but only upon the consent of TowneBank, may (and at the request of TowneBank, Dogwood has agreed that it will use its reasonable best efforts to) obtain at or prior to the effective time a six-year "tail" policy under Dogwood's existing directors' and officers' insurance policy providing equivalent coverage to that described in the preceding sentence if and to the extent that the same may be obtained for an amount that, in the aggregate, does not exceed the premium cap. The obligations of TowneBank and the Dogwood as to indemnification cannot be terminated or modified after the effective time in a manner so as to adversely affect the Dogwood indemnified party or any other person entitled to the benefit of such indemnification without the prior written consent of the affected Dogwood indemnified party or affected person.

Certain Additional Covenants

The merger agreement also contains additional covenants, including, among others, covenants relating to the filing of this proxy statement/offering circular, obtaining required consents, the listing of the shares of TowneBank common stock to be issued in the merger, confidentiality, access to information of the other company, advice of changes, exemption from takeover laws, shareholder litigation relating to the transactions contemplated by the merger agreement, commitments to the community, public announcements with respect to the transactions contemplated by the merger agreement and cooperation with respect to receipt of the federal tax opinions that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Corporate Governance

At the effective time of the merger, the articles of incorporation and bylaws of TowneBank in effect immediately prior to the effective time will be the articles of incorporation and bylaws, respectively, of TowneBank after completion of the merger until thereafter amended in accordance with their terms and applicable law.

At the effective time of the merger, TowneBank will appoint one current member of the board of directors of Dogwood, G. Robin Perkins, III, to serve as a director of TowneBank to serve until the next annual meeting of shareholders of TowneBank following the effective time. Subject to the good faith consideration by the nominating and corporate governance committee of the board of directors of TowneBank of the selection criteria set forth in its charter, Mr. Perkins will be nominated to sit for election by TowneBank's shareholders at such annual meeting and TowneBank's proxy materials with respect to such annual meeting will include the recommendation of the board of directors of TowneBank that its shareholders vote to elect Mr. Perkins to the same extent as recommendations are made with respect to other incumbent directors of TowneBank.

At the effective time, TowneBank will invite each member of the board of directors of Dogwood who resides in TowneBank's or Dogwood's market area and who is serving immediately prior to the effective time to serve as a member of a regional advisory board of directors of TowneBank. Membership on a regional advisory board of TowneBank is conditional on the Dogwood director executing an agreement providing that such individual will not engage in activities competitive with TowneBank until the later of the date that is one year following the merger and the date on which he or she ceases to be a member of the TowneBank regional advisory board.

Steven W. Jones, Chief Executive Officer of Dogwood, will continue in a key leadership role within the combined company and will join TowneBank as president of its North Carolina and South Carolina banking operations, and be a member of the TowneBank Corporate Management team.

Shareholder Meeting and Recommendation of Dogwood's Board of Directors

Dogwood has agreed to call, give notice of, establish a record date for, convene and hold a meeting of its shareholders for the purpose of obtaining (i) approval of the merger proposal and articles amendment proposals by Dogwood shareholders and (ii) if so desired and mutually agreed, a vote upon other matters of the type customarily brought before a meeting of shareholders in connection with the approval of a merger agreement or the transactions contemplated thereby, and Dogwood has agreed it will use reasonable best efforts to cause such meeting to occur as soon as reasonably practicable.

Dogwood and its board of directors will use its reasonable best efforts to obtain from the shareholders of Dogwood the requisite approvals, including by communicating to the shareholders of Dogwood its recommendation (and including such recommendation in this proxy statement/offering circular) that the shareholders of Dogwood approve the merger proposal and articles amendment proposals (the "Dogwood board recommendation"). Subject to specified exceptions, Dogwood and its board of directors have agreed that they will not (i) withhold, withdraw, modify or qualify in a manner adverse to TowneBank the Dogwood board recommendation, (ii) fail to make the Dogwood board recommendation in this proxy statement/offering circular, (iii) adopt, approve, recommend or endorse an acquisition proposal (as defined in the section entitled "– Agreement Not to Solicit Other Offers") or publicly announce an intention to adopt, approve, recommend or endorse an acquisition proposal, (iv) fail to publicly and without qualification (a) recommend against any acquisition proposal or (b) reaffirm Dogwood board recommendation within 10 business days (or such fewer number of days as remains prior to the Dogwood special meeting) after an acquisition proposal is made public or any request by the other party to do so, or (v) publicly propose to do any of the foregoing (any of the foregoing, a "recommendation change").

However, subject to certain termination rights in favor of TowneBank as described in the section entitled "– Termination of the Merger Agreement," if the board of directors of Dogwood, after consultation with its outside counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would more likely than not result in a violation of its fiduciary duties under applicable law to make or continue to make the Dogwood board recommendation, the Dogwood board of directors may, prior to the receipt of approval of the merger and related matters by Dogwood's shareholders, submit the merger agreement to Dogwood shareholders

without recommendation (although the resolutions approving the merger agreement and related matters may not be rescinded or amended), in which event the Dogwood board of directors may communicate the basis for such lack of recommendation to Dogwood shareholders in this proxy statement/offering circular or an appropriate amendment or supplement hereto; provided that the Dogwood board of directors may not take any actions under this provision unless (i) it gives TowneBank at least three business days' prior written notice of its intention to take such action and a reasonable description of the event or circumstances giving rise to its determination to take such action (including, in the event that such action is taken in response to an acquisition proposal, the latest material terms and conditions and the identity of the third party in any such acquisition proposal, or any amendment or modification thereof, or describe in reasonable detail of such other event or circumstances) and (ii) at the end of such notice period, it takes into account any amendment or modification to the merger agreement proposed by TowneBank and, after consultation with its outside counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would nevertheless more likely than not result in a violation of its fiduciary duties under applicable law to make or continue to make the Dogwood board recommendation. Any material amendment to any acquisition proposal will be deemed to be a new acquisition proposal for purposes of the merger agreement and will require a new notice period.

Notwithstanding any recommendation change by the Dogwood board of directors, unless the merger agreement has been terminated in accordance with its terms, Dogwood is required to convene a meeting of its shareholders and to submit the merger agreement to a vote of such shareholders.

Agreement Not to Solicit Other Offers

Dogwood has agreed that it will not, and will cause each of its subsidiaries not to, and will use its reasonable best efforts to cause its and their respective officers, directors, employees, agents, advisors and representatives (collectively, "representatives") not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any acquisition proposal, (ii) engage or participate in any negotiations with any person concerning any acquisition proposal, (iii) provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any acquisition proposal (except to notify a person that has made or, to the knowledge of Dogwood, is making any inquiries with respect to, or is considering making, an acquisition proposal, of the existence of the relevant provisions in the merger agreement) or (iv) unless the merger agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (whether written or oral, binding or non-binding) (other than a confidentiality agreement referred to and entered into in accordance with the merger agreement) in connection with or relating to any acquisition proposal. For purposes of the merger agreement, an "acquisition proposal" means, other than the transactions contemplated by the merger agreement, any offer, proposal or inquiry relating to, or any third-party indication of interest in, (i) any acquisition or purchase, direct or indirect, of 25% or more of the consolidated assets of Dogwood and its subsidiaries or 25% or more of any class of equity or voting securities of Dogwood or its subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of Dogwood, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third-party beneficially owning 25% or more of any class of equity or voting securities of Dogwood or its subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of Dogwood or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the issuance, acquisition or conversion of, or the disposition of, 25% or more of any class of equity or voting securities of Dogwood or one or more of its subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of Dogwood.

In the event that after the date of the merger agreement and prior to the receipt of approval of the merger and related matters by Dogwood's shareholders, Dogwood receives an unsolicited bona fide written acquisition proposal that did not result from or arise in connection with a breach of Dogwood's obligations relating to non-solicitation of acquisition proposals, it may, and may permit its subsidiaries and its and its subsidiaries' representatives to, furnish or cause to be furnished confidential or nonpublic information or data and participate in such negotiations or discussions with the person making the acquisition proposal if the Dogwood board of directors concludes in good faith (after consultation with its outside counsel, and with respect to financial matters, its financial advisors) that failure to take such actions would be more likely than not to result in a violation of its fiduciary duties

under applicable law; provided, that, prior to furnishing any confidential or nonpublic information permitted to be provided pursuant to the merger agreement, Dogwood enters into a confidentiality agreement with the person making such acquisition proposal on terms no less favorable to it than the confidentiality agreement between TowneBank and Dogwood, and which confidentiality agreement does not provide such person with any exclusive right to negotiate with such party.

Dogwood has agreed that it will, and will cause its representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of the merger agreement with any person other than TowneBank with respect to any acquisition proposal. Dogwood has agreed that it will promptly (within 24 hours) advise TowneBank following receipt of any acquisition proposal or any inquiry which could reasonably be expected to lead to an acquisition proposal, and the substance thereof (including the terms and conditions of and the identity of the person making such inquiry or acquisition proposal), will provide TowneBank with an unredacted copy of any such acquisition proposal and any draft agreements, proposals or other materials received in connection with any such inquiry or acquisition proposal, and will keep TowneBank apprised of any related developments, discussions and negotiations on a current basis, including any amendments to or revisions of the terms of such inquiry or acquisition proposal. Dogwood has agreed that it will use its reasonable best efforts to enforce any existing confidentiality or standstill agreements to which it or any of its subsidiaries is a party.

Nothing contained in the merger agreement will prevent Dogwood or its board of directors from complying with Rule 14d-9 and Rule 14e-2 under the Exchange Act with respect to an acquisition proposal; provided, that such rules will in no way eliminate or modify the effect that any action pursuant to such rules would otherwise have under the merger agreement.

Conditions to Completion of the Merger

TowneBank's and Dogwood's respective obligations to effect the merger are subject to the satisfaction or waiver, at or prior to the effective time, of the following conditions:

- the approval of the merger proposal and the articles amendment proposals by the requisite vote of Dogwood shareholders;

- the authorization for listing on the Nasdaq Global Select Market, subject to official notice of issuance, of the shares of TowneBank common stock that will be issuable pursuant to the merger agreement;

- (i) the specified governmental consents and approvals, including from the FDIC, the Virginia SCC and the NCCOB, having been received and remaining in full force and effect, and the termination or expiration of all statutory waiting periods in respect thereof, and (ii) in the case of TowneBank's obligation to effect the merger, that no such required regulatory approval has resulted in the imposition of any materially burdensome regulatory condition (as defined in the merger agreement);

- no order, injunction or decree issued by any court or governmental entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger being in effect, and no law, statute, rule, regulation, order, injunction or decree having been enacted, entered, promulgated or enforced by any governmental entity which prohibits or makes illegal the consummation of the merger;

- the accuracy of the representations and warranties of Dogwood, on the one hand, and TowneBank, on the other hand, contained in the merger agreement, generally as of the date on which the merger agreement was entered into and as of the closing date, subject to the materiality standards provided in the merger agreement (and the receipt by each party of a certificate dated as of the closing date and signed on behalf of the other party by its chief executive officer or chief financial officer to such effect);

- the performance by Dogwood, on the one hand, and TowneBank, on the other hand, in all material respects of the obligations, covenants and agreements required to be performed by it under the merger agreement at or prior to the closing date (and the receipt by each party of a certificate dated as of the

closing date and signed on behalf of the other party by its chief executive officer or chief financial officer to such effect); and

- receipt by TowneBank and Dogwood of opinions of legal counsel to the effect that on the basis of facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Where the merger agreement and/or law permits, TowneBank or Dogwood could choose to waive a condition to its obligation to complete the merger even if that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or that the merger will be completed.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time, whether before or after the receipt of the requisite approvals from the Dogwood shareholders (except as indicated below), in the following circumstances:

- by mutual written consent of TowneBank and Dogwood;

- by either TowneBank or Dogwood if any governmental entity that must grant a requisite regulatory approval has denied approval of the merger and such denial has become final and nonappealable or any governmental entity of competent jurisdiction has issued a final and nonappealable order, injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the merger, unless, in any such case, the failure to obtain a requisite regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements set forth in the merger agreement;

- by either TowneBank or Dogwood if the merger has not been consummated on or before the termination date, August 18, 2026, unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements set forth in the merger agreement;

- by either TowneBank or Dogwood (provided that the terminating party is not then in material breach of any representation, warranty, obligation, covenant or other agreement contained in the merger agreement) if there is a breach of any of the obligations, covenants or agreements or any of the representations or warranties (or if any such representation or warranty ceases to be true) set forth in the merger agreement on the part of Dogwood, in the case of a termination by TowneBank, or TowneBank, in the case of a termination by Dogwood, which breach or failure to be true, either individually or in the aggregate with all other breaches by such party (or failures of such representations or warranties to be true), would constitute, if occurring or continuing on the closing date, the failure of an applicable closing condition of the terminating party and which is not cured within 45 days following written notice to the other party, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the termination date);

- by TowneBank, prior to the receipt of approval of the merger and related matters by Dogwood's shareholders, if (i) Dogwood or the Dogwood board of directors has made a recommendation change, or (ii) Dogwood or the Dogwood board of directors breaches in any material respect its obligations relating to non-solicitation of acquisition proposals or its obligations related to the approval of the Dogwood shareholders and the Dogwood board recommendation; or

- by either TowneBank or Dogwood, if the receipt of approval of the merger and related matters has not been obtained upon a vote thereon taken at a special meeting of shareholders of Dogwood (including any adjournment or postponement thereof).

Neither TowneBank nor Dogwood is permitted to terminate the merger agreement as a result, in and of itself, of any increase or decrease in the market price of TowneBank common stock or Dogwood common stock.

Effect of Termination

If the merger agreement is terminated by either TowneBank or Dogwood, as provided in the section entitled "– Termination of the Merger Agreement" above, the merger agreement will become void and have no effect, and none of TowneBank, Dogwood, any of their respective subsidiaries or any of the officers or directors of any of them will have any liability of any nature whatsoever thereunder, or in connection with the transactions contemplated by the merger agreement, except that (i) neither TowneBank nor Dogwood will be relieved or released from any liabilities or damages arising out of its willful and material breach of any provision of the merger agreement (including, in the case of Dogwood, the loss of premium offered to the shareholders of Dogwood), and (ii) designated provisions of the merger agreement will survive the termination, including those relating to the confidential treatment of information, public announcements and the effect of termination, including the termination fee described below.

Termination Fee

Dogwood will pay TowneBank a termination fee equal to $19.65 million by wire transfer of same-day funds (the "termination fee") if the merger agreement is terminated in the following circumstances:

- In the event that (i) the merger agreement is terminated by TowneBank pursuant to the fifth bullet set forth in the section entitled "– Termination of the Merger Agreement" above or (ii) the merger agreement is terminated by TowneBank or Dogwood pursuant to the sixth bullet set forth in the section entitled "– Termination of the Merger Agreement" above at a time when TowneBank could have terminated the merger agreement pursuant to the fifth bullet set forth in the section entitled "– Termination of the Merger Agreement" above. In each such case, the termination fee must be paid to TowneBank within two business days of the date of termination.

- In the event that, after the date of the merger agreement and prior to the termination of the merger agreement, a bona fide acquisition proposal has been communicated to or otherwise made known to the Dogwood board of directors or Dogwood's senior management or has been made directly to Dogwood shareholders, or any person has publicly announced (and not withdrawn at least two business days prior to the Dogwood special meeting) an acquisition proposal, in each case, with respect to Dogwood, and (i) (a) thereafter the merger agreement is terminated by either TowneBank or Dogwood pursuant to the third bullet set forth in the section entitled "– Termination of the Merger Agreement" above without the requisite Dogwood vote having been obtained (and all other conditions to Dogwood's obligation to complete the merger had been satisfied or were capable of being satisfied prior to such termination), (b) thereafter the merger agreement is terminated by TowneBank pursuant to the fourth bullet set forth in the section entitled "– Termination of the Merger Agreement" above as a result of a willful breach of the merger agreement by Dogwood or (c) thereafter the merger agreement is terminated by either Dogwood or TowneBank pursuant to the sixth bullet set forth in the section entitled "– Termination of the Merger Agreement" above, and (ii) prior to the date that is 12 months after the date of such termination, Dogwood enters into a definitive agreement or consummates a transaction with respect to an acquisition proposal (whether or not the same acquisition proposal as that referred to above), provided that for purposes of the foregoing, all references in the definition of acquisition proposal to "25%" will instead refer to "50%." In such case, the termination fee must be paid to TowneBank on the earlier of the date Dogwood enters into such definitive agreement and the date of consummation of such transaction.

Expenses

Except as otherwise expressly provided in the merger agreement, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expense, except that the costs, fees and expenses of printing and mailing this proxy statement/offering circular

and all filing and other fees paid to governmental entities in connection with transactions contemplated by the merger agreement, including the merger, will be borne equally by TowneBank and Dogwood.

Waiver and Amendment

Subject to compliance with applicable law, the merger agreement may be amended by the parties at any time before or after the receipt of the approval of the Dogwood shareholders, except that after the receipt of the approval of the Dogwood shareholders, there may not be, without further approval of the shareholders of Dogwood any amendment of the merger agreement that requires such further approval under applicable law. The merger agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

At any time prior to the effective time, each of the parties may, to the extent legally allowed, extend the time for the performance of any of the obligations or other acts of TowneBank, in the case of Dogwood, or Dogwood, in the case of TowneBank, waive any inaccuracies in the representations and warranties of TowneBank, in the case of Dogwood, or Dogwood, in the case of TowneBank, contained in the merger agreement or in any document delivered by such other party pursuant to the merger agreement, and waive compliance with any of the agreements or satisfaction of any conditions for its benefit contained in the merger agreement; provided that after the receipt of the approval of the shareholders of Dogwood, there may not be, without such further approval of the shareholders of Dogwood, any extension or waiver of the merger agreement or any portion thereof that requires further approval under applicable law.

Governing Law

The merger agreement is governed by and will be construed in accordance with the laws of the Commonwealth of Virginia, without regard to any applicable conflicts of law principles.

Specific Performance

TowneBank and Dogwood will be entitled to an injunction or injunctions to prevent breaches or threatened breaches of the merger agreement or to enforce specifically the performance of the terms and provisions thereof (including the parties' obligation to consummate the merger), in addition to any other remedy to which they are entitled at law or in equity. Both TowneBank and Dogwood have waived any defense in any action for specific performance that a remedy at law would be adequate and any requirement under any law to post security or a bond as a prerequisite to obtaining equitable relief.

Resales of TowneBank Common Stock

The shares of TowneBank common stock to be issued to Dogwood shareholders under the merger agreement may be freely traded without restriction by holders after the merger. TowneBank is a "bank" as defined in the Securities Act of 1933, as amended (the "Securities Act"), and as such is exempt from registering its shares of common stock for sale or exchange under Section 3(a)(2) of the Securities Act. TowneBank's common stock is listed on the Nasdaq Global Select Market.

TowneBank is subject to reporting requirements under the Exchange Act, and as such files reports, proxy statements and other information with the FDIC. Such filings can be accessed at the FDIC's website at http://www.fdic.gov and the investor relations page of TowneBank's website at https://www.townebank.com, under the heading "Financials." The information contained on the websites of the FDIC and TowneBank is expressly not incorporated by reference into this proxy statement/offering circular.

Support Agreements

In their capacity as shareholders of Dogwood, each of the directors of Dogwood, FJ Capital Management LLC, and Patriot Financial Partners III, L.P. each entered into a support agreement with TowneBank at the time the merger agreement was executed. Under the terms of the support agreements, such shareholders have agreed to vote their shares of Dogwood common stock in favor of the merger proposal and articles amendment proposals, and against any competing acquisition proposal, respectively, subject to certain exceptions, including that certain shares

held in a fiduciary capacity are not covered by the agreements. As of October 15, 2025, the record date for the special meeting, shareholders subject to support agreements are entitled to vote 4,994,294 shares of Dogwood voting common stock, or approximately 27.80% of the total voting power of the shares of Dogwood voting common stock outstanding on that date, and 821,070 shares of Dogwood non-voting common stock, or approximately 78.00% of the total voting power of the shares of Dogwood non-voting common stock outstanding on that date, which is sufficient to approve the non-voting stock articles amendment proposal and non-voting stock adjournment proposal.

The support agreements prohibit, subject to limited exceptions, selling, transferring, pledging, encumbering or otherwise disposing of any shares of Dogwood common stock subject to the agreement. The support agreements terminate upon the earlier to occur of the completion of the merger or the termination of the merger agreement in accordance with its terms.

The foregoing summary is qualified in its entirety by reference to the complete text of the support agreement, the form of which is attached as Exhibit A to Appendix A to this proxy statement/offering circular. We urge you to read the form of support agreement in its entirety.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The material U.S. federal income tax consequences of the merger of Dogwood with and into TowneBank to "U.S. holders" (as defined below) of Dogwood common stock that exchange their shares of Dogwood common stock for shares of TowneBank common stock in the merger are as described below. The following discussion is based upon the Code, Treasury regulations promulgated thereunder, judicial decisions, published positions of the Internal Revenue Service (the "IRS") and administrative decisions, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive effect). No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

This discussion does not address the tax consequences of the merger under state, local or foreign tax laws, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to Section 1411 of the Code or the Foreign Account Tax Compliance Act (including the Treasury Regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto or in connection therewith), or under any U.S. federal laws other than those pertaining to the income tax.

This discussion is limited to U.S. holders (as defined below) that hold their shares of Dogwood common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Furthermore, this discussion does not address all of the tax consequences that may be relevant to a particular Dogwood shareholder or to Dogwood shareholders that are subject to special rules under U.S. federal income tax laws, such as: shareholders that are not U.S. holders; holders that exercise dissenters' or appraisal rights; banks or other financial institutions; insurance companies; mutual funds; tax-exempt organizations; government agencies or instrumentalities; entities or arrangements treated as partnerships or other pass-through entities (including S corporations) for U.S. federal income tax purposes (or investors in such entities); regulated investment companies; real estate investment trusts; brokers or dealers in securities or currencies; persons subject to the alternative minimum tax provisions of the Code; former citizens or residents of the United States or persons who are subject to taxing jurisdictions other than, or in addition to, the United States; persons whose functional currency is not the U.S. dollar; traders in securities that elect to use a mark-to-market method of accounting; persons who own more than 5% of the outstanding common stock of Dogwood; holders required to accelerate the recognition of any item of gross income as a result of such income being recognized on an "applicable financial statement"; persons who hold Dogwood common stock as part of a straddle, hedge, constructive sale or conversion transaction; and U.S. holders who acquired their shares of Dogwood common stock through the exercise of an employee stock option or otherwise as compensation.

For purposes of this section, the term "U.S. holder" means a beneficial owner of Dogwood common stock that for United States federal income tax purposes is: (i) an individual citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate that is subject to U.S. federal income tax on its income regardless of its source; or (iv) a trust that (A) is subject to the primary supervision of a U.S. court and all substantial decisions of which are controlled by one or more U.S. persons or (B) has a valid election under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership or other entity taxed as a partnership holds Dogwood common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the merger to them.

Holders of Dogwood common stock are urged to consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of any changes in those laws.

General Tax Consequences of the Merger

Subject to the limitations, assumptions and qualifications described herein, the merger of Dogwood with and into TowneBank is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code.

Accordingly, and as described in greater detail below, no gain or loss will be recognized for U.S. federal income tax purposes in respect of the receipt of shares of TowneBank common stock, except for any gain or loss that may result from the receipt of cash in lieu of fractional shares of TowneBank common stock. Consummation of the merger is conditioned upon TowneBank and Dogwood each receiving a written tax opinion, dated the closing date of the merger, from Wachtell Lipton and Williams Mullen, respectively, to the effect that, based upon facts, representations and assumptions set forth in such opinions, the merger of Dogwood with and into TowneBank will qualify as a reorganization within the meaning of Section 368(a) of the Code. The issuance of the opinions is conditioned on, among other things, such tax counsel's receipt of representation letters from each of TowneBank and Dogwood, in each case in form and substance reasonably satisfactory to such counsel, and on customary factual assumptions. The opinions of counsel are not binding on the IRS or the courts and no ruling has been, or will be, sought from the IRS as to the U.S. federal income tax consequences of the merger of Dogwood with and into TowneBank. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to the consequences set forth below. In addition, if any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger of Dogwood with and into TowneBank could be adversely affected. Accordingly, each Dogwood shareholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

Tax Consequences to Dogwood Shareholders

Exchange of Dogwood Common Stock for TowneBank Common Stock. Generally, U.S. holders of Dogwood common stock that exchange all of their Dogwood common stock for TowneBank common stock will not recognize gain or loss for U.S. federal income tax purposes, except, as discussed below, with respect to cash received in lieu of fractional shares of TowneBank common stock.

Cash Received in Lieu of Fractional Shares. Generally, a U.S. holder that receives cash in lieu of a fractional share of TowneBank common stock in the merger will be treated as having received such fractional share and then as having received cash in redemption of such fractional share. Consequently, those holders generally will recognize capital gain or loss with respect to the cash payments they receive in lieu of fractional shares measured by the difference between the amount of cash received and the portion of the holder's aggregate tax basis in the Dogwood common stock surrendered allocable to the fractional shares. Such gain or loss generally will be long-term capital gain or loss if, as of the effective time of the merger, the holding period of such shares is greater than one year. For holders of Dogwood common stock that are noncorporate holders, long-term capital gain generally will be taxed at a U.S. federal income tax rate that is lower than the rate for ordinary income or for short-term capital gains. The deductibility of capital losses is subject to limitations.

TowneBank Common Stock Tax Basis and Holding Period. A U.S. holder's aggregate tax basis in the TowneBank common stock received in the merger (including fractional shares deemed received and redeemed as described above) will be equal to such shareholder's aggregate tax basis in the Dogwood common stock surrendered in the merger. The holding period of TowneBank common stock received by a U.S. holder in the merger (including fractional shares deemed received and redeemed as described above) will include the holding period of the Dogwood common stock exchanged in the merger. If a U.S. holder acquired different blocks of Dogwood common stock at different times or at different prices, such U.S. holder should consult his, her or its tax advisor as to the determination of the tax bases and holding periods of the TowneBank common stock received in the merger.

Information Reporting and Backup Withholding

U.S. holders of Dogwood common stock, other than certain exempt recipients, may be subject to information reporting and backup withholding (currently, at a rate of 24%) with respect to any cash payment received in the merger in lieu of fractional shares. However, backup withholding will not apply to any U.S. holder that either (i) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding or (ii) otherwise proves to TowneBank and its exchange agent that the U.S. holder is exempt from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the holder timely furnishes the required information to the IRS.

This discussion of the material U.S. federal income tax consequences does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of Dogwood common stock. It does not address any non-income tax or any foreign, state or local tax consequences of the merger, or any tax consequences to Dogwood shareholders that are not U.S. holders. Further, it is not intended to be, and should not be construed as, tax advice. Holders of Dogwood common stock are urged to consult their independent tax advisors with respect to the application of U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the U.S. federal estate, gift or other tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

DESCRIPTION OF TOWNEBANK CAPITAL STOCK

As a result of the merger, holders of Dogwood common stock will receive shares of TowneBank common stock and become TowneBank shareholders. The following description summarizes the terms of TowneBank's capital stock but does not purport to be complete, and it is qualified in its entirety by reference to the applicable provisions of federal law governing FDIC-insured banks, Virginia law, the TowneBank articles of incorporation and the TowneBank bylaws. The TowneBank articles of incorporation and the TowneBank bylaws currently in effect are filed as exhibits to documents that are publicly available through the websites of TowneBank and the FDIC. See "Where You Can Find More Information" beginning on page 98.

Authorized and Outstanding Capital Stock

As of the date of this proxy statement/offering circular, TowneBank's authorized capital stock consists of 150,000,000 shares of common stock, par value $1.667 per share, and 2,000,000 shares of serial preferred stock, par value $5.00 per share. As of October 15, 2025, there were 78,928,417 shares of TowneBank common stock issued and outstanding and no shares of TowneBank preferred stock issued and outstanding. All outstanding shares of TowneBank common stock are fully paid and non-assessable.

Common Stock

General. Each share of TowneBank common stock has the same relative rights as, and is identical in all respects to, each other share of its common stock. TowneBank's common stock is listed on the Nasdaq Global Select Market under the symbol "TOWN." The transfer agent for TowneBank's common stock is Computershare, Inc., P.O. Box 43006, Providence, Rhode Island 02940.

TowneBank's common stock is not a deposit or a savings account and is not insured or guaranteed by the FDIC or any other governmental agency.

Voting Rights. The holders of TowneBank common stock are entitled to one vote per share and, in general, a majority of votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a plurality of the votes cast, and shareholders do not have the right to accumulate their votes in the election of directors.

Dividend Rights. TowneBank's shareholders are entitled to receive dividends or distributions that its board of directors may declare out of funds legally available for those payments. The payment of distributions by TowneBank is subject to the restrictions of Virginia law applicable to the declaration of distributions by a Virginia banking corporation. Under Virginia law, TowneBank's board of directors may declare a dividend out of the net undivided profits of the bank, after providing for all expenses, losses, interest and taxes accrued or due. No dividend may be declared or paid by TowneBank that would impair its paid-in capital. To determine the net undivided profits, all debts due to TowneBank on which interest is past due and unpaid for a period of 12 months, unless well secured and in process of collection by law, are deducted from the undivided profits in addition to all expenses, losses, interest and taxes accrued. In addition, the payment of distributions to shareholders is subject to any prior rights of outstanding preferred stock. The ability of TowneBank to pay dividends in the future is, and could be further, influenced by bank regulatory requirements and capital guidelines.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of TowneBank, the holders of shares of its common stock will be entitled to receive, after payment of all debts and liabilities of TowneBank and after satisfaction of all liquidation preferences applicable to any preferred stock, all remaining assets of TowneBank available for distribution in cash or in kind.

Directors and Classes of Directors. TowneBank's board of directors is divided into three classes, apportioned as evenly as possible, with directors serving staggered three-year terms. Currently, the TowneBank board consists of 24 directors. Under TowneBank's articles of incorporation, directors may be removed only for cause and only if the number of votes cast to remove the director constitutes a majority of the votes entitled to be cast at an election of directors of the voting group or voting groups by which the director was elected.

No Preemptive Rights; Redemption and Assessment. Holders of shares of TowneBank common stock are not entitled to preemptive rights with respect to any shares that may be issued. TowneBank common stock is not subject to redemption or any sinking fund and the outstanding shares are fully paid and nonassessable.

Preferred Stock

The TowneBank board of directors is empowered to authorize the issuance, in one or more series, of shares of preferred stock at such times, for such purposes and for such consideration as it may deem advisable without shareholder approval. The TowneBank board of directors is also authorized to fix the designations, voting, conversion, preference and other relative rights, qualifications and limitations of any such series of preferred stock.

The TowneBank board of directors, without shareholder approval, may authorize the issuance of one or more series of preferred stock with voting and conversion rights which could adversely affect the voting power of the holders of TowneBank common stock and, under certain circumstances, discourage an attempt by others to gain control of TowneBank.

The creation and issuance of any series of preferred stock, and the relative rights, designations and preferences of such series, if and when established, will depend upon, among other things, the future capital needs of TowneBank, then existing market conditions and other factors that, in the judgment of the TowneBank board, might warrant the issuance of preferred stock.

Limitation of Liability and Indemnification of Directors and Officers

As permitted by the VSCA, TowneBank's articles of incorporation contain provisions that indemnify its directors and officers to the full extent permitted by Virginia law and eliminate the personal liability of directors and officers for monetary damages to the company or its shareholders for breach of their fiduciary duties, except to the extent such indemnification or elimination of liability is prohibited by the VSCA. These provisions do not limit or eliminate the rights of TowneBank or any shareholder to seek an injunction or any other non-monetary relief in the event of a breach of a director's or officer's fiduciary duty. In addition, these provisions apply only to claims against a director or officer arising out of his role as a director or officer and do not relieve a director or officer from liability if he engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law.

In addition, TowneBank's articles of incorporation provide for the indemnification of both directors and officers for expenses incurred by them in connection with the defense or settlement of claims asserted against them in their capacities as directors and officers. This right of indemnification extends to judgments or penalties assessed against them. TowneBank has limited its exposure to liability for indemnification of directors and officers by purchasing directors' and officers' liability insurance coverage.

TowneBank Common Stock is Not Insured by the FDIC

TowneBank's common stock is not a deposit or a savings account and is not insured or guaranteed by the FDIC or any other government agency.

Anti-takeover Provisions

Please refer to the section below "Comparative Rights of Shareholders – Anti-takeover Provisions" for a discussion of the provisions of the VSCA and the articles of incorporation and bylaws of TowneBank that may discourage attempts to acquire control of TowneBank.

COMPARATIVE RIGHTS OF SHAREHOLDERS

The rights of shareholders of TowneBank and Dogwood are governed by their respective articles of incorporation and bylaws. In addition, TowneBank is a Virginia corporation subject to the provisions of the VSCA, and Dogwood is a North Carolina corporation subject to the provisions of the NCBCA. Upon completion of the proposed merger, Dogwood shareholders will become shareholders of TowneBank and, as such, their shareholder rights will be governed by the articles of incorporation and bylaws of TowneBank and the VSCA.

The following is a summary of the material differences in the rights of shareholders of TowneBank and Dogwood, but it is not a complete statement of all those differences. Shareholders should read carefully the relevant provisions of the VSCA and NCBCA and the respective articles of incorporation and bylaws of TowneBank and Dogwood. This summary is qualified in its entirety by reference to the articles of incorporation and bylaws of TowneBank and Dogwood and to the provisions of the VSCA and NCBCA, as applicable. See "Where You Can Find More Information" to find where copies of the articles of incorporation and bylaws of TowneBank and Dogwood can be obtained.

Authorized Capital Stock

TowneBank. TowneBank is authorized to issue 150,000,000 shares of common stock, par value $1.667 per share, of which 78,928,417 shares were issued and outstanding as of October 15, 2025, and 2,000,000 shares of preferred stock, par value $5.00 per share, of which no shares were issued and outstanding as of the date of this proxy statement/offering circular.

TowneBank's articles of incorporation permit its board of directors, without shareholder approval, to fix the preferences, limitations and relative rights of its preferred stock and to establish classes or series of such preferred stock and determine the variations between each class or series. Holders of TowneBank stock of any class do not have any preemptive or preferential right to subscribe for, purchase or acquire (i) any shares of any class of capital stock of TowneBank, (ii) any options, warrants or rights to subscribe for, purchase or acquire any of such shares, or (iii) any securities or obligations convertible into, or exchangeable for, any such shares or warrants, rights or options to purchase any such shares.

Dogwood. Dogwood is authorized to issue 30,000,000 shares of capital stock, divided into classes as follows: (i) 20,000,000 shares of voting common stock, par value $1.00 per share, (ii) 9,000,000 shares of non-voting common Stock, par value $1.00 per share and (iii) 1,000,000 shares of preferred stock, par value $1.00 per share. As of the record date for the special meeting, there were 17,965,242 shares of voting common stock issued and outstanding held by approximately 796 holders of record. Of these voting shares, 511,433 shares were subject to unvested restricted stock awards, granted under Dogwood's equity compensation plans. As of the record date for the special meeting, there were 1,052,671 shares of non-voting common stock issued and outstanding held by two holders of record. As of the date of this proxy statement/offering circular, no shares of Dogwood preferred stock were issued and outstanding.

Dogwood's articles of incorporation permit its board of directors, without shareholder approval, to fix the preferences, limitations and relative rights of its preferred stock and to establish classes or series of such preferred stock and determine the variations between each class or series. Holders of Dogwood stock of any class do not have any preemptive or preferential right to subscribe for, purchase or acquire (i) any shares of any class of capital stock of Dogwood, (ii) any options, warrants or rights to subscribe for, purchase or acquire any of such shares, or (iii) any securities or obligations convertible into, or exchangeable for, any such shares or warrants, rights or options to purchase any such shares.

Dividend Rights

The holders of TowneBank common stock and Dogwood common stock are entitled to share ratably in dividends when and as declared by their respective boards of directors out of funds legally available therefor. TowneBank's and Dogwood's articles of incorporation permit their boards to issue preferred stock with terms set by their boards, which terms may include the right to receive dividends ahead of the holders of their common stock. As

of the date of this proxy statement/offering circular, TowneBank and Dogwood do not have any outstanding shares of preferred stock.

Voting Rights

TowneBank. The holders of TowneBank common stock have one vote for each share held on any matter presented for consideration by the holders of common stock at a shareholder meeting. Holders of TowneBank common stock are not entitled to cumulative voting in the election of directors.

Dogwood. The holders of Dogwood voting common stock have one vote for each share held on any matter presented for consideration by the holders of voting common stock at a shareholder meeting. Holders of Dogwood voting common stock are not entitled to cumulative voting in the election of directors.

Directors and Classes of Directors

TowneBank. The TowneBank board of directors is divided into three classes, apportioned as evenly as possible, with directors serving staggered three-year terms. As of the date of this proxy statement/offering circular, the TowneBank board consists of 24 directors.

Dogwood. The Dogwood board of directors is divided into three classes, apportioned as evenly as possible, with directors serving staggered three-year terms. Dogwood's bylaws provide that the Dogwood board of directors will consist of at least five and no more than 25 directors. As of the date of this proxy statement/offering circular, the Dogwood board consists of 10 directors.

Anti-takeover Provisions

Certain provisions of the VSCA and NCBCA and the articles of incorporation and bylaws of TowneBank and Dogwood may discourage attempts to acquire control of TowneBank or Dogwood, respectively, that the majority of either company's shareholders may determine was in their best interests. These provisions also may render the removal of one or all directors more difficult or deter or delay corporate changes of control that the TowneBank or Dogwood boards did not approve.

Classified Board of Directors. The provisions of TowneBank's and Dogwood's articles of incorporation providing for classification of their respective boards of directors into three separate classes may have certain anti-takeover effects. For example, at least two annual meetings of shareholders may be required for the shareholders to replace a majority of the directors serving on each company's board of directors.

Authorized Preferred Stock. The articles of incorporation of both TowneBank and Dogwood authorize the issuance of preferred stock. The TowneBank and Dogwood boards may, subject to application of Virginia and North Carolina law, respectively, and federal banking regulations, authorize the issuance of preferred stock at such times, for such purposes and for such consideration as either board may deem advisable without further shareholder approval. The issuance of preferred stock under certain circumstances may have the effect of discouraging an attempt by a third party to acquire control of TowneBank or Dogwood by, for example, authorizing the issuance of a series of preferred stock with rights and preferences designed to impede the proposed transaction.

Supermajority Voting Provisions. The VSCA provides that, unless a corporation's articles of incorporation provide for a greater or lesser vote, certain significant corporate actions, including the adoption of plans of merger or share exchange, the sale of all or substantially all of a corporation's assets other than in the ordinary course of business, and the adoption of plans of dissolution, must be approved by the affirmative vote of more than two-thirds of all the votes entitled to be cast on the matter. Pursuant to the VSCA, a corporation's articles of incorporation may decrease the vote required with respect to such corporate actions to not less than a majority of all the votes cast by each voting group entitled to vote at a meeting at which a quorum of the voting group exists.

The articles of incorporation of TowneBank state that certain significant corporate actions, such as a merger, share exchange, sale or other disposition of all or substantially all of the corporation's assets or dissolution, must be approved by a majority of all the votes entitled to be cast on the transaction by each voting group entitled to

vote at a meeting at which a quorum of the voting group is present, provided that the transaction has been approved and recommended by at least two-thirds of the directors in office at the time of such approval and recommendation. If the transaction is not so approved and recommended by two-thirds of the directors in office, then the transaction must be approved by the affirmative vote of 80% or more of all of the votes entitled to be cast on such transaction by each voting group entitled to vote.

The NCBCA provides that, unless a corporation's articles of incorporation or bylaw adopted by the shareholders requires a greater vote, certain significant corporate actions, such as a merger, share exchange or dissolution, must be approved by a majority of all the votes entitled to be cast on the transaction by each voting group entitled to vote separately on the transaction. Dogwood's articles of incorporation and bylaws do not provide for a greater vote requirement with respect to those actions.

Removal of Directors. The articles of incorporation of TowneBank provide that any director may be removed by shareholders only for cause and only if the number of votes cast to remove the director constitutes a majority of the votes entitled to be cast at an election of directors of the voting group or voting groups by which the director was elected. The articles of incorporation of Dogwood provide that any director may be removed by shareholders only for cause and only by the affirmative vote of at least a majority of the outstanding shares of common stock entitled to vote at an election of directors, voting together as a single class. Absent each such provision, under Virginia and North Carolina law, a director may be removed with or without cause by a majority vote of the holders of the corporation's outstanding voting stock.

The requirement that directors may only be removed for cause may provide anti-takeover protection through perpetuating the terms of incumbent directors by making it more difficult for shareholders to remove directors and replace them with their own nominees.

Cumulative Voting. The articles of incorporation of both TowneBank and Dogwood do not provide for cumulative voting for any purpose. The absence of cumulative voting may afford anti-takeover protection by making it more difficult for shareholders of TowneBank and Dogwood to elect nominees opposed by the respective boards of directors of TowneBank and Dogwood.

Special Meetings of Shareholders. The bylaws of TowneBank contain a provision pursuant to which special meetings of the shareholders of TowneBank may only be called by the chairman of the board, the chief executive officer, the president or by a majority of the board of directors. The bylaws of Dogwood contain a provision pursuant to which special meetings of the shareholders of Dogwood may only be called by the chairman, the chief executive officer, the secretary of the corporation at the request of the board of directors or pursuant to the written request of the holders of not less than one-tenth of all the votes entitled to be cast on any issue proposed to be considered at the special meeting. The provisions in the TowneBank bylaws, in particular, are designed to afford anti-takeover protection by ensuring that only the board of directors and certain members of management may call a special meeting of shareholders to consider a proposed merger or other business combination.

Shareholder Nominations and Proposals. The bylaws of TowneBank require a shareholder who intends to nominate a candidate for election to the board of directors to deliver written notice to the Secretary of TowneBank not fewer than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, if the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder must be delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting if first made. The bylaws of Dogwood provide that shareholder nominations to the board must be in writing and must be delivered to the Secretary of Dogwood not less than 120 days prior to the meeting of shareholders at which time nominees will be considered for election to the board. The notice provisions in TowneBank's and Dogwood's bylaws require shareholders wishing to nominate any person for election as a director to provide the corporation with certain information concerning the nominee and the proposing shareholder.

The bylaws of TowneBank also provide that a shareholder who intends to raise new business at a shareholder meeting must deliver written notice to the Secretary of TowneBank in accordance with the deadlines above and provide certain information to the corporation concerning the nature of the new business, the shareholder

and the shareholder's interest in the business matter. The bylaws of Dogwood do not include a similar provision pertaining to notification of shareholder proposals at a shareholder meeting.

These requirements may discourage shareholders from submitting director nominations and proposals.

Anti-takeover Statutes. The VSCA's Affiliated Transaction Statute contains provisions governing "affiliated transactions." These include various transactions such as mergers, share exchanges, sales, leases, or other dispositions of material assets, issuances of securities, dissolutions, and similar transactions with an "interested shareholder." An interested shareholder is generally the beneficial owner of more than 10% of any class of a corporation's outstanding voting shares. During the three years following the date a shareholder becomes an interested shareholder, any affiliated transaction with the interested shareholder must be approved by both a majority (but not less than two) of the "disinterested directors" (those directors who were directors before the interested shareholder became an interested shareholder or who were recommended for election by a majority of the disinterested directors) and by the affirmative vote of the holders of two-thirds of the corporation's voting shares other than shares beneficially owned by the interested shareholder. These requirements do not apply to affiliated transactions if, among other things, a majority of the disinterested directors approve the interested shareholder's acquisition of voting shares making such a person an interested shareholder before such acquisition. Beginning three years after the shareholder becomes an interested shareholder, the corporation may engage in an affiliated transaction with the interested shareholder if:

- the transaction is approved by the holders of two-thirds of the corporation's voting shares, other than shares beneficially owned by the interested shareholder;
- the affiliated transaction has been approved by a majority of the disinterested directors; or
- subject to certain additional requirements, in the affiliated transaction the holders of each class or series of voting shares will receive consideration meeting specified fair price and other requirements designed to ensure that all shareholders receive fair and equivalent consideration, regardless of when they tendered their shares.

The provisions of the VSCA's Affiliated Transactions Statute are only applicable to public corporations that have more than 300 shareholders of record. Corporations may opt out of the Affiliated Transactions Statute in their articles of incorporation or bylaws. TowneBank has not opted out of the Affiliated Transactions Statute.

The North Carolina Shareholder Protection Act generally requires that, unless certain "fair price" and procedural requirements are satisfied, the affirmative vote of the holders of 95% of the outstanding shares of a corporation's common stock (excluding shares owned by an "interested shareholder") is required to approve certain business transactions with another entity that is the beneficial owner of more than 20% of the corporation's voting shares or that is an affiliate of the corporation and previously has been a 20% beneficial holder of such shares. The provisions of the North Carolina Shareholder Protection Act are only applicable to public corporations that have a class of shares registered under Section 12 of the Exchange Act. Dogwood does not have a class of shares registered under Section 12 of the Exchange Act.

Control Share Acquisitions. Under the VSCA's Control Share Acquisitions Statute, voting rights of shares of stock of a Virginia corporation acquired by an acquiring person or other entity at ownership levels of 20%, 33 1/3%, and 50% of the outstanding shares may, under certain circumstances, be denied. The voting rights may be denied:

- unless conferred by a special shareholder vote of a majority of the outstanding shares entitled to vote for directors, other than shares held by the acquiring person and officers and directors of the corporation; or
- among other exceptions, such acquisition of shares is made pursuant to a merger agreement with the corporation or the corporation's articles of incorporation or bylaws permit the acquisition of such shares before the acquiring person's acquisition thereof.

If authorized in the corporation's articles of incorporation or bylaws, the statute also permits the corporation to redeem the acquired shares at the average per share price paid for such shares if the voting rights are not approved or if the acquiring person does not file a "control share acquisition statement" with the corporation within 60 days of the last acquisition of such shares. If voting rights are approved for control shares comprising more than 50% of the corporation's outstanding stock, objecting shareholders may have the right to have their shares repurchased by the corporation for "fair value."

The provisions of the VSCA's Control Share Acquisitions Statute are only applicable to public corporations that have more than 300 shareholders of record. Corporations may opt out of the Control Share Acquisitions Statute in their articles of incorporation or bylaws. TowneBank has not opted out of the Control Share Acquisitions Statute.

The North Carolina Control Share Acquisition Act is designed to protect shareholders of covered corporations based and incorporated in North Carolina against certain changes in control and to provide shareholders with the opportunity to vote on whether to afford voting rights to certain types of shareholders. The act is triggered by the acquisition by a person of shares of voting stock of a covered corporation that, when added to all other shares beneficially owned by the person, would result in that person holding 1/5, 1/3 or a majority of voting power for the election of directors. Under the act, the shares acquired that result in the crossing of any of these thresholds have no voting rights until such rights are conferred by the affirmative vote of the holders of a majority of all outstanding voting shares, excluding those shares held by any person involved in or proposing to be involved in the acquisition of shares in excess of the thresholds, any officer of the corporation and any employee of the corporation who is also a director of the corporation. If voting rights are conferred on the acquired shares, all shareholders of the corporation may require that their shares be redeemed at the highest price paid per share by the acquirer for any of the acquired shares. The provisions of the North Carolina Shareholder Protection Act are applicable to covered corporations that have a class of shares registered under Section 12 of the Exchange Act. Dogwood does not have a class of shares registered under Section 12 of the Exchange Act.

Amendments to Articles of Incorporation and Bylaws

TowneBank. The VSCA generally requires that in order for an amendment to the articles of incorporation to be adopted it must be approved by each voting group entitled to vote on the proposed amendment by more than two-thirds of all the votes entitled to be cast by that voting group, unless the VSCA otherwise requires a greater vote, or the articles of incorporation provide for a greater or lesser vote, or a vote by separate voting groups. However, under the VSCA, no amendment to the articles of incorporation may be approved by a vote that is less than a majority of all the votes cast on the amendment by each voting group entitled to vote at a meeting at which a quorum of the voting group exists.

Under the VSCA, unless another process is set forth in the articles of incorporation or bylaws, a majority of the directors or, if a quorum exists, a majority of the shareholders present and entitled to vote, may adopt, amend or repeal the bylaws.

TowneBank's articles of incorporation state that an amendment to the articles of incorporation must be approved by a majority of all the votes entitled to be cast on the amendment by each voting group entitled to vote at a meeting at which a quorum of the voting group is present, provided that the amendment has been approved and recommended by at least two-thirds of the directors in office at the time of such approval and recommendation. If the amendment is not so approved and recommended by two-thirds of the directors in office, then the amendment must be approved by the affirmative vote of at least 80% of all of the votes entitled to be cast on such amendment by each voting group entitled to vote.

TowneBank's bylaws may be amended, altered or repealed by the board of directors at any time. TowneBank's shareholders have the power to rescind, alter, amend or repeal any bylaw and to enact bylaws which, if so expressed by the shareholders, may not be altered, amended, or repealed by TowneBank's board of directors.

Dogwood. The NCBCA provides that a corporation's articles of incorporation generally may be amended upon approval by the board of directors and by the corporation's shareholders if the votes cast by each voting group

entitled to vote on the proposed amendment favoring the amendment exceed the votes cast opposing the amendment. Dogwood's articles of incorporation do not change this default provision.

Dogwood's bylaws may be amended, altered or repealed by the board of directors at any time. Dogwood's shareholders have the power to rescind, alter, amend or repeal any bylaw and to enact bylaws which, if so expressed by the shareholders, may not be altered, amended, or repealed by Dogwood's board of directors.

Appraisal Rights

The VSCA and NCBCA provide that appraisal rights are not available to holders of shares of any class or series of shares of a Virginia or North Carolina corporation, respectively, in a merger when the stock is either listed on a national securities exchange, such as the Nasdaq Global Select Market, or is held by at least 2,000 shareholders of record and has a public float of at least $20 million. Despite this exception, appraisal rights will be available in limited circumstances, including with respect to an "affiliated transaction" (as defined in the VSCA and described under "– Anti-takeover Statutes" above) or an "interested transaction" (as defined in NCBCA) and certain transactions in which shareholders are required by the terms of such transactions to accept consideration other than those specified in the VSCA and NCBCA.

TowneBank. TowneBank's common stock is listed on the Nasdaq Global Select Market. Therefore, unless one of the exceptions referenced above applies to a given transaction, shareholders of TowneBank will not be entitled to appraisal rights. Shareholders of TowneBank are not entitled to appraisal rights in connection with the merger.

Dogwood. Dogwood's voting common stock is quoted on the OTCQX Marketplace. Because Dogwood does not meet the criteria for an exemption referenced above, shareholders of Dogwood are therefore generally entitled to appraisal rights in a merger, including in connection with the proposed merger with TowneBank. Please see "The Merger – Appraisal or Dissenters' Rights in the Merger" beginning on page 62 for more information regarding your appraisal rights. A copy of Article 13 of the NCBCA, which sets out appraisal rights of shareholders under North Carolina law, is attached as Appendix D to this proxy statement/offering circular.

Director and Officer Exculpation

TowneBank. The VSCA provides that in any proceeding brought by or in the right of a corporation or brought by or on behalf of shareholders of the corporation, the damages assessed against an officer or director arising out of a single transaction, occurrence or course of conduct may not exceed the lesser of (i) the monetary amount, including the elimination of liability, specified in the articles of incorporation or, if approved by the shareholders, in the bylaws as a limitation on or elimination of the liability of the officer or director, or (ii) the greater of (a) $100,000 or (b) the amount of cash compensation received by the officer or director from the corporation during the 12 months immediately preceding the act or omission for which liability was imposed. The liability of an officer or director is not limited under the VSCA or a corporation's articles of incorporation and bylaws if the officer or director engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law.

The articles of incorporation of TowneBank provide that, to the fullest extent that the VSCA permits the limitation or elimination of liability of directors or officers, a director or officer of TowneBank is not liable to TowneBank or its shareholders for monetary damages.

Dogwood. Dogwood's articles of incorporation contain a provision providing that Dogwood's directors will not be liable to Dogwood or any of its shareholders for monetary damages for breach of duty as a director to the fullest extent permitted by the NCBCA, except as otherwise prohibited by the North Carolina statutes governing banks. This provision of the articles of incorporation will eliminate director liability for monetary damages for breach of duty as a director except for (i) acts and omissions that the director knew or believed to be clearly in conflict with the best interests of Dogwood at the time of the act or omission, (ii) liability for distributions and dividends in violation of the NCBCA, (iii) any transaction from which the director derived an improper personal benefit, and (iv) acts or omissions as to which the elimination of personal liability would be inconsistent with North Carolina banking laws or the business of banking.

Indemnification

TowneBank. The articles of incorporation of TowneBank provide that, to the fullest extent permitted by the VSCA, TowneBank is required to indemnify a director or officer against liability incurred by him or her (i) in connection with his or her service as a director of officer of TowneBank, or (ii) in connection with his or her service at the request of TowneBank as a director, trustee, partner or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, except in relation to matters as to which he or she is liable by reason of his or her willful misconduct or knowing violation of criminal law or any federal or state securities law.

Dogwood. Dogwood will indemnify directors as provided in the NCBCA. In addition, Dogwood's bylaws provide for indemnification of Dogwood's directors and specified officers against liabilities and expenses arising out of their status as directors or officers of Dogwood and in connection with serving in other capacities of another corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employment benefit plan at the request of Dogwood, except where the director or officer knew or believed his or her actions would be clearly in conflict with the best interests of Dogwood.

INFORMATION ABOUT TOWNEBANK

TowneBank is a Virginia chartered commercial bank headquartered in Portsmouth, Virginia. TowneBank provides retail and commercial banking services to customers located in numerous markets in Virginia and North Carolina. TowneBank also offers a diversified range of financial services through its non-banking subsidiaries and its affiliated divisions. TowneBank currently operates over 70 banking offices throughout Hampton Roads and Central Virginia, as well as Northeastern and Central North Carolina. TowneBank's common stock is listed on the Nasdaq Global Select Market under the symbol "TOWN."

As of June 30, 2025, and inclusive of TowneBank's Old Point Acquisition, which was completed on September 1, 2025, TowneBank had total assets of approximately $19.8 billion, total deposits of approximately $16.7 billion and shareholders' equity of approximately $2.4 billion.

The principal executive offices of TowneBank are located at 5716 High Street, Portsmouth, Virginia 23703, and its telephone number is (757) 638-7500. TowneBank's website can be accessed at https://www.townebank.com. Information contained on TowneBank's website does not constitute part of, and is not incorporated into, this proxy statement/offering circular.

Additional information about TowneBank is included in documents incorporated by reference into this proxy statement/offering circular. For more information about TowneBank, see "Where You Can Find More Information" beginning on page 98.

INFORMATION ABOUT DOGWOOD STATE BANK

Dogwood is a North Carolina chartered commercial bank headquartered in Raleigh, North Carolina. Dogwood provides a wide range of banking products and services through its online offerings and 17 branch offices in North Carolina, South Carolina and Eastern Tennessee. Dogwood also specializes in providing lending services to small businesses through its Dogwood State Bank Small Business Lending division. Dogwood's voting common stock is quoted on the OTCQX Marketplace under the symbol "DSBX."

As of June 30, 2025, Dogwood had total assets of approximately $2.2 billion, total deposits of approximately $1.8 billion and shareholders' equity of approximately $230 million.

The principal executive offices of Dogwood are located at 5401 Six Forks Road, Raleigh, North Carolina 27609, and its telephone number is (919) 863-2293. Dogwood's website can be accessed at https://www.dogwoodstatebank.com. Information contained on Dogwood's website does not constitute part of, and is not incorporated into, this proxy statement/offering circular. For more information about Dogwood, see "Where You Can Find More Information" beginning on page 98.

CERTAIN BENEFICIAL OWNERSHIP OF DOGWOOD COMMON STOCK

The following tables set forth, as of October 15, 2025, certain information with respect to the beneficial ownership of Dogwood voting common stock and Dogwood non-voting common stock held by certain of Dogwood's executive officers, each of Dogwood's directors, all of Dogwood's executive officers and directors as a group, and each person, or group of affiliated persons, known by Dogwood to be the beneficial owner of more than 5% of the outstanding shares of Dogwood voting common stock or Dogwood non-voting common stock.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the securities. Shares of Dogwood common stock that may be acquired by an individual or group within 60 days of October 15, 2025 pursuant to the exercise of options, warrants or other rights, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. The tables below show the percentage of beneficial ownership of Dogwood common stock based on 17,965,242 shares of voting common stock and 1,052,671 shares of non-voting common stock outstanding as of October 15, 2025.

Except as indicated, Dogwood believes that the shareholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them. The address for each director and executive officer listed is: c/o Dogwood State Bank, 5401 Six Forks Road, Raleigh, North Carolina 27609.

	Shares of Voting Common Stock	Percent of Voting Common Stock	Percent of Total Common Stock
Name of Director or Executive Officer:			
David Brody	72,771	*	*
William Brown	68,358	*	*
Thomas Cestare[(1)]	—	—	—
Scott Custer	247,512	1.38%	1.30%
Martin Friedman[(2)]	1,590,758	8.85%	8.36%
Steven Jones	380,259	2.12%	2.00%
Fielding Miller	399,598	2.22%	2.10%
George (Robin) Perkins, III	273,571	1.52%	1.44%
Gary Thrift	79,462	*	*
Richard Urquhart, III	128,075	*	*
Natasha Austin	117,027	*	*
David Therit	139,049	*	*
All directors and executive officers as a group (15 persons)	3,674,715	20.45%	19.32%

* Less than 1.0%.

(1) Mr. Cestare also serves a partner and Chief Operating Officer at Patriot Financial Partners, L.P., which beneficially owns 1,753,930 shares of Dogwood voting common stock and 821,070 shares of Dogwood non-voting common stock.

(2) Includes 1,590,758 shares of Dogwood voting common stock owned by FJ Capital Management LLC, of which Mr. Friedman serves as co-founder, Managing Member and Senior Portfolio Manager.

Name and Address of Beneficial Owner:	Shares of Voting Common Stock	Percent of Voting Common Stock	Shares of Non-Voting Common Stock	Percent of Non-Voting Common Stock	Percent of Total Common Stock
FJ Capital Management LLC 7901 Jones Branch Drive, Suite 210 McLean, VA 22102	1,590,758	8.85%	—	—	8.36%
Patriot Financial Partners III, L.P. Four Radnor Corporate Center, Suite 210 100 Matsonford Road Radnor, PA 19087	1,753,930	9.76%	821,070	78.00%	13.54%
T. Rowe Price 100 East Pratt Street Baltimore, MD 21202	1,517,072	8.44%	—	—	7.98%
United Bankshares, Inc. 300 United Center 500 Virginia Street, East Charleston, WV 25301	867,299	4.83%	231,601	22.00%	5.78%

LEGAL MATTERS

Wachtell Lipton and Williams Mullen will each opine as to the qualification of the merger as a reorganization under the Code.

EXPERTS

The consolidated financial statements (and the related consolidated financial statement schedules) of TowneBank as of December 31, 2024 and 2023 and each of the years in the three-year period ended December 31, 2024, and the effectiveness of TowneBank's internal control over financial reporting as of December 31, 2024, have been audited by Forvis Mazars LLP, independent registered public accounting firm, as set forth in their reports thereon, included in TowneBank's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and incorporated herein by reference. Such consolidated financial statements (and the related consolidated financial statement schedules) have been incorporated herein by reference in reliance upon such reports pertaining to such financial statements and the effectiveness of TowneBank's internal control over financial reporting given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Dogwood as of December 31, 2024 and 2023, and for each of the years in the two-year period ended December 31, 2024, included in this proxy statement/offering circular have been audited by Elliott Davis, PLLC, independent auditor, as set forth in their report appearing elsewhere herein, given the authority of such firm as experts in accounting and auditing.

FUTURE SHAREHOLDER PROPOSALS

Dogwood will hold a 2026 annual meeting of shareholders only if the merger is not completed. Dogwood's bylaws permit any holder of Dogwood voting common stock entitled to vote at an annual meeting of shareholders to nominate directors for election. Shareholders wishing to nominate a director must deliver written notice of the nomination to Dogwood's corporate secretary at least 120 days prior to such meeting. The shareholder making such nomination must submit a detailed resume of the nominee (including full name, age, and residence), stating the reasons why such person would be qualified to serve on the board of directors and the written consent of the nominee to serve if elected.

OTHER MATTERS

As of the date of this proxy statement/offering circular, the Dogwood board knows of no matters that will be presented for consideration at the special meeting other than those specifically set forth in the notice for the meeting. If, however, any other matters properly come before the Dogwood special meeting, or any adjournments thereof, and are voted upon, it is the intention of the proxy holders to vote such proxies in accordance with the recommendation of the management of Dogwood.

WHERE YOU CAN FIND MORE INFORMATION

Information About TowneBank

TowneBank files certain annual, quarterly and current reports, proxy statements and other information required by the Exchange Act with the FDIC, copies of which can be inspected and copied at the public reference facilities maintained by the FDIC, at the Public Reference Section, Room F-6043, 550 17th Street, N.W., Washington, D.C. 20429. Requests for copies may be made by telephone at (202) 898-8913 or by fax at (202) 898-3909. The FDIC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the FDIC, including TowneBank, which can be accessed at http://www.fdic.gov. In addition, documents filed with the FDIC by TowneBank will be available free of charge by accessing the investor relations page of TowneBank's website at https://www.townebank.com, under the heading "Financials" or, alternatively, by directing a request by telephone or mail to TowneBank, (757) 638-6794, or 6001 Harbour View Boulevard, Suffolk, Virginia 23435, Attention: Investor Relations.

Statements contained in this proxy statement/offering circular, or in any document incorporated by reference into this proxy statement/offering circular regarding the contents of any contract or other document, are not necessarily complete, and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the FDIC.

The FDIC allows TowneBank to "incorporate by reference" information into this proxy statement/offering circular, which means that TowneBank can disclose important information to you by referring you to another document filed separately with the FDIC. The information incorporated by reference is deemed to be a part of this proxy statement/offering circular, except for any information superseded by information contained directly in this proxy statement/offering circular or incorporated by reference subsequent to the date of this proxy statement/offering circular as described below.

This proxy statement/offering circular incorporates by reference the documents set forth below that TowneBank has previously filed with the FDIC (except Items 2.02 and 7.01 of any Current Report on Form 8-K, which are deemed to be furnished to, but not filed with, the FDIC, unless otherwise indicated in the Form 8-K). These documents contain important business information about TowneBank and its financial condition.

- Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 28, 2025.
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, filed on May 7, 2025 and August 6, 2025, respectively.
- Definitive Proxy Statement on Schedule 14A, filed on April 2, 2025.
- Current Reports on Form 8-K filed on February 26, 2025, February 27, 2025, March 13, 2025, April 1, 2025, April 3, 2025, April 7, 2025, May 14, 2025, May 19, 2025, August 15, 2025, August 19, 2025, August 22, 2025, August 27, 2025, and September 2, 2025.
- The description of TowneBank common stock contained in Exhibit 4.5 to TowneBank's Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 28, 2025.

In addition, TowneBank incorporates by reference any future filings it makes with the FDIC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/offering circular and before the date of the Dogwood special meeting of shareholders, provided that TowneBank is not incorporating by reference any information furnished to, but not filed with, the FDIC. Those documents are considered to be a part of this proxy statement/offering circular, effective as of the date they are filed. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

The information on, or that can be accessed through, the websites of the FDIC and TowneBank is expressly not incorporated by reference into this proxy statement/offering circular.

Information About Dogwood

Dogwood files unaudited quarterly Consolidated Reports of Condition and Income with the FDIC (each, a "Bank Call Report"). The Bank Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC. The financial statements and other information in the Bank Call Reports are not audited by independent auditors. Because of the special supervisory, regulatory and economic policy needs served by the Bank Call Reports, those regulatory instructions do not in all cases follow GAAP, including the opinions and statements of the Financial Accounting Standards Board or the Accounting Principles Board. Although Bank Call Reports are primarily supervisory and regulatory documents, rather than financial accounting documents, and do not provide a complete range of financial disclosure, they nevertheless provide important information concerning Dogwood's financial condition and results of operations.

The public portions of the Bank Call Reports filed by Dogwood are available on the FFIEC's website at http://www.ffiec.gov. The information on, or that can be accessed through, the FFIEC's website is expressly not incorporated by reference into this proxy statement/offering circular.

In addition, Dogwood makes publicly available on its website, at https://www.dogwoodstatebank.com under "Connect – Investor Relations," its annual reports, including its 2024 Annual Report and consolidated audited financial statements for the fiscal year ended December 31, 2024. The information on, or that can be accessed through, Dogwood's website is expressly not incorporated by reference into this proxy statement/offering circular.

Additional copies of Dogwood's Bank Call Reports, audited financial statements and annual reports, and other corporate documents and information, when available, can be obtained without charge from Dogwood by directing a request by telephone or mail to Dogwood State Bank, (919) 863-2265, or 5401 Six Forks Road, Raleigh, North Carolina 27609, Attention: David B. Therit, Chief Financial Officer.

Other Information

If you would like to request documents from TowneBank or Dogwood, please do so by November 25, 2025 in order to receive timely delivery of the documents before the special meeting.

TowneBank has supplied all information contained or incorporated by reference in this document relating to TowneBank, and Dogwood has supplied all information contained in this document relating to Dogwood.

You should rely only on the information contained or incorporated by reference in this proxy statement/offering circular. TowneBank and Dogwood have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/offering circular. TowneBank is not making an offer to sell or soliciting an offer to buy any securities other than the TowneBank common stock to be issued by TowneBank in the merger, and TowneBank is not making an offer of such securities in any state where the offer is not permitted. This proxy statement/offering circular is dated October 16, 2025. You should not assume that the information contained in this proxy statement/offering circular is accurate as of any date other than that date. Neither the mailing of this proxy statement/offering circular to you nor the issuance of TowneBank common stock in the merger creates any implication to the contrary.

INDEX TO DOGWOOD FINANCIAL STATEMENTS

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Dogwood State Bank

Report on Financial Statements

For the years ended December 31, 2024 and 2023

elliott davis

Independent Auditor's Report

Board of Directors
Dogwood State Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dogwood State Bank (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 28, 2025 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Raleigh, North Carolina
March 28, 2025

elliott davis

Independent Auditor's Report

Board of Directors
Dogwood State Bank

Opinion on Internal Control Over Financial Reporting

We have audited Dogwood State Bank's (the "Company") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the related statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended of the Company, and our report dated March 28, 2025 expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting" section of our audit report. We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of the Company's internal control over financial reporting included controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and with the Federal Financial Institutions Examination Council (FFIEC) Instructions for Consolidated Reports of Condition and Income. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that the receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the Company, and the Federal Deposit Insurance Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Raleigh, North Carolina
March 28, 2025

Dogwood State Bank

Balance Sheets

As of December 31, 2024 and 2023

(dollars in thousands, except per share information)

	2024	2023
Assets		
Cash and due from banks	$ 10,582	$ 5,191
Interest-earning deposits with banks	75,612	123,474
Total cash and cash equivalents	86,194	128,665
Investment securities available for sale (amortized cost of $103,861 and $53,361 at December 31, 2024 and 2023)	99,412	49,244
Investment securities held to maturity (fair value of $59,835 and $66,155 at December 31, 2024 and 2023)	71,952	77,556
Marketable equity securities	395	329
Loans held for sale	6,733	15,274
Loans	1,819,796	1,095,339
Allowance for credit losses	(19,698)	(11,943)
Loans, net	1,800,098	1,083,396
Premises and equipment, net	37,164	18,707
Bank-owned life insurance	45,089	27,458
Goodwill	11,771	7,016
Other intangible assets, net	11,374	15
Accrued interest receivable and other assets	40,988	24,028
Total assets	$ 2,211,170	$ 1,431,688
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing demand	$ 474,458	$ 291,910
Interest-bearing demand	144,969	121,876
Money market and savings	745,659	620,209
Time	444,309	160,284
Total deposits	1,809,395	1,194,279
FHLB advances	130,164	50,000
Subordinated debt	9,708	-
Reserve for unfunded commitments	2,570	2,060
Lease liability	12,258	11,187
Accrued interest payable and other liabilities	16,886	9,659
Total liabilities	1,980,981	1,267,185
Commitments and contingencies (Note 12)		
Shareholders' Equity		
Preferred stock (1,000,000 shares authorized; no shares outstanding in any period)	-	-
Voting common stock, par value $1 (20,000,000 shares authorized; 17,923,654 and 9,264,818 shares issued and outstanding at December 31, 2024 and 2023, respectively)	17,924	9,265
Non-voting common stock, par value $1 (9,000,000 shares authorized; 1,052,671 and 5,444,920 shares issued and outstanding at December 31, 2024 and 2023, respectively)	1,053	5,445
Additional paid-in-capital	188,175	132,373
Retained earnings	28,279	22,406
Accumulated other comprehensive loss	(5,242)	(4,986)
Total shareholders' equity	230,189	164,503
Total liabilities and shareholders' equity	$ 2,211,170	$ 1,431,688

See Notes to Financial Statements

Dogwood State Bank

Statements of Income

For the years ended December 31, 2024 and 2023

(dollars in thousands, except per share information)

	2024	2023
Interest Income		
Loans	$ 95,775	$ 59,618
Investment securities	5,091	3,405
Federal funds sold and interest-earning deposits	4,512	5,480
Total interest income	105,378	68,503
Interest Expense		
Deposits	38,942	23,649
FHLB advances	2,696	1,831
Subordinated debt	348	-
Lease liability	273	239
Total interest expense	42,259	25,719
Net interest income	63,119	42,784
Provision for credit losses	9,911	5,164
Net interest income after provision for credit losses	53,208	37,620
Non-interest income		
Government-guaranteed lending	9,934	8,421
Service charges and fees on deposit accounts	2,456	1,399
Bank-owned life insurance	1,079	751
Gain on payoff of FHLB advances	-	1,230
Other	749	328
Total non-interest income	14,218	12,129
Non-interest expense		
Salaries, employee benefits, and other compensation	31,176	24,139
Occupancy and equipment	3,617	2,403
Data processing	2,004	1,010
Amortization of other intangible assets	1,022	111
Merger-related expense	11,254	-
Other	10,714	8,414
Total non-interest expense	59,787	36,077
Income before income taxes	7,639	13,672
Income tax expense	1,766	3,024
Net income	$ 5,873	$ 10,648
Earnings per common share		
Basic	$ 0.36	$ 0.75
Diluted	$ 0.35	$ 0.72
Weighted average common share		
Basic	16,274,859	14,151,826
Diluted	16,725,765	14,839,202

See Notes to Financial Statements

Dogwood State Bank

Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(dollars in thousands, except per share information)

	2024	2023
Net income	$ 5,873	$ 10,648
Other comprehensive (loss) income		
Unrealized (losses) gains on investment securities available for sale:		
Net unrealized (losses) gains on investment securities available for sale	(332)	331
Tax effect	76	(78)
Total change in unrealized (losses) gains on investment securities available for sale, net of tax	(256)	253
Other comprehensive (loss) income, net of tax	(256)	253
Total comprehensive income	$ 5,617	$ 10,901

See Notes to Financial Statements

Dogwood State Bank

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(dollars in thousands)

	Number of voting shares	Number of non-voting shares	Voting common stock	Non-voting common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance, December 31, 2022	8,382,996	5,444,920	8,383	5,445	116,129	13,199	(5,239)	137,917
Net income	-	-	-	-	-	10,648	-	10,648
Adoption of new accounting standard	-	-	-	-	-	(1,441)	-	(1,441)
Other comprehensive income	-	-	-	-	-	-	253	253
Common stock issued	819,333	-	820	-	15,537	-	-	16,357
Restricted stock awards issued	74,350	-	74	-	(74)	-	-	-
Restricted stock awards forfeited	(10,761)	-	(11)	-	11	-	-	-
Vested restricted stock funded	-	-	-	-	(210)	-	-	(210)
Vested restricted stock tax withholding	(1,100)	-	(1)	-	(23)	-	-	(24)
Stock-based compensation	-	-	-	-	1,003	-	-	1,003
Balance, December 31, 2023	9,264,818	5,444,920	$ 9,265	$ 5,445	$ 132,373	$ 22,406	$ (4,986)	$ 164,503
Net income	-	-	-	-	-	5,873	-	5,873
Other comprehensive loss	-	-	-	-	-	-	(256)	(256)
Common stock issued in acquisition of CFB	3,449,466	-	3,449	-	50,121	-	-	53,570
Conversion of non-voting shares	4,996,962	(4,996,962)	4,997	(4,997)	-	-	-	-
Warrants exercised	-	604,713	-	605	5,093	-	-	5,698
Restricted stock awards issued	269,291	-	269	-	(269)	-	-	-
Restricted stock awards forfeited	(19,000)	-	(19)	-	19	-	-	-
Vested restricted stock funded	(1,100)	-	(1)	-	(18)	-	-	(19)
Vested restricted stock tax withholding	(36,783)	-	(36)	-	(551)	-	-	(587)
Stock-based compensation	-	-	-	-	1,407	-	-	1,407
Balance, December 31, 2024	17,923,654	1,052,671	$ 17,924	$ 1,053	$ 188,175	$ 28,279	$ (5,242)	$ 230,189

See Notes to Financial Statements

Dogwood State Bank

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(dollars in thousands)

	2024	2023
Operating activities		
Net income	$ 5,873	$ 10,648
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for credit losses	9,911	5,164
Deferred tax benefit (expense)	1,169	(1,136)
Depreciation and amortization	3,704	2,226
Amortization of available for sale securities premiums	(155)	(137)
Stock-based compensation	1,407	1,003
Vesting restricted stock - tax witholding	(606)	(24)
Origination of loans held for sale	(128,263)	(139,490)
Proceeds from sale of loans held for sale	146,116	142,601
Gains on sale of loans	(7,703)	(6,840)
Gain on marketable equity securities	(66)	(77)
Change in cash surrender value of bank owned life insurance	(1,079)	(751)
Net increase in accrued interest payable	260	663
Net increase in accrued interest receivable	(912)	(642)
Net change in other assets	(7,519)	(3,165)
Net change in other liabilities	(1,754)	3,761
Net cash provided by operating activities	20,383	13,804
Investing activities		
Net increase in loans outstanding	(252,810)	(214,352)
Purchases of investment securities available for sale	(53,452)	(10,705)
Purchases of investment securities held to maturity	-	(445)
Proceeds from maturities, calls, and principal repayments of investment securities available for sale	5,762	2,740
Proceeds from maturities, calls, and principal repayments of investment securities held to maturity	5,820	4,258
Proceeds from sales of investment securities available for sale	91,011	-
Proceeds from sales of premises and equipment	40	1,598
Purchases of premises and equipment	(6,254)	(4,625)
Cash received from acquisition of CFB, net	55,278	-
Net cash used in investing activities	(154,605)	(221,531)
Financing activities		
Net (decrease) increase in demand, money market, and savings deposits	(15,087)	281,424
Net increase in time deposits	57,675	8,939
Net increase (decrease) in FHLB advances	43,465	(10,000)
Warrants exercised	5,698	-
Proceeds from issuance of common stock, net	-	16,147
Net cash provided by financing activities	91,751	296,510
Change in cash and cash equivalents	(42,471)	88,782
Cash and cash equivalents, beginning of period	128,665	39,883
Cash and cash equivalents, end of period	$ 86,194	$ 128,665
Cash paid for:		
Interest	$ 39,454	$ 25,056
Income taxes	$ 1,840	$ 4,846
Supplemental disclosure of non-cash transactions		
Adoption of CECL	$ -	$ (1,441)
Initial recognition of right-of-use asset	$ 2,094	$ 2,287
Initial recognition of lease obligation	$ 2,094	$ 2,287
Net change in unrealzed gain (loss) on available for sale securities	$ (332)	$ 331
Fair value of assets acquired	$ 677,738	$ -
Fair value of liabilities assumed	$ 629,162	$ -
Goodwill from acquisition	$ 4,775	$ -
Common stock issued related to acquisition	$ 53,570	$ -

See Notes to Financial Statements

Note 1. Nature of Operations and Basis of Presentation

Nature of operations:

Dogwood State Bank (the "Company") is a state-chartered bank organized under the laws of North Carolina. The Company is headquartered in Raleigh, North Carolina, and provides a wide range of banking services and products through its branch offices located in North Carolina, South Carolina, and eastern Tennessee. The Company also supports various government guaranteed lending (GGL) programs of the Small Business Administration (SBA) through its small business lending division.

Basis of presentation:

The accompanying financial statements include the accounts and transactions of the Company. The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In certain instances, amounts reported in the 2023 financial statements have been reclassified to conform to the current financial statement presentation.

Note 2. Summary of Significant Accounting Policies

Cash and cash equivalents:

Cash and cash equivalents include cash and due from banks, interest-earning deposits with banks, and federal funds sold. Cash and cash equivalents have original maturities of three months or less. The carrying amount of such instruments is considered a reasonable estimate of fair value.

Investment securities:

The Company classifies investment securities as held to maturity, available for sale, or trading at the time of purchase. Premiums and discounts are recognized in interest income using the interest method over the period to maturity. Debt securities are classified as held to maturity where the Company has both the intent and ability to hold the securities to maturity. These securities are reported at amortized cost.

Investment securities available for sale are carried at fair value and consist of debt securities not classified as trading or held to maturity. Unrealized holding gains and losses on investment securities available for sale are reported in other comprehensive income, net of related tax effects. Gains and losses on the sale of investment securities available for sale are determined using the specific identification method recorded on a trade date basis.

Note 2. Summary of Significant Accounting Policies, Continued

Marketable equity securities:

Investments in equity securities having readily determinable fair values are stated at fair value. Realized and unrealized gains and losses on these securities are determined by specific identification and are included in noninterest income.

Allowance for credit losses – held to maturity securities:

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities was excluded from the estimate of credit losses.

The estimate of expected credit losses is primarily based on historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management classifies the held-to-maturity portfolio into the following major security types: US Government agency securities, agency mortgage-backed securities, agency commercial mortgage obligations, agency commercial mortgage-backed securities, taxable municipal securities, and tax-exempt municipal securities.

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes held to maturity security is confirmed to be uncollectible. All residential and commercial mortgage-backed securities held by the Company are issued by government-sponsored enterprises and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. The state and local government securities held by the Company are highly rated by major rating agencies. As a result, no allowance for credit losses was recorded on held-to-maturity securities at December 31, 2024 or December 31, 2023.

Allowance for credit losses – Available-for-sale securities:

For available-for-sale securities, management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. If the Company has the intent to sell the security, or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value, and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security.

Note 2. Summary of Significant Accounting Policies, Continued

Allowance for credit losses – Available-for-sale securities, continued:

If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2024 and December 31, 2023, there was no allowance for credit loss related to the available-for-sale portfolio.

Accrued interest receivable on available-for-sale debt securities was excluded from the estimate of credit losses. Accrued interest receivable on available-for-sale debt securities as of December 31, 2024 and 2023 was $554 and $228, respectively.

Loans held for sale:

Loans held for sale include the guaranteed portion of loans originated through the small business lending division that are expected to be sold in the secondary market to investors. Loans held for sale are carried at fair value.

Loans:

Loans that the Company has the intent and ability to hold for the foreseeable future, or until maturity, are reported at their outstanding principal balance, adjusted for any charge-offs, deferred fees or costs on originated loans and unamortized premiums or discounts on acquired loans. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment to the yield of the related loan. Interest on loans is recorded based on the principal amount outstanding.

Loans are placed on nonaccrual status when they are past due 90 days or more. When a loan is placed in nonaccrual status, all unpaid accrued interest is reversed, and subsequent collections of interest and principal payments are generally applied as a reduction to the principal outstanding. Should the credit quality of a nonaccrual loan improve, the loan may be returned to an accrual status after demonstrating consistent payment history for at least six months.

The Company's loan policies, guidelines, and procedures establish the basic guidelines governing its lending operations. They address the types of loans sought, target markets, underwriting, collateral requirements, term, interest rate, yield considerations and compliance with laws and regulations. The loan policies are reviewed and approved annually by the Board of Directors.

Note 2. Summary of Significant Accounting Policies, Continued

Purchased Credit Deteriorated (PCD) loans:

The Company may purchase loans, some of which have experienced more than insignificant credit deterioration since origination. In those cases, the Company will consider internal loan grades, delinquency status, and other relevant factors in assessing whether purchased loans are PCD. PCD loans are recorded at the amount paid. An initial allowance for credit loss is determined using the same methodology as other loans held for investment, but with no impact to earnings. The initial allowance for credit loss determined on a collective basis is allocated to loans on an individual basis.

The sum of the loans purchase price and allowance for credit loss becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent to initial recognition, PCD loans are subject to the same interest income recognition and impairment model as non-PCD loans, with changes to the allowance for credit loss recorded through provision expense.

Allowance for credit losses – loans:

The allowance for credit losses is a valuation account that is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses. Accrued interest receivable on loans was $6,411 and $3,681 as of December 31, 2024 and 2023, respectively.

The allowance for credit losses (ACL) represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications.

The ACL is a reserve established through a provision for credit losses charged to expense. Loan balances are charged off against the ACL when the collectability of principal is unlikely.

Subsequent recoveries, if any, are credited to the ACL. The ACL is maintained at a level based on management's best estimate of probable credit losses that are inherent in the loan portfolio. Management evaluates the adequacy of the ACL on at least a quarterly basis.

Note 2. Summary of Significant Accounting Policies, Continued

Allowance for credit losses – loans, continued:

For the majority of loans the ACL is calculated using a non-discounted cash flow methodology applied at a loan level with a one-year reasonable and supportable forecast period and then a reversion period. When the non-discounted cash flow method is used to determine the ACL, management adjusts the effective interest rate used to discount expected cash flows to incorporate expected prepayments. The Company measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. Management evaluates loans originated under government guaranteed lending (GGL) programs separately from loans originated from traditional sources due to risks specific to GGL lending, including risks related to customers being out of the Company's primary market areas. The Company's loan segments, and the specific risks of each segment are described below.

Construction/development loans – Risks common to construction/development loans are cost overruns, changes in market demand for property, inadequate long-term financing arrangements and declines in real estate values. Construction/development loans are further segmented into residential construction/development loans, GGL construction/development loans and other construction/development loans. Residential construction/ development loans are also susceptible to risks associated with residential mortgage loans. Changes in market demand for property could lead to longer marketing times resulting in higher carrying costs, declining values, and higher interest rates.

Commercial real estate loans – Loans in this category are susceptible to declines in occupancy rates, business failure and general economic conditions. Also, declines in real estate values and lack of suitable alternative use for the properties are risks for loans in this category. Commercial real estate loans are further segmented into loans secured by non-owner occupied commercial real estate, loans secured by owner-occupied real estate that are originated under GGL programs, and loans secured by all other owner-occupied commercial real estate.

1-4 family loans – Residential mortgage loans are susceptible to weakening general economic conditions and increases in unemployment rates and declining real estate values. This segment includes loans secured by both first lien and subordinate lien positions.

Commercial and industrial loans – Risks to this loan category include industry concentration and the inability to monitor the condition of the collateral which often consists of inventory, accounts receivable and other non-real estate assets. Equipment and inventory obsolescence can also pose a risk. Declines in general economic conditions and other events can cause cash flows to fall to levels insufficient to service debt. Commercial and industrial loans are further segmented into commercial and industrial loans estate that are originated under GGL programs, including solar, and all other commercial and industrial loans.

Home equity loans – Risks common to home equity loans and lines of credit are general economic conditions, including an increase in unemployment rates, and declining real estate values which reduce or eliminate the borrower's home equity.

Note 2. Summary of Significant Accounting Policies, Continued

Allowance for credit losses – loans, continued:

Other consumer loans – Risks common to these loans include regulatory risks, unemployment, and changes in local economic conditions as well as the inability to monitor collateral consisting of personal property.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors and economic conditions not already captured.

Loans that do not share risk characteristics are evaluated on an individual basis. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

The Company individually evaluates loans that are classified as doubtful, substandard, or special mention. This evaluation includes several factors, including review of the loan payment status and the borrower's financial condition and operating results such as cash flows, operating income, or loss.

Allowance for Credit Losses – unfunded commitments:

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for unfunded commitments in the Company's income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same aggregate reserve rates calculated for the funded portion of loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in liabilities on the Company's balance sheets.

Note 2. Summary of Significant Accounting Policies, Continued

Premises and equipment:

Land is carried at cost. Other components of premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of assets, which range from thirty-seven to forty years for buildings and three to seven years for furniture and equipment. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Repairs and maintenance costs are charged to operations as incurred, and additions and improvements to premises and equipment are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts and any gains or losses are reflected in earnings.

Premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Assets to be disposed of are transferred to other real estate owned and are reported at the lower of the carrying amount or fair value less costs to sell.

Bank-owned life insurance:

The Company has purchased life insurance policies on certain current and former employees and directors. These policies are recorded at their cash surrender value, or the amount that could be realized by surrendering the policies. Income from these policies and changes in the net cash surrender value are recorded in non-interest income.

Income taxes:

Deferred tax assets and liabilities are included in other assets. Deferred tax assets and liabilities reflect the estimated future tax consequences attributable to differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are also recognized for operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized.

Other real estate owned:

Other real estate owned is included in other assets and includes assets acquired through loan foreclosure. These properties are held for sale and are initially recorded at fair value less costs to sell upon foreclosure. After foreclosure, valuations are periodically performed, and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and valuation adjustments are included in noninterest expense. The Company had $103 and $0 in other real estate owned as of December 31, 2024 and 2023, respectively.

Note 2. Summary of Significant Accounting Policies, Continued

Equity investments at cost:

As a requirement for membership, the Company has invested in common stock of the Federal Home Loan Bank of Atlanta. This investment, which is included in other assets, is carried at cost, and is periodically evaluated for impairment.

Stock-based compensation:

Compensation cost is recognized for restricted stock awards granted to employees. Compensation cost is based on the fair value of restricted stock awards based on the market price of the Company's common stock at the date of grant. Compensation cost is recognized over the required service period, generally defined as the vesting period for restricted stock awards.

Earnings per share:

Basic earnings per common share is net income available to common shareholders divided by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential shares of common stock issuable under unvested restricted stock and warrants.

Fair value measurements:

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company follows the fair value hierarchy which gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to management's assumptions (unobservable inputs). For assets and liabilities recorded at fair value, the Company's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements.

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Investment securities available for sale are recorded at fair value on a recurring basis. Additionally, the Company may be required to record at fair value other assets on a nonrecurring basis, such as impaired loans and other real estate owned. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Note 2. Summary of Significant Accounting Policies, Continued

Fair value measurements, continued:

Assets and liabilities measured at fair value are grouped in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls to a lower level in the hierarchy. These levels are described as follows:

Level 1: Valuations for assets and liabilities traded in active exchange markets.

Level 2: Valuations for assets and liabilities that can be obtained from readily available pricing sources via independent providers for market transactions involving similar assets or liabilities. The Company's principal market for these securities is the secondary institutional markets, and valuations are based on observable market data in those markets.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The determination of where an asset or liability falls in the fair value hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures at each reporting period and based on various factors, it is possible that an asset or liability may be classified differently. However, management expects that changes in classifications between levels will be rare.

Accumulated other comprehensive income (loss):

The Company's accumulated other comprehensive income (loss) is comprised of unrealized gains and losses, net of taxes, on investment securities available for sale.

Segment reporting:

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, the Chief Executive Officer, in deciding how to allocate resources and in assessing performance. Management has determined that the Company has a single operating segment, which is providing general commercial banking and financial services to individuals and businesses located in North Carolina, South Carolina, and Tennessee and to customers in various states through its GGL Small Business Administration (SBA) lending program.

Note 2. Summary of Significant Accounting Policies, Continued

Segment reporting, continued:

The Company's various products and services are those generally offered by community banks, and the allocation of resources is based on the overall performance of the Company versus individual regions, branches, products, and services.

Business combinations:

The Company accounts for business combinations under the acquisition method of accounting. Assets acquired and liabilities assumed are measured and recorded at fair value at the date of acquisition, including identifiable intangible assets. If the consideration paid exceeds the fair value of the net assets acquired, goodwill is recognized at the acquisition date. If the fair value of net assets purchased exceeds the fair value of consideration paid, a bargain purchase gain is recognized at the date of acquisition. Fair values are subject to refinement for a period not to exceed one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

Fair values for acquired loans are generally based on a discounted cash flow methodology that considers credit loss expectations, market interest rates and other market factors such as liquidity from the perspective of a market participant. Loans are grouped together according to similar characteristics and are generally treated in the aggregate when applying various valuation techniques.

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from the entity).

Revenue from contracts with customers:

All of the Company’s revenues that are within the scope of ASC 606 (Revenue Recognition) are recognized within noninterest income. The following table presents the Company’s sources of noninterest income for the years ended December 31, 2024 and 2023. Items outside the scope of Revenue Recognition are noted as such.

(dollars in thousands, except per share information)

Note 2. Summary of Significant Accounting Policies, Continued

Revenue from contracts with customers, continued:

	2024	2023
Non-interest income		
Government-guaranteed lending[1]	$ 9,934	$ 8,421
Service charges and fees on deposit accounts	2,456	1,399
Bank-owned life insurance[1]	1,079	751
Gain on payoff of FHLB advances[1]	-	1,230
Other[2]	749	328
Total non-interest income	$ 14,218	$ 12,129

[1]Not within the scope of ASC 606

[2]The other category includes $749 and $328 of income sources that are within the scope of Revenue Recognition but determined immaterial as of December 31, 2024 and 2023, respectively.

There were no impairment losses recognized on any receivables or contract assets arising from the Company's contracts with customers during the years ended December 31, 2024 and 2023. While the Company has noninterest income related to government-guaranteed lending, changes in cash surrender value of life insurance and sales of investment securities available for sale, these are not within the scope of Revenue Recognition. Service charge revenue generated from contracts with customers is noninterest income and relates to fees charged on deposit accounts and certain loan and deposit fees.

Revenues generated from each of these contracts are recognized when a performance obligation is met, and each obligation is associated with a transaction tied to an account. Given each of these accounts are transactional and the related contracts are day-to-day contracts, the performance obligations on these accounts occur when the contract provision is triggered on the account, which results in the related service charge.

Based on the Company's analysis, there are no fees generated for opening an account or for a service on the account where the good or service has not been transferred or prior to the performance obligation being met.

As of December 31, 2024 and 2023, the Company did not have amounts of material receivables, contract assets or contract liabilities tied to these contracts with customers. The Company believes that while loan and deposit accounts generate service charge income, these contracts do not create receivables, assets or liabilities given the fees associated with these service charges are typically charged and collected once the performance obligation is triggered.

In addition, during the years ended December 31, 2024 and 2023, the Company did not recognize revenue that was included in any contract liabilities, and no revenues were recognized related to performance obligations satisfied in prior reporting periods. The Company analyzes its payment streams associated with contracts with customers on a quarterly basis.

Note 2. Summary of Significant Accounting Policies, Continued

Revenue from contracts with customers, continued:

As of December 31, 2024 and 2023, the nature of the performance obligations within the contracts generating these service charges on deposit and loan accounts have a duration of one year or less. Also, based on the Company's analysis and the nature of the contracts discussed within this note, management determined that there are no significant judgements associated with the recognition of revenue associated with these contracts. Based on the Company's analysis, each of the service charge revenues discussed above are associated with the transfer of services through administration of a customer's deposit account or through an agreed-upon, fixed amount that is disclosed in the customer's contract and are charged to the customer when the related service is performed on the customer's account. In addition, based on the Company's analysis, none of the contracts discussed above required a material cost to obtain or fulfill the contract, which resulted in no capitalized asset associated with these contracts as of December 31, 2024 and 2023.

Recently issued accounting pronouncements:

FASB ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures

The update requires disclosure of specific categories in the rate reconciliation and information for reconciling items that meet a quantitative threshold. In addition, the update requires disaggregated disclosure of income taxes paid and income tax expense by jurisdiction. This guidance is effective for annual periods beginning after December 31, 2024. The Company does not expect the new guidance to have a material impact on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Accounting Standards Adopted in 2023:

FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326) (CECL)*

On January 1, 2023, the Company adopted CECL. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

Note 2. Summary of Significant Accounting Policies, Continued

Accounting Standards Adopted in 2023, continued:

FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326), continued*

PCD loans will receive an initial allowance at the acquisition date that represents an adjustment to the amortized cost basis of the loan, with no impact to earnings.

In addition, CECL made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities if management does not intend to sell and does not believe that it is more likely than not they will be required to sell.

The Company adopted CECL and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The transition adjustment of the adoption of CECL included an increase in the allowance for credit losses on loans of $1,156, net of PCD gross up, which is presented as a reduction to net loans outstanding, and an increase in the allowance for credit losses on unfunded loan commitments of $583, which is recorded within Other Liabilities. The adoption of CECL had an insignificant impact on the Company's held-to-maturity and available-for-sale securities portfolios. The Company recorded a net decrease to retained earnings of $1,441 as of January 1, 2023, for the cumulative effect of adopting CECL, which reflects the transition adjustments noted above, net of the applicable deferred tax assets recorded. Results for reporting periods beginning after January 1, 2023, are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards ("Incurred Loss").

The Company adopted ASC 326 using the prospective transition approach for PCD assets that were previously classified as PCI under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption.

Regarding PCD assets, the Company elected to disaggregate the former PCI pools and no longer considers these pools to be the unit of account; contractually delinquent PCD loans will be reported as nonaccrual loans using the same criteria as other loans.

The Company adopted ASC 326 using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023. As of December 31, 2022, the Company did not have any other-than-temporarily impaired investment securities. Therefore, upon adoption of ASC 326, the Company determined that an allowance for credit losses on available-for-sale securities was not deemed material.

Note 2. Summary of Significant Accounting Policies, Continued

Accounting Standards Adopted in 2023, continued:

FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326), continued*

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Company believes the collection of interest is doubtful. The Company has concluded that this policy results in the timely reversal of uncollectible interest.

FASB ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued ASU 2022-02. The amendments in this ASU: (i) eliminate the previous recognition and measurement guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan, (ii) require new disclosures for loan modifications when a borrower is experiencing financial difficulty and (iii) require disclosures of current period gross charge-offs by year of origination in the vintage disclosures.

The Company adopted ASU 2022-02 on January 1, 2023, along with the adoption of ASC 326. As a result of adopting this ASU, the Company did not have a material impact to our consolidated results of operations or our consolidated financial position. The additional disclosures were applied prospectively.

Note 3. Business Combinations

On August 1, 2024, the Company completed the acquisition of Seneca, South Carolina-based Community First Bancorporation (CFB) and its wholly-owned subsidiary, Community First Bank Inc. Under the terms of the agreement, 3,449,466 shares of voting common stock were issued as merger consideration. Total consideration was $54,331. Total consideration included $3,446 in common shares issued, $53,570 additional paid in capital, and $761 paid in cash for stock options paid out and fractional shares. The merger allows the Company to expand its presence in the upstate of South Carolina, western North Carolina, and eastern Tennessee.

The fair value of the assets acquired was $677,738, including $374,991 in non-PCD loans, $98,111 in PCD loans and $12,380 in a core deposit intangible. No debt securities purchased in the transaction were designated PCD. Liabilities assumed were $628,162, of which $572,091 were deposits. As a result of the transaction, the Company recorded $4,755 of goodwill. The amount of goodwill represents the excess purchase price over the estimated fair value of the net assets acquired. The premium paid reflects the increased market share and related synergies expected to result from the acquisition. The CFB transaction resulted in merger-related expenses of $11,254 for the year ended December 31, 2024.

(dollars in thousands, except per share information)

Note 3. Business Combinations, Continued

The following table provides the purchase price as of the acquisition date and the identifiable assets acquired and liabilities assumed at their estimated fair values:

Purchase price		$ 54,331
Assets		
Cash and due from banks	55,852	
Investment securities available-for-sale	93,669	
Loans held for sale	1,609	
Loans, net of initial PCD allowance for credit losses	473,480	
Premises and equipment	14,570	
Bank-owned life insurance	16,552	
Intangible assets	12,380	
Accrued interest receivable and other assets	9,626	
Total assets acquired	677,738	
Liabilities		
Deposits	572,091	
FHLB advances	36,699	
Subordinated debt	9,573	
Other liabilities	9,799	
Total liabilities assumed	628,162	
Fair value of net assets acquired		49,576
Goodwill recorded for CFB		$ 4,755

Supplemental Information on Acquired Loans:		
PCD loans:		
Par Value	$ 103,700	
ACL at acquisition	(659)	
Non-credit discount	(4,930)	
Purchase price	$ 98,111	
Non-PCD loans:		
Fair value	$ 374,991	
Gross contractual amounts receivable	456,132	
Estimate of contractual cash flows not expected to be collected	5,056	

(dollars in thousands, except per share information)

Note 4. Investment Securities

The following tables summarize the amortized cost, gross unrealized gains and losses, and fair value of investment securities available for sale and held to maturity by major classification:

	December 31, 2024			
	Amortized Cost	Unrealized Loss	Unrealized Gain	Fair Value
Investment securities available for sale:				
Agency residential mortgage-backed	$ 51,245	$ (2,510)	$ 28	$ 48,763
Corporate bonds	24,200	(791)	187	23,596
Agency commercial mortgage-backed	9,625	(448)	-	9,177
Agency CMO/REMIC	8,499	(268)	-	8,231
US Treasury securities	5,196	(523)	-	4,673
Tax-exempt municipal securities	5,096	(124)	-	4,972
	$ 103,861	$ (4,664)	$ 215	$ 99,412
Investment securities held to maturity:				
Agency residential mortgage-backed	$ 30,510	$ (4,301)	$ -	$ 26,209
Agency CMO/REMIC	20,540	(4,533)	-	16,007
Taxable municipal securities	12,838	(2,185)	-	10,653
Tax-exempt municipal securities	4,860	(837)	-	4,023
US Government agency securities	1,937	(79)	-	1,858
Agency commercial mortgage-backed	1,267	(182)	-	1,085
	$ 71,952	$ (12,117)	$ -	$ 59,835

	December 31, 2023			
	Amortized Cost	Unrealized Loss	Unrealized Gain	Fair Value
Investment securities available for sale:				
Agency residential mortgage-backed	$ 23,954	$ (1,727)	$ 85	$ 22,312
Corporate bonds	18,373	(1,516)	10	16,867
US Treasury securities	5,939	(584)	-	5,355
Agency commercial mortgage-backed	3,420	(336)	-	3,084
Agency CMO/REMIC	1,675	(51)	2	1,626
	$ 53,361	$ (4,214)	$ 97	$ 49,244
Investment securities held to maturity:				
Agency residential mortgage-backed	$ 34,189	$ (3,671)	$ 5	$ 30,523
Agency CMO/REMIC	22,384	(4,638)	-	17,746
Taxable municipal securities	12,867	(2,066)	-	10,801
Tax-exempt municipal securities	4,925	(771)	-	4,154
US Government agency securities	1,911	(89)	-	1,822
Agency commercial mortgage-backed	1,280	(171)	-	1,109
	$ 77,556	$ (11,406)	$ 5	$ 66,155

(dollars in thousands, except per share information)

Note 4. Investment Securities, Continued

There is no allowance for credit losses on available-for-sale securities or held to maturity securities as of December 31, 2024.

The amortized cost and fair values of investment securities available for sale and held to maturity, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2024	
	Amortized Cost	Fair Value
Investment securities available for sale with scheduled maturities:		
Within 1 year	$ 745	$ 723
After 1 through 5 years	45,946	43,538
After 5 years through 10 years	52,074	50,179
After 10 years	5,096	4,972
	$ 103,861	$ 99,412
Investment securities held to maturity with scheduled maturities:		
Within 1 year	$ 462	$ 461
After 1 through 5 years	7,191	6,540
After 5 years through 10 years	50,241	42,024
After 10 years	14,058	10,810
	$ 71,952	$ 59,835

	December 31, 2023	
	Amortized Cost	Fair Value
Investment securities available for sale with scheduled maturities:		
Within 1 year	$ 755	$ 727
After 1 through 5 years	28,881	26,653
After 5 years through 10 years	23,725	21,864
	$ 53,361	$ 49,244
Investment securities held to maturity with scheduled maturities:		
After 1 through 5 years	$ 5,021	$ 4,561
After 5 years through 10 years	57,275	48,351
After 10 years	15,260	13,243
	$ 77,556	$ 66,155

(dollars in thousands, except per share information)

Note 4. Investment Securities, Continued

The following table shows the gross unrealized losses and estimated fair value of available for sale securities for which an allowance for credit losses has not been recorded aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2024 and 2023:

	December 31, 2024					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment securities available for sale:						
Agency residential mortgage-backed	$ 37,038	$ (869)	$ 13,054	$ (1,641)	$ 50,092	$ (2,510)
Agency CMO/REMIC	7,604	(220)	627	(48)	8,231	(268)
Tax-exempt municipal securities	4,972	(124)	-	-	4,972	(124)
Agency commercial mortgage-backed	2,869	(159)	3,021	(289)	5,890	(448)
Corporate bonds	1,977	(16)	10,100	(775)	12,077	(791)
US Treasury securities	-	-	4,673	(523)	4,673	(523)
	$ 54,460	$ (1,388)	$ 31,475	$ (3,276)	$ 85,935	$ (4,664)

	December 31, 2023					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment securities available for sale:						
Agency residential mortgage-backed	$ 1,211	$ (1)	$ 15,202	$ (1,726)	$ 16,413	$ (1,727)
Corporate Bonds	-	-	9,735	(1,516)	9,735	(1,516)
US Treasury securities	-	-	5,355	(584)	5,355	(584)
Agency commercial mortgage-backed	-	-	3,084	(336)	3,084	(336)
Agency CMO/REMIC	-	-	763	(51)	763	(51)
	$ 1,211	$ (1)	$ 34,139	$ (4,213)	$ 35,350	$ (4,214)

The following table shows the gross unrealized losses and estimated fair value of held to maturity securities aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2024 and 2023:

(dollars in thousands, except per share information)

Note 4. Investment Securities, Continued

	December 31, 2024					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment securities held to maturity :						
Taxable municipal securities	$ 892	$ (9)	$ 9,761	$ (2,176)	$ 10,653	$ (2,185)
Agency CMO/REMIC	-	-	16,007	(4,533)	16,007	(4,533)
Agency residential mortgage-backed	2,131	(91)	24,078	(4,210)	26,209	(4,301)
Agency commercial mortgage-backed	-	-	1,085	(182)	1,085	(182)
US Government agency securities	-	-	1,858	(79)	1,858	(79)
Tax-exempt municipal securities	-	-	4,023	(837)	4,023	(837)
	$ 3,023	$ (100)	$ 56,812	$ (12,017)	$ 59,835	$ (12,117)

	December 31, 2023					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment securities held to maturity :						
Taxable municipal securities	$ 873	$ (3)	$ 9,928	$ (2,036)	$ 10,801	$ (2,039)
Agency CMO/REMIC	-	-	17,745	(4,928)	17,745	(4,928)
Agency residential mortgage-backed	1,420	(1)	28,138	(4,683)	29,558	(4,684)
Agency commercial mortgage-backed	-	-	1,109	(245)	1,109	(245)
US Government agency securities	-	-	1,822	(178)	1,822	(178)
Tax-exempt municipal securities	-	-	4,154	(771)	4,154	(771)
	$ 2,293	$ (4)	$ 62,896	$ (12,841)	$ 65,189	$ (12,845)

At December 31, 2024, there were 67 available for sale debt securities and 65 held to maturity debt securities that were in an unrealized loss position. Management does not intend to sell nor believes it will be required to sell securities in an unrealized loss position prior to the recovery of its amortized cost basis. Unrealized losses at December 31, 2024 and 2023 were primarily attributable to changes in interest rates. The securities in an unrealized loss position as of December 31, 2024 and 2023 continue to perform and are expected to perform through maturity, and the issuers have not experienced significant adverse events that would call into question their ability to repay these debt obligations according to contractual terms.

As of December 31, 2024, the Company held no individual investment securities with an aggregate book value greater than 10 percent of total shareholders' equity.

(dollars in thousands, except per share information)

Note 4. Investment Securities, Continued

During 2024, $91,011 investment securities available for sale were sold that were initially acquired from the Community First Bank acquisition immediately following the acquisition. The selling price of the investment securities was considered in the estimated fair value of these securities at acquisition date. No investment securities available for sale were sold during the year ended December 31, 2023. There were no realized gains or losses on investment securities available for sale for the year ended December 31, 2024 and 2023.

As of December 31, 2023, securities with a book value of $66,201 and a fair value of $55,361 were pledged as collateral for public deposits and to the Bank Term Funding Program. There were no securities pledged as of December 31, 2024 to the Bank Term Funding Program.

The Company owns 36,000 shares of common stock of a North Carolina community bank. This investment is classified as a marketable equity security and has a cost basis of $227. As of December 31, 2024 and 2023, the fair value was $395 and $329, respectively.

Note 5. Loans and Allowance for Credit Losses

The following table summarizes the Company's loans by type:

	2024	2023
General Bank:		
Commercial real estate - non-owner occupied	$ 456,665	$ 334,273
Commercial real estate - owner occupied	403,906	223,325
Construction/development	116,197	107,022
1-4 family	219,611	138,480
Commercial and industrial	190,296	111,991
Home equity	54,033	19,754
Construction/development - residential	31,296	5,955
Other consumer	134,453	2,379
Total General Bank	1,606,457	943,179
Small Business Lending:		
Commercial and industrial	111,528	76,586
Commercial real estate - owner occupied	68,290	50,611
Construction/development	24,344	14,149
Commercial real estate - non-owner occupied	9,177	10,814
Total Small Business Lending	213,339	152,160
Total Loans	$ 1,819,796	$ 1,095,339

As of December 31, 2024 and 2023, loans with a recorded investment of $750,754 and $480,739, respectively, were pledged to secure borrowings or available lines of credit with correspondent banks.

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

As of December 31, 2024 and 2023, there were $1,445 and $0 of loans to directors and executive officers outstanding, respectively.

The following table presents an analysis of past-due loans as of December 31, 2024:

	December 31, 2024					
	30-59 days past due	60-89 days past due	90+ days past due and still accruing	Nonaccrual Loans	Current Loans	Total Loans
General Bank:						
Commercial real estate - owner occupied	$ 232	$ -	$ -	$ 1,702	$ 401,972	$ 403,906
Commercial real estate - non-owner occupied	1,004	-	-	-	455,661	456,665
1-4 family	1,386	259	-	827	217,139	219,611
Commercial and industrial	-	-	-	63	190,233	190,296
Other consumer	2,416	315	9	251	131,462	134,453
Home equity	764	-	-	13	53,256	54,033
Construction/development - other	-	-	-	-	116,197	116,197
Construction/development - residential	261	-	-	-	31,035	31,296
Total General Bank	6,063	574	9	2,856	1,596,955	1,606,457
Small Business Lending:						
Commercial and industrial	913	807	329	2,316	107,163	111,528
Commercial real estate - non-owner occupied	-	-	-	-	9,177	9,177
Commercial real estate - owner occupied	578	879	-	411	66,422	68,290
Construction/development	1,760	-	-	-	22,584	24,344
Total Small Business Lending	3,251	1,686	329	2,727	205,346	213,339
	$ 9,314	$ 2,260	$ 338	$ 5,583	$ 1,802,301	$ 1,819,796

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	December 31, 2023					
	30-59 days past due	60-89 days past due	90+ days past due and still accruing	Nonaccrual Loans	Current Loans	Total Loans
General Bank:						
Commercial real estate - non-owner occupied	$ -	$ -	$ -	$ -	$ 334,273	$ 334,273
Commercial real estate owner occupied	-	-	-	-	223,325	223,325
Commercial and industrial	-	-	-	-	111,991	111,991
1-4 family	113	-	-	114	138,253	138,480
Construction/development	-	-	-	-	107,022	107,022
Home equity	-	-	-	2	19,752	19,754
Construction/development - residential	-	-	-	-	5,955	5,955
Other consumer	43	125	-	-	2,211	2,379
Total General Bank	156	125	-	116	942,782	943,179
Small Business Lending:						
Commercial real estate - owner occupied	343	177	-	85	50,006	50,611
Commercial real estate - non-owner occupied	-	-	-	-	10,814	10,814
Commercial and industrial	1,106	640	-	1,407	73,433	76,586
Construction/development	-	-	-	-	14,149	14,149
Total Small Business Lending	1,449	817	-	1,492	148,402	152,160
	$ 1,605	$ 942	$ -	$ 1,608	$ 1,091,184	$ 1,095,339

There was $60 in interest income earned on one nonaccrual loan during the year ended December 31, 2024. There was $2 in interest income earned on nonaccrual loans during the year ended December 31, 2023.

Note 5. Loans and Allowance for Credit Losses, Continued

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt including current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans according to credit risk. The Company uses the following general definitions for risk ratings:

Pass – These loans range from superior quality with minimal credit risk to loans requiring heightened management attention but that are still an acceptable risk and continue to perform as contracted.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Not Rated – Not rated loans represent loans not included in the individual credit grading process due to their relatively small balances or borrower type.

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

The following table presents the Company's recorded investment in loans by credit quality indicators by year of origination as of December 31, 2024:

	Term Loans by Year of Origination							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
General Bank:								
Commercial real estate - non-owner occupied								
Pass	$ 71,495	$ 92,095	$ 130,591	$ 84,744	$ 41,171	$ 35,565	$ -	$ 455,661
Special Mention	-	-	-	-	-	1,004	-	1,004
Classified	-	-	-	-	-	-	-	-
Total commercial real estate - non-owner occupied	71,495	92,095	130,591	84,744	41,171	36,569	-	456,665
Current period gross write-offs	-	-	-	-	-	-	-	-
Commercial real estate - owner occupied								
Pass	$ 77,229	$ 65,396	$ 104,801	$ 81,253	$ 25,351	$ 44,431	$ 600	$ 399,061
Special Mention	-	393	557	-	1,945	247	-	3,142
Classified	-	1,553	-	-	-	-	150	1,703
Total commercial real estate - owner occupied	77,229	67,342	105,358	81,253	27,296	44,678	750	403,906
Current period gross write-offs	-	-	-	-	-	-	-	-
1-4 family								
Pass	$ 15,512	$ 44,614	$ 85,829	$ 29,115	$ 26,504	$ 16,315	$ 158	$ 218,047
Special Mention	-	-	71	-	-	135	-	206
Classified	-	-	467	158	49	650	-	1,324
Not Rated	-	-	-	-	-	35	-	35
Total 1-4 family	15,512	44,614	86,367	29,273	26,553	17,135	158	219,612
Current period gross write-offs	-	-	-	-	-	151	-	151

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
Construction/development								
Pass	$ 33,167	$ 58,329	$ 14,997	$ 963	$ 3,075	$ 5,534	$ -	$ 116,065
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	-	-	-
Not Rated	-	-	-	132	-	-	-	132
Total Construction/development	33,167	58,329	14,997	1,095	3,075	5,534	-	116,197
Current period gross write-offs	-	-	-	-	-	-	-	-
Commercial and industrial								
Pass	$ 80,645	$ 46,469	$ 33,185	$ 14,247	$ 5,390	$ 5,266	$ 399	$ 185,601
Special Mention	-	4,612	-	-	-	20	-	4,632
Classified	-	-	-	3	-	-	60	63
Total commercial and industrial	80,645	51,081	33,185	14,250	5,390	5,286	459	190,296
Current period gross write-offs	-	-	-	-	-	-	-	-
Home Equity								
Pass	$ 12,737	$ 7,776	$ 8,185	$ 7,194	$ 6,719	$ 8,316	$ 2,870	$ 53,797
Special Mention	-	-	-	-	-	62	61	123
Classified	-	-	-	-	-	-	88	88
Not Rated	25	-	-	-	-	-	-	25
Total Home Equity	12.762	7,776	8,185	7,194	6,719	8,378	3,019	54,033
Current period gross write-offs	-	-	-	-	-	-	-	-

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
Construction/development - residential								
Pass	$ 8,474	$ 11,642	$ 9,948	$ -	$ -	$ 970	$ 262	$ 31,296
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	-	-	-
Total construction/development - residential	8,474	11,642	9,948	-	-	970	262	31,296
Current period gross write-offs	-	-	-	-	-	-	-	-
Other consumer								
Pass	$ 9,628	$ 33,067	$ 31,795	$ 19,968	$ 17,038	$ 22,248	$ -	$ 133,744
Special Mention	-	121	43	50	144	127	-	485
Classified	86	31	76	-	-	31	-	224
Total other consumer	9,714	33,219	31,914	20,018	17,182	22,406	-	134,453
Current period gross write-offs	-	-	-	-	-	176	-	176
Small Business Lending:								
Commercial and industrial - GGL								
Pass	$ 27,628	$ 19,563	$ 25,261	$ 8,440	$ 5,985	$ 16,367	$ 2,872	$ 106,116
Special Mention	-	112	425	67	417	-	197	1,218
Classified	-	272	483	791	1,237	1,071	169	4,023
Not Rated	2	-	-	-	-	169	-	171
Total commercial and industrial - GGL	27,630	19,947	26,169	9,298	7,639	17,607	3,238	111,528
Current period gross write-offs	-	-	25	-	-	2,092	-	2,117

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial real estate - owner occupied								
Pass	$ 11,745	$ 9,860	$ 14,940	$ 18,859	$ 5,406	$ 3,262	$ 86	$ 64,158
Special Mention	-	-	885	695	-	-	1,103	2,683
Classified	-	401	609	439	-	-	-	1,449
Total Commercial real estate - owner occupied	11,745	10,261	16,434	19,993	5,406	3,262	1,189	68,290
Current period gross write-offs	-	-	-	-	-	-	-	-
Construction/development								
Pass	$ 10,609	$ -	$ -	$ 5,848	$ -	$ -	$ 4,724	$ 21,181
Special Mention	-	3,163	-	-	-	-	-	3,163
Classified	-	-	-	-	-	-	-	-
Total Construction/development	10,609	3,163	-	5,848	-	-	4,724	24,344
Current period gross write-offs	-	-	-	-	-	-	-	-
Total commercial real estate - non-owner occupied								
Pass	$ 3,108	$ 1,436	$ 4,536	$ -	$ -	$ 97	$ -	$ 9,177
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	-	-	-
Total commercial real estate - non-owner occupied	3,108	1,436	4,536	-	-	97	-	9,177
Current period gross write-offs	-	-	-	-	-	177	-	177

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

The following table presents the Company's recorded investment in loans by credit quality indicators by year of origination as of December 31, 2023:

	Term Loans by Year of Origination							
General Bank:	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial real estate - non-owner occupied								
Pass	$ 68,808	$ 131,680	$ 73,263	$ 38,280	$ 7,335	$ 13,585	$ -	$ 332,951
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	1,322	-	1,322
Total commercial real estate - non-owner occupied	68,808	131,680	73,263	38,280	7,335	14,907	-	334,273
Current period gross write-offs	-	-	-	-	-	-	-	-
Commercial real estate - owner occupied								
Pass	$ 49,814	$ 75,810	$ 59,416	$ 13,730	$ 11,409	$ 12,620	$ 150	$ 222,949
Special Mention	-	-	-	-	-	-	-	-
Classified	-	376	-	-	-	-	-	376
Total commercial real estate - owner occupied	49,814	76,186	59,416	13,730	11,409	12,620	150	223,325
Current period gross write-offs	-	-	-	-	-	-	-	-
1-4 family								
Pass	$ 27,798	$ 73,030	$ 17,155	$ 10,320	$ 2,570	$ 5,549	$ 1,870	$ 138,292
Special Mention	-	-	-	-	-	-	-	-
Classified	-	73	-	55	-	60	-	188
Total 1-4 family	27,798	73,103	17,155	10,375	2,570	5,609	1,870	138,480
Current period gross write-offs	-	-	-	-	-	-	-	-

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Pass	$ 49,370	$ 32,372	$ 15,293	$ 5,258	$ 5,617	$ 1,671	$ 1,287	$ 110,868
Special Mention	-	1,097	-	-	-	-	-	1,097
Classified	-	25	-	-	-	-	-	25
Not Rated	1	-	-	-	-	-	-	1
Total commercial and industrial	49,371	33,494	15,293	5,258	5,617	1,671	1,287	111,991
Current period gross write-offs	-	-	-	-	-	-	-	-
Home Equity								
Pass	$ 7,469	$ 3,544	$ 4,097	$ 2,447	$ 459	$ 1,736	$ -	$ 19,752
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	2	-	2
Total Home Equity	7,469	3,544	4,097	2,447	459	1,738	-	19,754
Current period gross write-offs	-	-	-	-	-	1	-	1
Construction/development								
Pass	$ 67,682	$ 23,133	$ 12,248	$ 295	$ 2,432	$ 93	$ 43	$ 105,926
Special Mention	-	-	-	-	-	-	-	-
Classified	668	-	-	-	-	-	-	668
Not Rated	428	-	-	-	-	-	-	428
Total Construction/development	68,778	23,133	12,248	295	2,432	93	43	107,022
Current period gross write-offs	-	-	-	-	-	-	-	-

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction/development - residential								
Pass	$ 4,151	$ 1,637	$ -	$ -	$ -	$ -	$ 167	$ 5,955
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	-	-	-
Total construction/development - residential	4,151	1,637	-	-	-	-	167	5,955
Current period gross write-offs	-	-	-	-	-	-	-	-
Other Consumer								
Pass	$ 1,152	$ 233	$ 517	$ 79	$ -	$ 269	$ -	$ 2,250
Special Mention	-	-	-	-	-	-	125	125
Classified	-	-	-	-	-	1	-	1
Not Rated	-	-	3	-	-	-	-	3
Total other consumer	1,152	233	520	79	-	270	125	2,379
Current period gross write-offs	-	-	-	-	-	5	-	5
Small Business Lending:								
Commercial real estate - owner occupied								
Pass	$ 9,640	$ 18,961	$ 11,019	$ 9,380	$ 481	$ -	$ -	$ 49,481
Special Mention	-	996	45	-	-	-	-	1,041
Classified	-	2	59	-	28	-	-	89
Total Commercial real estate - owner occupied	9,640	19,959	11,123	9,380	509	-	-	50,611
Current period gross write-offs	-	-	-	-	-	-	-	-

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

	Term Loans by Year of Origination							
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial real estate - non-owner occupied								
Pass	$ -	$ 8,748	$ 1,966	$ -	$ -	$ 100	$ -	$ 10,814
Special Mention	-	-	-	-	-	-	-	-
Classified	-	-	-	-	-	-	-	-
Total commercial real estate - non-owner occupied	-	8,748	1,966	-	-	100	-	10,814
Current period gross write-offs	-	-	-	-	-	-	-	-
Commercial and industrial - GGL								
Pass	$ 18,985	$ 20,548	$ 6,295	$ 3,905	$ 111	$ 21,109	$ 132	$ 71,085
Special Mention	-	209	42	230	-	1,504	211	2,196
Classified	-	506	946	727	96	811	219	3,305
Total commercial and industrial - GGL	18,985	21,263	7,283	4,862	207	23,424	562	76,586
Current period gross write-offs	-	143	122	196	-	1,376	35	1,872

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

The following table is a summary of the Company's nonaccrual loans by major categories for the periods indicated.

	December 31, 2024		
	Nonaccrual Loans With an Allowance Recorded	Nonaccrual Loans With No Allowance Recorded	Total Nonaccrual Loans
General Bank:			
Commercial real estate - owner occupied	$ -	$ 1,702	$ 1,702
1-4 family	119	708	827
Home equity	13	-	13
Other consumer	251	-	251
Commercial and industrial	3	60	63
Total General Bank	386	2,470	2,856
Small Business Lending:			
Commercial and industrial	1,183	1,133	2,316
Commercial real estate - owner occupied	131	280	411
Total Small Business Lending	1,314	1,413	2,727
	$ 1,700	**$ 3,883**	**$ 5,583**

	December 31, 2023		
	Nonaccrual Loans With an Allowance Recorded	Nonaccrual Loans With No Allowance Recorded	Total Nonaccrual Loans
General Bank:			
1-4 family	$ -	$ 114	$ 114
Home equity	-	2	2
Total General Bank	-	116	116
Small Business Lending:			
Commercial and industrial	79	1,328	1,407
Commercial real estate - owner occupied	-	85	85
Total Small Business Lending	79	1,413	1,492
	$ 79	**$ 1,529**	**$ 1,608**

Note 5. Loans and Allowance for Credit Losses, Continued

The following table represents the accrued interest receivables written off by reversing interest income during the year ended December 31, 2024:

General Bank:		
Other consumer	$	34
Commercial real estate - owner occupied		3
1-4 family		6
Home equity		1
General Bank		44
Small Business Lending:		
Commercial real estate - owner occupied		24
Commercial and industrial		2
Total Small Business Lending		26
Total Loans	$	70

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan.

Commercial real estate loans can be secured by either owner-occupied commercial real estate or non-owner-occupied investment commercial real estate. Typically, owner-occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner-occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate.

Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.

Home equity lines of credit are generally secured by second mortgages on residential real estate property.

Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles, and other personal property. Some consumer loans are unsecured and have no underlying collateral.

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

The following table details the amortized cost of collateral dependent loans:

	December 31, 2024	December 31, 2023
General Bank:		
Commercial real estate - owner occupied	$ 1,702	$ -
1-4 family	820	114
Commercial and industrial	60	2
Total General Bank	2,582	116
Small Business Lending:		
Commercial and industrial	1,133	1,407
Commercial real estate - owner occupied	281	85
Total Small Business Lending	1,414	1,492
Total	$ 3,996	$ 1,608

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

Allowance for Credit Losses

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2024.

	December 31, 2024													
	General Bank									Small Business Lending				
	Commercial real estate – non-owner occupied	Commercial real estate – owner-occupied	1-4 family	Commercial and industrial	Construction / development - residential	Construction / development	Home equity	Other consumer		Commercial real estate – owner - occupied	Commercial real estate – non-owner occupied	Commercial and industrial - GGL	Construction / development - GGL	Total
Beginning balance	$ 2,454	$ 1,534	$ 1,108	$ 897	$ 51	$ 1,012	$ 174	$ 31		$ 1,025	$ 164	$ 3,026	$ 467	$ 11,943
Initial PCD ACL from CFB Acquisition	136	214	141	34	32	17	15	58		3	-	6	3	659
Charge-offs	-	-	(151)	-	-	-	-	(176)		(177)	-	(2,117)	-	(2,621)
Recoveries	1	-	29	3	-	-	-	13		12	-	69	-	127
Provision for (recovery of) credit losses	(406)	338	981	925	1,266	(505)	68	3,234		680	(6)	3,148	(133)	9,590
Ending balance	$ 2,185	$ 2,086	$ 2,108	$ 1,859	$ 1,349	$ 524	$ 257	$ 3,160		$ 1,543	$ 158	$ 4,132	$ 337	$ 19,698

(dollars in thousands, except per share information)

Note 5. Loans and Allowance for Credit Losses, Continued

Allowance for Credit Losses, Continued

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2023.

	December 31, 2023												
	General Bank								Small Business Lending				
	Commercial real estate – non-owner occupied	Commercial real estate – owner-occupied	1-4 family	Commercial and industrial	Construction / development	Construction/ development - residential	Home equity	Other consumer	Commercial real estate – non-owner occupied	Commercial real estate – owner - occupied	Commercial and industrial	Construction/ development - GGL	Total
Beginning balance	$ 1,410	$ 1,047	$ 750	$ 659	$ 520	$ 89	$ 76	$ 16	$ 212	$ 643	$ 2,430	$ 876	$ 8,728
Adjustment to allowance for adoption of ASU 2016-13	221	99	(92)	(11)	337	(7)	47	-	130	(16)	344	104	1,156
Charge-offs	-	-	-	-	-	-	(1)	(5)	-	-	(1,872)	-	(1,878)
Recoveries	-	-	26	7	-	-	1	-	-	18	35	-	87
Provision for (recovery Of) credit losses	823	388	424	242	155	(31)	51	20	(178)	380	2,089	(513)	3,850
Ending balance	$ 2,454	$ 1,534	$ 1,108	$ 897	$ 1,012	$ 51	$ 174	$ 31	$ 164	$ 1,025	$ 3,026	$ 467	$ 11,943

Note 5. Loans and Allowance for Credit Losses, Continued

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Company uses a probability of default/loss given default model to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification. Occasionally, the Company modifies loans by providing principal forgiveness on certain of its real estate loans. When principal forgiveness is provided, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

There were no modifications made to borrowers experiencing financial difficulty for the year ended December 31, 2024 or 2023.

For all periods presented, the Company used a one-year reasonable and supportable forecast period. Expected credit losses were estimated using a regression model for each segment based on historical data from peer banks combined with the Federal Reserve's baseline economic forecast to predict the change in credit losses. For periods beyond the reasonable and supportable forecast period of one year, the Company reverted to historical credit loss information on a straight line basis

At December 31, 2024, the Federal Reserve's baseline forecast was slightly better than at December 31, 2023. However, the Company updated the loss driver analysis and peer data used to develop loss rates which resulted in a higher quantitative reserve. Additionally, charge offs increased from December 31, 2023 to December 31, 2024 resulting in a higher quantitative ACL level at December 31, 2024. At December 31, 2024, the Company applied qualitative adjustments to the model output for all loans, with an additional qualitative reserve for CRE and GGL loans. Compared to December 31, 2023, the allowance increased due primarily to the acquisition of CFB and increased loan volume as a result of the acquisition.

(dollars in thousands, except per share information)

Note 6. Premises and Equipment

A summary of premises and equipment as of December 31, 2024 and 2023 is presented in the table below:

	2024	2023
Land	$ 4,475	$ 836
Building and leasehold improvements	31,298	18,658
Furniture and equipment	6,233	2,806
Less accumulated depreciation	(4,842)	(3,593)
	$ 37,164	$ 18,707

Depreciation on premises and equipment, which is recorded in occupancy and equipment expense, totaled $2,327 and $1,698 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, buildings and leasehold improvements included $11,471 and $10,457, respectively, related to the Company's right of use lease assets.

Note 7. Leases

The following table summarizes the Company's lease assets and liabilities as of December 31, 2024 and 2023:

Description	Balance Sheet Classification	2024	2023
Assets:			
Finance	Premises and equipment, net	$ 11,471	$ 10,457
Operating	Accrued interest receivable and other assets	3,467	1,866
Total leased assets		$ 14,938	$ 12,323
Liabilities:			
Finance	Lease liability	$ 12,258	$ 11,187
Operating	Accrued interest payable and other liabilities	3,456	1,861
Total lease liabilities		$ 15,714	$ 13,048

(dollars in thousands, except per share information)

Note 7. Leases, Continued

The following table provides information regarding the minimum lease payments in future periods that will reduce lease-related liabilities outstanding as of December 31, 2024:

	Finance Leases	Operating Leases	Total
2025	$ 1,427	$ 584	$ 2,011
2026	1,553	527	2,080
2027	1,592	506	2,098
2028	1,632	391	2,023
2029	1,676	378	2,054
Thereafter	6,442	1,864	8,306
Total minimum lease payments	14,322	4,250	18,572
Discount	(2,064)	(794)	(2,858)
Lease liability	$ 12,258	$ 3,456	$ 15,714

The following table provides the weighted average remaining lease term (in years) and the weighted average discount rate of finance and operating leases as of December 31, 2024:

	Finance Leases	Operating Leases
Weighted average remaining lease term in years	8.7	8.1
Weighted average discount rate	3.54%	4.73%

Note 8. Goodwill and Other Intangible Assets

The table below summarizes the changes in carrying amounts of goodwill and other intangible assets (core deposit intangible) for the periods presented:

	Goodwill	Other intangible assets
Balance at December 31, 2022	$ 7,016	$ 126
Accumulated amortization	-	(111)
Balance at December 31, 2023	7,016	15
Goodwill and intangible assets related to CFB acquisition	4,755	12,380
Accumulated amortization	-	(1,021)
Balance at December 31, 2024	$ 11,771	$ 11,374

Goodwill represents the excess of the purchase price over the fair value of acquired net assets under the acquisition method of accounting. The acquisition that generated the Company's goodwill was a nontaxable event and, as a result, there is no tax basis in the goodwill, and none of the goodwill is deductible for tax purposes.

(dollars in thousands, except per share information)

Note 8. Goodwill and Other Intangible Assets, Continued

Goodwill is evaluated for impairment annually or more frequently if events occur or circumstances change that may indicate that impairment exists. The most recent goodwill impairment evaluation was performed as of December 31, 2024. No goodwill impairment was recorded during 2024 or 2023.

The value of other intangible assets was determined using the present value of the difference between a market participant's cost of obtaining alternative funds and the cost to maintain the acquired deposit base. The other intangible assets are amortized over a seven-year period using an accelerated method. Other intangible assets are evaluated for impairment if events and circumstances indicate impairment may exist.

The following table presents estimated future amortization expense for the Company's other intangible assets:

2025	$	2,241
2026		1,995
2027		1,750
2028		1,504
2029		1,258
Thereafter		2,626
	$	11,374

No impairment charges were recorded for other intangible assets during 2024 or 2023.

SBA servicing assets, which are included in other assets, represent the present value of projected future servicing income when an SBA loan is sold servicing retained. The SBA servicing asset was $5,529, net of $547 valuation allowance, at December 31, 2024, and $4,641, net of $674 valuation allowance at December 31, 2023. The SBA servicing asset is amortized over the servicing life of the loan and is subject to impairment based on changes in servicing values.

Note 9. Income Taxes

The significant components of the provision for income taxes for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Current tax provision:		
Federal	$ 587	$ 3,724
State	10	436
Total current tax expense	597	4,160
Deferred tax provision:		
Federal	1,520	(987)
State	(351)	(149)
Total deferred tax benefit	1,169	(1,136)
Total income tax expense	$ 1,766	$ 3,024

(dollars in thousands, except per share information)

Note 9. Income Taxes, Continued

The difference between the provision for income taxes and the amounts computed by applying the statutory federal income tax rate of 21 percent for 2024 and 2023 to income before income taxes is summarized below:

	2024	2023
Income tax expense at federal statutory rate	$ 1,604	$ 2,871
Increase (decrease) resulting from:		
State income taxes, net of federal benefit	152	209
Bank-owned life insurance	(227)	(158)
Stock-based compensation	(52)	(52)
Nondeductible expenses	216	163
Other	73	(9)
Total income tax expense	$ 1,766	$ 3,024

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of deferred taxes at December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred tax asset relating to:		
Allowance for credit losses	$ 4,526	$ 2,744
Unfunded commitments	590	473
Deferred compensation	792	442
Stock-based compensation	518	594
Unrealized loss on investment securities available for sale	1,658	1,487
Amortization of intangible assets	97	111
Acquisition accounting	2,275	-
Other	144	15
Total deferred tax assets	10,600	5,866
Deferred tax liabilities relating to:		
Premises and equipment	(2,798)	(1,127)
Other	-	(4)
Total deferred tax liabilities	(2,798)	(1,131)
Total deferred tax asset, net	$ 7,802	$ 4,735

(dollars in thousands, except per share information)

Note 9. Income Taxes, Continued

The Company's net deferred tax asset was $7,802 and $4,735 at December 31, 2024 and 2023, respectively. In evaluating whether it will realize the full benefit of the net deferred tax asset, the Company evaluated both positive and negative evidence, including among other things recent earnings trends, projected earnings, and asset quality. No valuation allowance was recorded at December 31, 2024.

Significant negative trends in credit quality, losses from operations or other factors could impact the realization of the deferred tax asset in the future.

The Company's policy is to report interest and penalties, if any, related to uncertain tax positions in income tax expense. As of December 31, 2024 and 2023, the Company had no uncertain tax positions.

With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2021.

Note 10. Deposits

The scheduled maturities of time deposits as of December 31, 2024 are presented below:

	Less than $250	$250 and Greater	Total
2025	$ 365,778	$ 59,040	$ 424,818
2026	6,357	890	7,247
2027	10,855	-	10,855
2028	535	-	535
2029	475	-	475
Time deposit unamortized fair value adjustment	(274)	-	(274)
CDARS in process	653	-	653
Total	$ 384,379	$ 59,930	$ 444,309

Brokered deposits totaled $204,286 and $109,545 as of December 31, 2024 and 2023, respectively. Time deposits, excluding brokered deposits, in excess of the FDIC insurance limit of $250 totaled $59,930 and $16,679 as of December 31, 2024 and 2023, respectively.

(dollars in thousands, except per share information)

Note 11. Borrowings

A summary of FHLB advances as of December 31, 2024 and 2023 is presented below:

Description	Interest Rate	Maturity Date	2024	2023
Daily Rate Credit	5.57%	June 28, 2024	-	30,000
Fixed Rate Credit	5.32%	July 22, 2024	-	20,000
Fixed Rate Credit	5.30%	January 14, 2025	10,000	-
Daily Rate Credit	4.57%	June 30, 2025	55,000	-
Fixed Rate Credit	4.33%	November 14, 2025	15,000	-
Fixed Rate Credit	4.40%	October 20, 2025	15,000	-
Fixed Rate Credit	4.59%	November 5, 2027	5,000	-
Convertible	4.56%	April 30, 2026	5,000	-
Convertible	4.46%	May 20, 2026	5,000	-
Convertible	4.56%	May 21, 2026	5,000	-
Convertible	4.72%	May 21, 2026	5,000	-
Convertible	4.27%	December 14, 2026	5,000	-
Convertible	4.00%	June 17, 2026	5,000	-
Unamortized purchase accounting adjustments			164	-
			$ 130,164	$ 50,000

As of December 31, 2024, the Company had access to an additional $156,138 at the FHLB on a secured basis. As of December 31, 2024, the Company also had unused unsecured federal funds lines of credit with various counterparty banks totaling $90,000.

Other borrowings consisted of subordinated debt of $9,708 with a fixed interest rate of 5.125%. The subordinated debt has a maturity date of November 2030, with an option to redeem in November 2025.

Note 12. Commitments and Contingencies

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the Company's maximum exposure. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit, which totaled $412,658 and $290,364 at December 31, 2024 and 2023, respectively, represent agreements to lend to a customer as long as there is no violation of conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

(dollars in thousands, except per share information)

Note 12. Commitments and Contingencies, Continued

The Company maintains an allowance for off-balance sheet credit exposures such as unfunded balances for existing lines of credit, commitments to extend future credit, as well as both standby and commercial letters of credit when there is a contractual obligation to extend credit and when this extension of credit is not unconditionally cancellable (i.e., the commitment cannot be canceled at any time). The allowance for off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for credit losses on loans and are discussed in Note 5. The allowance for credit losses for unfunded loan commitments of $2,570 and $2,060 at December 31, 2024 and December 31, 2023, respectively, is separately classified on the balance sheet.

The following table presents the balance and activity in the allowance for credit losses for unfunded loan commitments for the year ended December 31, 2024.

Beginning Balance, December 31, 2023	$	2,060
Reserve on acquired unfunded loan commitments		189
Provision for unfunded commitments		321
Balance, December 31, 2024	$	2,570

Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit is based on a credit evaluation of the borrower. Collateral obtained varies but may include real estate, equipment, stocks, bonds, and certificates of deposit.

Note 13. Stock-Based Compensation and Retirement Plans

Restricted Stock

The Company amended and restated the 2019 Omnibus Incentive Plan on June 20, 2023. The amended and restated plan authorizes an additional 500,000 shares in addition to the original 1,205,346 shares of the Company's voting common stock to be awarded under various incentive programs. Pursuant to authority under the 2019 Omnibus Incentive Plan, the Company adopted a restricted stock program that allows shares of stock to be awarded to employees. All shares vest over a five-year period.

(dollars in thousands, except per share information)

Note 13. Stock-Based Compensation and Retirement Plans, Continued

The following table provides information on the number of shares of restricted stock awarded in each of the years ended December 31, 2024 and 2023, the aggregate number of shares awarded as of December 31, 2024 and 2023, the restricted stock expense recorded during the years ended December 31, 2024 and 2023 and the unrecognized compensation cost for non-vested restricted stock awards as of December 31, 2024 and 2023:

	Restricted Stock	Weighted Average Grant Date Fair Value
December 31, 2022	344,500	$ 17.82
Granted	74,350	17.71
Vested	(38,000)	17.82
December 31, 2023	380,850	17.71
Granted	269,291	16.11
Vested	(146,500)	15.66
Forfeited	(19,000)	15.51
December 31, 2024	484,641	$ 16.11

The vesting schedule of unrecognized compensation cost related to non-vested restricted stock awards are below:

2025	$ 1,598
2026	1,446
2027	1,093
2028	835
2029	375
Total	$ 5,347

Defined Contribution Plans

The Company sponsors a 401(k) plan for substantially all employees. Participants may make voluntary contributions resulting in salary deferrals in accordance with Section 401(k) of the Internal Revenue Code. The plan provides for employer contributions of up to 4 percent of pre-tax salary contributed by each participant. Employer contributions to the 401(k) plans totaled $629 for the year ended December 31, 2024, compared to $537 for 2023.

Supplemental Executive Retirement Plans

As of December 31, 2024 and 2023, the Company had a $2,428 and $1,923 accrued liability related to retirement plans, respectively, included in accrued interest payable and other liabilities on the balance sheet. The Company had $902 and $907 in accrued liability as of both December 31, 2024 and 2023 related to obligations to two former employees, representing the present value of the future payments expected to be made pursuant to the terms of a non-qualified plan.

(dollars in thousands, except per share information)

Note 13. Stock-Based Compensation and Retirement Plans, Continued

Additionally, in 2021 the Company implemented a long-term retention agreement with three current executives and has accrued an additional $1,446 and $1,016 as of December 31, 2024 and 2023, respectively, in accrued liability related to the present value of the future payments expected to be made to these executives under the new agreement. The long-term retention agreements provide for specified cash retention payment amounts for 10 years generally commencing on the date that the Executive attains age 62 provided that the Executive remains employed by the Company.

Note 14. Shareholders' Equity

As a result of the CFB acquisition in August 2024, the Company issued 3,449,466 shares of voting common stock at a price of $15.53 per share, resulting in an additional $53,570 of new capital.

During the first quarter of 2023, the Company completed a secondary offering of its voting common stock in a private placement. The Company issued a total of 819,333 shares at an offering price of $20 per share, resulting in an additional $16,357 of new capital.

Note 15. Earnings Per Share

The following table shows the calculation of basic and diluted net income per common share as of December 31, 2024 and 2023:

	2024	2023
Net income available to common shareholders'	$ 5,873	$ 10,648
Net income per common share:		
Basic	$ 0.36	$ 0.75
Diluted	$ 0.35	$ 0.72
Weighted average common shares		
Basic	16,275	14,152
Effect of dilutive securities:		
Restricted stock	451	356
Warrants	-	331
Diluted	16,726	14,839

Note 16. Fair Value

Fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Note 16. Fair Value, Continued

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Fair value estimates may not be realized in an immediate settlement, and the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Cash and cash equivalents:

The carrying amount reported in the balance sheets for cash and cash equivalents approximates fair value. The fair value of cash and cash equivalents is measured using level 1 inputs.

Investment securities available for sale:

Fair values are determined in the manner described above. The fair value of investment securities available for sale is measured using level 2 inputs.

Investment securities held to maturity:

Fair values are determined in the manner described above. The fair value of investment securities held to maturity is measured using level 2 inputs.

Marketable equity securities:

Fair values are based upon quoted market prices. The fair value of investment securities available for sale is measured using level 1 inputs.

Loans held for sale:

Fair values of SBA loans held for sale are based on estimated instrument-level gains or losses to be realized upon sale, which management consider to be level 2 inputs.

Loans:

The fair value of loans represents the amount at which the loans of the Company could be exchanged on the open market, based upon the current lending rate for similar types of lending arrangements discounted over the remaining life of the loans. For fixed rate loans and for variable rate loans with infrequent re-pricing or re-pricing limits, fair value is based on discounted cash flows using current market rates applied to the cash flow analysis. The fair value of loans is measured using level 2 inputs. The fair value of collateral dependent loans relies on level 3 inputs.

(dollars in thousands, except per share information)

Note 16. Fair Value, Continued

Deposits:

The fair value of time deposits is based on discounted cash flows using current market rates applied to the cash flow analysis for each time deposit. Other non-maturity deposits are reported at their carrying values. The fair value of deposits is measured using level 2 inputs.

Short-term borrowings:

Fair values of short-term borrowings (FHLB advances and subordinated debt) are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. Estimated maturity dates are also included in the calculation of fair value for these borrowings. The fair value of short-term borrowings is measured using level 2 inputs.

Off-balance sheet instruments:

Off-balance sheet instruments include commitments to extend credit, standby letters of credit, and financial guarantees. Because of the uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market and the wide diversity of fee structures, the Company does not believe it is meaningful to provide an estimate of fair value for these instruments.

The carrying amounts and fair values of the Company's financial instruments at December 31, 2024 and 2023 were as follows:

	Fair Value				
	December 31, 2024				
	Carrying Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Total cash and cash equivalents	$ 86,194	$ 86,194	$ -	$ -	$ 86,194
Investment securities available for sale	99,412	-	99,412	-	99,412
Investment securities held to maturity	71,952	-	59,835	-	59,835
Marketable equity securities	395	395	-	-	395
Loans held for sale	6,733	-	6,733	-	6,733
Loans	1,800,098	-	1,762,948	5,583	1,768,531
Deposits	1,809,395	-	1,807,652	-	1,807,652
FHLB advances	130,164	-	130,164	-	130,164
Subordinated debt	9,708	-	9,708	-	9,708

(dollars in thousands, except per share information)

Note 16. Fair Value, Continued

	December 31, 2023				
	Carrying Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Total cash and cash equivalents	$ 128,665	$ 128,665	$ -	$ -	$ 128,665
Investment securities available for sale	49,244	-	49,244	-	49,244
Investment securities held to maturity	77,556	-	66,155	-	66,155
Marketable equity securities	329	329	-	-	329
Loans held for sale	15,274	-	15,274	-	15,274
Loans	1,083,396	-	1,028,762	1,608	1,030,370
Deposits	1,194,279	-	1,193,392	-	1,193,392
FHLB advances	50,000	-	50,000	-	50,000

Recurring – Investment Securities Available for Sale:

Investment securities available for sale are reported at fair value utilizing measurements from independent third-party sources, which are level 2 inputs. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the bond's terms and conditions, among other inputs.

Recurring – loans held for sale:

Loans held for sale are reported at fair value utilizing projected sale price guidance, which is a level 2 input. The fair value measurements consider observable data that may include dealer quotes, market spreads, live trading levels, trade execution data, among other inputs.

The following tables summarize the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2024 and December 31, 2023, segregated by the level of the valuation inputs within the fair value hierarchy.

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Agency mortgage-backed	$ -	$ 48,763	$ -	$ 48,763
Agency CMO/REMIC	-	8,231	-	8,231
Corporate bonds	-	23,596	-	23,596
US Treasury securities	-	4,673	-	4,673
Agency commercial mortgage-backed	-	9,177	-	9,177
Municipal securities	-	4,972	-	4,972
Marketable equity security	395	-	-	395
Loans held for sale	-	6,733	-	6,733

(dollars in thousands, except per share information)

Note 16. Fair Value, Continued

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Agency mortgage-backed	$ -	$ 22,312	$ -	$ 22,312
Agency CMO/REMIC	-	1,626	-	1,626
Corporate bonds	-	16,867	-	16,867
US Treasury securities	-	5,355	-	5,355
Agency commercial mortgage-backed	-	3,084	-	3,084
Marketable equity security	329	-	-	329
Loans held for sale	-	15,274	-	15,274

Non recurring – loans held for investment:

The Company does not record loans at fair value on a recurring basis. However, from time to time, management concludes that payment of principal and interest will not be made in accordance with the contractual terms of the loan agreement. Management individually reviews these loans using one of several methods, including appraised collateral value and /or tax assessed value, liquidation value and discounted expected cash flow. Those loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. For real estate collateral, the Company frequently obtains appraisals prepared by external professional appraisers and applies of 10 percent depending on various factors including the type of property, condition, and location. For equipment and other collateral, a discount of up to the advance rate as defined by the policy.

In certain instances, the Company prepares internally generated valuations from on-site inspections, third-party valuation models or other information. Due to the significance of the unobservable market inputs and assumptions, as well as the absence of a liquid secondary market for most loans, these loans are classified as Level 3. The Company had $3,996 and $1,650 in collateral dependent loans as of December 31, 2024 and 2023.

Non recurring – other real estate owned

Other real estate owned is held for sale and is initially recorded at fair value less costs to sell upon foreclosure. After foreclosure, valuations are periodically performed, and the assets are carried at the lower of carrying amount or fair value less cost to sell. The Company had $103 and $0 in other real estate owned as of December 31, 2024 and 2023, respectively.

Note 17. Regulatory Capital Requirements

The Company is required to maintain reserve and clearing balances with the Federal Reserve Bank in the form of vault cash or deposits.

(dollars in thousands, except per share information)

Note 17. Regulatory Capital Requirements, Continued

Banking regulators have established various ratios to monitor capital adequacy. Failure to comply with these capital adequacy requirements may affect various bank activities including the ability to undertake new business initiatives such as acquisitions and branch expansion, access to funding and cost of new business initiatives, the ability to pay dividends, the ability to repurchase shares or other capital instruments, the cost of deposit insurance, and the level of regulatory oversight.

Based on current regulatory guidance, banks are required to maintain a common equity tier 1 ratio of 4.50 percent, a tier 1 leverage ratio of 4.00 percent, a tier 1 risk-based capital ratio of 6.00 percent and a total risk-based capital ratio of 8.00 percent. Current regulations also require creation and maintenance of a capital conservation buffer in addition to the regulatory minimum capital requirements. The capital conservation buffer is 2.50 percent.

As of December 31, 2024 and 2023, the Company exceeded all applicable capital adequacy requirements.

	2024					
	Actual		Minimum to be adequately capitalized		Minimum to be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common equity tier 1	$ 211,062	10.97%	$ 86,618	4.50%	$ 125,115	6.50%
Tier 1 leverage	211,062	9.84%	85,769	4.00%	107,211	5.00%
Tier 1 risk-based capital	211,062	10.97%	115,491	6.00%	153,988	8.00%
Total risk-based capital	243,038	12.63%	153,988	8.00%	192,484	10.00%

	2023					
	Actual		Minimum to be adequately capitalized		Minimum to be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common equity tier 1	$ 159,405	13.47%	$ 53,255	4.50%	$ 76,923	6.50%
Tier 1 leverage	159,405	11.05%	57,726	4.00%	72,157	5.00%
Tier 1 risk-based capital	159,405	13.47%	71,006	6.00%	94,675	8.00%
Total risk-based capital	173,409	14.65%	94,675	8.00%	118,343	10.00%

Note 18. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date.

Management has reviewed the events occurring through March 28, 2025, the date the financial statements were issued. No additional subsequent events occurred requiring accrual or disclosure.

Dogwood State Bank

Unaudited Financial Statements

For the three and six month periods ended June 30, 2025 and 2024

Dogwood State Bank
Income Statements

(Dollars in thousands, except per share data)	Quarter Ended Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Six Months Ended Jun 30 2025	Jun 30 2024
Net interest income	**$ 22,706**	$ 21,613	$ 21,129	$ 18,157	$ 12,521	**$ 44,319**	$ 23,833
Provision for credit losses	**1,483**	1,118	1,116	5,857	2,017	**2,601**	2,938
Net interest income after provision	**21,223**	20,495	20,013	12,300	10,504	**41,718**	20,895
Non-interest income							
SBA lending	**2,209**	3,191	2,219	2,801	2,717	**5,400**	4,914
Service charges and debit card income	**1,004**	966	954	811	340	**1,970**	691
Bank-owned life insurance	**356**	349	346	301	219	**704**	430
Securities gains (losses), net	**71**	37	60	(8)	(6)	**108**	-
Other	**739**	235	160	293	161	**975**	246
Total non-interest income	**4,379**	4,778	3,739	4,198	3,431	**9,157**	6,281
Non-interest expense							
Compensation and benefits	**9,122**	9,329	9,389	8,598	6,683	**18,450**	13,189
Occupancy and equipment	**1,270**	1,341	1,166	1,025	707	**2,612**	1,426
Software	**596**	599	561	497	344	**1,196**	690
Loan related costs	**383**	579	570	182	314	**964**	604
Data processing	**614**	701	780	648	315	**1,315**	576
Professional fees	**214**	223	157	208	235	**437**	460
FDIC insurance	**440**	416	390	287	204	**856**	444
Merger and restructuring expenses	**281**	128	595	9,139	562	**409**	1,520
Amortization of other intangible assets	**568**	583	599	408	4	**1,151**	15
Other	**2,240**	1,854	1,572	1,731	1,102	**4,091**	2,361
Total non-interest expense	**15,728**	15,753	15,779	22,723	10,470	**31,481**	21,285
Net income (loss) before income taxes	**9,874**	9,520	7,973	(6,225)	3,465	**19,394**	5,891
Income tax expense (benefit)	**2,258**	2,161	1,812	(1,445)	811	**4,419**	1,399
Net income (loss)	**$ 7,616**	$ 7,359	$ 6,161	$ (4,780)	$ 2,654	**$ 14,975**	$ 4,492
Pre-Tax, Pre-Provision Net Revenue (PPNR)[(1)]	**$ 11,357**	$ 10,638	$ 9,089	$ (368)	$ 5,482	**$ 21,995**	$ 8,829
Adjusted PPNR[(1)]	**11,638**	10,766	9,684	8,771	6,044	**22,404**	10,349
Per Share Data:							
Earnings per share (EPS) - basic	**$ 0.41**	$ 0.40	$ 0.33	$ (0.28)	$ 0.18	**$ 0.81**	$ 0.31
Adjusted EPS - basic[(1)]	**0.42**	0.40	0.36	0.37	0.21	**0.83**	0.39
Earnings per share - diluted	**0.40**	0.39	0.32	(0.27)	0.17	**0.79**	0.30
Adjusted EPS - diluted[(1)]	**0.41**	0.39	0.35	0.36	0.20	**0.80**	0.37
Performance Ratios:							
Return on average assets (ROA)	**1.32%**	1.34%	1.13%	-0.97%	0.71%	**1.33%**	0.62%
Adjusted ROA[(1)]	**1.36%**	1.36%	1.22%	1.30%	0.83%	**1.36%**	0.79%
Return on average equity (ROE)	**12.57%**	12.67%	10.73%	-9.07%	6.16%	**12.62%**	5.32%
Adjusted ROE[(1)]	**12.92%**	12.84%	11.53%	12.09%	7.16%	**12.88%**	6.70%
Return on tangible common equity (ROTCE)[(1]	**13.83%**	14.03%	11.96%	-9.93%	6.42%	**13.93%**	5.54%
Adjusted ROTCE[(1)]	**14.23%**	14.22%	12.85%	13.24%	7.46%	**14.22%**	6.99%
Net interest margin	**4.17%**	4.20%	4.13%	3.93%	3.53%	**4.18%**	3.47%
Efficiency ratio	**58.07%**	59.69%	63.45%	101.65%	65.63%	**58.87%**	70.68%
Adjusted efficiency ratio[(1)]	**57.03%**	59.21%	61.06%	60.76%	62.11%	**58.10%**	65.63%

[(1)] Denotes a non-GAAP measure. Refer to the non-GAAP reconciliation subsequently included in these materials for a reconciliation to the most directly comparable GAAP measure. "Adjusted" items exclude the impact of merger and restructuring expenses.

Dogwood State Bank
Balance Sheets

(In thousands, except per share data)	Ending Balance Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024
Assets					
Cash and due from banks	**$ 7,130**	$ 7,309	$ 10,582	$ 7,622	$ 2,514
Interest-earning deposits with banks	**149,216**	112,755	75,612	146,732	59,073
Total cash and cash equivalents	**156,346**	120,064	86,194	154,354	61,587
Investment securities available for sale	**130,962**	118,890	99,411	95,290	58,989
Investment securities held to maturity	**69,326**	71,044	71,952	73,144	74,404
Marketable equity securities	**503**	432	395	335	329
Total investment securities	**200,791**	190,366	171,758	168,769	133,722
Loans held for sale	**7,247**	2,438	6,733	7,924	11,030
Loans	**1,879,097**	1,855,716	1,819,796	1,757,828	1,236,722
Less allowance for credit losses	**(20,599)**	(20,491)	(19,698)	(19,143)	(13,349)
Loans, net	**1,858,498**	1,835,225	1,800,098	1,738,685	1,223,373
Bank-owned life insurance	**45,794**	45,438	45,089	44,743	27,888
Premises and equipment, net	**34,176**	36,572	37,180	35,378	19,713
SBA servicing asset	**4,969**	5,387	4,982	5,026	4,568
Goodwill	**11,688**	11,688	11,688	11,688	7,016
Other intangible assets, net	**10,223**	10,791	11,374	11,972	-
Other assets	**33,009**	35,934	35,991	36,274	21,854
Total assets	**$ 2,362,741**	$ 2,293,903	$ 2,211,087	$ 2,214,813	$ 1,510,751
Liabilities and Shareholders' Equity					
Deposits:					
Noninterest-bearing	**$ 523,145**	$ 463,088	$ 474,458	$ 483,908	$ 379,465
Interest-bearing	**1,446,491**	1,420,785	1,334,937	1,357,439	872,430
Total deposits	**1,969,636**	1,883,873	1,809,395	1,841,347	1,251,895
FHLB advances	**100,119**	130,141	130,164	101,686	60,000
Subordinated debt	**9,869**	9,788	9,708	9,627	-
Lease obligations	**11,739**	12,017	12,258	10,491	10,726
Other liabilities	**24,916**	19,596	19,456	26,503	13,162
Total liabilities	**2,116,279**	2,055,415	1,980,981	1,989,654	1,335,783
Shareholders' equity					
Common stock ($1 par value)	**19,018**	19,013	18,976	18,980	15,541
Additional paid-in capital	**188,865**	188,421	188,092	187,898	137,431
Retained earnings	**43,254**	35,638	28,280	22,118	26,897
Accumulated other comprehensive loss	**(4,675)**	(4,584)	(5,242)	(3,837)	(4,901)
Total shareholders' equity	**246,462**	238,488	230,106	225,159	174,968
Total liabilities and shareholders' equity	**$ 2,362,741**	$ 2,293,903	$ 2,211,087	$ 2,214,813	$ 1,510,751
Per Share Information:					
Shares outstanding	**19,018**	19,013	18,976	18,980	15,541
Book value per share	**$ 12.96**	$ 12.54	$ 12.13	$ 11.86	$ 11.26
Tangible book value per share[(1)]	**$ 11.81**	$ 11.36	$ 10.91	$ 10.62	$ 10.81
Capital Ratios:					
Tier 1 leverage	**9.94%**	9.95%	9.84%	10.58%	12.14%
Common equity Tier 1 capital	**11.38%**	11.14%	10.97%	10.70%	12.64%
Tier 1 risk-based capital	**11.38%**	11.14%	10.97%	10.70%	12.64%
Total risk-based capital	**13.03%**	12.81%	12.63%	12.34%	13.81%
Tangible common equity[(1)]	**9.65%**	9.51%	9.46%	9.20%	11.17%

[(1)] Denotes a non-GAAP measure. Refer to the non-GAAP reconciliation subsequently included in these materials for a reconciliation to the most directly comparable GAAP measure.

Dogwood State Bank
Asset Quality Measures

(Dollars in thousands)	Quarter Ended Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024
Nonperforming Assets:					
Non-accrual loans	**$ 15,038**	$ 7,635	$ 5,582	$ 3,234	$ 3,234
Loans 90 days or more past due and accruing	**167**	-	338	-	-
Other real estate owned	**262**	104	104	104	104
Total nonperforming assets	**$ 15,467**	$ 7,739	$ 6,024	$ 3,338	$ 3,338
Asset Quality Ratios:					
Nonperforming loans/loans	**0.81%**	0.41%	0.33%	0.18%	0.26%
Nonperforming assets/total assets	**0.65%**	0.34%	0.27%	0.15%	0.22%
Nonperforming assets/loans and other real estate owned	**0.82%**	0.42%	0.33%	0.19%	0.27%
Loans 30 days or more past due/loans (excludes non-accruals)	**0.76%**	0.65%	0.28%	0.15%	0.38%
Allowance for Credit Losses (ACL):					
ACL on Loans:					
Balance, beginning of period	**$ 20,491**	$ 19,698	$ 19,143	$ 13,349	$ 12,344
Reclass of Day 1 ACL from fair value discount on acquired PCD loans	**-**	-	-	658	-
Loans charged off	**(1,303)**	(632)	(614)	(738)	(987)
Recoveries of loans previously charged off	**26**	151	29	79	11
Net loans charged off	**(1,277)**	(481)	(585)	(659)	(976)
Provision for credit losses	**1,385**	1,274	1,140	5,795	1,981
Balance, end of period	**$ 20,599**	$ 20,491	$ 19,698	$ 19,143	$ 13,349
ACL on Off-Balance Sheet Credit Exposures:					
Balance, beginning of period	**$ 2,415**	$ 2,571	$ 2,595	$ 2,336	$ 2,300
Reserve on acquired unfunded loan commitments	**-**	-	-	197	-
Provision for credit losses	**98**	(156)	(24)	62	36
Balance, end of period	**$ 2,513**	$ 2,415	$ 2,571	$ 2,595	$ 2,336
Allowance for Credit Losses Ratios:					
Allowance for credit losses/loans	**1.10%**	1.10%	1.08%	1.09%	1.08%
Allowance for credit losses/nonperforming loans	**135.48%**	268.38%	332.74%	591.93%	412.77%
Net charge-offs/average loans (annualized)	**0.27%**	0.11%	0.13%	0.17%	0.33%

Dogwood State Bank
Net Interest Margin Analysis

	Quarter Ended								
	June 30, 2025			March 31, 2025			June 30, 2024		
(Dollars in thousands)	**Average Balance**	**Income/ Expense**	**Yield/ Rate**	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Interest-Earning Assets:									
Loans	**$ 1,868,511**	**$ 31,810**	**6.83%**	$ 1,832,242	$ 30,837	6.83%	$ 1,192,611	$ 19,547	6.59%
Investment securities	**193,843**	**2,016**	**4.17%**	181,864	1,783	3.98%	133,164	1,066	3.22%
Interest-earning deposits with banks	**120,315**	**1,225**	**4.08%**	74,364	706	3.85%	99,729	1,259	5.08%
Total interest-earning assets	**2,182,669**	**35,051**	**6.44%**	2,088,470	33,326	6.47%	1,425,504	21,872	6.17%
Non interest-earning assets	**129,343**			131,933			68,849		
Total assets	**$ 2,312,012**			$ 2,220,403			$ 1,494,353		
Interest-Bearing Liabilities:									
Interest-bearing demand	**$ 158,134**	**$ 439**	**1.11%**	$ 148,704	$ 332	0.91%	$ 117,889	$ 285	0.97%
Savings and money market	**745,368**	**5,148**	**2.77%**	749,088	5,180	2.80%	606,729	6,239	4.14%
Time	**547,713**	**5,404**	**3.96%**	486,447	4,905	4.09%	187,206	2,206	4.74%
Total interest-bearing deposits	**1,451,215**	**10,991**	**3.04%**	1,384,239	10,417	3.05%	911,824	8,730	3.85%
FHLB advances	**100,242**	**1,080**	**4.32%**	94,934	1,024	4.37%	41,099	552	5.40%
Subordinated debt	**9,821**	**209**	**8.54%**	9,735	209	0.00%	-	-	0.00%
Lease obligations	**11,911**	**65**	**2.19%**	12,157	63	2.10%	10,851	69	2.56%
Total interest-bearing liabilities	**1,573,189**	**12,345**	**3.15%**	1,501,065	11,713	3.16%	963,774	9,351	3.90%
Non-interest bearing deposits	**475,773**			463,954			343,732		
Other liabilities	**19,967**			19,807			13,491		
Shareholders' equity	**243,083**			235,577			173,356		
Total liabilities and shareholders' equity	**$ 2,312,012**			$ 2,220,403			$ 1,494,353		
Net interest income and interest rate spread		**$ 22,706**	**3.29%**		$ 21,613	3.31%		$ 12,523	2.27%
Net interest margin			**4.17%**			4.20%			3.53%
Cost of funds			**2.42%**			2.42%			2.88%
Cost of deposits			**2.29%**			2.29%			2.80%

	Six Months Ended					
	June 30, 2025			June 30, 2024		
(Dollars in thousands)	**Average Balance**	**Income/ Expense**	**Yield/ Rate**	Average Balance	Income/ Expense	Yield/ Rate
Interest-Earning Assets:						
Loans	**$ 1,850,477**	**$ 62,647**	**6.83%**	$ 1,159,104	$ 37,663	6.53%
Investment securities	**187,886**	**3,799**	**4.08%**	132,206	2,095	3.19%
Interest-earning deposits with banks	**97,466**	**1,931**	**4.00%**	89,268	2,235	5.03%
Total interest-earning assets	**2,135,829**	**68,377**	**6.46%**	1,380,578	41,993	6.12%
Non interest-earning assets	**130,632**			67,708		
Total assets	**$ 2,266,461**			$ 1,448,286		
Interest-Bearing Liabilities:						
Interest-bearing demand	**153,445**	**$ 772**	**1.01%**	$ 121,099	$ 577	0.96%
Savings and money market	**747,217**	**10,328**	**2.79%**	604,024	12,350	4.11%
Time	**517,249**	**10,309**	**4.02%**	179,085	4,174	4.69%
Total interest-bearing deposits	**1,417,911**	**21,409**	**3.04%**	904,208	17,101	3.80%
FHLB advances	**97,603**	**2,104**	**4.35%**	34,176	920	5.41%
Subordinated debt	**9,779**	**418**	**8.62%**	-	-	-
Lease obligation	**12,032**	**128**	**2.15%**	10,968	139	2.55%
Total interest-bearing liabilities	**1,537,325**	**24,059**	**3.16%**	949,352	18,160	3.85%
Non-interest bearing deposits	**469,897**			316,125		
Other liabilities	**19,888**			12,865		
Shareholders' equity	**239,351**			169,944		
Total liabilities and shareholders' equity	**$ 2,266,461**			$ 1,448,286		
Net interest income and interest rate spread		**$ 44,318**	**3.30%**		$ 23,833	2.27%
Net interest margin			**4.18%**			3.47%
Cost of funds			**2.42%**			2.89%
Cost of deposits			**2.29%**			2.82%

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AGREEMENT AND PLAN OF MERGER

by and between

DOGWOOD STATE BANK

and

TOWNEBANK

Dated as of August 18, 2025

TABLE OF CONTENTS

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PARENT

ARTICLE 5
COVENANTS RELATING TO CONDUCT OF BUSINESS

ARTICLE 6
ADDITIONAL AGREEMENTS

Exhibit A – Form of Company Support Agreement
Exhibit B – Form of Plan of Merger
Exhibit C – Form of Director Noncompetition Agreement
Exhibit D – Form of Company Articles Amendment

INDEX OF DEFINED TERMS

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of August 18, 2025 (this "**Agreement**"), is by and between Dogwood State Bank, a North Carolina banking corporation ("**Company**"), and TowneBank, a Virginia banking corporation ("**Parent**").

W I T N E S S E T H:

WHEREAS, the Boards of Directors of Company and Parent have determined that it is in the best interests of their respective companies and their respective shareholders to consummate the strategic business combination transaction provided for herein, pursuant to which Company will, subject to the terms and conditions set forth herein, merge with and into Parent (the "**Merger**"), so that Parent is the surviving corporation in the Merger (hereinafter sometimes referred to in such capacity as the "**Surviving Corporation**");

WHEREAS, the Board of Directors of Company has unanimously (i) determined that this Agreement and the transactions contemplated hereby, including the Merger and the Company Articles Amendment, are in the best interests of Company and Company's shareholders, and declared that this Agreement is advisable, and (ii) adopted this Agreement and the Company Articles Amendment and approved the execution, delivery and performance by Company of this Agreement and the consummation of the transactions contemplated hereby, including the Merger and the Company Articles Amendment;

WHEREAS, the Board of Directors of Parent has unanimously (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of Parent and Parent's shareholders, and declared that this Agreement is advisable, and (ii) adopted this Agreement and approved the execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby, including the Merger;

WHEREAS, the Board of Directors of Company, subject to the terms of this Agreement, has resolved to recommend that Company's shareholders approve this Agreement and the Company Articles Amendment and to submit this Agreement and the Company Articles Amendment to Company's shareholders for approval;

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and this Agreement is intended to be and is adopted as a plan of reorganization for purposes of Sections 354 and 361 of the Code (the "**Intended Tax Treatment**");

WHEREAS, the members of the Board of Directors and certain shareholders of Company are supportive of this Agreement and the transactions contemplated hereby, including the Merger and the Company Articles Amendment, and have determined that it is in their best interests to provide for their support for this Agreement and such transactions and, concurrently with the execution of this Agreement, are entering into a support agreement with Parent (the "**Company Support Agreement**"), substantially in the form attached hereto as Exhibit A, pursuant to which, among other things, each such holder is agreeing, subject to the terms of the Company Support

Agreement, to vote all shares of Company Common Stock such holder owns and has the power to vote or direct the voting thereof in favor of the approval of this Agreement and the Company Articles Amendment, and the Company Support Agreement is further a condition and inducement for Parent to enter into this Agreement;

WHEREAS, concurrently with the execution of this Agreement, Parent and Company are entering into employment agreements with certain employees of Company; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the transactions contemplated hereby and also to prescribe certain conditions to the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1
THE MERGER

Section 1.01. *The Merger*. Subject to the terms and conditions of this Agreement, in accordance with the North Carolina Business Corporation Act (the "**NCBCA**") and the Virginia Stock Corporation Act (the "**VSCA**"), at the Effective Time, Company shall merge with and into Parent pursuant to the Plan of Merger substantially in the form attached hereto as Exhibit B (the "**Plan of Merger**"), with Parent surviving the Merger as the Surviving Corporation. The Surviving Corporation shall continue its corporate existence under the laws of the Commonwealth of Virginia. Upon consummation of the Merger, the separate corporate existence of Company shall terminate.

Section 1.02. *Closing*. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "**Closing**") will take place by electronic exchange of documents (a) at 10:00 a.m., New York City time, on the first (1st) business day of the first (1st) calendar month that follows the month in which the satisfaction or waiver (subject to applicable law) of the last of the conditions set forth in Article 7 hereof (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver thereof) occurs, *provided* that where fewer than five (5) business days remain between such satisfaction or waiver and the last day of the month in which such satisfaction or waiver occurs, the Closing shall instead take place on the first (1st) business day of the second (2nd) calendar month following the month in which such satisfaction or waiver occurs, *provided, further*, that, notwithstanding the foregoing, the Closing shall take place no earlier than January 1, 2026 (the "**Inside Date**") (and if the Closing would otherwise be required to occur prior to the Inside Date pursuant to this Section 1.02 without giving effect to this proviso, the Closing shall instead occur on the Inside Date or, where fewer than five (5) business days remain between the satisfaction or waiver (subject to applicable law) of the last of the conditions set forth in Article 7 hereof (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver thereof) and the Inside Date, the Closing shall instead take place on February 2, 2026), or (b) at such other date, time or place agreed to in writing by Company and Parent. The date on which the Closing occurs is referred to as the "**Closing Date**."

Section 1.03. *Effective Time*. On or (if agreed by Company and Parent) prior to the Closing Date, the parties shall cause to be filed articles of merger meeting the requirements of Section 55-11-05 of the NCBCA with the Secretary of State of the State of North Carolina (the "**North Carolina Secretary**"), and articles of merger meeting the requirements of Section 13.1-720 of the VSCA, including containing the Plan of Merger, with the Virginia State Corporation Commission (the "**VSCC**") (collectively, the "**Articles of Merger**"). The Merger shall become effective at such time as specified in the Articles of Merger in accordance with the relevant provisions of the NCBCA and the VSCA, or at such other time as shall be provided by applicable law (such time hereinafter referred to as the "**Effective Time**").

Section 1.04. *Effects of the Merger*. At and after the Effective Time, the Merger shall have the effects set forth in the applicable provisions of the NCBCA and the VSCA.

Section 1.05. *Conversion of Company Common Stock*. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Company or the holder of any securities of Parent or Company:

(a) Subject to Section 2.02(e), each share of the common stock, par value $1.00 per share, of Company designated as Voting Common Stock (the "**Company Voting Common Stock**") and each share of the common stock, par value $1.00 per share, of Company designated as Non-Voting Common Stock (the "**Company Non-Voting Common Stock**" and together with the Company Voting Common Stock, the "**Company Common Stock**") issued and outstanding immediately prior to the Effective Time, except for Dissenting Shares and shares of Company Common Stock owned by Company or Parent (in each case other than shares of Company Common Stock (x) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity that are beneficially owned by third parties or (y) held, directly or indirectly, by Company or Parent in respect of debts previously contracted), shall be converted into the right to receive 0.700 shares (the "**Exchange Ratio**" and such shares, the "**Merger Consideration**") of the common stock, par value $1.667 per share, of Parent (the "**Parent Common Stock**").

(b) All of the shares of Company Common Stock converted into the right to receive the Merger Consideration pursuant to this Article 1 shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each, an "**Old Certificate**," it being understood that any reference herein to "**Old Certificate**" shall be deemed to include reference to book-entry account statements relating to the ownership of shares of Company Common Stock) previously representing any such shares of Company Common Stock shall thereafter represent only the right to receive (i) a New Certificate representing the number of whole shares of Parent Common Stock which such shares of Company Common Stock have been converted into the right to receive, (ii) cash in lieu of fractional shares which the holder thereof shall have become entitled to receive pursuant to Section 2.02(e), without any interest thereon and (iii) any dividends or distributions which the holder thereof shall have become entitled to receive pursuant to Section 2.02(b), in each case, without any interest thereon. If, prior to the Effective Time, the outstanding shares of Parent Common Stock or Company Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, or there shall

be any extraordinary dividend or distribution, an appropriate and proportionate adjustment shall be made to the Exchange Ratio and any other amounts payable pursuant to this Agreement to give Parent and the holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event; *provided* that nothing contained in this sentence shall be construed to permit Company or Parent to take any action with respect to its securities or otherwise that is prohibited by the terms of this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, at the Effective Time, all shares of Company Common Stock that are owned by Company or Parent (in each case other than shares of Company Common Stock (i) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity that are beneficially owned by third parties or (ii) held, directly or indirectly, by Company or Parent in respect of debts previously contracted) shall be cancelled and shall cease to exist and no Merger Consideration or other consideration shall be delivered in exchange therefor.

Section 1.06. *Dissenters' Rights*.

(a) Notwithstanding any provision of this Agreement to the contrary, other than as provided in this Section 1.06, any shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time and are held by a holder who (i) has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with the NCBCA and (ii) as of the Effective Time, has not effectively withdrawn or lost such appraisal rights (through failure to perfect or otherwise) (such shares, "**Dissenting Shares**") shall not be converted into or represent the right to receive any portion of the Merger Consideration to be paid pursuant to Section 1.05(a) but instead shall be converted into the right to receive only such consideration as may be determined to be due with respect to such Dissenting Shares under the NCBCA. From and after the Effective Time, the Dissenting Shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and a holder of Dissenting Shares shall not be entitled to exercise any of the voting rights or other rights of a shareholder of the Surviving Corporation.

(b) Notwithstanding the provisions of Section 1.06(a), if any holder of Company Common Stock who has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with the NCBCA effectively withdraws or loses such appraisal rights (through failure to perfect or otherwise), then such shares shall no longer be Dissenting Shares and, as of the later of the Effective Time and the occurrence of such withdrawal or loss, such shares shall automatically be converted into the right to receive, without interest, the Merger Consideration to be paid pursuant to Section 1.05(a) with respect to such shares pursuant to and in accordance with this Agreement.

(c) Company shall give Parent reasonably prompt written notice of the receipt of any written notice of any demand for appraisal for any Company Common Stock, withdrawals of such demands or any intent to demand or withdraw the foregoing, and any other instruments served pursuant to the NCBCA and received by Company that relate to any such demand for appraisal (each, an "**Appraisal Demand**"), and Parent shall have the right to participate in all negotiations and proceedings with respect to any Appraisal Demand or any threatened Appraisal Demand, including those that take place prior to the Effective Time. Company shall not

voluntarily make any payment with respect to, or settle or offer to settle, any Appraisal Demand prior to the Effective Time without the prior written approval of Parent.

Section 1.07. *Parent Stock*. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Company or the holder of any securities of Parent or Company, each share of Parent Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of Parent Common Stock and shall not be affected by the Merger; it being understood that upon the Effective Time, the Parent Common Stock, including the shares issued to former holders of Company Common Stock, shall be the common stock of the Surviving Corporation.

Section 1.08. *Treatment of Company Restricted Stock Awards*. At the Effective Time, each unvested restricted share of Company Common Stock granted under the Dogwood State Bank 2019 Omnibus Incentive Plan, as amended (the "**Company Stock Plan**," and each such share, a "**Company Restricted Stock Award**"), that is outstanding immediately prior to the Effective Time, by virtue of the Merger, shall fully vest and shall have the treatment set forth in Section 1.05(a) applicable to shares of Company Common Stock.

Section 1.09. *Amendment of Company Articles*. Subject to the provisions of this Agreement and the receipt of the Requisite Company Vote, immediately prior to the Effective Time, Company shall amend the Company Articles (and cause to be filed articles of amendment meeting the requirements of Section 55-10-06 of the NCBCA to cause such amendment to be effective immediately prior to the Effective Time) in the form attached hereto as Exhibit D (the "**Company Articles Amendment**").

Section 1.10. *Articles of Incorporation of Surviving Corporation*. At the Effective Time, the Parent Articles, as in effect immediately prior to the Effective Time, shall be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with applicable law.

Section 1.11. *Bylaws of Surviving Corporation*. At the Effective Time, the Parent Bylaws, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

Section 1.12. *Directors and Officers of Surviving Corporation*. At the Effective Time, subject to Section 6.12(a) and Section 6.12(b), the officers and directors of Parent as of immediately prior to the Effective Time shall be the officers and directors of the Surviving Corporation.

Section 1.13. *Tax Consequences*. It is intended that the Merger shall qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and that this Agreement is intended to be and is adopted as a plan of reorganization for the purposes of Sections 354 and 361 of the Code.

ARTICLE 2
EXCHANGE OF SHARES

Section 2.01. *Parent to Make Consideration Available*. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a bank or trust company designated by Parent and reasonably acceptable to Company (the "**Exchange Agent**"), for exchange in accordance with this Article 2 for the benefit of the holders of Old Certificates, (a) evidence in book-entry form representing shares of Parent Common Stock sufficient to deliver the aggregate Merger Consideration to be issued pursuant to Section 1.05(a) (the "**New Certificates**") and (b) cash in an amount sufficient to pay cash in lieu of any fractional shares to be paid pursuant to Section 2.02(e) (such cash and shares of Parent Common Stock described in the foregoing clauses (a) and (b), together with any dividends or distributions with respect thereto payable in accordance with Section 2.02(b), being referred to herein as the "**Exchange Fund**"). The Exchange Agent shall invest any cash included in the Exchange Fund as directed by Parent, provided that such investments shall be in obligations of or guaranteed by the United States of America and backed by the full faith and credit of the United States of America or in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Services, Inc. or Standard & Poor's Corporation, respectively, and provided further that no such investment or losses thereon shall affect the amount of Merger Consideration payable to the holders of Old Certificates. Any interest and other income resulting from such investments shall be paid to Parent.

Section 2.02. *Exchange of Shares*.

(a) As promptly as practicable after the Effective Time, but in no event later than five (5) business days thereafter, the Surviving Corporation shall cause the Exchange Agent to mail to each holder of record of one or more Old Certificates representing shares of Company Common Stock immediately prior to the Effective Time that have been converted at the Effective Time into the right to receive the applicable Merger Consideration pursuant to Article 1 a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Old Certificates shall pass, only upon proper delivery of the Old Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Old Certificates in exchange for New Certificates representing the number of whole shares of Parent Common Stock and any cash in lieu of fractional shares which the shares of Company Common Stock represented by such Old Certificate or Old Certificates shall have been converted into the right to receive pursuant to this Agreement, as well as any dividends or distributions to be paid pursuant to Section 2.02(b) (such materials and instructions to include customary provisions with respect to delivery of an "agent's message" with respect to book-entry shares). From and after the Effective Time, upon proper surrender of an Old Certificate or Old Certificates for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, or, in the case of uncertificated shares not held through the Depository Trust Company, receipt of an "agent's message" by the Exchange Agent (or such other evidence of transfer as the Exchange Agent may reasonably request), the holder of such Old Certificate or Old Certificates shall be entitled to receive in exchange therefor, as applicable, (i) a New Certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to the provisions of Section 1.05(a) and (ii) a check or other method of cash payment

representing the amount of (A) any cash in lieu of fractional shares which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to the provisions of Section 2.02(e) and (B) any dividends or distributions which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to Section 2.02(b), and the Old Certificate or Old Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash in lieu of fractional shares or dividends or distributions payable to holders of Old Certificates. Until surrendered as contemplated by this Section 2.02, each Old Certificate (other than Old Certificates in respect of Dissenting Shares) shall be deemed at any time after the Effective Time to represent only the right to receive, upon surrender, the number of whole shares of Parent Common Stock which the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive and any cash in lieu of fractional shares or in respect of dividends or distributions as contemplated by this Section 2.02.

(b) No dividends or other distributions declared with respect to Parent Common Stock shall be paid to the holder of any unsurrendered Old Certificate until the holder thereof shall surrender such Old Certificate in accordance with this Article 2. After the surrender of an Old Certificate in accordance with this Article 2, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the whole shares of Parent Common Stock that the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive.

(c) If any share of Parent Common Stock is to be issued in a name other than that in which the Old Certificate or Old Certificates surrendered in exchange therefor is or are registered, it shall be a condition of the issuance thereof that the Old Certificate or Old Certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar Taxes required by reason of the issuance of the shares of Parent Common Stock in any name other than that of the registered holder of the Old Certificate or Old Certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of Company of the shares of Company Common Stock that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Old Certificates (other than Old Certificates in respect of Dissenting Shares) representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for the applicable Merger Consideration, cash in lieu of fractional shares and dividends or distributions that the holder presenting such Old Certificates is entitled to in respect of such Old Certificates, as provided in this Article 2.

(e) Notwithstanding anything to the contrary contained herein, no New Certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Old Certificates, no dividend or distribution with respect to Parent Common Stock shall be payable on or with respect to any fractional share, and such fractional share

interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of Parent. In lieu of the issuance of any such fractional share, the Surviving Corporation shall pay to each former holder of Company Common Stock who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the average of the closing-sale prices of Parent Common Stock on The Nasdaq Stock Market, LLC ("**Nasdaq**") as reported by the *Wall Street Journal* for the consecutive period of five (5) full trading days ending on the trading day immediately preceding the Closing Date (or, if not reported therein, in another authoritative source mutually agreed upon by Parent and Company) by (ii) the fraction of a share (after taking into account all shares of Company Common Stock held by such holder immediately prior to the Effective Time and rounded to the nearest one-thousandth when expressed in decimal form) of Parent Common Stock which such holder would otherwise be entitled to receive pursuant to Section 1.05(a). The parties acknowledge that payment of such cash consideration in lieu of issuing fractional shares is not separately bargained-for consideration, but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience that would otherwise be caused by the issuance of fractional shares.

(f) Any portion of the Exchange Fund that remains unclaimed by the shareholders of Company for twelve (12) months after the Effective Time shall be paid to the Surviving Corporation. Any former holders of Company Common Stock who have not theretofore complied with this Article 2 shall thereafter look only to the Surviving Corporation for payment of the Merger Consideration, cash in lieu of any fractional shares and any unpaid dividends and distributions on the Parent Common Stock deliverable in respect of each former share of Company Common Stock such holder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of Parent, Company, the Surviving Corporation, the Exchange Agent or any other person shall be liable to any former holder of shares of Company Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws. Any amounts remaining unclaimed by former holders of shares of Company Common Stock immediately prior to the time at which such amounts would otherwise escheat to, or become property of, any Governmental Entity shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of any claims or interest of any such holders or their successors, assigns or personal representatives previously entitled thereto.

(g) The Surviving Corporation shall be entitled to deduct and withhold, or cause the Exchange Agent to deduct and withhold, from any cash in lieu of fractional shares of Parent Common Stock, cash dividends or distributions payable pursuant to this Section 2.02 or any other amounts otherwise payable pursuant to this Agreement to any holder of Company Common Stock or Company Restricted Stock Awards, such amounts as it is required to deduct and withhold with respect to the making of such payment or distribution under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so deducted or withheld by the Surviving Corporation or the Exchange Agent, as the case may be, and paid over to the appropriate Governmental Entity, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Company Common Stock or Company Restricted Stock Awards in respect of which the deduction and withholding was made by the Surviving Corporation or the Exchange Agent, as the case may be.

(h) In the event any Old Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Old Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation or the Exchange Agent, the posting by such person of a bond in such amount as the Surviving Corporation or the Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Old Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Old Certificate the applicable Merger Consideration, any cash in lieu of fractional shares and any dividends or distributions deliverable in respect thereof pursuant to this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF COMPANY

Except as disclosed in the disclosure schedule delivered by Company to Parent concurrently herewith (the "**Company Disclosure Schedule**"); *provided*, that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the Company Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by Company that such item represents a material exception or fact, event or circumstance or that such item would reasonably be expected to have a Material Adverse Effect on Company and (iii) any disclosures made with respect to a section of this Article 3 shall be deemed to qualify (1) any other section of this Article 3 specifically referenced or cross-referenced and (2) other sections of this Article 3 to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections, Company hereby represents and warrants to Parent as follows:

Section 3.01. *Corporate Organization*.

(a) Company is a state-chartered bank duly organized and validly existing under the laws of the State of North Carolina. Company has the corporate power and authority to own, lease or operate all of its properties and assets and to carry on its business as it is now being conducted. Company is duly licensed or qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing, qualification or standing necessary, except where the failure to be so licensed or qualified or to be in good standing would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Company. Company has no Subsidiaries. As used in this Agreement, the term "**Material Adverse Effect**" means, with respect to Parent, Company or the Surviving Corporation, as the case may be, any effect, change, event, circumstance, condition, occurrence or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries taken as a whole (*provided* that, with respect to this clause (i), Material Adverse Effect shall not be deemed to include the impact of (A) changes, after the date hereof, in U.S. generally accepted accounting principles ("**GAAP**") or applicable regulatory accounting requirements, (B) changes, after the date hereof, in laws, rules or regulations of general applicability to companies in the industries in

which such party and its Subsidiaries operate, or interpretations thereof by courts or Governmental Entities, (C) changes, after the date hereof, in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in economic or market (including equity, credit and debt markets, as well as changes in interest rates) conditions affecting the financial services industry generally and not specifically relating to such party or its Subsidiaries, (D) changes, after the date hereof, resulting from hurricanes, earthquakes, tornados, floods or other natural disasters or from any outbreak of any disease or other public health event, (E) public disclosure or consummation of the transactions contemplated hereby or actions expressly required by this Agreement or that are taken with the prior written consent of the other party in contemplation of the transactions contemplated hereby (it being understood and agreed that this clause (E) shall not apply with respect to any representation or warranty that is intended to address the consequences of the execution, announcement or performance of this Agreement or the consummation of the transactions contemplated hereby), or (F) a decline in the trading price of a party's common stock or the failure, in and of itself, to meet earnings projections or internal financial forecasts, but not, in either case, including any underlying causes thereof; except, with respect to subclause (A), (B), (C) or (D), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries, taken as a whole, as compared to other companies in the industry in which such party and its Subsidiaries operate) or (ii) the ability of such party to timely consummate the transactions contemplated hereby. As used in this Agreement, the word "**Subsidiary**" when used with respect to any person, means any corporation, partnership, limited liability company, bank or other organization, whether incorporated or unincorporated, or person of which (x) such first person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions or (y) such first person is or directly or indirectly has the power to appoint a general partner, manager or managing member or others performing similar functions. True and complete copies of the articles of incorporation of Company (the "**Company Articles**") and the bylaws of Company (the "**Company Bylaws**"), in each case as in effect as of the date of this Agreement, have previously been made available by Company to Parent. Company is not in violation of any of the provisions of the Company Articles or the Company Bylaws.

(b) There are no restrictions on the ability of Company to pay dividends or distributions, except for restrictions on dividends or distributions generally applicable to all similarly regulated entities. The deposit accounts of Company are insured by the Federal Deposit Insurance Corporation (the "**FDIC**") through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or, to the knowledge of Company, threatened. There is no person whose results of operations, cash flows, changes in shareholders' equity or financial position are consolidated in the financial statements of Company.

Section 3.02. *Capitalization.*

(a) The authorized capital stock of Company consists of 20,000,000 shares of Company Voting Common Stock, 9,000,000 shares of Company Non-Voting Common Stock,

and 1,000,000 shares of preferred stock, par value $1.00 per share ("**Company Preferred Stock**"). As of August 18, 2025 (the "**Capitalization Date** "), there were (i) 17,965,242 shares of Company Voting Common Stock issued and outstanding, including 511,433 Company Restricted Stock Awards, (ii) 1,052,671 shares of Company Non-Voting Common Stock issued and outstanding, (iii) zero shares of Company Preferred Stock issued and outstanding, (iv) zero shares of Company Common Stock held in treasury, and (v) no other shares of capital stock or other voting securities or equity interests of Company issued, reserved for issuance or outstanding. As of the date of this Agreement, except as set forth in the immediately preceding sentence, there are no shares of capital stock or other voting securities or equity interests of Company issued, reserved for issuance or outstanding. All of the issued and outstanding shares of Company Common Stock have been duly authorized and validly issued and are fully paid, nonassessable (except as provided under any provision of applicable state law comparable to 12 U.S.C. § 55) and free of preemptive rights, with no personal liability attaching to the ownership thereof. Except as set forth in Section 3.02(a) of the Company Disclosure Schedule, there are no trust preferred or subordinated debt securities of Company issued or outstanding. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which shareholders of Company may vote. Other than the Company Restricted Stock Awards outstanding as of the date of this Agreement, as of the date of this Agreement there are no outstanding subscriptions, equity or equity-based compensation awards (including options, stock appreciation rights, phantom units or shares, restricted stock, restricted stock units, performance stock units, performance awards, profit participation rights, or dividend or dividend equivalent rights or similar awards), warrants, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible or exchangeable into or exercisable for, shares of capital stock or other voting or equity securities of or ownership interest in Company, or contracts, commitments, understandings or arrangements by which Company may become bound to issue additional shares of its capital stock or other equity or voting securities of or ownership interests in Company, or that otherwise obligate Company to issue, transfer, sell, purchase, redeem or otherwise acquire, any of the foregoing (collectively, "**Company Securities**"). There are no voting trusts, shareholder agreements, proxies or other agreements in effect to which Company is a party with respect to the voting or transfer of Company Common Stock, capital stock or other voting or equity securities or ownership interests of Company or granting any shareholder or other person any registration rights.

(b) Section 3.02(b) of the Company Disclosure Schedule sets forth, for each Company Restricted Stock Award as of the date hereof, the holder, grant date, number of shares and vesting schedule. Within five (5) days prior to the Closing Date, Company will provide Parent with a revised version of Section 3.02(b) of the Company Disclosure Schedule, updated as of the most recent practicable date. Each Company Restricted Stock Award has been granted in compliance with applicable securities laws or exemptions therefrom and all requirements set forth in the applicable Company Stock Plan and other applicable contracts.

Section 3.03. *Authority; No Violation*.

(a) Company has full corporate power and authority to execute and deliver this Agreement and, subject to receipt of the Requisite Company Vote, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the

consummation of the Merger and the Company Articles Amendment have been duly and validly approved by the Board of Directors of Company. The Board of Directors of Company has unanimously determined that the Merger, on the terms and conditions set forth in this Agreement, is advisable and in the best interests of Company and its shareholders, has adopted and approved the Company Articles Amendment and this Agreement and the transactions contemplated hereby (including the Merger and the Company Articles Amendment), and has directed that this Agreement (including the Plan of Merger) and the Company Articles Amendment be submitted to Company's shareholders for approval at a meeting of such shareholders and has adopted a resolution to the foregoing effect. Except for (i) the approval of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Company Voting Common Stock at a meeting called therefor and (ii) the approval of the Company Articles Amendment by the affirmative vote of the holders of a majority of the outstanding shares of Company Voting Common Stock and the holders of a majority of the outstanding shares of Company Non-Voting Common Stock, voting separately at a meeting called therefor (clauses (i) and (ii) together, the "**Requisite Company Vote**"), no other corporate proceedings on the part of Company are necessary to approve this Agreement or to consummate the transactions contemplated hereby (including the Merger and the Company Articles Amendment). This Agreement has been duly and validly executed and delivered by Company and (assuming due authorization, execution and delivery by Parent) constitutes a valid and binding obligation of Company, enforceable against Company in accordance with its terms (except in all cases as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws of general applicability affecting the rights of creditors generally and the availability of equitable remedies (the "**Enforceability Exceptions**")).

(b) Neither the execution and delivery of this Agreement by Company nor the consummation by Company of the transactions contemplated hereby (including the Merger and the Company Articles Amendment), nor compliance by Company with any of the terms or provisions hereof, will (i) violate any provision of the Company Articles or the Company Bylaws or (ii) assuming that the consents and approvals referred to in Section 3.04 are duly obtained, (x) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Company or any of its properties or assets or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any liens, claims, title defects, mortgages, pledges, charges, encumbrances and security interests whatsoever ("**Liens**") upon any of the properties or assets of Company under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Company is a party, or by which it or any of its properties or assets may be bound, except (in the case of clauses (x) and (y) above) for such violations, conflicts, breaches or defaults that, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Company.

Section 3.04. *Consents and Approvals*. Except for (a) the filing of any required applications, filings and notices, as applicable, with Nasdaq, (b) the filing of any required applications, filings and notices, or the seeking of waivers therefrom as applicable, with (i) the

FDIC under 12 U.S.C. 1828(c) (the "**Bank Merger Act**"), (ii) the Bureau of Financial Institutions (the "**BFI**") of the VSCC and (iii) the North Carolina Commissioner of Banks and approval of such applications, filings and notices or the receipt of waivers therefrom, (c) the filing of the Articles of Merger with the VSCC pursuant to the VSCA and the North Carolina Secretary pursuant to the NCBCA, (d) the filing of articles of amendment with the North Carolina Secretary pursuant to the NCBCA to effect the Company Articles Amendment and (e) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement and the approval of the listing of such Parent Common Stock on Nasdaq, no consents or approvals of or filings or registrations with any court, administrative agency or commission, or other governmental or regulatory authority or instrumentality (each, a "**Governmental Entity**") are necessary in connection with (x) the execution and delivery by Company of this Agreement or (y) the consummation by Company of the Merger and the Company Articles Amendment and the other transactions contemplated hereby. As of the date hereof, to the knowledge of Company, there is no reason why the necessary regulatory approvals and consents will not be received by Company to permit consummation of the Merger and the Company Articles Amendment on a timely basis.

Section 3.05. *Reports*. Company has timely filed (or furnished) all reports, forms, correspondence, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file (or furnish, as applicable) since January 1, 2023 with (i) any applicable state regulatory authority, (ii) the FDIC, (iii) any foreign regulatory authority and (iv) any self-regulatory organization (clauses (i) – (iv), collectively, "**Company Regulatory Agencies**"), including any report, form, correspondence, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any foreign entity, or any Company Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file (or furnish, as applicable) such report, form, correspondence, registration or statement or to pay such fees and assessments would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Company. As of their respective dates, such reports, forms, correspondence, registrations and statements, and other filings, documents and instruments were complete and accurate and complied with all applicable laws, in each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. Subject to Section 9.14, except for normal examinations conducted by a Company Regulatory Agency in the ordinary course of business of Company, no Company Regulatory Agency has initiated or has pending any proceeding or, to the knowledge of Company, investigation into the business or operations of Company since January 1, 2023, except where such proceedings or investigations would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. Subject to Section 9.14, there (i) is no unresolved violation, criticism, or exception by any Company Regulatory Agency with respect to any report or statement relating to any examinations or inspections of Company and (ii) has been no formal or informal inquiries by, or disagreements or disputes with, any Company Regulatory Agency with respect to the business, operations, policies or procedures of Company since January 1, 2023, in each case, which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company.

Section 3.06. *Financial Statements*.

(a) Section 3.06(a) of the Company Disclosure Schedule sets forth: (i) the audited consolidated financial statements of Company as of and for the fiscal years ended December 31, 2024 and December 31, 2023 (the "**Audited Financial Statements**") and (ii) the unaudited interim consolidated financial statements of Company as of and for the six (6) months ended June 30, 2025 (including, in each case, the notes, if any, thereto) (the financial statements described in clauses (i) and (ii) collectively, the "**Financial Statements**"). The Financial Statements (i) have been prepared from, and are in accordance with, the books and records of Company, (ii) fairly present in all material respects the consolidated results of operations, cash flows (to the extent included therein), changes in shareholders' equity (to the extent included therein) and consolidated financial position of Company for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), and (iii) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of Company have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. Since January 1, 2023, no independent public accounting firm of Company has resigned (or informed Company that it intends to resign) or been dismissed as independent public accountants of Company as a result of or in connection with any disagreements with Company on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company has no liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities that are reflected or reserved against on the most recent consolidated balance sheet of Company included in the Financial Statements (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since the date of such balance sheet, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of Company are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Company or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. Company (x) has implemented and maintains internal controls over financial reporting sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and (y) has disclosed, based on its most recent evaluation prior to the date hereof, to Company's outside auditors and the audit committee of Company's Board of Directors (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to materially adversely affect Company's ability to record, process, summarize and report financial information, and (ii) any fraud that involves management or senior employees who have a significant role in Company's internal controls

over financial reporting. These disclosures were made in writing by management to Company's auditors and audit committee and true, correct and complete copies of such disclosures have been made available by Company to Parent. Company is not subject to the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") and nothing contained herein shall be construed as a representation or warranty that the internal controls over financial reporting of Company are, or would be, in compliance in all respects with those required by the Sarbanes-Oxley Act.

(d) Since January 1, 2023, (i) neither Company nor, to the knowledge of Company, any Representative of Company, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of Company or its internal accounting controls, including any material complaint, allegation, assertion or claim that Company has engaged in questionable accounting or auditing practices, and (ii) no employee of or attorney representing Company, whether or not employed by Company, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by Company or any of its officers, directors, employees or agents to the Board of Directors of Company or any committee thereof, or to the knowledge of Company, to any director or officer of Company.

Section 3.07. *Broker's Fees*. With the exception of the engagement of Piper Sandler & Co., neither Company nor any of its officers or directors on behalf of Company has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or related transactions contemplated by this Agreement. Company has disclosed to Parent as of the date hereof the aggregate fees provided for in connection with the engagement by Company of Piper Sandler & Co. related to the Merger and the other transactions contemplated hereunder.

Section 3.08. *Absence of Certain Changes or Events*.

(a) Since December 31, 2024, there has not been any effect, change, event, circumstance, condition, occurrence or development that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company.

(b) Since December 31, 2024, and until the date of this Agreement, Company has carried on its business in all material respects in the ordinary course.

Section 3.09. *Legal Proceedings*.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company is not a party to any, and there are no outstanding or pending or, to the knowledge of Company, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Company or any of its current or former directors or executive officers or challenging the validity or propriety of the transactions contemplated by this Agreement.

(b) There is no material injunction, order, judgment, decree, or regulatory restriction imposed upon Company or the assets of Company (or that, upon consummation of the Merger, would apply to the Surviving Corporation or any of its affiliates).

Section 3.10. *Taxes and Tax Returns*.

(a) Company has duly and timely filed (including all applicable extensions) all income and other material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true, correct, and complete in all material respects. Company is not the beneficiary of any extension of time within which to file any material Tax Return (other than extensions to file Tax Returns obtained in the ordinary course). All material Taxes of Company (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Company has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, shareholder, independent contractor or other third party. Company has not granted any extension or waiver of the limitation period applicable to any material Tax that remains in effect. Company has not received written notice of assessment or proposed assessment in connection with any material amount of Taxes, and, to the knowledge of Company, there are no threatened in writing or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of Company or the assets of Company. Company does not have any deferred payroll Tax Liability under Section 2302 of the CARES Act, Internal Revenue Service Notice 2020-65 or any similar or analogous provision of state, local or non-U.S. applicable law or guidance. Company has not entered into any private letter ruling requests, closing agreements or gain recognition agreements with respect to a material amount of Taxes requested or executed in the last three (3) years. Company is not a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than agreements or arrangements the principal purpose of which is not Taxes). Company (A) has not been a member of an affiliated group filing a consolidated federal income Tax Return for which the statute of limitations is open (other than a group the common parent of which was Company) or (B) does not have any liability for the Taxes of any person (other than Company) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. Company has not been, within the past two (2) years or otherwise as part of a "plan (or series of related transactions)" within the meaning of Section 355(e) of the Code of which the Merger is also a part, a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Company has not participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b). Company will not be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) installment sale or open transaction disposition made prior to the Closing; (ii) prepaid amount or deferred revenue received prior to the Closing outside the ordinary course of business; or (iii) intercompany transaction or excess loss account described in the Treasury Regulations under Section 1502 (or any corresponding or similar provision of state or local applicable laws) occurring or existing prior to the Closing. Company will not be required to make any payment after the Closing Date as a result of an election under Section 965(h) of the Code.

(b) As used in this Agreement, the term "**Tax**" or "**Taxes**" means all federal, state, local, and foreign income, excise, gross receipts, ad valorem, profits, gains, property, capital, sales, transfer, use, license, payroll, employment, social security, severance, unemployment, withholding, duties, excise, windfall profits, intangibles, franchise, backup withholding, value added, alternative or add-on minimum, estimated and other taxes, charges, levies or like assessments, in each case, in the nature of a tax and imposed by a Governmental Entity with jurisdiction over taxes, together with all penalties and additions to tax and interest thereon.

(c) As used in this Agreement, the term "**Tax Return**" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, supplied or required to be supplied to a Governmental Entity.

Section 3.11. *Employees.*

(a) Section 3.11(a) of the Company Disclosure Schedule sets forth a true and complete list of all material Company Benefit Plans. For purposes of this Agreement, the term "**Company Benefit Plans**" means an Employee Benefit Plan to which Company or any of its ERISA Affiliates (as defined below) is a party or has any current or future obligation or that is maintained, contributed to or sponsored by Company or any of its ERISA Affiliates for the benefit of any current or former employee, officer, director or independent contractor of Company or any of its ERISA Affiliates, or for which Company or any of its ERISA Affiliates has any direct or indirect liability, excluding, in each case, any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA (a "**Multiemployer Plan**"). For purposes of this Agreement, the term "**Employee Benefit Plan**" means any (i) employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and any rules or regulations promulgated thereunder ("**ERISA**")), whether or not subject to ERISA, and (ii) equity or equity-based compensation, bonus, profit sharing, incentive, deferred compensation, severance, post-employment or retiree benefits, life insurance, supplemental retirement, termination, change in control, retention, compensation, employment, consulting, retirement or similar plan, agreement, arrangement, program or policy, insurance (including any self-insured arrangement), health and welfare, disability or sick leave benefits, vacation benefit, relocation or expatriate benefits, perquisite or other benefit plans, programs, agreements, contracts, policies or arrangements, in each case whether or not written. For purposes of this Agreement, the term "**ERISA Affiliate**" means with respect to an entity, any other entity, trade or business, whether or not incorporated, that together with such first entity would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

(b) Company has heretofore made available to Parent true and complete copies of each material Company Benefit Plan and the following related documents, to the extent applicable, (i) all summary plan descriptions, material amendments, material modifications or material supplements, (ii) all trust agreements or annuity contracts and any amendments thereto, (iii) the annual report (Form 5500) and accompanying schedules and attachments thereto filed with the U.S. Department of Labor (the "**DOL**") for the last two (2) plan years, (iv) the most recently received U.S. Internal Revenue Service (the "**IRS**") determination, opinion, or notification letter, (v) the most recently prepared actuarial report and financial statements for each of the last two (2) years, (vi) copies of the most recent nondiscrimination tests, and (vii) copies of all material

correspondence with any governmental agency within the last six (6) years, including but not limited to any investigation materials, any "Top Hat" filings and any filings under amnesty, voluntary compliance or similar programs.

(c) Neither Company nor any of its ERISA Affiliates has any plan or commitment to establish, adopt or enter into any new Employee Benefit Plan or to modify or amend any Company Benefit Plan (except to the extent required by law or as required by this Agreement).

(d) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, each Company Benefit Plan has been established, operated and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company has not taken any action to take corrective action or make a filing under any voluntary correction program of the IRS, the DOL or any other Governmental Entity with respect to any Company Benefit Plan, and Company does not have knowledge of any plan defect that would qualify for correction under any such program.

(e) Section 3.11(e) of the Company Disclosure Schedule identifies each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code (the "**Company Qualified Plans**"). The IRS has, if applicable, issued a favorable determination, opinion, or notification letter with respect to each Company Qualified Plan and the related trust, which letter has not expired or been revoked (nor has revocation been threatened), and, to the knowledge of Company, there are no existing circumstances and no events have occurred that would reasonably be expected to adversely affect the qualified status of any Company Qualified Plan or the related trust. Each trust created under any Company Qualified Plan is exempt from Tax under Section 501(a) of the Code and has been so exempt since its creation.

(f) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, with respect to each Company Benefit Plan that is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code: (i) the minimum funding standard under Section 302 of ERISA and Sections 412 and 430 of the Code has been satisfied and no waiver of any minimum funding standard or any extension of any amortization period has been requested or granted, (ii) no such plan is in "at-risk" status for purposes of Section 430 of the Code or Section 302 of ERISA, (iii) the present value of accrued benefits under such Company Benefit Plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such Company Benefit Plan's actuary with respect to such Company Benefit Plan, did not, as of its latest valuation date, exceed the then-current fair market value of the assets of such Company Benefit Plan allocable to such accrued benefits, (iv) no reportable event within the meaning of Section 4043(c) of ERISA for which the 30-day notice requirement has not been waived has occurred, (v) all premiums to the Pension Benefit Guaranty Corporation (the "**PBGC**") have been timely paid in full, (vi) no liability (other than for premiums to the PBGC) under Title IV of ERISA has been or is expected to be incurred by Company or any of its ERISA Affiliates, and (vii) the PBGC has not instituted proceedings to terminate any such Company Benefit Plan.

(g) Neither Company nor any of its ERISA Affiliates (nor any predecessor of any such entity) has, at any time during the last six (6) years, contributed to or been obligated to contribute to a Multiemployer Plan or a plan that has two (2) or more contributing sponsors at least two (2) of whom are not under common control, within the meaning of Section 4063 of ERISA (a "**Multiple Employer Plan**"), and neither Company nor any of its ERISA Affiliates has incurred any liability to a Multiemployer Plan or Multiple Employer Plan as a result of a complete or partial withdrawal (as those terms are defined in Part I of Subtitle E of Title IV of ERISA) from a Multiemployer Plan or Multiple Employer Plan.

(h) All "group health plans," as defined in Section 5000(b)(1) of the Code, covering employees of Company have been maintained in timely compliance with the notice and healthcare continuation coverage requirements of Section 4980B of the Code. Company does not sponsor, has not sponsored and does not have any current or projected obligation or liability with respect to any employee benefit plan that provides for any post-employment or post-retirement health, medical or life insurance or other welfare benefits for retired, former or current employees, directors, individual independent contractors or beneficiaries or dependents thereof, except as required by Section 4980B of the Code or similar applicable state or local law.

(i) Each Company Benefit Plan that is a health or welfare plan has terms that are in compliance with and has been administered in accordance with the requirements of the Affordable Care Act of 2010, as amended, and all reporting required under Sections 6055 and 6056 of the Code has been completed. Company has complied in all respects with the requirements of Section 4980H of the Code so as to avoid the imposition of any taxes or assessable payments thereunder.

(j) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, all contributions required to be made by Company to any Company Benefit Plan by applicable law or by any plan document or other contractual undertaking, and all premiums due or payable with respect to insurance policies funding any Company Benefit Plan, for any period through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of Company.

(k) There are no pending or threatened claims (other than claims for benefits in the ordinary course), actions, suits, audits, lawsuits or arbitrations which have been asserted or instituted, and, to the knowledge of Company, no set of circumstances exists which may reasonably give rise to a claim, action, suit, audit, lawsuit or arbitration against the Company Benefit Plans or any fiduciaries thereof with respect to their duties to the Company Benefit Plans or the assets of any of the trusts under any of the Company Benefit Plans that would reasonably be expected to result in any material liability of Company to the PBGC, the IRS, the DOL, any Multiemployer Plan, a Multiple Employer Plan, any participant in a Company Benefit Plan, or any other party.

(l) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, neither Company nor any of its ERISA Affiliates nor any other person, including any fiduciary, has engaged in any "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) which would

reasonably be expected to subject any of the Company Benefit Plans or their related trusts, Company, any of its ERISA Affiliates or any person that Company has an obligation to indemnify to any material Tax, penalty or other liability imposed under Section 4975 of the Code or Section 502 of ERISA.

(m) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, each Company Benefit Plan, and any award thereunder, that is or forms part of a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code has been timely amended (if applicable) to comply and has been operated in compliance with, and Company has complied in practice and operation with, all applicable requirements of Section 409A of the Code.

(n) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (i) result in, cause the vesting, exercisability or delivery of, or increase in the amount or value of, any payment, right or other benefit to any current or former employee, officer, director, or other service provider of Company, (ii) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under any Company Benefit Plan, or (iii) result in any limitation on the right of Company to amend, merge, terminate or receive a reversion of assets from any Company Benefit Plan or related trust.

(o) The transactions contemplated by this Agreement will not cause or require Company or any of its affiliates to establish or make any contribution to a rabbi trust or similar funding vehicle.

(p) No Company Benefit Plan, individually or collectively, would reasonably be expected to result in the payment of any amount that would not be deductible under Section 280G of the Code and Company does not have any obligation to gross-up or reimburse any current or former employee, director or individual independent contractor for any Taxes under Section 409A or 4999 of the Code, or otherwise.

(q) Section 3.11(q) of the Company Disclosure Schedule sets forth a complete list of the following information for each employee of Company as of the date hereof: (i) name; (ii) employing entity; (iii) job title; (iv) location; (v) date of hire; (vi) annual rate of base or hourly compensation; (vii) exempt status; (viii) target annual incentive compensation opportunity; (ix) vacation and other paid time off accrual; (x) years of service credit (recognizing any cumulative service); (xi) whether the employee is employed at-will or, if not, the notice period required to terminate the employment relationship without cause; and (xii) status (active or on leave) and, if on leave, the reason for and period of the leave (including anticipated return to work date).

(r) Section 3.11(r) of the Company Disclosure Schedule sets forth a complete list of the following information for each independent contractor or consultant of Company as of the date hereof: (i) name; (ii) contact information; (iii) description of the services performed; (iv) fee; (v) consulting term; (vi) whether engaged as an individual or through an entity, and if through an entity, the name of the entity so engaged; and (vii) the effective and, if applicable, expiration dates of any contract with such independent contractor or consultant.

(s) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, there are no pending or, to Company's knowledge, threatened labor grievances or unfair labor practice claims or charges against Company, or any strikes, or other labor disputes against Company. Company is not a party to or bound by any collective bargaining or similar agreement with any labor organization or employee association (a "**Collective Bargaining Agreement**"), or work rules or practices agreed to with any labor organization or employee association applicable to service provider of Company and, to the knowledge of Company, there are no organizing efforts by any union or other group seeking to represent any employees of Company.

(t) Company is, and has been since January 1, 2023, in compliance with all applicable laws relating to labor and employment, including those relating to labor management relations, wages, hours, paid time off, overtime, employee classification, discrimination, harassment, retaliation, civil rights, affirmative action, work authorization, immigration, safety and health, information privacy and security, workers compensation, continuation coverage under group health plans, wage payment and the related payment and withholding of Taxes, except for failures to comply that have not had and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. Company has not taken any action that would reasonably be expected to cause Parent or any of its affiliates to have any material liability or other obligations following the Closing Date under the Worker Adjustment and Retraining Notification Act or any comparable state or local law.

(u) There are no proceedings, claims or actions, or to the knowledge of Company, inquiries, audits, examinations or investigations pending or, to the knowledge of Company, threatened between Company and any current or former employee or independent contractor thereof, or any applicant for employment.

(v) To the knowledge of Company and to the extent it is permitted by law to ascertain, all employees of Company are legally entitled to work in the United States under the Immigration Reform and Control Act of 1986, as amended, other United States immigration laws and the laws related to the employment of non-United States citizens applicable in the state in which the employees are employed. Company has completed a Form I-9 for each employee for which one is required by applicable law and each such Form I-9 has since been updated as required by applicable law and is correct and complete in all material respects as of the date hereof.

(w) To the knowledge of Company, (i) no current or former employee or independent contractor of Company is presently in violation of their continuing contractual, statutory, or fiduciary obligations to Company, and no employee or independent contractor of Company is in breach of any such obligation owed by such individual to any third party (including any former employer), and (ii) no employee or independent contractor of Company is a party to, or is otherwise presently bound by, any contract, including any confidentiality, noncompetition or proprietary rights contract, with any other person that adversely affects or could reasonably be expected to adversely affect (A) the performance of his or her duties to Company, (B) his or her ability to assign to Company rights to any invention, improvement, discovery or information belonging to Company, or (C) the ability of Company to conduct its business as currently conducted.

Section 3.12. *Compliance with Applicable Law*.

(a) Company holds, and has at all times since January 1, 2023, held, all licenses, registrations, franchises, certificates, variances, permits, charters and authorizations necessary for the lawful conduct of its business and ownership of its properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith), except where neither the failure to hold nor the cost of obtaining and holding such license, registration, franchise, certificate, variance, permit, charter or authorization (nor the failure to pay any fees or assessments) would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Company, and to the knowledge of Company, no suspension or cancellation of any such necessary license, registration, franchise, certificate, variance, permit, charter or authorization is threatened.

(b) Except as would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Company, Company has complied with and is not in default or violation under any applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Company, including all laws related to data protection or privacy (including laws relating to the privacy and security of data or information that constitutes personal data or personal information under applicable law ("**Personal Data**")), the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, Title V of the Gramm-Leach-Bliley Act and any other law, policy or guideline relating to bank secrecy, discriminatory lending, financing or leasing practices, consumer protection, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, the Coronavirus Aid, Relief and Economic Security (CARES) Act (the "**CARES Act**") and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans.

(c) Company has a Community Reinvestment Act rating of "satisfactory" or better.

(d) Company maintains a written information privacy and security program that includes reasonable measures to protect the privacy, confidentiality and security of all Personal Data owned, controlled or processed by Company against any (i) loss or misuse of such Personal Data, (ii) unauthorized or unlawful operations performed upon such Personal Data, or (iii) other act or omission that compromises the security or confidentiality of such Personal Data. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Company, to the knowledge of Company, since January 1, 2023, no third party has gained unauthorized access to any information technology networks or Personal Data controlled by Company.

(e) As of the date hereof, Company is "well-capitalized" (as such term is defined in the relevant regulation of the institution's primary bank regulator) and, as of the date hereof,

Company has not received any indication from a Governmental Entity that its status as "well-capitalized" or that the Community Reinvestment Act rating of Company will be downgraded within one (1) year from the date of this Agreement.

Section 3.13. *Certain Contracts*.

(a) Except as set forth on Section 3.13(a) of the Company Disclosure Schedule, as of the date hereof, Company is not a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral), but excluding any Company Benefit Plan: (i) which would be required to be filed as a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the Securities and Exchange Commission (the "**SEC**")) pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") if Company were subject to such reporting requirements; (ii) which contains a provision that limits (or purports to limit) in any material respect the ability of Company (or after the Merger, the ability of the Surviving Corporation or any of its Subsidiaries) to engage or compete in any business (including geographic restrictions and exclusive or preferential arrangements); (iii) with or to a labor union or guild (including any Collective Bargaining Agreement); (iv) which (other than extensions of credit, other customary banking products offered by Company, or derivatives issued or entered into in the ordinary course of business consistent with past practice) creates future payment obligations in excess of $250,000 annually and that by its terms does not terminate or is not terminable without penalty upon notice of 60 days or less; (v) that grants any material right of first refusal, right of first offer or similar right with respect to any material assets, rights or properties of Company; (vi) which is a merger agreement, asset purchase agreement, stock purchase agreement, deposit assumption agreement, loss sharing agreement or other commitment to a Company Regulatory Agency in connection with the acquisition of a depository institution, or similar agreement that has indemnification, earnout or other obligations that continue in effect after the date of this Agreement that are material to Company; (vii) that provides for contractual indemnification to any director, officer or employee; (viii) (A) that relates to the incurrence of indebtedness by Company, including any sale and leaseback transactions, capitalized leases and other similar financing arrangements (other than deposit liabilities, trade payables, federal funds purchased, advances and loans from the Federal Home Loan Bank and securities sold under agreements to repurchase, in each case incurred in the ordinary course of business consistent with past practice), or (B) that provides for the guarantee, credit support, indemnification, assumption or endorsement by Company of, or any similar commitment by Company with respect to, the obligations, liabilities or indebtedness of any other person, in the case of each of clauses (A) and (B), in the principal amount of $250,000 or more; (ix) that creates or relates to any partnership, joint venture or other similar arrangement; (x) with any record or beneficial owner of five percent (5%) or more of the outstanding shares of Company Common Stock; or (xi) which is a settlement, consent or similar agreement and contains any material continuing obligations of Company. Each contract, arrangement, commitment or understanding of the type described in this Section 3.13(a) (excluding any Company Benefit Plan), whether or not set forth in the Company Disclosure Schedule, is referred to herein as a "**Company Contract**." Company has made available to Parent true, correct and complete copies of each Company Contract in effect as of the date hereof.

(b) (i) Each Company Contract is valid and binding on Company and in full force and effect, except as, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Company, (ii) Company has complied with and performed all obligations required to be complied with or performed by it to date under each Company Contract, except where such noncompliance or nonperformance, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Company, (iii) to the knowledge of Company, each third-party counterparty to each Company Contract has complied with and performed all obligations required to be complied with and performed by it to date under such Company Contract, except where such noncompliance or nonperformance, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Company, (iv) Company does not have knowledge of, and has not received notice of, any violation of any Company Contract by any of the other parties thereto which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company and (v) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a breach or default on the part of Company, or to the knowledge of Company, any other party thereto, of or under any such Company Contract, except where such breach or default, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Company.

Section 3.14. *Company Supervisory Actions*. Subject to Section 9.14, Company is not subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order, directive or other supervisory action by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2023, a recipient of any supervisory letter from, or since January 1, 2023, has adopted any policies, procedures or board resolutions at the request or suggestion of, any Company Regulatory Agency or other Governmental Entity that currently restricts in any material respect or would reasonably be expected to restrict in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies or practices, its management or its business (each, whether or not set forth in the Company Disclosure Schedule, a "**Company Supervisory Action**"), nor has Company been advised since January 1, 2023, of any Company Supervisory Action by any Company Regulatory Agency or other Governmental Entity that it is considering issuing, initiating, ordering or requesting any such Company Supervisory Action.

Section 3.15. *Risk Management Instruments*. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements, whether entered into for the account of Company or for the account of a customer of Company, were entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Company Regulatory Agency and with counterparties reasonably believed to be financially responsible at the time and are legal, valid and binding obligations of Company enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions), and are in full force and effect. Company has duly performed in all material respects all of its material obligations thereunder to the extent that such obligations to perform have accrued, and, to

Company's knowledge, there are no material breaches, violations or defaults or allegations or assertions of such by any party thereto.

Section 3.16. *Environmental Matters*. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company is in compliance, and has complied since January 1, 2023, with all federal, state or local law, regulation, order, decree, permit, authorization, common law or agency requirement relating to: (a) the protection or restoration of the environment, health and safety as it relates to hazardous substance exposure or natural resource damages, (b) the handling, use, presence, disposal, release or threatened release of, or exposure to, any hazardous substance, or (c) noise, odor, wetlands, indoor air, pollution, contamination or any injury to persons or property from exposure to any hazardous substance (collectively, "**Environmental Laws**"). There are no legal, administrative, arbitral or other proceedings, claims or actions or, to the knowledge of Company, any private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that could reasonably be expected to result in the imposition, on Company of any liability or obligation arising under any Environmental Law pending or threatened against Company, which liability or obligation would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. To the knowledge of Company, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company. Company is not subject to any agreement, order, judgment, decree, letter agreement or memorandum of agreement by or with any court, Governmental Entity, Company Regulatory Agency or other third party imposing any liability or obligation with respect to the foregoing that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company.

Section 3.17. *Investment Securities and Commodities*.

(a) Company has good title to all securities and commodities owned by it (except those sold under repurchase agreements) that are material to Company on a consolidated basis, free and clear of any Lien, except to the extent such securities or commodities are pledged in the ordinary course of business consistent with past practice to secure obligations of Company. Such securities and commodities are valued on the books of Company in accordance with GAAP in all material respects.

(b) Company and its business, to the extent applicable, employs investment, securities, commodities, risk management and other policies, practices and procedures that Company believes are prudent and reasonable in the context of such business. Prior to the date of this Agreement, Company has made available to Parent the material terms of such policies, practices and procedures.

Section 3.18. *Real Property*. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company (a) has good and marketable title to all the real property reflected in the Audited Financial Statements as being owned by Company or acquired after the date thereof (except properties sold or otherwise disposed of since the date thereof in the ordinary course of business) (the "**Company Owned**

Properties"), free and clear of all Liens, except (i) statutory Liens securing payments not yet due, (ii) Liens for real property Taxes not yet due and payable, (iii) easements, rights of way, and other similar encumbrances that do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties and (iv) such imperfections or irregularities of title or Liens as do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties or the free transferability of such properties (collectively, "**Permitted Encumbrances**"), and (b) is the lessee of all leasehold estates reflected in the Audited Financial Statements or acquired after the date thereof which are material to Company's business (except for leases that have expired by their terms since the date thereof) (such leasehold estates, collectively with the Company Owned Properties, the "**Company Real Property**"), free and clear of all Liens, except for Permitted Encumbrances, and is in possession of the properties purported to be leased thereunder, and each such lease is valid without default thereunder by the lessee or, to the knowledge of Company, the lessor. There are no pending or, to the knowledge of Company, threatened condemnation proceedings against the Company Real Property.

Section 3.19. *Intellectual Property*.

(a) Section 3.19(a) of the Company Disclosure Schedule sets forth a true and complete list of all registrations and applications for registration of any and all registered Intellectual Property owned (or purported to be owned) by Company as of the date hereof. Company owns, or is licensed to use (in each case, free and clear of any material Liens), all Intellectual Property used, held for use in or otherwise necessary for the conduct of its business as currently conducted.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company: (i) to the knowledge of Company, the use of any Intellectual Property by Company does not infringe, misappropriate or otherwise violate the rights of any person and is in accordance with any applicable license pursuant to which Company acquired the right to use any Intellectual Property, (ii) to the knowledge of Company, no person has asserted in writing to Company that Company has infringed, misappropriated or otherwise violated the Intellectual Property rights of such person, (iii) to the knowledge of Company, no person is challenging, infringing on or otherwise violating any right of Company with respect to any Intellectual Property owned by and/or licensed to Company and (iv) Company has not received any written notice of any pending claim with respect to any Intellectual Property owned by Company, and Company has taken commercially reasonable actions to avoid the abandonment, cancellation or unenforceability of all Intellectual Property owned or licensed by Company and to maintain, enforce and protect the confidentiality of all Intellectual Property owned or licensed, respectively, by Company the value of which is contingent upon maintaining the confidentiality thereof.

(c) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, to the knowledge of Company, none of the software owned or distributed by Company contains any software code that is licensed under any terms or conditions that require that any software containing such code be (i) made available or distributed in source code form, (ii) licensed for the purpose of making derivative works, (iii)

licensed under terms that allow reverse engineering, reverse assembly or disassembly of any kind or (iv) redistributable at no charge.

(d) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, the IT Assets of Company operate and perform in a manner that permits Company to conduct its business as currently conducted.

(e) For purposes of this Agreement, (i) "**Intellectual Property**" means trademarks, service marks, brand names, internet domain names, logos, symbols, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries and ideas, whether patentable or not, in any jurisdiction; patents, applications for patents (including divisions, continuations, continuations in part and renewal applications), all improvements thereto, and any and all renewals, extensions or reissues thereof, in any jurisdiction; nonpublic information, trade secrets and know-how, including processes, technologies, protocols, formulae, prototypes and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any person; writings and other works, whether copyrightable or not and whether in published or unpublished works, in any jurisdiction; and registrations or applications for registration of copyrights in any jurisdiction, and any and all renewals or extensions thereof; and any and all similar intellectual property or proprietary rights throughout the world and (ii) "**IT Assets**" of any person means computers, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines and all other information technology equipment, including all documentation related to the foregoing, owned by, or licensed or leased to, such person or any of its Subsidiaries.

Section 3.20. *Related Party Transactions*. There are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions (including any transactions entered into or to be entered into in connection with the transactions contemplated hereby), between Company, on the one hand, and any current or former director or "executive officer" (as defined in Rule 3b-7 under the Exchange Act) of Company or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) five percent (5%) or more of the outstanding Company Common Stock (or any of such person's immediate family members or affiliates) on the other hand, of the type that would be required to be reported pursuant to Item 404 of Regulation S-K promulgated under the Exchange Act if the Company were subject to the reporting requirements under the Exchange Act.

Section 3.21. *State Takeover Laws*. The Board of Directors of Company has approved this Agreement and the transactions contemplated hereby and has taken all such other necessary actions as required to render inapplicable to such agreements and transactions the provisions of any potentially applicable takeover laws of any state, including any "moratorium," "control share," "fair price," "takeover" or "interested shareholder" law or any similar provisions of the Company Articles and the Company Bylaws (collectively, with any similar provisions of the Parent Articles or the Parent Bylaws, "**Takeover Statutes**").

Section 3.22. *Reorganization*. Company has not taken any action (or failed to take any action) and is not aware of any fact or circumstance that could reasonably be expected to prevent or impede the Merger from qualifying for the Intended Tax Treatment.

Section 3.23. *Opinion*. Prior to the execution of this Agreement, the board of directors of Company has received an opinion (which if initially rendered orally, has been or will be confirmed in a written opinion of the same date) from Piper Sandler & Co. to the effect that as of the date thereof and based upon and subject to the matters set forth therein, the Merger Consideration (as defined in such opinion) is fair from a financial point of view to the holders of Company Common Stock. Such opinion has not been amended or rescinded as of the date of this Agreement.

Section 3.24. *Company Information*. The information relating to Company or that is provided by Company or its Representatives for inclusion in the Proxy Statement or in any other document filed with any Company Regulatory Agency or Governmental Entity in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

Section 3.25. *Loan Portfolio*.

(a) As of the date hereof, Company is not a party to any written or oral (i) loan, loan agreement, note or borrowing arrangement (including leases, credit enhancements, commitments, guarantees and interest-bearing assets) (collectively, "**Loans**") in which Company is a creditor and under the terms of which the obligor was, as of June 30, 2025 over ninety (90) days or more delinquent in payment of principal or interest, or (ii) Loans with any director, executive officer or five percent (5%) or greater shareholder of Company, or to the knowledge of Company, any affiliate of any of the foregoing. Set forth in Section 3.25(a) of the Company Disclosure Schedule is a true, correct and complete list of (A) all of the Loans of Company that, as of June 30, 2025, were classified by Company as "Other Loans Specially Mentioned," "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List" or words of similar import, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder, together with the aggregate principal amount of and accrued and unpaid interest on such Loans, by category of Loan (*e.g.*, commercial, consumer, etc.), together with the aggregate principal amount of such Loans by category and (B) each asset of Company that, as of June 30, 2025, is classified as "Other Real Estate Owned" and the book value thereof.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, each Loan of Company (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent carried on the books and records of Company as secured Loans, has been secured by valid charges, mortgages, pledges, security interests, restrictions, claims, liens or encumbrances, as applicable, which have been perfected and (iii) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(c) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, each outstanding Loan of Company (including Loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant Loan files are being maintained, in accordance with the relevant notes or other credit or security documents, the written underwriting standards of Company (and, in the case of Loans held for resale to investors, the underwriting standards, if any, of the applicable investors), including the policy set forth on Section 3.25(c) of the Company Disclosure Schedule, and with all applicable federal, state and local laws, regulations and rules.

(d) None of the agreements pursuant to which Company has sold Loans or pools of Loans or participations in Loans or pools of Loans contain any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan.

(e) There are no outstanding Loans made by Company to any "executive officer" or other "insider" (as each such term is defined in Regulation O promulgated by the Board of Governors of the Federal Reserve System) of Company, other than Loans that are subject to and that were made and continue to be in compliance with Regulation O or that are exempt therefrom.

(f) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, Company is not now nor has it ever been since January 1, 2023 subject to any fine, suspension, settlement or other contract or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, any Governmental Entity or Company Regulatory Agency relating to the origination, sale or servicing of mortgage or consumer Loans.

(g) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, as to each Loan that is secured, whether in whole or in part, by a guaranty of the United States Small Business Administration or any other Governmental Entity, such guaranty is in full force and effect, and to Company's knowledge, will remain in full force and effect following the Effective Time, in each case, without any further action by Company, subject to the fulfillment of their obligations under the agreement with the Small Business Administration or other Governmental Entity that arise after the date hereof and assuming that any applicable applications, filings, notices, consents and approvals contemplated in Section 3.04 and Section 4.04 have been made or obtained.

Section 3.26. *Insurance*. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Company, (a) Company is insured with reputable insurers against such risks and in such amounts as the management of Company reasonably has determined to be prudent and consistent with industry practice, and Company is in compliance with their insurance policies and are not in default under any of the terms thereof, (b) each such policy is outstanding and in full force and effect and, except for policies insuring against potential liabilities of officers, directors and employees of Company, Company is the sole beneficiary of such policies, (c) all premiums and other payments due under any such policy have been paid, and all claims thereunder have been filed in due and timely fashion, (d) there is

no claim for coverage by Company pending under any insurance policy as to which coverage has been questioned, denied or disputed by the underwriters of such insurance policy and (e) Company has not received notice of any threatened termination of, material premium increase with respect to, or material alteration of coverage under, any insurance policies.

Section 3.27. *Sanctions, Anti-Money Laundering and Anti-Corruption Laws*.

(a) Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Company, Company and, to the knowledge of Company, each of its directors, officers, employees, agents, representatives and any other person acting on behalf of Company, acting alone or together, is and has been in compliance with the Foreign Corrupt Practices Act (the "**FCPA**") and any other applicable anti-corruption or anti-bribery law.

(b) Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Company, neither Company nor, to the knowledge of Company, any of its directors, officers, employees, agents, representatives or other persons acting on behalf of Company, acting alone or together, has, directly or indirectly, (i) used any funds of Company for unlawful contributions, unlawful gifts, unlawful entertainment or other expenses relating to political activity, (ii) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of Company, (iii) violated any provision that would result in the violation of the FCPA, or any similar law, (iv) established or maintained any unlawful fund of monies or other assets of Company, (v) made any fraudulent entry on the books or records of Company, or (vi) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business, to obtain special concessions for Company, to pay for favorable treatment for business secured or to pay for special concessions already obtained for Company.

(c) Neither Company nor, to the knowledge of Company, any of its directors, officers, employees, agents, representatives or other persons acting on their behalf, is, or is 50% or more owned or controlled by one or more persons that are: (i) the subject of any sanctions administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") or the U.S. Department of State, the United Nations Security Council, the European Union, or other relevant sanctions authority (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, the Crimea, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, Cuba, Iran, North Korea, Syria, the Kherson oblast, and the Zaporizhzhia oblast regions of Ukraine), except as otherwise authorized pursuant to Sanctions. Company has not engaged in business with foreign nations, organizations or individuals named on any of the following lists maintained by the OFAC or the United States Department of the Treasury: (x) the Specially Designated Nationals and Blocked Persons List; (y) the Sanctions Program and Countries Summaries Lists; or (z) Executive Order 13224.

(d) Company has instituted and maintains policies and procedures reasonably designed to promote and achieve compliance with the FCPA, and other anti-corruption and anti-bribery applicable laws, Sanctions and applicable laws governing anti-money laundering.

(e) No Governmental Entity has in the past five (5) years commenced legal, administrative, arbitral or other proceedings, claims, or actions against, or, to the knowledge of Company, is investigating or has in the past five (5) years conducted, initiated or threatened any investigation of, Company (or any of their respective directors, officers, employees, agents or representatives) for alleged violation of the FCPA and other anti-corruption and anti-bribery applicable laws, Sanctions and applicable laws governing anti-money laundering.

Section 3.28. *No Other Representations or Warranties*.

(a) Except for the representations and warranties made by Company in this Article 3, neither Company nor any other person makes any express or implied representation or warranty with respect to Company or its businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Company hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither Company nor any other person makes or has made any representation or warranty to Parent or any of its affiliates or Representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to Company or its businesses or (ii) any oral or written information presented to Parent or any of its affiliates or Representatives in the course of their due diligence investigation of Company, the negotiation of this Agreement or in the course of the transactions contemplated hereby, except in each case for the representations and warranties made by Company in this Article 3.

(b) Company acknowledges and agrees that neither Parent nor any other person has made or is making any express or implied representation or warranty other than those contained in Article 4.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PARENT

Except (a) as disclosed in the disclosure schedule delivered by Parent to Company concurrently herewith (the "**Parent Disclosure Schedule**"); *provided*, that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the Parent Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by Parent that such item represents a material exception or fact, event or circumstance or that such item would reasonably be expected to have a Material Adverse Effect on Parent and (iii) any disclosures made with respect to a section of this Article 4 shall be deemed to qualify (1) any other section of this Article 4 specifically referenced or cross-referenced and (2) other sections of this Article 4 to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections or (b) except with respect to matters that relate to the representations and warranties contained in Section 4.02, as disclosed in any Parent Reports filed by Parent since January 1, 2023, and prior to the date hereof (but disregarding risk factor disclosures contained under the heading "Risk Factors," or disclosures of risks set forth in any "forward-looking statements" disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), Parent hereby represents and warrants to Company as follows:

Section 4.01. *Corporate Organization*.

(a) Parent is a Virginia banking corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. Parent has the corporate power and authority to own, lease or operate all of its properties and assets and to carry on its business as it is now being conducted. Parent is duly licensed or qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing, qualification or standing necessary, except where the failure to be so licensed or qualified or to be in good standing would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent. True and complete copies of the articles of incorporation of Parent (the "**Parent Articles**") and the bylaws of Parent (the "**Parent Bylaws**"), in each case as in effect as of the date of this Agreement, have previously been made available by Parent to Company. Parent is not in violation of any of the provisions of the Parent Articles or the Parent Bylaws.

(b) Each Subsidiary of Parent (a "**Parent Subsidiary**") (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly licensed or qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership, leasing or operation of property or the conduct of its business requires it to be so licensed or qualified or in good standing unless the failure to be so licensed, qualified or in good standing would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent and (iii) has all requisite corporate power and authority to own, lease or operate its properties and assets and to carry on its business as now conducted. There are no restrictions on the ability of Parent or any Subsidiary of Parent to pay dividends or distributions except, in the case of Parent or a Subsidiary that is a regulated entity, for restrictions on dividends or distributions generally applicable to all similarly regulated entities. The deposit accounts of Parent are insured by the FDIC through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or, to the knowledge of Parent, threatened. No Subsidiary of Parent is in violation of any of the provisions of the articles or certificate of incorporation or bylaws (or comparable organizational documents) of such Subsidiary of Parent.

Section 4.02. *Capitalization.*

(a) As of the date of this Agreement, the authorized capital stock of Parent consists of 150,000,000 shares of Parent Common Stock and 2,000,000 shares of preferred stock, par value $5.00 per share (the "**Parent Preferred Stock**"). As of the Capitalization Date, there were (i) 75,424,601 shares of Parent Common Stock issued and outstanding, including 160,367 shares of Parent Common Stock granted in respect of time-based restricted stock awards ("**Parent Restricted Stock Awards**"), (ii) 699,659 shares of Parent Common Stock reserved for issuance upon the settlement of outstanding time-based restricted stock unit awards in respect of shares of Parent Common Stock ("**Parent RSU Awards**"), (iii) zero shares of Parent Preferred Stock issued and outstanding, (iv) zero shares of Parent Common Stock held in treasury, (v) 98,204

shares of Parent Common Stock reserved for issuance upon the conversion of the 6.0% Convertible Subordinated Capital Note, due December 1, 2029, issued by Parent under the Indenture, dated as of November 29, 2024, between Parent and U.S. Bank Trust Company, National Association, as trustee (the "**Parent Convertible Note**"), and (vi) no other shares of capital stock or other voting securities or equity interests of Parent issued, reserved for issuance or outstanding. As of the date of this Agreement, except as set forth in the immediately preceding sentence, and for changes since the Capitalization Date resulting from the vesting or settlement of any Parent Restricted Stock Awards and Parent RSU Awards (collectively, "**Parent Equity Awards**") described in the immediately preceding sentence, there are no shares of capital stock or other voting securities or equity interests of Parent issued, reserved for issuance or outstanding. All of the issued and outstanding shares of Parent Common Stock have been duly authorized and validly issued and are fully paid, nonassessable (except as provided under any provision of applicable state law comparable to 12 U.S.C. § 55) and free of preemptive rights, with no personal liability attaching to the ownership thereof. Except for the Parent Convertible Note, there are no trust preferred or subordinated debt securities of Parent or any Parent Subsidiary issued or outstanding. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which shareholders of Parent may vote. Other than Parent Equity Awards outstanding as of the date of this Agreement, as of the date of this Agreement there are no outstanding subscriptions, equity or equity-based compensation awards (including options, stock appreciation rights, phantom units or shares, restricted stock, restricted stock units, performance stock units, performance awards, profit participation rights, or dividend or dividend equivalent rights or similar awards), warrants, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible or exchangeable into or exercisable for, shares of capital stock or other voting or equity securities of or ownership interest in Parent, or contracts, commitments, understandings or arrangements by which Parent may become bound to issue additional shares of its capital stock or other equity or voting securities of or ownership interests in Parent or that otherwise obligate Parent or any Parent Subsidiary to issue, transfer, sell, purchase, redeem or otherwise acquire, any of the foregoing. No Parent Subsidiary owns any capital stock of Parent. There are no voting trusts, shareholder agreements, proxies or other agreements in effect to which Parent or any of its Subsidiaries is a party with respect to the voting or transfer of Parent Common Stock, capital stock or other voting or equity securities or ownership interests of Parent or granting any shareholder or other person any registration rights.

(b) Parent owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the Parent Subsidiaries, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to Subsidiaries that are depository institutions, as provided under any provision of applicable state law comparable to 12 U.S.C. § 55) and free of preemptive rights, with no personal liability attaching to the ownership thereof. Other than the shares of capital stock or other equity ownership interests described in the previous sentence, there are no outstanding subscriptions, options, warrants, stock appreciation rights, phantom units, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible into or exchangeable or exercisable for, shares of capital stock or other voting or equity securities of or ownership interests in any Parent Subsidiary, or

contracts, commitments, understandings or arrangements by which any Parent Subsidiary may become bound to issue additional shares of its capital stock or other equity or voting securities or ownership interests in such Parent Subsidiary, or otherwise obligating Parent or any Parent Subsidiary to issue, transfer, sell, purchase, redeem or otherwise acquire any of the foregoing.

Section 4.03. *Authority; No Violation*.

(a) Parent has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the Merger have been duly and validly approved by the Board of Directors of Parent. The Board of Directors of Parent has determined that the Merger, on the terms and conditions set forth in this Agreement, is advisable and in the best interests of Parent and its shareholders, and has adopted and approved this Agreement and the transactions contemplated hereby (including the Merger). No other corporate proceedings on the part of Parent are necessary to approve this Agreement or to consummate the transactions contemplated hereby (including the Merger). No vote or approval of the shareholders of Parent is required in connection with the adoption of this Agreement or the consummation of the Merger or the other transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and (assuming due authorization, execution and delivery by Company) constitutes a valid and binding obligation of Parent, enforceable against Parent in accordance with its terms (except in all cases as such enforceability may be limited by the Enforceability Exceptions). The shares of Parent Common Stock to be issued in the Merger will, upon issuance and delivery at the Closing, be validly authorized, and when issued, will be validly issued, fully paid and nonassessable, and no current or past shareholder of Parent will have any preemptive right or similar rights in respect thereof.

(b) Neither the execution and delivery of this Agreement by Parent, nor the consummation by Parent of the transactions contemplated hereby (including the Merger), nor compliance by Parent with any of the terms or provisions hereof, will (i) violate any provision of the Parent Articles or the Parent Bylaws or the articles or certificate of incorporation or bylaws (or similar organizational documents) of any Parent Subsidiary or (ii) assuming that the consents and approvals referred to in Section 4.04 are duly obtained, (x) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Parent or any of its Subsidiaries or any of their respective properties or assets or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Parent or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clauses (x) and (y) above) for such violations, conflicts, breaches or defaults that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent.

Section 4.04. *Consents and Approvals*. Except for (a) the filing of any required applications, filings and notices, as applicable, with Nasdaq, (b) the filing of any required

applications, filings and notices, or the seeking of waivers therefrom as applicable, with (i) the FDIC under the Bank Merger Act, (ii) the BFI of the VSCC and (iii) the North Carolina Commissioner of Banks and approval of such applications, filings and notices or the receipt of waivers therefrom, (c) the filing of the Articles of Merger with the VSCC pursuant to the VSCA and the North Carolina Secretary pursuant to the NCBCA, (d) the filing of articles of amendment with the North Carolina Secretary pursuant to the NCBCA to effect the Company Articles Amendment and (e) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement and the approval of the listing of such Parent Common Stock on Nasdaq, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (x) the execution and delivery by Parent of this Agreement or (y) the consummation by Parent of the Merger and the other transactions contemplated hereby. As of the date hereof, to the knowledge of Parent, there is no reason why the necessary regulatory approvals and consents will not be received by Parent to permit consummation of the Merger on a timely basis.

Section 4.05. *Reports*. Parent and each of its Subsidiaries have timely filed (or furnished) all reports, forms, correspondence, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file (or furnish, as applicable) since January 1, 2023 with (i) each state bank regulatory authority and any other state regulatory authority, (ii) the FDIC, (iii) any foreign regulatory authority and (iv) any self-regulatory organization (clauses (i) – (iv), collectively, "**Parent Regulatory Agencies**"), including any report, form, correspondence, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any foreign entity, or any Parent Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file (or furnish, as applicable) such report, form, correspondence, registration or statement or to pay such fees and assessments would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent. As of their respective dates, such reports, forms, correspondence, registrations and statements, and other filings, documents and instruments were complete and accurate and complied with all applicable laws, in each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent. Subject to Section 9.14, except for normal examinations conducted by a Parent Regulatory Agency in the ordinary course of business of Parent and its Subsidiaries, no Parent Regulatory Agency has initiated or has pending any proceeding or, to the knowledge of Parent, investigation into the business or operations of Parent or any of its Subsidiaries since January 1, 2023, except where such proceedings or investigations would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent. Subject to Section 9.14, there (i) is no unresolved violation, criticism, or exception by any Parent Regulatory Agency with respect to any report or statement relating to any examinations or inspections of Parent or any of its Subsidiaries and (ii) has been no formal or informal inquiries by, or disagreements or disputes with, any Parent Regulatory Agency with respect to the business, operations, policies or procedures of Parent or any of its Subsidiaries since January 1, 2023, in each case, which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent.

Section 4.06. *Financial Statements*.

(a) The financial statements of Parent and its Subsidiaries included (or incorporated by reference) in the Parent Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of Parent and its Subsidiaries, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in shareholders' equity and consolidated financial position of Parent and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the FDIC, in all material respects with applicable accounting requirements and with the published rules and regulations of the FDIC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of Parent and its Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. Since January 1, 2023, no independent public accounting firm of Parent has resigned (or informed Parent that it intends to resign) or been dismissed as independent public accountants of Parent as a result of or in connection with any disagreements with Parent on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, neither Parent nor any of its Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities that are reflected or reserved against on the consolidated balance sheet of Parent included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2024, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of Parent and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Parent or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent. Parent (x) has implemented and maintains disclosure controls and procedures and internal controls over financial reporting (as defined in Rule 13a-15(e) and (f), respectively, of the Exchange Act) to ensure that material information relating to Parent, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of Parent by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act and (y) has disclosed, based on its most recent evaluation prior to the date hereof, to Parent's outside auditors and the audit committee of Parent's Board of Directors (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to materially adversely affect Parent's ability to

record, process, summarize and report financial information, and (ii) any fraud that involves management or senior employees who have a significant role in Parent's internal controls over financial reporting. These disclosures were made in writing by management to Parent's auditors and audit committee. Neither Parent nor its independent audit firm has identified any unremediated material weakness in internal controls over financial reporting or disclosure controls and procedures. Parent has no reason to believe that its outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2023, (i) neither Parent nor any of its Subsidiaries, nor, to the knowledge of Parent, any Representative of Parent or any of its Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of Parent or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that Parent or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no employee of or attorney representing Parent or any of its Subsidiaries, whether or not employed by Parent or any of its Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by Parent or any of its Subsidiaries or any of their respective officers, directors, employees or agents to the Board of Directors of Parent or any committee thereof or the Board of Directors or similar governing body of any Parent Subsidiary or any committee thereof, or to the knowledge of Parent, to any director or officer of Parent or any Parent Subsidiary.

Section 4.07. *Broker's Fees*. With the exception of the engagement of Raymond James & Associates, Inc., neither Parent nor any Parent Subsidiary nor any of their respective officers or directors on behalf of Parent has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or related transactions contemplated by this Agreement.

Section 4.08. *Absence of Certain Changes or Events*.

(a) Since December 31, 2024, there has not been any effect, change, event, circumstance, condition, occurrence or development that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent.

(b) Since December 31, 2024 and until the date of this Agreement, Parent and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

Section 4.09. *Legal Proceedings*.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, neither Parent nor any of its Subsidiaries is a party to any, and there are no outstanding or pending or, to the knowledge of Parent, threatened,

legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Parent or any of its Subsidiaries or any of their current or former directors or executive officers or challenging the validity or propriety of the transactions contemplated by this Agreement.

(b) There is no material injunction, order, judgment, decree, or regulatory restriction imposed upon Parent, any of its Subsidiaries or the assets of Parent or any of its Subsidiaries (or that, upon consummation of the Merger, would apply to the Surviving Corporation or any of its affiliates).

Section 4.10. *Taxes and Tax Returns*. Each of Parent and its Subsidiaries has duly and timely filed (including all applicable extensions) all income and other material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true, correct, and complete in all material respects. All material Taxes of Parent and its Subsidiaries (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of Parent and its Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, shareholder, independent contractor, depositor, holder of securities of Parent or any of its Subsidiaries or other third party. Each of Parent and its Subsidiaries is fully compliant in receiving from its depositors and maintaining Forms W-9, W-8 and any other documentation claiming or supporting exemption from withholding Taxes. Neither Parent nor any of its Subsidiaries has received written notice of assessment or proposed assessment in connection with any material amount of Taxes, and, to the knowledge of Parent, there are no threatened in writing or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of Parent and its Subsidiaries or the assets of Parent and its Subsidiaries. Neither Parent nor any of its Subsidiaries has any liability for the Taxes of any person (other than Parent or any of its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. Neither Parent nor any of its Subsidiaries has been, within the past two (2) years or otherwise as part of a "plan (or series of related transactions)" within the meaning of Section 355(e) of the Code of which the Merger is also a part, a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Neither Parent nor any of its Subsidiaries has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b). Each of Parent and its Subsidiaries compliant with reporting (i) large cash transactions as required under the Bank Secrecy Act, and (ii) and remitting abandoned property under applicable state abandoned property and escheat statutes.

Section 4.11. *Risk Management Instruments*. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements, whether entered into for the account of Parent or any of its Subsidiaries or for the account of a customer of Parent or one of its Subsidiaries, were entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Parent Regulatory Agency and with counterparties reasonably believed to be financially responsible at the time and are legal, valid and binding obligations of Parent or one of its Subsidiaries enforceable in accordance with their

terms (except as may be limited by the Enforceability Exceptions), and are in full force and effect. Parent and each of its Subsidiaries have duly performed in all material respects all of their material obligations thereunder to the extent that such obligations to perform have accrued, and, to Parent's knowledge, there are no material breaches, violations or defaults or allegations or assertions of such by any party thereto.

Section 4.12. *Employees*.

(a) For purposes of this Agreement, the term "**Parent Benefit Plans**" means an Employee Benefit Plan to which Parent, any Parent Subsidiary or any of their respective ERISA Affiliates is a party or has any current or future obligation or that is maintained, contributed to or sponsored by Parent, any of its Subsidiaries or any of their ERISA Affiliates for the benefit of any current or former employee, officer, director or independent contractor of Parent, any of its Subsidiaries or any of their ERISA Affiliates, or for which Parent, any of its Subsidiaries or any of their ERISA Affiliates has any direct or indirect liability, excluding, in each case, any Multiemployer Plan.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, each Parent Benefit Plan has been established, operated and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, neither Parent nor any of its Subsidiaries has taken any action to take corrective action or make a filing under any voluntary correction program of the IRS, the DOL or any other Governmental Entity with respect to any Parent Benefit Plan, and neither Parent nor any of its Subsidiaries has any knowledge of any plan defect that would qualify for correction under any such program.

(c) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, all contributions required to be made to any Parent Benefit Plan by applicable law or by any plan document or other contractual undertaking, and all premiums due or payable with respect to insurance policies funding any Parent Benefit Plan, for any period through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of Parent.

Section 4.13. *FDIC Reports*. Parent has previously made available to Company an accurate and complete copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed with or furnished to the FDIC since January 1, 2023 by Parent pursuant to the Exchange Act (the "**Parent Reports**") and (b) communication mailed by Parent to its shareholders since January 1, 2023 and prior to the date hereof, and no such Parent Report or communication, as of the date thereof (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. Since January 1, 2023, as of their respective dates, all Parent

Reports filed or furnished under the Exchange Act complied in all material respects with the published rules and regulations of the FDIC with respect thereto. No executive officer of Parent has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act. As of the date of this Agreement, there are no outstanding comments from or unresolved issues raised by the FDIC with respect to any of the Parent Reports.

Section 4.14. *Compliance with Applicable Law*.

(a) Parent and each of its Subsidiaries hold, and have at all times since January 1, 2023, held, all licenses, registrations, franchises, certificates, variances, permits, charters and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith), except where neither the failure to hold nor the cost of obtaining and holding such license, registration, franchise, certificate, variance, permit, charter or authorization (nor the failure to pay any fees or assessments) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, and to the knowledge of Parent, no suspension or cancellation of any such necessary license, registration, franchise, certificate, variance, permit, charter or authorization is threatened.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, Parent and each of its Subsidiaries have complied with and are not in default or violation under any applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Parent or any of its Subsidiaries, including all laws related to data protection or privacy (including laws relating to the privacy and security of Personal Data), the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, Title V of the Gramm-Leach-Bliley Act, and any other law, policy or guideline relating to bank secrecy, discriminatory lending, financing or leasing practices, consumer protection, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, the CARES Act, and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans.

(c) Parent has a Community Reinvestment Act rating of "satisfactory" or better.

(d) Parent maintains a written information privacy and security program that includes reasonable measures to protect the privacy, confidentiality and security of all Personal Data owned, controlled or processed by Parent and its Subsidiaries against any (i) loss or misuse of such Personal Data, (ii) unauthorized or unlawful operations performed upon such Personal Data, or (iii) other act or omission that compromises the security or confidentiality of such Personal Data. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, to the knowledge of Parent, since January 1,

2023, no third party has gained unauthorized access to any information technology networks or Personal Data controlled by Parent and its Subsidiaries.

(e) As of the date hereof, Parent is "well-capitalized" (as such term is defined in the relevant regulation of the institution's primary bank regulator) and, as of the date hereof, neither Parent nor any of its Subsidiaries has received any indication from a Governmental Entity that its status as "well-capitalized" or that Parent's Community Reinvestment Act rating will be downgraded within one (1) year from the date of this Agreement.

(f) Parent maintains policies and procedures reasonably designed to promote and achieve compliance with anti-corruption, anti-bribery and anti-money laundering laws applicable to Parent. Except as would not be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, Parent and its Subsidiaries and, to the knowledge of Parent, each of their respective directors, officers, employees, agents, representatives and any other person acting on their behalf, is and has been in material compliance with all applicable anti-corruption, anti-bribery and anti-money laundering laws.

Section 4.15. *Parent Supervisory Actions*. Subject to Section 9.14, neither Parent nor any of its Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order, directive or other supervisory action by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2023, a recipient of any supervisory letter from, or since January 1, 2023, has adopted any policies, procedures or board resolutions at the request or suggestion of, any Parent Regulatory Agency or other Governmental Entity that currently restricts in any material respect or would reasonably be expected to restrict in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies or practices, its management or its business (each, whether or not set forth in the Parent Disclosure Schedule, a "**Parent Supervisory Action**"), nor has Parent or any of its Subsidiaries been advised since January 1, 2023, of any Parent Supervisory Action by any Parent Regulatory Agency or other Governmental Entity that it is considering issuing, initiating, ordering or requesting any such Parent Supervisory Action.

Section 4.16. *Customer Relationships*.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, each trust or wealth management customer of Parent or any of its Subsidiaries has been originated and serviced (i) in conformity with the applicable policies of Parent and its Subsidiaries, (ii) in accordance with the terms of any applicable contract governing the relationship with such customer, (iii) in accordance with the applicable policies of Parent and its Subsidiaries regarding instructions received from such customers and their authorized representatives and authorized signers, (iv) consistent with each customer's risk profile in effect at such time and (v) in compliance with all applicable laws and

Parent's and its Subsidiaries' constituent documents, including any policies and procedures adopted thereunder and in effect at such time.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, since January 1, 2023, none of Parent, any of its Subsidiaries or any of their respective directors, officers or employees has committed any breach of trust or fiduciary duty with respect to any of the accounts maintained on behalf of any trust or wealth management customer of Parent or any of its Subsidiaries. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Parent, since January 1, 2023, none of Parent or any of its Subsidiaries has been, and none are currently, engaged in any dispute with, or subject to claims by, any such trust or wealth management customer for breach of fiduciary duty or otherwise in connection with any such account.

Section 4.17. *State Takeover Laws*. The Board of Directors of Parent has approved this Agreement and the transactions contemplated hereby and has taken all such other necessary actions as required to render inapplicable to such agreements and transactions the provisions of any potentially applicable Takeover Statutes. In accordance with Section 13.1-730 of the VSCA, no appraisal or dissenters' rights will be available to the holders of Parent Common Stock in connection with the Merger.

Section 4.18. *Reorganization*. Parent has not taken any action (or failed to take any action) and is not aware of any fact or circumstance that could reasonably be expected to prevent or impede the Merger from qualifying for the Intended Tax Treatment.

Section 4.19. *Opinion*. Prior to the execution of this Agreement, the board of directors of Parent has received an opinion (which if initially rendered orally, has been or will be confirmed in a written opinion of the same date) from Raymond James & Associates, Inc. to the effect that as of the date thereof and based upon and subject to the matters set forth therein, the Merger Consideration to be delivered pursuant to this Agreement is fair from a financial point of view to Parent. Such opinion has not been amended or rescinded as of the date of this Agreement.

Section 4.20. *Parent Information*. The information relating to Parent and its Subsidiaries or that is provided by Parent or its Subsidiaries or their respective Representatives for inclusion in the Proxy Statement or in any other document filed with any Parent Regulatory Agency or Governmental Entity in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

Section 4.21. *No Other Representations or Warranties*.

(a) Except for the representations and warranties made by Parent in this Article 4, neither Parent nor any other person makes any express or implied representation or warranty with respect to Parent, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Parent hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer,

neither Parent nor any other person makes or has made any representation or warranty to Company or any of its affiliates or Representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to Parent, any of its Subsidiaries or their respective businesses or (ii) any oral or written information presented to Company or any of its affiliates or Representatives in the course of their due diligence investigation of Parent, the negotiation of this Agreement or in the course of the transactions contemplated hereby, except in each case for the representations and warranties made by Parent in this Article 4.

(b) Parent acknowledges and agrees that neither Company nor any other person has made or is making any express or implied representation or warranty other than those contained in Article 3.

ARTICLE 5
COVENANTS RELATING TO CONDUCT OF BUSINESS

Section 5.01. *Conduct of Businesses by Company Prior to the Effective Time*. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as expressly contemplated or permitted by this Agreement (including as set forth in the Company Disclosure Schedule), required by law or as consented to in writing by Parent (such consent not to be unreasonably withheld, conditioned or delayed), Company shall, and shall cause each of its Subsidiaries to, (a) conduct its business in the ordinary course consistent with past practice in all material respects, (b) use reasonable best efforts to maintain and preserve intact its business organization, employees and advantageous business relationships (including relationships with Governmental Entities), and (c) take no action that would reasonably be expected to adversely affect or delay the ability of either Parent or Company to obtain any necessary approvals of any Parent Regulatory Agency, Company Regulatory Agency or other Governmental Entity required for the transactions contemplated hereby or to perform its covenants and agreements under this Agreement or to consummate the transactions contemplated hereby on a timely basis.

Section 5.02. *Forbearances of Company*. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in the Company Disclosure Schedule, as expressly contemplated or permitted by this Agreement or as required by law, Company shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed):

(a) other than (i) federal funds borrowings and Federal Home Loan Bank borrowings, in each case with a maturity not in excess of six (6) months, (ii) deposits in the ordinary course of business consistent with past practice, (iii) issuances of letters of credit, (iv) sales of certificates of deposit and (v) entry into repurchase agreements, in each case of clauses (i) through (v), in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money (other than indebtedness of Company or any of its wholly owned Subsidiaries to Company or any of its wholly owned Subsidiaries), or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity;

(b)

(i) adjust, split, combine or reclassify any capital stock;

(ii) make, declare, pay or set a record date for any dividend, or any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or other equity or voting securities or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) or exchangeable into or exercisable for any shares of its capital stock or other equity or voting securities, including any Company Securities except the acceptance of shares of Company Common Stock as payment for withholding Taxes incurred in connection with the vesting of Company Restricted Stock Awards, in each case, outstanding as of the date hereof;

(iii) grant any stock options, warrants, restricted stock units, performance stock units, phantom stock units, restricted shares or other equity or equity-based awards or interests, or grant any person any right to acquire any Company Securities under a Company Stock Plan or otherwise; or

(iv) issue, sell, transfer, encumber or otherwise permit to become outstanding any shares of capital stock or voting securities or equity interests or securities convertible (whether currently convertible or convertible only after the passage of time of the occurrence of certain events) or exchangeable into, or exercisable for, any shares of its capital stock or other equity or voting securities, including any Company Securities, or any options, warrants, or other rights of any kind to acquire any shares of capital stock or other equity or voting securities, including any Company Securities;

(c) sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets to any individual, corporation or other entity other than a wholly owned Subsidiary, or cancel, release or assign any indebtedness to any such person or any claims held by any such person, in each case other than (i) sales and dispositions of immaterial properties or assets in the ordinary course of business consistent with past practice or (ii) pursuant to contracts or agreements in force at the date of this Agreement and set forth on Section 5.02(c) of the Company Disclosure Schedule;

(d) except for (i) foreclosures or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith in the ordinary course of business consistent with past practice or (ii) such other acquisitions in the ordinary course of business consistent with past practice in amounts that do not exceed $50,000 individually or $100,000 in the aggregate, make any material investment in or acquisition of (whether by purchase of stock or securities, contributions to capital, property transfers, merger or consolidation, or formation of a joint venture or otherwise) any other person or the property or assets of any other person, in each case other than a wholly owned Subsidiary of Company;

(e) in each case except for transactions in the ordinary course of business consistent with past practice, (i) terminate, materially amend, or waive any material provision of, or waive, release, compromise or assign any material rights or claims under, any Company Contract (or

any contract entered into after the date hereof that would be a Company Contract if it were in effect on the date of this Agreement), or make any change in any instrument or agreement governing the terms of any of its securities, other than normal renewals of contracts without material adverse changes of terms with respect to Company, or (ii) enter into any contract that would constitute a Company Contract, if it were in effect on the date of this Agreement;

(f) except as required by the terms (in effect as of the date hereof) of any Company Benefit Plan or by applicable law, (i) enter into, adopt, amend or terminate any employment agreement, offer letter, retention agreement, change in control or transaction bonus agreement, severance agreement or similar arrangement, other than entering into offer letters that do not contain severance or change in control provisions in the ordinary course of business consistent with past practice with respect to an employee hire who is not (and would not be) an executive officer or any employee reporting directly to an executive officer or who would not have a target annual compensation opportunity (base salary, target annual bonus and target long-term incentive opportunity) of $150,000 or more (each, a "**Key Employee**"), (ii) enter into, adopt, materially amend or terminate any Employee Benefit Plan or any Collective Bargaining Agreement, (iii) increase the compensation or benefits payable to any current or former employee, director or individual consultant, other than increases in base salary or wage rate to employees who are not Key Employees in connection with Company's annual compensation reviews in the ordinary course of business consistent with past practice, (iv) pay or award, or accelerate the vesting of, any non-equity bonuses or incentive compensation, (v) grant or accelerate the vesting or payment of any equity-based compensation, (vi) fund any rabbi trust or similar arrangement, (vii) terminate the employment of any Key Employee, other than for cause, or (viii) hire any individual who would be a Key Employee;

(g) settle any claim, suit, action or proceeding, except involving solely monetary remedies in an amount not in excess of $500,000 individually or $1,000,000 in the aggregate, and that would not impose any material restriction on, or create any adverse precedent that would be material to, the business of it or its Subsidiaries or the Surviving Corporation or to the receipt of regulatory approvals for the transactions contemplated hereby on a timely basis;

(h) take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the Merger from qualifying for the Intended Tax Treatment;

(i) amend its articles of incorporation, its bylaws or comparable governing documents of its Subsidiaries;

(j) merge or consolidate itself or any of its Subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries;

(k) other than in prior consultation with Parent, materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported;

(l) implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or applicable law, regulation or policies imposed by any Governmental Entity;

(m) enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management, interest rate, fee pricing or other material banking or operating policies and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital exposure applicable with respect to its loan portfolio or any segment thereof), except as required by applicable law, regulation or policies imposed by any Governmental Entity;

(n) make any material changes in its policies and practices with respect to (i) underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service, Loans or (ii) its investment securities portfolio, hedging practices and policies or its policies with respect to the classification or reporting of such portfolios, in each case except as required by law or requested by a Company Regulatory Agency;

(o) (i) make, renew, restructure or otherwise modify any Loan other than Loans that are made, renewed, restructured or otherwise modified in the ordinary course of business consistent with past practice (excluding participations) or Loans that were previously acquired in the ordinary course of business consistent with past practice, in each case originated in compliance with Company's internal loan policies and that have (A) in the case of unsecured Loans, a principal balance not in excess of $500,000, (B) in the case of secured Loans, a principal balance not in excess of $3,500,000, (C) in the case of any Small Business Administration Loans, a principal balance not in excess of $2,000,000 and (D) total exposure to the borrower and its affiliates not in excess of $7,000,000; (ii) except in the ordinary course of business, take any action that would result in any discretionary release of collateral or guarantees or otherwise restructure the respective amounts set forth in clause (i) above; (iii) enter into any Loan securitization or create any special purpose funding entity; or (iv) purchase or otherwise acquire any Loans from unaffiliated third parties (including any Loan participations), except for acquisitions in satisfaction of debts previously contracted in good faith. In the event that Parent's prior written consent is required pursuant to clause (i) above, Parent shall use its commercially reasonable efforts to provide such consent within two (2) business days of any request by Company, and if Parent does not respond to a request for consent pursuant to this Section 5.02(o) within two (2) business days of having received such request together with the relevant Loan package, such non-response shall be deemed to constitute consent (*provided* that if Parent reasonably requests additional information from Company during such two (2)-business day period, such period shall be tolled and a new two (2)-business day period shall apply upon Parent's receipt of the requested information from Company);

(p) make, or commit to make, any capital expenditures that exceed the amounts set forth in Company's capital expenditure budget set forth in Section 5.02(p) of the Company Disclosure Schedule;

(q) make, change or revoke any material Tax election, change an annual Tax accounting period, adopt or change any material Tax accounting method, file any material

amended Tax Return, enter into any closing agreement with respect to a material amount of Taxes, or settle any material Tax claim, audit, assessment or dispute or surrender any material right to claim a refund of Taxes; or

(r) agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of, any of the actions prohibited by this Section 5.02.

Section 5.03. *Forbearances of Parent*. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in the Parent Disclosure Schedule, as expressly contemplated or permitted by this Agreement or as required by law, Parent shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of Company (such consent not to be unreasonably withheld, conditioned or delayed):

(a) adjust, split, combine or reclassify any shares of Parent Common Stock;

(b) take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the Merger from qualifying for the Intended Tax Treatment;

(c) amend its articles of incorporation or bylaws in a manner that would materially and adversely affect the holders of Company Common Stock, or adversely affect the holders of Company Common Stock relative to other holders of Parent Common Stock;

(d) take any action that would reasonably be expected to adversely affect or delay the ability of either Parent or Company to obtain any necessary approvals of any Parent Regulatory Agency, Company Regulatory Agency or other Governmental Entity required for the transactions contemplated hereby or to perform its covenants and agreements under this Agreement or to consummate the transactions contemplated hereby on a timely basis; or

(e) agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of, any of the actions prohibited by this Section 5.03.

ARTICLE 6
ADDITIONAL AGREEMENTS

Section 6.01. *Regulatory Matters*.

(a) Promptly after the date of this Agreement, Company shall prepare a proxy statement, which will include an offering circular with respect to the shares of Parent Common Stock to be issued in the Merger (the "**Proxy Statement**"), and use reasonable best efforts to commence the mailing of such Proxy Statement to its shareholders within sixty (60) days after the date of this Agreement. Each party agrees to cooperate with the other party and its legal, financial and accounting advisors, in the preparation of the Proxy Statement. Each party shall prepare and furnish to other parties such information relating to it and its directors, officers and

shareholders and such party's business and operations as may be reasonably required, which information may be based on such party's knowledge of and access to the information required for said document and advice of counsel with respect to disclosure obligations. If at any time prior to the receipt of the Requisite Company Vote, any party discovers any information that should be set forth in an amendment or supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, such party shall promptly notify the other parties and, to the extent required by applicable law, an appropriate amendment or supplement describing such information shall be promptly disseminated by Company to its shareholders. Parent shall also use its reasonable best efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement, and Company shall furnish all information concerning Company and the holders of Company Common Stock as may be reasonably requested in connection with any such action, which information may be based on Company's knowledge of and access to the information requested and advice of counsel with respect to such permits and approvals.

(b) The parties hereto shall cooperate with each other and use their reasonable best efforts to promptly (and in the case of the applications, notices, petitions and filings in respect of the Requisite Regulatory Approvals, within forty-five (45) days of the date of this Agreement) prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, orders, approvals, waivers, non-objections and authorizations of all third parties and Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including the Merger and the Company Articles Amendment), and to comply with the terms and conditions of all such permits, consents, orders, approvals, waivers, non-objections and authorizations of all such third parties and Governmental Entities. Without limiting the generality of the foregoing, as soon as practicable and in no event later than forty-five (45) days after the date of this Agreement, Parent and Company shall, and shall cause their respective Subsidiaries to, each prepare and file any applications, notices and filings required to be filed with any bank regulatory agency in order to obtain the Requisite Regulatory Approvals. Parent and Company shall each use, and shall each cause their applicable Subsidiaries to use, reasonable best efforts to obtain each such Requisite Regulatory Approval as promptly as reasonably practicable. Parent and Company shall have the right to review and provide comments in advance, and, to the extent practicable, each will consult the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to Company or Parent, as the case may be, and any of their respective Subsidiaries, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with each other with respect to the obtaining of all permits, consents, orders, approvals, waivers, non-objections and authorizations of, and the filing of notices to, all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein, and each party shall consult with the other in advance of any meeting or conference with any Governmental

Entity in connection with the transactions contemplated by this Agreement and, to the extent permitted by such Governmental Entity, give the other party and/or its counsel the opportunity to attend and participate in such meetings and conferences, in each case subject to applicable law; and *provided* that each party shall promptly advise the other party with respect to substantive matters that are addressed in any meeting or conference with any Governmental Entity which the other party does not attend or participate in, to the extent permitted by such Governmental Entity and applicable law. The parties' obligations under this Section 6.01(b) are, in each case, subject to laws relating to the exchange of information (including with respect to confidential supervisory information) and subject to necessary redactions relating to confidential or sensitive information. As used in this Agreement, the term "**Requisite Regulatory Approvals**" shall mean all permits, consents, orders, approvals, waivers, non-objections and authorizations (and the expiration or termination of all statutory waiting periods in respect thereof) from (i) the FDIC under the Bank Merger Act, (ii) the BFI of the VSCC and (iii) the North Carolina Commissioner of Banks.

(c) Each party shall use its reasonable best efforts to resolve any objection that may be asserted by any Governmental Entity with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to require Parent or any of its Subsidiaries, and Company shall not be permitted (without the written consent of Parent), to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the foregoing permits, consents, orders, approvals, waivers, non-objections and authorizations of Governmental Entities that would reasonably be expected to have a material adverse effect on the Surviving Corporation and its Subsidiaries after giving effect to the Merger (measured on a scale relative to Parent and its Subsidiaries, taken as a whole, after giving effect to the Merger) (a "**Materially Burdensome Regulatory Condition**").

(d) Parent and Company shall, upon request, furnish each other with all information concerning themselves, their Subsidiaries, directors, officers and shareholders, and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement or any other statement, filing, notice or application made by or on behalf of Parent, Company or any of their respective Subsidiaries to any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement.

(e) Parent and Company shall promptly advise each other upon receiving any communication from any Governmental Entity whose consent or approval is required for consummation of the transactions contemplated by this Agreement that causes such party to believe that there is a reasonable likelihood that any Requisite Regulatory Approval will not be obtained, or that the receipt of any such approval will be materially delayed.

Section 6.02. *Access to Information; Confidentiality*.

(a) Upon reasonable notice and subject to applicable laws, each of Company and Parent, for the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement, shall, and shall cause each of their respective Subsidiaries to, afford to the Representatives of the other party, access, during normal business hours during the period prior to the Effective Time, to all its

properties, books, contracts, commitments, personnel, information technology systems, and records (or in the case of access by Company, all of the foregoing as reasonably requested, taking into account the circumstances of Company as a party to the transactions contemplated hereby), *provided* that such investigation or requests shall not interfere unnecessarily with normal operations of the party, and each shall cooperate with the other party in preparing to execute after the Effective Time the conversion or consolidation of systems and business operations generally, and, during such period, each of Company and Parent shall, and shall cause its Subsidiaries to, make available to the other party (i) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws or federal or state banking laws (other than reports or documents that Company or Parent, as the case may be, is not permitted to disclose under applicable law), and (ii) all other information concerning its business, properties and personnel as such party may reasonably request in light of such party's circumstances as a party to the transactions contemplated hereby. Notwithstanding the above provisions in this Section 6.02(a), Parent, Company and their respective Representatives shall not be entitled to receive information directly relating to the negotiation by the other party of this Agreement and, except as otherwise provided herein, Parent and its Representatives shall not be entitled to receive information directly relating to an Acquisition Proposal. Neither Parent nor Company nor any of their respective Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of Parent's or Company's, as the case may be, customers, jeopardize the attorney-client privilege of the institution in possession or control of such information (after giving due consideration to the existence of any common interest, joint defense or similar agreement between the parties) or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) Each of Company and Parent shall hold all information furnished by or on behalf of the other party or any of such party's Subsidiaries or Representatives pursuant to this Agreement in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement, dated July 8, 2025, between Parent and Company (the "**Confidentiality Agreement**").

(c) No investigation by either of the parties or their respective Representatives shall affect or be deemed to modify or waive the representations, warranties, covenants and agreements of the other set forth herein. Nothing contained in this Agreement shall give either party, directly or indirectly, the right to control or direct the operations of the other party prior to the Effective Time. Prior to the Effective Time, each party shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

Section 6.03. *Shareholder Approval*. Company shall call, give notice of, establish a record date for, convene and hold a meeting of its shareholders (the "**Company Meeting**") to be held as soon as reasonably practicable after the Proxy Statement is mailed, for the purpose of obtaining (a) the Requisite Company Vote and (b) if so desired and mutually agreed, a vote upon other matters of the type customarily brought before a meeting of shareholders in connection with the approval of a merger agreement or the transactions contemplated thereby, and Company

shall use its reasonable best efforts to cause such meeting to occur as soon as reasonably practicable. Subject to the remainder of this Section 6.03, Company and its Board of Directors shall use its reasonable best efforts to obtain from the shareholders of Company the Requisite Company Vote, including by communicating to the shareholders of Company its recommendation (and including such recommendation in the Proxy Statement) that the shareholders of Company approve the Company Articles Amendment, this Agreement and the transactions contemplated hereby (the "**Company Board Recommendation**"). Subject to the remainder of this Section 6.03, Company and its Board of Directors shall not (i) withhold, withdraw, modify or qualify in a manner adverse to Parent the Company Board Recommendation, (ii) fail to make the Company Board Recommendation in the Proxy Statement, (iii) adopt, approve, recommend or endorse an Acquisition Proposal or publicly announce an intention to adopt, approve, recommend or endorse an Acquisition Proposal, (iv) fail to publicly and without qualification (A) recommend against any Acquisition Proposal or (B) reaffirm the Company Board Recommendation, in each case within ten (10) business days (or such fewer number of days as remains prior to the Company Meeting) after an Acquisition Proposal is made public or any request by the other party to do so, or (v) publicly propose to do any of the foregoing (any of the foregoing a "**Recommendation Change**"). However, subject to Section 8.01 and Section 8.02, if the Board of Directors of Company, after consultation with its outside counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would more likely than not result in a violation of its fiduciary duties under applicable law to make or continue to make the Company Board Recommendation, the Board of Directors of Company may, prior to the receipt of the Requisite Company Vote, submit this Agreement to its shareholders without recommendation (although the resolutions approving this Agreement and the Company Articles Amendment as of the date hereof may not be rescinded or amended), in which event such Board of Directors may communicate the basis for such lack of recommendation to its shareholders in the Proxy Statement or an appropriate amendment or supplement thereto; *provided* that such Board of Directors may not take any actions under this sentence unless it (A) gives Parent at least three (3) business days' prior written notice of its intention to take such action and a reasonable description of the event or circumstances giving rise to its determination to take such action (including, in the event such action is taken in response to an Acquisition Proposal, the latest material terms and conditions and the identity of the third party in any such Acquisition Proposal, or any amendment or modification thereof, or describe in reasonable detail such other event or circumstances) and (B) at the end of such notice period, takes into account any amendment or modification to this Agreement proposed by Parent and, after consultation with its outside counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would nevertheless more likely than not result in a violation of its fiduciary duties under applicable law to make or continue to make the Company Board Recommendation. Any material amendment to any Acquisition Proposal will be deemed to be a new Acquisition Proposal for purposes of this Section 6.03 and will require a new notice period as referred to in this Section 6.03. Company shall not adjourn or postpone the Company Meeting, except that Company (1) shall be permitted to adjourn or postpone the Company Meeting to allow reasonable additional time for the mailing of any supplemental or amended disclosure which the Board of Directors of Company has determined in good faith after consultation with outside counsel is necessary under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by Company's shareholders prior to the Company Meeting and (2) shall adjourn or postpone the Company Meeting up to two times, if,

as of the time for which such meeting is originally scheduled there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting, or if on the date of such meeting Company has not received proxies representing a sufficient number of shares necessary to obtain the Requisite Company Vote; *provided* that, without the prior written consent of Parent, Company shall not adjourn or postpone the Company Meeting under this clause (2) for more than five (5) business days in the case of any individual adjournment or postponement or more than ten (10) business days in the aggregate. Notwithstanding anything to the contrary herein, unless this Agreement has been terminated in accordance with its terms, the Company Meeting shall be convened and this Agreement shall be submitted to the shareholders of Company at the Company Meeting, and nothing contained herein shall be deemed to relieve Company of such obligation.

Section 6.04. *Legal Conditions to Merger*. Subject in all respects to Section 6.01 of this Agreement, each of Parent and Company shall, and shall cause its Subsidiaries to, use their reasonable best efforts (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements that may be imposed on such party or its Subsidiaries with respect to the Merger and, subject to the conditions set forth in Article 7 hereof, to consummate the transactions contemplated by this Agreement, and (b) to obtain (and to cooperate with the other party to obtain) any material consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party that is required to be obtained by Company or Parent or any of their respective Subsidiaries in connection with the Merger and the other transactions contemplated by this Agreement.

Section 6.05. *Stock Exchange Listing*. Parent shall cause the shares of Parent Common Stock to be issued in the Merger to be approved for listing on Nasdaq, subject to official notice of issuance, prior to the Effective Time.

Section 6.06. *Employee Matters*.

(a) For one year after the Effective Time, Parent shall provide to employees of Company who become employees of Parent or any Parent Subsidiary at the Effective Time ("**Company Continuing Employees**") employee benefits on terms and conditions that are substantially comparable in the aggregate to those provided to similarly situated employees of Parent and any Parent Subsidiary.

(b) Each Company Continuing Employee whose employment is involuntarily terminated other than for cause or who resigns for good reason on or after the Effective Time but on or before the date that is nine (9) months following the Effective Time, excluding any employee who has a contractual or other legally binding arrangement providing for severance pay, shall be entitled to receive severance in accordance with Section 6.06(b) of the Company Disclosure Schedule.

(c) With respect to any Parent Benefit Plan in which any Company Continuing Employees first become eligible to participate on or after the Closing Date, Parent or the Surviving Corporation shall use commercially reasonable efforts to: (i) waive all waiting periods and restrictions and exclusions for preexisting conditions and insurability with respect to

participation and coverage requirements applicable to such employees and their eligible dependents under any such Parent Benefit Plans, except to the extent such waiting periods and restrictions and exclusions for preexisting conditions and insurability would apply under the analogous Company Benefit Plan immediately prior to the Closing Date; (ii) provide each such Company Continuing Employee and his or her eligible dependents with credit for any co-payments and deductibles paid prior to the Closing Date (or, if later, prior to the time such employee commenced participation in such Parent Benefit Plan) under such Parent Benefit Plan (to the same extent that such credit was given under the analogous Company Benefit Plan) in satisfying any applicable deductible or out-of-pocket requirements under any such Parent Benefit Plans; and (iii) recognize service of such employees with Company to the same extent that such service was taken into account under the analogous Company Benefit Plan prior to the Closing Date; *provided* that the foregoing service recognition shall not apply to the extent it would result in duplication of benefits for the same period of services or for purposes of benefit accrual or any Parent Benefit Plan that provides defined benefit or retiree welfare benefits, or any Parent Benefit Plan that is a frozen plan, either with respect to level of benefits or participation, or provides grandfathered benefits.

(d) Unless otherwise directed in writing by Parent at least seventy-five (75) days prior to the Effective Time, Company shall terminate its participation in any Company Qualified Plan, in each case effective as of, and contingent upon, the Effective Time. In connection with the termination of such participation, Company and Parent shall take such action as necessary to permit, for each affected Company employee and in accordance with the Company Qualified Plan, a transfer of such Company employee's plan account balance including any participant loans or a rollover contribution of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code, including all participant loans) in an amount equal to the eligible rollover distribution portion of the account balance distributed to each such affected employee from such plan, in either case to an "eligible retirement plan" (within the meaning of Section 401(a)(31) of the Code) of Parent or Parent Subsidiaries.

(e) Nothing in this Agreement shall confer upon any employee, officer, director, consultant or other service provider of Company or affiliates any right to continue in the employ or service of the Surviving Corporation, Company, Parent or any Subsidiary or affiliate thereof, or shall interfere with or restrict in any way the rights of the Surviving Corporation, Company, Parent or any Subsidiary or affiliate thereof to discharge or terminate the services of any employee, officer, director or consultant of Company or any of its affiliates at any time for any reason whatsoever, with or without cause. Nothing in this Agreement shall be deemed to (i) establish, amend, or modify any Company Benefit Plan, Parent Benefit Plan or any other benefit or employment plan, program, agreement or arrangement, or (ii) alter or limit the ability of Parent, the Surviving Corporation or any of their Subsidiaries or affiliates to amend, modify or terminate any particular Employee Benefit Plan or any other benefit or employment plan, program, agreement or arrangement after the Effective Time. Without limiting the generality of Section 9.11, except as set forth in Section 6.07, nothing in this Agreement, express or implied, is intended to or shall confer upon any person not a party to this Agreement, including any current or former employee, officer, director or consultant of Parent or Company or any of their Subsidiaries or affiliates, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(f) Prior to making any written communications to any service provider of Company pertaining to the treatment of compensation or benefits in connection with the transactions contemplated by this Agreement or employment with Parent following the Effective Time, Company shall provide Parent with a copy of the intended communication, and Parent shall have a reasonable period of time to review and approve the communication.

Section 6.07. *Indemnification; Directors' and Officers' Insurance*.

(a) From and after the Effective Time, the Surviving Corporation shall indemnify and hold harmless and shall advance expenses as incurred, in each case to the fullest extent (subject to applicable law) permitted by the Company Articles, the Company Bylaws, the governing or organizational documents of any Subsidiary of Company and any indemnification agreements in existence as of the date hereof and disclosed in Section 6.07(a) of the Company Disclosure Schedule, each present and former director, officer or employee of Company and its Subsidiaries (in each case, when acting in such capacity) (collectively, the "**Company Indemnified Parties**") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, damages or liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, whether arising before or after the Effective Time, arising out of, or pertaining to, the fact that such person is or was a director, officer or employee of Company or any of its Subsidiaries and pertaining to matters existing or occurring at or prior to the Effective Time, including matters, acts or omissions occurring in connection with the approval of this Agreement and the transactions contemplated by this Agreement; *provided*, that in the case of advancement of expenses, any Company Indemnified Party to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Company Indemnified Party is not entitled to indemnification.

(b) For a period of six (6) years after the Effective Time, the Surviving Corporation shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by Company (*provided*, that the Surviving Corporation may substitute therefor policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the insured) with respect to claims arising from facts or events which occurred at or before the Effective Time (including the approval of the transactions contemplated by this Agreement); *provided* that the Surviving Corporation shall not be obligated to expend, on an annual basis, an amount in excess of 300% of the current annual premium paid as of the date hereof by Company for such insurance (the "**Premium Cap**"), and if such premiums for such insurance would at any time exceed the Premium Cap, then the Surviving Corporation shall cause to be maintained policies of insurance which, in the Surviving Corporation's good faith determination, provide the maximum coverage available at an annual premium equal to the Premium Cap. In lieu of the foregoing, Parent or Company, in consultation with, but only upon the consent of Parent, may (and at the request of Parent, Company shall use its reasonable best efforts to) obtain at or prior to the Effective Time a six (6)-year "tail" policy under Company's existing directors' and officers' insurance policy providing equivalent coverage to that described in the preceding sentence if and to the extent that the same may be obtained for an amount that, in the aggregate, does not exceed the Premium Cap.

(c) The provisions of this Section 6.07 shall survive the Effective Time and are intended to be for the benefit of, and shall be enforceable by, each Company Indemnified Party and his or her heirs and representatives. If the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving entity of such consolidation or merger, or (ii) transfers all or substantially all of its assets or deposits to any other person or engages in any similar transaction, then in each such case, the Surviving Corporation will cause proper provision to be made so that the successors and assigns of the Surviving Corporation will expressly assume the obligations set forth in this Section 6.07. The obligations of the Surviving Corporation, Parent and the Company under this Section 6.07 shall not be terminated or modified after the Effective Time in a manner so as to adversely affect the Company Indemnified Party or any other person entitled to the benefit of this Section 6.07 without the prior written consent of the affected Company Indemnified Party or affected person.

Section 6.08. *Additional Agreements*. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement (including any merger between a Subsidiary of Parent, on the one hand, and a Subsidiary of Company, on the other hand) or to vest the Surviving Corporation with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the Merger, the proper officers and directors of each party to this Agreement and their respective Subsidiaries shall take, or cause to be taken, all such necessary action as may be reasonably requested by Parent.

Section 6.09. *Advice of Changes*. Parent and Company shall each promptly advise the other party of any effect, change, event, circumstance, condition, occurrence or development (i) that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on it or (ii) that it believes would or would reasonably be expected to cause or constitute a material breach of any of its representations, warranties, obligations, covenants or agreements contained herein that reasonably could be expected to give rise, individually or in the aggregate, to the failure of a condition in Article 7; *provided*, that any failure to give notice in accordance with the foregoing with respect to any breach shall not be deemed to constitute a violation of this Section 6.09 or the failure of any condition set forth in Section 7.02 or 7.03 to be satisfied, or otherwise constitute a breach of this Agreement by the party failing to give such notice, in each case unless the underlying breach would independently result in a failure of the conditions set forth in Section 7.02 or 7.03 to be satisfied; and *provided*, *further*, that the delivery of any notice pursuant to this Section 6.09 shall not cure any breach of, or noncompliance with, any other provision of this Agreement or limit the remedies available to the party receiving such notice.

Section 6.10. *Dividends*. After the date of this Agreement, each of Parent and Company shall coordinate with the other the declaration of any dividends in respect of Parent Common Stock and Company Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of Company Common Stock shall not receive two dividends, or fail to receive one dividend, in any quarter with respect to their shares of Company Common Stock and any shares of Parent Common Stock any such holder receives in exchange therefor in the Merger.

Section 6.11. *Shareholder Litigation*. Each party shall give the other party prompt notice of any shareholder litigation against such party or its directors or officers relating to the transactions contemplated by this Agreement, and Company shall give Parent the opportunity to participate (at Parent's expense) in the defense or settlement of any such litigation. Each party shall give the other the right to review and comment on all filings or responses to be made by such party in connection with any such litigation, and will in good faith take such comments into account. Company shall not agree to settle any such litigation without Parent's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; *provided*, that Parent shall not be obligated to consent to any settlement which does not include a full release of Parent and its affiliates or which imposes an injunction or other equitable relief after the Effective Time upon the Surviving Corporation or any of its affiliates.

Section 6.12. *Corporate Governance.*

(a) At the Effective Time, Parent shall cause one current member of the Board of Directors of Company, who shall be the individual set forth on Section 6.12(a) of the Company Disclosure Schedule (the "**Company Director**"), to be appointed to the Board of Directors of Parent to serve in such capacity until the next annual meeting of Parent's shareholders following the Effective Time, and, subject to the good faith consideration by the Nominating and Corporate Governance Committee of the Board of Directors of Parent of the selection criteria set forth in its charter, the Company Director shall be nominated to sit for election by Parent's shareholders at such annual meeting of shareholders and Parent's proxy materials with respect to such annual meeting shall include the recommendation of the Board of Directors of Parent that its shareholders vote to elect the Company Director to the same extent as recommendations are made with respect to other incumbent directors of Parent.

(b) Subject to applicable law, the terms of the Parent Articles, the Parent Bylaws, the applicable employment agreement between Parent and such individual, prior to the Effective Time, Parent shall take all such action as may be necessary or appropriate such that immediately following the Effective Time, the current Chief Executive Officer of Company shall be appointed as an executive officer of Parent to serve in such capacity until such time as his successor shall have been duly elected or appointed and qualified or until his earlier death, resignation, or removal from office.

(c) At the Effective Time, Parent shall invite each member of the Board of Directors of Company who resides in Company's or Parent's market area and who is serving immediately prior to the Effective Time to serve as a member of a regional advisory board of directors of Parent in accordance with the terms set forth in Section 6.12(c) of the Company Disclosure Schedule. Membership on a regional advisory board of directors of Parent shall be conditional upon each director of Company executing an agreement, substantially in a form attached as Exhibit C hereto, providing, among other things, that such person will not engage in activities competitive with Parent until the later of the date that is one (1) year following the Effective Time or the date on which he or she ceases to be a member of a regional advisory board of directors of Parent.

Section 6.13. *Acquisition Proposals*.

(a) Company agrees that it will not, and will cause each of its Subsidiaries not to, and will use its reasonable best efforts to cause its and their respective officers, directors, employees, agents, advisors and representatives (collectively, "**Representatives**") not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any Acquisition Proposal, (ii) engage or participate in any negotiations with any person concerning any Acquisition Proposal, (iii) provide any confidential or nonpublic information or data to, have or participate in any discussions with any person relating to any Acquisition Proposal (except to notify a person that has made or, to the knowledge of Company, is making any inquiries with respect to, or is considering making, an Acquisition Proposal, of the existence of the provisions of this Section 6.13(a)) or (iv) unless this Agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (whether written or oral, binding or nonbinding) (other than a confidentiality agreement referred to and entered into in accordance with this Section 6.13) in connection with or relating to any Acquisition Proposal. Notwithstanding the foregoing, in the event that after the date of this Agreement and prior to the receipt of the Requisite Company Vote, Company receives an unsolicited *bona fide* written Acquisition Proposal that did not result from or arise in connection with a breach of this Section 6.13(a), Company may, and may permit its Subsidiaries and its and its Subsidiaries' Representatives to, furnish or cause to be furnished confidential or nonpublic information or data and participate in such negotiations or discussions with the person making the Acquisition Proposal if the Board of Directors of Company concludes in good faith (after consultation with its outside counsel and, with respect to financial matters, its financial advisors) that failure to take such actions would be more likely than not to result in a violation of its fiduciary duties under applicable law; *provided*, that, prior to furnishing any confidential or nonpublic information permitted to be provided pursuant to this sentence, Company shall have entered into a confidentiality agreement with the person making such Acquisition Proposal on terms no less favorable to it than the Confidentiality Agreement, which confidentiality agreement shall not provide such person with any exclusive right to negotiate with such party. Company will, and will cause its Representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Agreement with any person other than Parent with respect to any Acquisition Proposal. Company will promptly (within twenty-four (24) hours) advise Parent following receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, and the substance thereof (including the terms and conditions of and the identity of the person making such inquiry or Acquisition Proposal), will provide Parent with an unredacted copy of any such Acquisition Proposal and any draft agreements, proposals or other materials received in connection with any such inquiry or Acquisition Proposal, and will keep Parent apprised of any related developments, discussions and negotiations on a current basis, including any amendments to or revisions of the terms of such inquiry or Acquisition Proposal. Company shall use its reasonable best efforts to enforce any existing confidentiality or standstill agreements to which it or any of its Subsidiaries is a party in accordance with the terms thereof. As used in this Agreement, "**Acquisition Proposal**" shall mean, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any third-party indication of interest in, (i) any acquisition or purchase, direct or indirect, of twenty-five percent (25%) or more of the consolidated assets of Company and its Subsidiaries or twenty-five percent (25%) or more of any class of equity or voting securities of

Company or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of Company, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning twenty-five percent (25%) or more of any class of equity or voting securities of Company or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of Company, or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the issuance, acquisition or conversion of, or the disposition of, twenty-five percent (25%) or more of any class of equity or voting securities of Company or one or more of its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of Company.

(b) Nothing contained in this Agreement shall prevent Company or its Board of Directors from complying with Rule 14d-9 and Rule 14e-2 under the Exchange Act with respect to an Acquisition Proposal; *provided*, that such rules will in no way eliminate or modify the effect that any action pursuant to such rules would otherwise have under this Agreement.

Section 6.14. *Public Announcements*. Company and Parent agree that the initial press release with respect to the execution and delivery of this Agreement shall be a release mutually agreed to by the parties. Thereafter, each of the parties agrees that no public release or announcement or statement concerning this Agreement or the transactions contemplated hereby shall be issued by any party without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), except (i) as required by applicable law or the rules or regulations of any applicable Governmental Entity or stock exchange to which the relevant party is subject, in which case the party required to make the release or announcement shall consult with the other party about, and allow the other party reasonable time to comment on, such release or announcement in advance of such issuance or (ii) for such releases, announcements or statements that are consistent with other such releases, announcement or statements made after the date of this Agreement in compliance with this Section 6.14.

Section 6.15. *Change of Method*. Company and Parent shall be empowered, upon their mutual agreement, at any time prior to the Effective Time, to change the method or structure of effecting the combination of Company and Parent (including the provisions of Article 1), if and to the extent Company and Parent both deem such change to be necessary, appropriate or desirable; *provided* that unless this Agreement is amended by agreement of each party in accordance with Section 9.01, no such change shall (i) alter or change the Exchange Ratio provided for in this Agreement, (ii) adversely affect the Tax treatment of Company's or Parent's shareholders pursuant to this Agreement, (iii) adversely affect the Tax treatment of Company or Parent pursuant to this Agreement or (iv) materially impede or delay the consummation of the transactions contemplated by this Agreement in a timely manner. The parties agree to reflect any such change in an appropriate amendment to this Agreement executed by both parties in accordance with Section 9.01.

Section 6.16. *Takeover Statutes*. Parent, Company and their respective Boards of Directors shall not take any action that would cause any Takeover Statute to become applicable

to this Agreement, the Merger, or any of the other transactions contemplated hereby, and shall take all necessary steps to exempt (or ensure the continued exemption of) the Merger and the other transactions contemplated hereby from any applicable Takeover Statute now or hereafter in effect. If any Takeover Statute may become, or may purport to be, applicable to the transactions contemplated hereby, each party and the members of its Board of Directors will grant such approvals and take such actions as are necessary so that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of any Takeover Statute on any of the transactions contemplated by this Agreement, including, if necessary, challenging the validity or applicability of any such Takeover Statute.

Section 6.17. *Exemption from Liability Under Section 16(b)*. The Board of Directors of Parent, or a committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), shall reasonably promptly thereafter, and in any event prior to the Effective Time, take all such steps as may be required to cause any acquisitions of Parent Common Stock or Parent Equity Awards by any holders of Company Common Stock or Company Restricted Stock Awards who, immediately following the Merger, will be officers or directors of the Surviving Corporation subject to the reporting requirements of Section 16(a) of the Exchange Act pursuant to the transactions contemplated by this Agreement, to be exempt from liability pursuant to Rule 16b-3 under the Exchange Act to the fullest extent permitted by applicable law.

Section 6.18. *Tax Cooperation*. Parent and Company shall cooperate and use their respective reasonable best efforts in order for (i) Parent to receive the opinion described in Section 7.02(c) and (ii) Company to receive the opinion described in Section 7.03(c).

Section 6.19. *Assumption of Debt Obligations*. At the Effective Time, Parent shall assume the due and punctual payment of the principal of and any premium and interest on the notes set forth on Section 6.19 of the Company Disclosure Schedule, and the due and punctual performance of all covenants and conditions thereof on the part of Company to be performed or observed.

Section 6.20. *Commitments to the Community*. Following the Effective Time, Parent will maintain similar levels of community involvement to those maintained by Parent and Company in their respective communities prior to the Effective Time.

ARTICLE 7
CONDITIONS PRECEDENT

Section 7.01. *Conditions to Each Party's Obligation to Effect the Merger*. The respective obligations of the parties to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) *Shareholder Approval*. This Agreement and the Company Articles Amendment shall have been approved by the shareholders of Company by the Requisite Company Vote.

(b) *Nasdaq Listing*. The shares of Parent Common Stock that shall be issuable pursuant to this Agreement shall have been authorized for listing on Nasdaq, subject to official notice of issuance.

(c) *Regulatory Approvals*. (i) All Requisite Regulatory Approvals shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired or been terminated, and (ii) in the case of the obligation of Parent to effect the Merger, no such Requisite Regulatory Approval shall have resulted in the imposition of any Materially Burdensome Regulatory Condition.

(d) *No Injunctions or Restraints; Illegality*. No order, injunction or decree issued by any court or Governmental Entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect. No law, statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits or makes illegal consummation of the Merger.

Section 7.02. *Conditions to Obligations of Parent*. The obligation of Parent to effect the Merger is also subject to the satisfaction, or waiver by Parent, at or prior to the Effective Time, of the following conditions:

(a) *Representations and Warranties*. The representations and warranties set forth in Section 3.02(a) and Section 3.08(a) (in each case after giving effect to the lead-in to Article 3) shall be true and correct (other than, in the case of Section 3.02(a), such failures to be true and correct as are *de minimis*) in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). The representations and warranties set forth in Section 3.01(a) (but only with respect to the first two sentences), Section 3.01(b), Section 3.03(a) and Section 3.07 (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article 3) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). All other representations and warranties of Company set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article 3) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date), except as has not had and would not reasonably be expected to have a Material Adverse Effect on Company or the Surviving Corporation. Parent shall have received a certificate dated as of the Closing Date and signed on behalf of Company by the Chief Executive Officer or the Chief Financial Officer of Company to the foregoing effect.

(b) *Performance of Obligations of Company*. Company shall have performed in all material respects the obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate dated

as of the Closing Date and signed on behalf of Company by the Chief Executive Officer or the Chief Financial Officer of Company to such effect.

(c) *Federal Tax Opinion*. Parent shall have received the opinion of Wachtell, Lipton, Rosen & Katz (or, if Wachtell, Lipton, Rosen & Katz is unwilling or unable to issue the opinion, a written opinion of another nationally recognized law firm), in form and substance reasonably satisfactory to Parent, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of Parent and Company, reasonably satisfactory in form and substance to such counsel.

Section 7.03. *Conditions to Obligations of Company*. The obligation of Company to effect the Merger is also subject to the satisfaction, or waiver by Company, at or prior to the Effective Time of the following conditions:

(a) *Representations and Warranties*. The representations and warranties set forth in Section 4.02(a) and Section 4.08(a) (in each case, after giving effect to the lead-in to Article 4) shall be true and correct (other than, in the case of Section 4.02(a), such failures to be true and correct as are *de minimis*) in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). The representations and warranties set forth in Section 4.01(a) (but only with respect to the first two sentences), Section 4.01(b) (but only with respect to Parent), Section 4.02(b) (but only with respect to Parent), Section 4.03(a) and Section 4.07 (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article 4) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). All other representations and warranties of Parent set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article 4) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date), except as has not had and would not reasonably be expected to have a Material Adverse Effect on Parent. Company shall have received a certificate dated as of the Closing Date and signed on behalf of Parent by the Chief Executive Officer or the Chief Financial Officer of Parent to the foregoing effect.

(b) *Performance of Obligations of Parent*. Parent shall have performed in all material respects the obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date, and Company shall have received a certificate dated as of the Closing Date and signed on behalf of Parent by the Chief Executive Officer or the Chief Financial Officer of Parent to such effect.

(c) *Federal Tax Opinion*. Company shall have received the opinion of Williams Mullen (or, if Williams Mullen is unwilling or unable to issue the opinion, a written opinion of another nationally recognized law firm), in form and substance reasonably satisfactory to Company, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of Parent and Company, reasonably satisfactory in form and substance to such counsel.

ARTICLE 8
TERMINATION AND AMENDMENT

Section 8.01. *Termination*. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Requisite Company Vote:

(a) by mutual written consent of Parent and Company;

(b) by either Parent or Company if any Governmental Entity that must grant a Requisite Regulatory Approval has denied approval of the Merger and such denial has become final and nonappealable, or any Governmental Entity of competent jurisdiction shall have issued a final and nonappealable order, injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the Merger, unless, in any such case, the failure to obtain a Requisite Regulatory Approval shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein;

(c) by either Parent or Company if the Merger shall not have been consummated on or before August 18, 2026 (the "**Termination Date**"), unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein;

(d) by either Parent or Company (*provided*, that the terminating party is not then in material breach of any representation, warranty, obligation, covenant or other agreement contained herein) if there shall have been a breach of any of the obligations, covenants or agreements or any of the representations or warranties (or any such representation or warranty shall cease to be true) set forth in this Agreement on the part of Company, in the case of a termination by Parent, or Parent, in the case of a termination by Company, which breach or failure to be true, either individually or in the aggregate with all other breaches by such party (or failures of such representations or warranties to be true), would constitute, if occurring or continuing on the Closing Date, the failure of a condition set forth in Section 7.02, in the case of a termination by Parent, or Section 7.03, in the case of a termination by Company, and which is not cured within forty-five (45) days following written notice to Company, in the case of a termination by Parent, or Parent, in the case of a termination by Company, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the Termination Date);

(e) by Parent, prior to the receipt of the Requisite Company Vote, if (i) Company or the Board of Directors of Company shall have made a Recommendation Change or (ii) Company or the Board of Directors of Company shall have breached its obligations under Section 6.03 or Section 6.13 in any material respect; or

(f) by either Parent or Company, if the Requisite Company Vote shall not have been obtained upon a vote thereon taken at the Company Meeting (including any adjournment or postponement thereof).

Section 8.02. *Effect of Termination*.

(a) In the event of termination of this Agreement by either Parent or Company as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, and none of Parent, Company, any of their respective Subsidiaries or any of the officers or directors of any of them shall have any liability of any nature whatsoever hereunder, or in connection with the transactions contemplated hereby, except that (i) Section 6.02(b) (Confidentiality), Section 6.14 (Public Announcements), this Section 8.02 and Article 9 (but, in the case of Section 9.12, only in respect of covenants that survive termination) shall survive any termination of this Agreement, and (ii) notwithstanding anything to the contrary contained in this Agreement, neither Parent nor Company shall be relieved or released from any liabilities or damages arising out of its willful and material breach of any provision of this Agreement (including, in the case of Company, the loss of the premium offered to the shareholders of Company).

(b)

(i) In the event that after the date of this Agreement and prior to the termination of this Agreement, a *bona fide* Acquisition Proposal shall have been communicated to or otherwise made known to the Board of Directors or senior management of Company or shall have been made directly to the shareholders of Company or any person shall have publicly announced (and not withdrawn at least two (2) business days prior to the Company Meeting) an Acquisition Proposal, in each case with respect to Company and (A) (x) thereafter this Agreement is terminated by either Parent or Company pursuant to Section 8.01(c) without the Requisite Company Vote having been obtained (and all other conditions set forth in Section 7.01 and Section 7.03 were satisfied or were capable of being satisfied prior to such termination), (y) thereafter this Agreement is terminated by Parent pursuant to Section 8.01(d) as a result of a willful breach or (z) thereafter this Agreement is terminated by either Parent or Company pursuant to Section 8.01(f), and (B) prior to the date that is twelve (12) months after the date of such termination, Company enters into a definitive agreement or consummates a transaction with respect to an Acquisition Proposal (whether or not the same Acquisition Proposal as that referred to above), then Company shall, on the earlier of the date it enters into such definitive agreement and the date of consummation of such transaction, pay Parent, by wire transfer of same-day funds, a fee equal to $19.65 million (the "**Termination Fee**"); *provided*, that for purposes of this Section 8.02(b)(i), all references in the definition of Acquisition Proposal to "twenty-five percent (25%)" shall instead refer to "fifty percent (50%)."

(ii) In the event that this Agreement is terminated by (x) Parent pursuant to Section 8.01(e) or (y) either Parent or Company pursuant to Section 8.01(f) and at such time Parent could have terminated this Agreement pursuant to Section 8.01(e), then Company shall pay Parent, by wire transfer of same-day funds, the Termination Fee within two (2) business days of the date of termination.

(c) The amount payable by Company pursuant to Section 8.02(b) constitutes liquidated damages and not a penalty, and, except in the case of a willful and material breach of this Agreement, shall be the sole remedy of Parent in the event of a termination of this Agreement as specified in Section 8.02(b). Notwithstanding anything to the contrary herein, but without limiting the right of any party to recover liabilities or damages to the extent permitted herein, in no event shall Company be required to pay the Termination Fee more than once.

(d) Company acknowledges that the agreements contained in this Section 8.02 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent would not enter into this Agreement; accordingly, if Company fails promptly to pay the amount due pursuant to this Section 8.02, and, in order to obtain such payment, Parent commences a suit which results in a judgment against Company for the Termination Fee or any portion thereof, such non-paying party shall pay the costs and expenses of Parent (including attorneys' fees and expenses) in connection with such suit. In addition, if Company fails to pay the amounts payable pursuant to this Section 8.02, then Company shall pay interest on such overdue amounts at a rate per annum equal to the "prime rate" published in the *Wall Street Journal* on the date on which such payment was required to be made for the period commencing as of the date that such overdue amount was originally required to be paid and ending on the date that such overdue amount is actually paid in full.

ARTICLE 9
GENERAL PROVISIONS

Section 9.01. *Amendment*. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto at any time before or after the receipt of the Requisite Company Vote; *provided* that after the receipt of the Requisite Company Vote, there may not be, without further approval of the shareholders of Company, any amendment of this Agreement that requires such further approval under applicable law. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Section 9.02. *Extension; Waiver*. At any time prior to the Effective Time, each of the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by such other party pursuant hereto, and (c) waive compliance with any of the agreements or satisfaction of any conditions for its benefit contained herein; *provided* that after the receipt of the Requisite Company Vote, there may not be, without further approval of the shareholders of Company, any extension or waiver of this Agreement or any portion thereof that requires such further approval under applicable law. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if and to the extent set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with

an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 9.03. *Nonsurvival of Representations, Warranties and Agreements*. None of the representations, warranties, obligations, covenants and agreements in this Agreement (or in any certificate delivered pursuant to this Agreement) shall survive the Effective Time, except for Section 6.07 and for those other obligations, covenants and agreements contained herein which by their terms apply in whole or in part after the Effective Time.

Section 9.04. *Expenses*. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense; *provided* that the costs, fees and expenses of printing and mailing the Proxy Statement and all filing and other fees paid to Governmental Entities in connection with the Merger and the other transactions contemplated hereby shall be borne equally by Parent and Company.

Section 9.05. *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, by e-mail transmission (*provided* that no transmission error is received), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Company, to:

Steven W. Jones
Chief Executive Officer
Dogwood State Bank
5401 Six Forks Road
Raleigh, NC 27609
Email: sjones@dsbnc.com

With a copy (which shall not constitute notice) to:

Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219
Attention: Scott H. Richter
Benjamin A. McCall
E-mail: srichter@williamsmullen.com
bmccall@williamsmullen.com

and

(b) if to Parent, to each of:

G. Robert Aston, Jr.
Executive Chairman
TowneBank

6001 Harbour View Boulevard
Suffolk, VA 23425

John M. Oakey III, Esq.
EVP and Deputy Chief Legal Officer
TowneBank
800 East Canal Street, Suite 700
Richmond, VA 23219
Email: jay.oakey@townebank.net

With a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Matthew M. Guest
E-mail: mguest@wlrk.com

Section 9.06. *Interpretation*. The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The word "or" shall not be exclusive. References to "the date hereof" shall mean the date of this Agreement. As used in this Agreement, the "**knowledge**" of Company means the actual knowledge of any of the officers of Company listed on Section 9.06 of the Company Disclosure Schedule, and the "knowledge" of Parent means the actual knowledge of any of the officers of Parent listed on Section 9.06 of the Parent Disclosure Schedule. As used herein, (i) the term "**person**" means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity or other entity of any kind or nature, (ii) an "**affiliate**" of a specified person is any person that directly or indirectly controls, is controlled by, or is under common control with, such specified person, (iii) the term "**made available**" means any document or other information that was (a) provided by one party or its Representatives to the other party and its Representatives at least one (1) day prior to the date hereof, (b) included in the virtual data room of a party at least one (1) day prior to the date hereof or (c) filed by Parent with the FDIC and publicly available on the FDIC's website at least one (1) day prior to the date hereof and (iv) the term "**business day**" means any day other than a Saturday, a Sunday or a day on which banks in the Commonwealth of Virginia or the State of North Carolina are authorized by law or executive order to be closed. Nothing contained herein shall require any party or person to take any action in violation of applicable law.

Section 9.07. *Counterparts*. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 9.08. *Entire Agreement*. This Agreement (including the documents and instruments referred to herein) together with the Confidentiality Agreement constitutes the entire agreement among the parties and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 9.09. *Governing Law; Jurisdiction*.

(a) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any applicable conflicts of law principles.

(b) Each party agrees that it will bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contemplated hereby exclusively in any federal or state court of competent jurisdiction located in the Commonwealth of Virginia (the "**Chosen Courts**"), and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party and (iv) agrees that service of process upon such party in any such action or proceeding will be effective if notice is given in accordance with Section 9.05.

Section 9.10. *Waiver of Jury Trial*. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW AT THE TIME OF INSTITUTION OF THE APPLICABLE LITIGATION, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

Section 9.11. *Assignment; Third-Party Beneficiaries*. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party.

Any purported assignment in contravention hereof shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. This Agreement (including the documents and instruments referred to herein) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein, except as otherwise specifically provided in Section 6.07. The representations and warranties in this Agreement are the product of negotiations between the parties hereto and are for the sole benefit of the parties. Any inaccuracies in such representations and warranties are subject to waiver by the parties hereto in accordance herewith without notice or liability to any other person. In some instances, the representations and warranties in this Agreement may represent an allocation between the parties hereto of risks associated with particular matters regardless of the knowledge of any of the parties hereto. Consequently, persons other than the parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 9.12. *Specific Performance*. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and, accordingly, that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof (including the parties' obligation to consummate the Merger), in addition to any other remedy to which they are entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security or a bond as a prerequisite to obtaining equitable relief.

Section 9.13. *Severability*. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction such that the invalid, illegal or unenforceable provision or portion thereof shall be interpreted to be only so broad as is enforceable.

Section 9.14. *Confidential Supervisory Information*. Notwithstanding any other provision of this Agreement, no disclosure, representation or warranty shall be made (or other action taken) pursuant to this Agreement that would involve the disclosure of confidential supervisory information (including confidential supervisory information as defined in 12 C.F.R. § 261.2(b)(1) and as identified in 12 C.F.R. § 309.5(g)(8)) of a Governmental Entity by any party to this Agreement to the extent prohibited by applicable law. To the extent legally permissible, appropriate substitute disclosures or actions shall be made or taken under circumstances in which the limitations of the preceding sentence apply.

Section 9.15. *Delivery by Electronic Transmission*. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by e-mail delivery of a ".pdf" format

data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the e-mail delivery of a ".pdf" format data file as a defense to the formation of a contract and each party hereto forever waives any such defense.

[*Signature Page Follows*]

IN WITNESS WHEREOF, Company and Parent have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

DOGWOOD STATE BANK

By: /s/ Steven W. Jones
Name: Steven W. Jones
Title: Chief Executive Officer

TOWNEBANK

By: /s/ G. Robert Aston, Jr.
Name: G. Robert Aston, Jr.
Title: Executive Chairman

Exhibit A

Form of Company Support Agreement

[*Attached*]

SUPPORT AGREEMENT

This Support Agreement (this "Agreement"), dated as of August 18, 2025, is entered into by and between TowneBank, a Virginia banking corporation ("Parent"), and the undersigned shareholder (the "Shareholder") of Dogwood State Bank, a North Carolina banking corporation ("Company").

WHEREAS, subject to the terms and conditions of the Agreement and Plan of Merger (as the same may be amended, supplemented or modified, the "Merger Agreement"), dated as of the date hereof, by and between Parent and Company, Company will be merged with and into Parent (the "Merger"), with Parent as the surviving corporation in the Merger;

WHEREAS, as of the date of this Agreement, the Shareholder owns beneficially and of record, and has the power to vote or direct the voting of, certain shares of common stock, par value $1.00 per share, of Company (the "Common Stock") as set forth on **Schedule A** hereto (all such shares, the "Existing Shares");

WHEREAS, the Board of Directors of Company has unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Company Articles Amendment, are in the best interests of Company and Company's shareholders, and declared that the Merger Agreement is advisable, and (ii) adopted the Merger Agreement and the Company Articles Amendment and approved the execution, delivery and performance by Company of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger and the Company Articles Amendment; and

WHEREAS, the Shareholder is supportive of the Merger Agreement and the transactions contemplated thereby, including the Merger and the Company Articles Amendment, and has determined that it is in his, her or its best interests to enter into this Agreement to provide for his, her or its support for the Merger Agreement and such transactions, and this Agreement is further a condition and inducement for Parent to enter into the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms not defined in this Agreement have the meanings assigned to those terms in the Merger Agreement.

2. **Effectiveness; Termination.** This Agreement shall be effective upon signing. This Agreement shall automatically terminate and be null and void and of no effect upon the earlier to occur of the following: (a) termination of the Merger Agreement for any reason in accordance with its terms or (b) the Effective Time; provided that (i) this Section 2 and Sections 10 through 20 hereof shall survive any such termination and (ii) such termination shall not relieve any party of any liability or damages resulting from any willful or material breach of any of its representations, warranties, covenants or other agreements set forth herein.

3. **Support Agreement.** From the date hereof until the earlier of (a) the Closing or (b) the termination of the Merger Agreement in accordance with its terms (the "Support Period"), the Shareholder irrevocably and unconditionally hereby agrees that at any meeting (whether annual or special and each postponement, recess, adjournment or continuation thereof) of Company's shareholders, however called, and in connection with any written consent of Company's shareholders, the Shareholder shall (i) appear at such meeting or otherwise cause all of the Shareholder's Existing Shares and all other shares of Common Stock or voting securities over which the Shareholder has acquired, after the date hereof, beneficial or record ownership and the power to vote or direct the voting thereof (including any such shares of Common Stock acquired by means of purchase, dividend or distribution, or issued upon the exercise of any stock options to acquire Common Stock, vesting of any Company Restricted Stock Awards or the conversion of any convertible securities, or pursuant to any other equity awards or derivative securities or otherwise) (together with the Existing Shares, but subject to the exclusion set forth in the final sentence of this Section 3, the "Shares"), as of the applicable record date, to be counted as present thereat for purposes of calculating a quorum, and (ii) vote or cause to be voted (including by proxy or written consent, if applicable) all such Shares (A) in favor of the approval of the Merger Agreement, the Company Articles Amendment and any other matters required to be approved or adopted pursuant to the Company Articles or Company Bylaws in order to effect the transactions contemplated by the Merger Agreement, including the Merger, (B) in favor of any proposal to adjourn or postpone such meeting of Company's shareholders to a later date if there are not sufficient votes to approve the Merger Agreement and such other matters, (C) against any Acquisition Proposal, and (D) against any action, proposal, transaction, agreement or amendment of the Company Articles or Company Bylaws, in each case of this clause (D), which would reasonably be expected to (1) result in a breach of any covenant, representation or warranty or any other obligation or agreement of Company contained in the Merger Agreement, or of the Shareholder contained in this Agreement or (2) prevent, impede, delay, interfere with, postpone, discourage or frustrate the purposes of or adversely affect the consummation of the transactions contemplated by the Merger Agreement, including the Merger. The Shareholder agrees to exercise all voting or other determination rights the Shareholder has in any trust or other legal entity to carry out the intent and purposes of the Shareholder's obligations in this paragraph and otherwise set forth in this Agreement. The Shareholder represents, covenants and agrees that, except for this Agreement, the Shareholder (x) has not entered into, and shall not enter into during the Support Period, any support or voting agreement or voting trust or similar agreement with respect to the Shares that would be inconsistent with the Shareholder's obligations under this Agreement and (y) has not granted, and shall not grant during the Support Period, a proxy, consent or power of attorney with respect to the Shares, except any proxy to carry out the intent of and the Shareholder's obligations under this Agreement and any revocable proxy granted to officers or directors of Company at the request of the Company Board of Directors in connection with election of directors or other routine matters at any annual or special meeting of the Company shareholders. The Shareholder represents, covenants and agrees that he, she or it has not entered into and will not enter into any agreement or commitment with any person the effect of which would be inconsistent with or otherwise violate any of the provisions and agreements set forth herein; provided that nothing in this sentence will prohibit any Permitted Transfer.

Notwithstanding anything to the contrary herein, with respect to any shares of Common Stock over which the Shareholder has shared voting power, the Shareholder shall be obligated only to exercise his, her or its individual voting power over such shares, to the extent within his, her or its control, in a manner consistent with the Shareholder's voting obligations under this Agreement with respect to the Shares, it being understood that the Shareholder shall not have the power to cause other persons to exercise their voting power accordingly. For the purposes of this Agreement, the term "Shares" shall not include any securities beneficially owned by Shareholder as a trustee or fiduciary for the benefit of a person other than the Shareholder.

4. **Non-Solicitation.** The Shareholder hereby agrees, and agrees to cause his, her or its controlled Affiliates (which, for the avoidance of doubt, does not include Company or any of its Subsidiaries) and his, her or its and their respective Representatives not to, take any action which, were it taken by Company or its Representatives, would violate Section 6.13 of the Merger Agreement, it being understood that any action in compliance with Section 6.13 of the Merger Agreement shall not be deemed a breach by the Shareholder of this Section 4.

5. **Transfer Restrictions Prior to the Merger.** The Shareholder hereby agrees that the Shareholder will not, from the date hereof until the earlier of (a) the end of the Support Period and (b) approval of the Merger Agreement and the Company Articles Amendment by the shareholders of Company by the Requisite Company Vote, directly or indirectly, offer for sale, sell, transfer, assign, give, convey, tender in any tender or exchange offer, pledge, encumber, hypothecate or dispose of (by merger, by testamentary disposition, by operation of law or otherwise), either voluntarily or involuntarily, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, conveyance, hypothecation or other transfer or disposition of, any of the Shares, or any legal or beneficial interest therein, whether or not for value and whether voluntary or involuntary or by operation of law (any of the foregoing, a "Transfer"); provided, that the Shareholder may Transfer Shares (i) to any of its Affiliates, (ii) to any other Person to whom Parent has consented with respect to a Transfer by the Shareholder in advance in writing, (iii) to (A) any Family Member (as defined below) of the Shareholder or to a trust solely for the benefit of the Shareholder and/or any Family Member of the Shareholder or (B) upon the death of the Shareholder pursuant to the terms of any trust or will of the Shareholder or by the applicable laws of intestate succession; provided that (x) in the case of clause (i), such Affiliate shall remain an Affiliate of the Shareholder at all times following such Transfer and (y) in the case of clauses (i), (ii) and (iii), so long as the transferee, prior to the date of Transfer, agrees in a signed writing to be bound by and comply with the provisions of this Agreement with respect to such Transferred Shares, and the Shareholder provides at least three (3) business days' prior written notice (or in the case of a Transfer pursuant to clause (iii)(B), as promptly as reasonably practicable after such Transfer) (which shall include the written consent of the transferee in form reasonably acceptable to Parent agreeing to be bound by and comply with the provisions of this Agreement) to Parent, in which case the Shareholder (except in the case of the Shareholder's death) shall remain responsible for any breach of this Agreement by such transferee and (iv) to the extent set forth on **Schedule B** hereto

(any Transfer permitted in accordance with this Section 5, a "Permitted Transfer"). In the event of any Transfer that would qualify as a Permitted Transfer under more than one of clauses (i) through (iv), the Shareholder may elect the clause to which such Transfer is subject for purposes of complying with this Agreement. As used in this Agreement, the term "Family Member" means (I) Shareholder and Shareholder's spouse, individually, (II) any descendant, niece or nephew of Shareholder or Shareholder's spouse, (III) any charitable organization created and primarily funded by any one or more individuals described in the foregoing (I) or (II), (IV) any estate, trust, guardianship, custodianship or other fiduciary arrangement for the primary benefit of any one or more individuals or organizations described in the foregoing (I), (II) or (III), and (V) any corporation, partnership, limited liability company or other business organization controlled by and substantially all of the interests in which are owned, directly or indirectly, by any one or more individuals or organizations named or described in the foregoing (I), (II), (III) or (IV). With respect to any shares of Common Stock over which the Shareholder has shared disposition power, the Shareholder agrees to exercise Shareholder's individual disposition power over such shares, to the extent within his, her or its control, in a manner consistent with the Shareholder's restrictions on Transfer under this Agreement with respect to the Shares, it being understood that the Shareholder shall not have the power to cause other persons to restrict their disposition power accordingly.

6. **Waiver of Appraisal Rights.** The Shareholder hereby waives, and agrees not to assert or perfect (and agrees to cause not to be asserted and perfected), any appraisal or dissenters' rights with respect to any of the Shares that the Shareholder may have with respect to the Shares under applicable law.

7. **Representations of the Shareholder.** The Shareholder represents and warrants as follows: (a) the Shareholder has full legal right, capacity and authority to execute and deliver this Agreement, to perform the Shareholder's obligations hereunder and to consummate the transactions contemplated hereby; (b) this Agreement has been duly and validly executed and delivered by the Shareholder and constitutes a valid and legally binding agreement of the Shareholder, enforceable against the Shareholder in accordance with its terms, and no other action is necessary to authorize the execution and delivery of this Agreement by the Shareholder or the performance of the Shareholder's obligations hereunder; (c) the execution and delivery of this Agreement by the Shareholder does not, and the consummation of the transactions contemplated hereby and the compliance with the provisions hereof will not, conflict with or violate any law or result in any breach of or violation of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any of the Shares pursuant to, any agreement or other instrument or obligation binding upon the Shareholder or the Shares, nor require any authorization, consent or approval of, or filing with, any Governmental Entity; (d) the Shareholder beneficially owns and has the power to vote or direct the voting of the Shares, including all of the Shareholder's Existing Shares as set forth on, and in the amounts set forth on, **Schedule A** hereto, which as of the date hereof constitute all of the shares of Common Stock beneficially owned by the Shareholder and over which the Shareholder, directly or indirectly, has voting and dispositive authority; (e) the Shareholder beneficially owns the Shareholder's Existing Shares as set forth on

Schedule A hereto free and clear of any proxy, voting restriction, adverse claim or other Lien (other than any restrictions created by this Agreement or under applicable federal or state securities laws); and (f) the Shareholder has read and is familiar with the terms of the Merger Agreement, the Company Articles Amendment and the other agreements and documents contemplated herein and therein. The Shareholder agrees that the Shareholder shall not take any action that would make any representation or warranty of the Shareholder contained herein untrue or incorrect or have the effect of preventing, impairing, delaying or adversely affecting the performance by the Shareholder of the Shareholder's obligations under this Agreement; provided that nothing in this sentence will prohibit any Permitted Transfer. As used in this Agreement, the terms "beneficial owner," "beneficially own" and "beneficial ownership" shall have the meaning set forth in Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

8. **Publicity.** The Shareholder hereby authorizes Company and Parent to publish and disclose in any announcement or disclosure in connection with the Merger, including in the Proxy Statement or any other filing with any Governmental Entity made in connection with the Merger, the Shareholder's identity and ownership of the Shareholder's Shares, the nature of the Shareholder's obligations under this Agreement and such other information required in connection with such disclosure; provided that, prior to any such announcement or disclosure, as well as any other disclosure that references the Shareholder (individually or as part of a group), Company and/or Parent, as applicable, shall use commercially reasonable efforts to provide the Shareholder with the opportunity to review and comment on any references to the Shareholder generally in such announcement or disclosure and consider such comments in good faith. The Shareholder agrees to notify Parent as promptly as practicable of any inaccuracies or omissions in any information relating to the Shareholder that is so published or disclosed. The Shareholder shall not be permitted to make any public statement to the effect that Shareholder does not, or that other shareholders of the Company should not, support the Merger Agreement, the Company Articles Amendment or the transactions contemplated thereby.

9. **Stock Dividends, Etc.** In the event of any change in the Common Stock by reason of any reclassification, recapitalization, reorganization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of shares, or any stock dividend or stock distribution, merger or other similar change in capitalization, the terms "Existing Shares" and "Shares" shall be deemed to refer to and include such shares as well as all such stock dividends and distributions and any securities into which or for which any or all of such shares may be changed or exchanged or which are received in such transaction.

10. **Entire Agreement.** This Agreement and, to the extent referenced herein, the Merger Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. Nothing in this Agreement shall, or shall be construed or deemed to, constitute a Transfer of any Shares or any legal or beneficial interest in or voting or other control over any of the Shares or as creating or forming a "group" for purposes of the Exchange Act, and all rights, ownership and benefits of and relating to the Shares shall remain vested in and belong to the

Shareholder, subject to the agreements of the parties set forth herein. This Agreement is intended to create, and creates, a contractual relationship and is not intended to create, and does not create, any agency, partnership, joint venture or other like relationship between the parties.

11. **Assignment; Third-Party Beneficiaries.** This Agreement shall not be assigned by operation of law or otherwise and, except as provided herein, shall be binding upon and inure solely to the benefit of each party hereto and is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

12. **Remedies/Specific Enforcement.** Each of the parties hereto agrees that this Agreement is intended to be legally binding and specifically enforceable pursuant to its terms and that each party would be irreparably harmed if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, in the event of any breach or threatened breach by any party of any provision contained in this Agreement, in addition to any other remedy to which the other parties may be entitled whether at law or in equity (including monetary damages), each other party shall be entitled to injunctive relief to prevent breaches or threatened breaches of this Agreement and to specifically enforce the terms and provisions hereof, and each party hereby waives any defense in any action for specific performance or an injunction or other equitable relief that a remedy at law would be adequate. Each party further agrees that no party shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this paragraph, and each party irrevocably waives any right such party may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

13. **Governing Law; Jurisdiction; Venue.** This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any applicable conflict of law principles. Each of the parties hereto agrees that it will bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contemplated hereby exclusively in any federal or state court of competent jurisdiction located in the Commonwealth of Virginia (the "Chosen Courts"), and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party and (iv) agrees that service of process upon such party in any such action or proceeding will be effective if notice is given in accordance with Section 14.

14. **Notice.** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, by e-mail transmission (provided that no transmission error is received), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation), if to the Shareholder, to his, her or its address set forth on the signature pages hereto, and if to Parent, to the following addresses (or at such other address for a party as shall be specified by like notice):

G. Robert Aston, Jr.
Executive Chairman
TowneBank
6001 Harbour View Boulevard
Suffolk, VA 23425

John M. Oakey III, Esq.
EVP and Deputy Chief Legal Officer
TowneBank
800 East Canal Street, Suite 700
Richmond, VA 23219
Email: jay.oakey@townebank.net

With a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Matthew M. Guest
E-mail: mguest@wlrk.com

15. **Severability.** Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction such that the invalid, illegal or unenforceable provision or portion thereof shall be interpreted to be only so broad as is enforceable.

16. **Amendments; Waivers.** Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed (a) in the case of an amendment or modification, by Parent and the Shareholder, and (b) in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. **Waiver of Jury Trial.** EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW AT THE TIME OF INSTITUTION OF THE APPLICABLE LITIGATION, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (I) NO REPRESENTATIVE, AGENT OR

ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; (II) THE PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (III) THE PARTY MAKES THIS WAIVER VOLUNTARILY; AND (IV) THE PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 17.

18. **No Representative Capacity.** Notwithstanding anything to the contrary herein, this Agreement applies solely to the Shareholder in the Shareholder's capacity as a shareholder of Company, and, to the extent the Shareholder serves as a member of the board of directors or as an officer of Company, nothing in this Agreement shall limit or affect any actions or omissions taken by the Shareholder in the Shareholder's capacity as a director or officer and not as a shareholder.

19. **Counterparts.** This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

20. **Delivery by Electronic Transmission.** This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by e-mail delivery of a ".pdf" format data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the e-mail delivery of a ".pdf" format data file as a defense to the formation of a contract and each party hereto forever waives any such defense.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties and is effective as of the date first set forth above:

[COMPANY]

By: _____
Name: [●]
Title: [●]

SHAREHOLDER:

_____
Name:

Address for Notices:

[●]

SCHEDULE A

Existing Share Information

Name of Holder	Existing Shares

SCHEDULE B

Permitted Transfers

1. Sales to satisfy any Tax liability incurred by the Shareholder in respect of vesting of Company Restricted Stock Awards held by Shareholder.

Exhibit B

Form of Plan of Merger

[*Attached*]

PLAN OF MERGER
AMONG
TOWNEBANK
AND
DOGWOOD STATE BANK

Pursuant to this Plan of Merger (this "Plan of Merger"), Dogwood State Bank, a North Carolina banking corporation ("Company"), shall merge with and into TowneBank, a Virginia banking corporation ("Parent").

ARTICLE 1
Terms of the Merger

Subject to the terms and conditions of the Agreement and Plan of Merger, dated as of August 18, 2025, by and between Parent and Company (the "Agreement"), at the Effective Time (as defined herein), Company shall be merged with and into Parent (the "Merger") in accordance with the provisions of the North Carolina Business Corporation Act (the "NCBCA") and the Virginia Stock Corporation Act (the "VSCA"), and with the effect set forth in the applicable provisions of the NCBCA and the VSCA. The separate corporate existence of Company thereupon shall cease, and Parent shall be the surviving corporation in the Merger (hereinafter sometimes referred to in such capacity as the "Surviving Corporation"). The Merger shall become effective on such date and time as specified in the articles of merger meeting the requirements of Section 55-11-05 of the NCBCA filed with the Secretary of State of the State of North Carolina (the "North Carolina Secretary"), and in the articles of merger meeting the requirements of Section 13.1-720 of the VSCA, including containing this Plan of Merger, filed with the Virginia State Corporation Commission ("VSCC"), or at such later time as shall be provided by applicable law (the "Effective Time").

ARTICLE 2
Merger Consideration; Exchange Procedures

2.1 Conversion of Company Common Stock.

At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Company or their respective shareholders:

(a) Subject to Section 2.5(e), each share of the common stock, par value $1.00 per share, of Company designated as Voting Common Stock (the "Company Voting Common Stock") and each share of the common stock, par value $1.00 per share, of Company designated as Non-Voting Common Stock (the "Company Non-Voting Common Stock" and together with the Company Voting Common Stock, the "Company Common Stock") issued and outstanding immediately prior to the Effective Time, except for Dissenting Shares and shares of Company Common Stock owned by Company or Parent (in each case other than shares of Company Common Stock (x) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity that are beneficially owned by third parties or (y) held, directly or indirectly, by Company or Parent in respect of debts previously contracted), shall be converted into the right to receive 0.700 shares (the "Exchange Ratio" and such shares,

the "Merger Consideration") of the common stock, par value $1.667 per share, of Parent (the "Parent Common Stock").

(b) All of the shares of Company Common Stock converted into the right to receive the Merger Consideration pursuant to this Article 2 shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each, an "Old Certificate," it being understood that any reference herein to "Old Certificate" shall be deemed to include reference to book-entry account statements relating to the ownership of shares of Company Common Stock) previously representing any such shares of Company Common Stock shall thereafter represent only the right to receive (i) a New Certificate representing the number of whole shares of Parent Common Stock which such shares of Company Common Stock have been converted into the right to receive, (ii) cash in lieu of fractional shares which the holder thereof shall have become entitled to receive pursuant to Section 2.5(e), without any interest thereon and (iii) any dividends or distributions which the holder thereof shall have become entitled to receive pursuant to Section 2.5(b), in each case, without any interest thereon. If, prior to the Effective Time, the outstanding shares of Parent Common Stock or Company Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, or there shall be any extraordinary dividend or distribution, an appropriate and proportionate adjustment shall be made to the Exchange Ratio and any other amounts payable pursuant to this Plan of Merger to give Parent and the holders of Company Common Stock the same economic effect as contemplated by this Plan of Merger prior to such event; provided that nothing contained in this sentence shall be construed to permit Company or Parent to take any action with respect to its securities or otherwise that is prohibited by the terms of the Agreement.

(c) Notwithstanding anything in this Plan of Merger to the contrary, at the Effective Time, all shares of Company Common Stock that are owned by Company or Parent (in each case other than shares of Company Common Stock (i) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity that are beneficially owned by third parties or (ii) held, directly or indirectly, by Company or Parent in respect of debts previously contracted) shall be cancelled and shall cease to exist and no Merger Consideration or other consideration shall be delivered in exchange therefor.

2.2 Dissenters' Rights.

(a) Notwithstanding any provision of this Plan of Merger to the contrary, other than as provided in this Section 2.2, any shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time and are held by a holder who (i) has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with the NCBCA and (ii) as of the Effective Time, has not effectively withdrawn or lost such appraisal rights (through failure to perfect or otherwise) (such shares, "Dissenting Shares") shall not be converted into or represent the right to receive any portion of the Merger Consideration to be paid pursuant to Section 2.1(a) but instead shall be converted into the right to receive only such consideration as may be determined to be due with respect to such Dissenting Shares under the NCBCA. From and after the Effective Time, the Dissenting Shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and a holder

of Dissenting Shares shall not be entitled to exercise any of the voting rights or other rights of a shareholder of the Surviving Corporation.

(b) Notwithstanding the provisions of Section 2.2(a), if any holder of Company Common Stock who has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with the NCBCA effectively withdraws or loses such appraisal rights (through failure to perfect or otherwise), then such shares shall no longer be Dissenting Shares and, as of the later of the Effective Time and the occurrence of such withdrawal or loss, such shares shall automatically be converted into the right to receive, without interest, the Merger Consideration to be paid pursuant to Section 2.1(a) with respect to such shares pursuant to and in accordance with this Plan of Merger.

(c) Company shall give Parent reasonably prompt written notice of the receipt of any written notice of any demand for appraisal for any Company Common Stock, withdrawals of such demands or any intent to demand or withdraw the foregoing, and any other instruments served pursuant to the NCBCA and received by Company that relate to any such demand for appraisal (each, an "Appraisal Demand"), and Parent shall have the right to participate in all negotiations and proceedings with respect to any Appraisal Demand or any threatened Appraisal Demand, including those that take place prior to the Effective Time. Company shall not voluntarily make any payment with respect to, or settle or offer to settle, any Appraisal Demand prior to the Effective Time without the prior written approval of Parent.

2.3 Parent Stock.

At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Company or their respective shareholders, each share of Parent Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of Parent Common Stock and shall not be affected by the Merger; it being understood that upon the Effective Time, the Parent Common Stock, including the shares issued to former holders of Company Common Stock, shall be the common stock of the Surviving Corporation.

2.4 Parent to Make Consideration Available.

At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a bank or trust company designated by Parent and reasonably acceptable to Company (the "Exchange Agent"), for exchange in accordance with this Article 2 for the benefit of the holders of Old Certificates, (a) evidence in book-entry form representing shares of Parent Common Stock sufficient to deliver the aggregate Merger Consideration to be issued pursuant to Section 2.1(a) (the "New Certificates") and (b) cash in an amount sufficient to pay cash in lieu of any fractional shares to be paid pursuant to Section 2.5(e) (such cash and shares of Parent Common Stock described in the foregoing clauses (a) and (b), together with any dividends or distributions with respect thereto payable in accordance with Section 2.5(b), being referred to herein as the "Exchange Fund"). The Exchange Agent shall invest any cash included in the Exchange Fund as directed by Parent, provided that such investments shall be in obligations of or guaranteed by the United States of America and backed by the full faith and credit of the United States of America or in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Services, Inc. or Standard & Poor's Corporation, respectively, and provided further that no such

investment or losses thereon shall affect the amount of Merger Consideration payable to the holders of Old Certificates. Any interest and other income resulting from such investments shall be paid to Parent.

2.5 Exchange Procedures.

(a) As promptly as practicable after the Effective Time, but in no event later than five (5) business days thereafter, the Surviving Corporation shall cause the Exchange Agent to mail to each holder of record of one or more Old Certificates representing shares of Company Common Stock immediately prior to the Effective Time that have been converted at the Effective Time into the right to receive the applicable Merger Consideration pursuant to Article 1 a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Old Certificates shall pass, only upon proper delivery of the Old Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Old Certificates in exchange for New Certificates representing the number of whole shares of Parent Common Stock and any cash in lieu of fractional shares which the shares of Company Common Stock represented by such Old Certificate or Old Certificates shall have been converted into the right to receive pursuant to this Plan of Merger, as well as any dividends or distributions to be paid pursuant to Section 2.5(b) (such materials and instructions to include customary provisions with respect to delivery of an "agent's message" with respect to book-entry shares). From and after the Effective Time, upon proper surrender of an Old Certificate or Old Certificates for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, or, in the case of uncertificated shares not held through the Depository Trust Company, receipt of an "agent's message" by the Exchange Agent (or such other evidence of transfer as the Exchange Agent may reasonably request), the holder of such Old Certificate or Old Certificates shall be entitled to receive in exchange therefor, as applicable, (i) a New Certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to the provisions of Section 2.1(a) and (ii) a check or other method of cash payment representing the amount of (A) any cash in lieu of fractional shares which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to the provisions of Section 2.5(e) and (B) any dividends or distributions which such holder has the right to receive in respect of the surrendered Old Certificate or Old Certificates pursuant to Section 2.5(b), and the Old Certificate or Old Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash in lieu of fractional shares or dividends or distributions payable to holders of Old Certificates. Until surrendered as contemplated by this Section 2.5, each Old Certificate (other than Old Certificates in respect of Dissenting Shares) shall be deemed at any time after the Effective Time to represent only the right to receive, upon surrender, the number of whole shares of Parent Common Stock which the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive and any cash in lieu of fractional shares or in respect of dividends or distributions as contemplated by this Section 2.5.

(b) No dividends or other distributions declared with respect to Parent Common Stock shall be paid to the holder of any unsurrendered Old Certificate until the holder thereof shall surrender such Old Certificate in accordance with this Article 2. After the surrender of an Old Certificate in accordance with this Article 2, the record holder thereof shall be entitled to receive

any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the whole shares of Parent Common Stock that the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive.

(c) If any share of Parent Common Stock is to be issued in a name other than that in which the Old Certificate or Old Certificates surrendered in exchange therefor is or are registered, it shall be a condition of the issuance thereof that the Old Certificate or Old Certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar Taxes (as defined in the Agreement) required by reason of the issuance of the shares of Parent Common Stock in any name other than that of the registered holder of the Old Certificate or Old Certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of Company of the shares of Company Common Stock that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Old Certificates (other than Old Certificates in respect of Dissenting Shares) representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for the applicable Merger Consideration, cash in lieu of fractional shares and dividends or distributions that the holder presenting such Old Certificates is entitled to in respect of such Old Certificates, as provided in this Article 2.

(e) Notwithstanding anything to the contrary contained herein, no New Certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Old Certificates, no dividend or distribution with respect to Parent Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of Parent. In lieu of the issuance of any such fractional share, the Surviving Corporation shall pay to each former holder of Company Common Stock who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the average of the closing-sale prices of Parent Common Stock on Nasdaq (as defined in the Agreement) as reported by the *Wall Street Journal* for the consecutive period of five (5) full trading days ending on the trading day immediately preceding the Closing Date (as defined in the Agreement) (or, if not reported therein, in another authoritative source mutually agreed upon by Parent and Company) by (ii) the fraction of a share (after taking into account all shares of Company Common Stock held by such holder immediately prior to the Effective Time and rounded to the nearest one-thousandth when expressed in decimal form) of Parent Common Stock which such holder would otherwise be entitled to receive pursuant to Section 2.1(a). The parties acknowledge that payment of such cash consideration in lieu of issuing fractional shares is not separately bargained-for consideration, but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience that would otherwise be caused by the issuance of fractional shares.

(f) Any portion of the Exchange Fund that remains unclaimed by the shareholders of Company for twelve (12) months after the Effective Time shall be paid to the Surviving Corporation. Any former holders of Company Common Stock who have not theretofore complied with this Article 2 shall thereafter look only to the Surviving Corporation for payment of the Merger Consideration, cash in lieu of any fractional shares and any unpaid dividends and distributions on the Parent Common Stock deliverable in respect of each former share of Company Common Stock such holder holds as determined pursuant to this Plan of Merger, in each case, without any interest thereon. Notwithstanding the foregoing, none of Parent, Company, the Surviving Corporation, the Exchange Agent or any other person shall be liable to any former holder of shares of Company Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws. Any amounts remaining unclaimed by former holders of shares of Company Common Stock immediately prior to the time at which such amounts would otherwise escheat to, or become property of, any Governmental Entity (as defined in the Agreement) shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of any claims or interest of any such holders or their successors, assigns or personal representatives previously entitled thereto.

(g) The Surviving Corporation shall be entitled to deduct and withhold, or cause the Exchange Agent to deduct and withhold, from any cash in lieu of fractional shares of Parent Common Stock, cash dividends or distributions payable pursuant to this Section 2.5 or any other amounts otherwise payable pursuant to this Plan of Merger to any holder of Company Common Stock or Company Restricted Stock Awards, such amounts as it is required to deduct and withhold with respect to the making of such payment or distribution under the Code (as defined in the Agreement) or any provision of state, local or foreign Tax (as defined in the Agreement) law. To the extent that amounts are so deducted or withheld by the Surviving Corporation or the Exchange Agent, as the case may be, and paid over to the appropriate Governmental Entity, such withheld amounts shall be treated for all purposes of this Plan of Merger as having been paid to the holder of Company Common Stock or Company Restricted Stock Awards in respect of which the deduction and withholding was made by the Surviving Corporation or the Exchange Agent, as the case may be.

(h) In the event any Old Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Old Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation or the Exchange Agent, the posting by such person of a bond in such amount as the Surviving Corporation or the Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Old Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Old Certificate the applicable Merger Consideration, any cash in lieu of fractional shares and any dividends or distributions deliverable in respect thereof pursuant to this Plan of Merger.

2.6 Treatment of Company Restricted Stock Awards.

At the Effective Time, each unvested restricted share of Company Common Stock granted under the Dogwood State Bank 2019 Omnibus Incentive Plan, as amended (each such share, a "Company Restricted Stock Award") that is outstanding immediately prior to the

Effective Time, by virtue of the Merger, shall fully vest and shall have the treatment set forth in Section 2.1(a) applicable to shares of Company Common Stock.

ARTICLE 3
Articles of Incorporation and Bylaws of Parent

At the Effective Time, the Articles of Incorporation of Parent, as in effect immediately prior to the Effective Time, shall be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with applicable law.

At the Effective Time, the Bylaws of Parent, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

ARTICLE 4
Conditions Precedent

The obligations of Parent and Company to effect the Merger as herein provided shall be subject to satisfaction, unless duly waived, of the conditions set forth in the Agreement.

ARTICLE 5
Amendment

Subject to compliance with applicable law and the terms and conditions of the Agreement, this Plan of Merger may be amended by the Board of Directors of Parent and Company at any time prior to the Effective Time, whether before or after receipt of the Requisite Company Vote (as defined in the Agreement); *provided*, *however*, that after the Requisite Company Vote (as defined in the Agreement) has been obtained, there may not be, without further approval of the holders of Company Common Stock, an amendment to this Plan of Merger that requires further approval of such shareholders under applicable law.

ARTICLE 6
Abandonment

At any time prior to the Effective Time, the Merger may be abandoned, subject to the terms of the Agreement, without further shareholder action in the manner determined by the Board of Directors of Parent and Company. Written notice of such abandonment shall be filed with the North Carolina Secretary and the VSCC prior to the Effective Time.

Exhibit C

Form of Director Noncompetition Agreement

[*Attached*]

FORM OF DIRECTOR NONCOMPETITION AGREEMENT

[●]

TowneBank
6001 Harbour View Boulevard
Suffolk, Virginia 23703

Ladies and Gentlemen:

The undersigned is a director of Dogwood State Bank, a North Carolina banking corporation ("Dogwood"). TowneBank, a Virginia banking corporation ("Towne"), has agreed to acquire Dogwood pursuant to an Agreement and Plan of Merger, dated as of August 18, 2025, by and between Towne and Dogwood, and a related Plan of Merger (together, the "Agreement"). The undersigned has been offered the opportunity to become a member of Towne's advisory Raleigh regional board of directors or other regional board of their choosing following the Effective Time (as defined in the Agreement).

As a condition of acceptance of such offer, and subject to the exceptions below, the undersigned hereby agrees that, for a period of one (1) year following the Effective Time (or longer period that the undersigned shall be a member of any Towne advisory regional board of directors identified in the preceding paragraph), the undersigned will not, directly or indirectly: (i) become a member of the board of directors or an advisory board of, or be an organizer of, or be a 1% or more shareholder of, any entity engaged in or formed for the purpose of engaging in a Competitive Business anywhere in the Market Area (as such terms are defined below); or (ii) in any individual or representative capacity whatsoever, induce any individual to terminate his or her employment with Towne or its Affiliates (as such term is defined below).

As used in this Agreement, the term "Competitive Business" means the financial services business, which includes one or more of the following businesses: consumer and commercial banking, insurance brokerage, asset management, residential and commercial mortgage lending, and any other business in which Towne or any of its Affiliates are engaged; the term "Market Area" means any city, county or other municipality in North Carolina or South Carolina in which Towne operates a banking office and any area within a twenty (20) statute mile radius of any banking office of Towne located in such geographic territory; the term "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Towne; and the term "Person" means any person, partnership, corporation, company, group or other entity.

Notwithstanding the foregoing, in no event shall the undersigned be prevented from continuing to engage in, or being or continuing to engage in any activities as an officer, employee, owner, shareholder, partner or member in or of, or a member of the board of directors or a member of an advisory board of, any entity engaged in, a Competitive Business if the undersigned holds such position (or a corresponding position with the predecessor to such entity) or otherwise engages in that Competitive Business on the date hereof.

This letter agreement is the complete agreement between Towne and the undersigned concerning the subject matter hereof and shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to its conflicts of laws provisions.

This letter agreement is executed as of the _____ th day of _____, _____.

Very truly yours,

_____

[Insert Name]

Exhibit D

Form of Company Articles Amendment

[*Attached*]

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION OF
DOGWOOD STATE BANK

The Articles of Incorporation of Dogwood State Bank (the "Bank") shall be amended by deleting Section B.5. of Article II thereof in its entirety and substituting the following in its place:

5. Mergers, etc. In the event of any merger, consolidation, share exchange, reclassification or other similar transaction in which the shares of Voting Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, each share of Non-Voting Common Stock will at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that each share of Voting Common Stock would be entitled to receive as a result of such transaction, *provided* that if upon receipt of any such securities, a holder of Non-Voting Common Stock, together with all affiliates of the holder, would own or control in the aggregate more than 9.99% (or 4.99% if such holder is, or is a subsidiary of, a bank holding company as such term is defined under the BHCA) of any class of voting securities of the resulting corporation or the parent company thereof, then, in lieu of any securities that would cause such thresholds to be exceeded, such holder of Non-Voting Common Stock shall instead receive non-voting securities under the resulting corporation's organizational documents with substantially the same privileges, limitations and relative rights as the Non-Voting Common Stock. Subject to the foregoing, in the event the holders of Voting Common Stock are provided the right to convert or exchange Voting Common Stock for stock or securities, cash and/or any other property, then the holders of the Non-Voting Common Stock shall be provided the same right based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares of Non-Voting Common Stock were converted into shares of Voting Common Stock immediately prior to such offering; *provided* that any shares of the Bank issued with respect to the Non-Voting Common Stock shall be issued in the form of Non-Voting Common Stock. In the event that the Bank offers to repurchase shares of Voting Common Stock from its shareholders generally, the Bank shall offer to repurchase Non-Voting Common Stock pro rata based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares were converted into shares of Voting Common Stock immediately prior to such repurchase. In the event of any pro rata subscription offer, rights offer or similar offer to holders of Voting Common Stock, the Bank shall provide the holders of the Non-Voting Common Stock the right to participate based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares were converted into shares of Voting Common Stock immediately prior to such offering; *provided* that any shares issued with respect to the Non-Voting Common Stock shall be issued in the form of Non-Voting Common Stock rather than Voting Common Stock.

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PIPER | SANDLER

1251 AVENUE OF THE AMERICAS, 6TH FLOOR
NEW YORK, NY 10020
P 212 466-7800 | TF 800 635-6851
Piper Sandler & Co. Since 1895.
Member SIPC and NYSE.

August 18, 2025

Board of Directors
Dogwood State Bank
5401 Six Forks Road, Suite 100
Raleigh, NC 27609

Ladies and Gentlemen:

Dogwood Sate Bank ("Company") and TowneBank ("Parent") are proposing to enter into an Agreement and Plan of Merger (the "Agreement") pursuant to which Company will, subject to the terms and conditions set forth therein, merge with and into Parent (the "Merger") so that Parent is the surviving corporation in the Merger. As set forth in the Agreement, at the Effective Time, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time, except for certain shares of Company Common Stock as specified in the Agreement, shall be converted into the right to receive 0.700 (the "Exchange Ratio") of a share of Parent Common Stock. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Agreement. You have requested our opinion as to the fairness, from a financial point of view, of the Exchange Ratio to the holders of Company Common Stock.

Piper Sandler & Co. ("Piper Sandler", "we" or "our"), as part of its investment banking business, is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. In connection with this opinion, we have reviewed and considered, among other things: (i) a draft of the Agreement, dated August 10, 2025; (ii) certain publicly available financial statements and other historical financial information of Company that we deemed relevant; (iii) certain publicly available financial statements and other historical financial information of Parent that we deemed relevant; (iv) internal financial projections for Company for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Company for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Company; (v) publicly available mean analyst net income estimates for Parent for the years ending December 31, 2025 and December 31, 2026 (which information includes the estimated impact of Parent's pending acquisition of Old Point Financial Corporation (the "Old Point Acquisition")), as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for Parent for the years ending December 31, 2025 through

December 31, 2029, as provided by the senior management of Parent; (vi) the pro forma financial impact of the Merger on Parent based on certain assumptions relating to transaction expenses, cost savings and purchase accounting adjustments, as well as certain assumptions related to the Old Point Acquisition and adjustments for current expected credit losses (CECL) accounting standards, as provided by the senior management of Parent; (vii) the publicly reported historical price and trading activity for Company Common Stock and Parent Common Stock, including a comparison of certain stock trading information for Company Common Stock and Parent Common Stock and certain stock indices, as well as similar publicly available information for certain other companies, the securities of which are publicly traded; (viii) a comparison of certain financial and market information for Company and Parent with similar financial institutions for which information is publicly available; (ix) the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available; (x) the current market environment generally and the banking environment in particular; and (xi) such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant. We also discussed with certain members of the senior management of Company and its representatives the business, financial condition, results of operations and prospects of Company and held similar discussions with certain members of the senior management of Parent and its representatives regarding the business, financial condition, results of operations and prospects of Parent.

In performing our review, we have relied upon the accuracy and completeness of all of the financial and other information that was available to us from public sources, that was provided to us by Company, Parent or their respective representatives, or that was otherwise reviewed by us and we have assumed such accuracy and completeness for purposes of rendering this opinion without any independent verification or investigation. We have further relied on the assurances of the respective senior managements of Company and Parent that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any respect material to our analyses. We have not been asked to undertake, and have not undertaken, an independent verification of any such information and we do not assume any responsibility or liability for the accuracy or completeness thereof. We did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Company or Parent, nor were we furnished with any such evaluations or appraisals. We render no opinion on or evaluation of the collectability of any assets or the future performance of any loans of Company or Parent, nor any of their respective subsidiaries. We did not make an independent evaluation of the adequacy of the allowance for credit losses of Company or Parent, any of their respective subsidiaries or the combined entity after the Merger, and we have not reviewed any individual credit files relating to Company or Parent or any of their respective

subsidiaries. We have assumed, with your consent, that the respective allowances for credit losses for Company and Parent and their respective subsidiaries are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Piper Sandler used internal financial projections for Company for the years ending December 31, 2025 through December 31, 2027, as well as an estimated annual balance sheet and net income growth rate for the years ending December 31, 2028 and December 31, 2029 and estimated dividends per share for Company for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Company. In addition, Piper Sandler used publicly available mean analyst net income estimates for Parent for the years ending December 31, 2025 and December 31, 2026 (which information includes the estimated impact of Parent's pending acquisition of Old Point Acquisition, as well as an estimated long-term annual balance sheet and net income growth rate for the years ending December 31, 2027 through December 31, 2029 and estimated dividends per share for Parent for the years ending December 31, 2025 through December 31, 2029, as provided by the senior management of Parent. Piper Sandler also received and used in its pro forma analyses certain assumptions relating to the pro forma financial impact of the Merger on Parent based on certain assumptions relating to transaction expenses, cost savings and purchase accounting adjustments, as well as certain assumptions related to the Old Point Acquisition and adjustments for CECL accounting standards, as provided by the senior management of Parent. With respect to the foregoing information, the respective senior managements of Company and Parent confirmed to us that such information reflected (or in the case of the publicly available analyst estimates referred to above, was consistent with) the best currently available projections, estimates and judgements of those respective senior managements as to the future financial performance of Company and Parent, respectively, and we assumed that the financial results reflected in such information would be achieved. We express no opinion as to such projections, estimates or judgements, or the assumptions on which they are based. We have also assumed that there has been no material change in Company's or Parent's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to us. We have assumed in all respects material to our analyses that Company and Parent will remain as going concerns for all periods relevant to our analyses.

We have also assumed, with your consent, that (i) each of the parties to the Agreement will comply in all material respects with all material terms and conditions of the Agreement and all related agreements required to effect the Merger, that all of the representations and warranties contained in such agreements are true and correct in all material respects, that each of the parties to such agreements will perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent

in such agreements are not and will not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Company, Parent, the Merger or any related transactions, and (iii) the Merger and any related transactions will be consummated in accordance with the terms of the Agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with your consent, we have relied upon the advice that Company has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the Agreement. We express no opinion as to any such matters.

Our opinion is necessarily based on financial, regulatory, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof could materially affect this opinion. We have not undertaken to update, revise, reaffirm or withdraw this opinion or otherwise comment upon events occurring after the date hereof. We express no opinion as to the trading value of Company Common Stock or Parent Common Stock at any time or what the value of Parent Common Stock will be once the shares are actually received by the holders of Company Common Stock.

We have acted as Company's financial advisor in connection with the Merger and will receive a fee for our services, which fee is contingent upon consummation of the Merger. We will also receive a fee for rendering this opinion, which opinion fee will be credited in full towards the advisory fee which will become payable to Piper Sandler upon consummation of the Merger. Company has also agreed to indemnify us against certain claims and liabilities arising out of our engagement and to reimburse us for certain of our out-of-pocket expenses incurred in connection with our engagement. In the two years preceding the date hereof, Piper Sandler has provided certain other investment banking services to Company. In summary, Piper Sandler acted as financial advisor to Company in connection with its acquisition of Community First Bancorporation, which transaction closed in August 2024 and for which Piper Sandler received an advisory fee of $950,000. In the two years preceding the date hereof, Piper Sandler has provided certain investment banking services to Parent. In summary, Piper Sandler acted as financial advisor to Parent in connection with Parent's acquisition of Village Bank and Trust Financial Corp., which transaction closed in April 2025 and for which Piper Sandler received an advisory fee of $1.5 million. In addition, as you are aware, Piper Sandler is currently acting as financial advisor and rendered an opinion to Parent in connection with the Old Point Acquisition, which is expected to close in September 2025. Piper Sandler received a fee of $400,000 from Parent upon rending its opinion, which opinion fee will be credited in full towards the $2.25 million advisory fee which

will become payable to Piper Sandler upon closing of the Old Point Acquisition. Additionally, in the ordinary course of our business as a broker-dealer, we may purchase securities from and sell securities to Company, Parent and their respective affiliates. We may also actively trade the equity and debt securities of Company, Parent and their respective affiliates for our own account and for the accounts of our customers.

Our opinion is directed to the Board of Directors of Company in connection with its consideration of the Agreement and the Merger and does not constitute a recommendation to any shareholder of Company as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the Agreement and the Merger. Our opinion is directed only as to the fairness, from a financial point of view, of the Exchange Ratio to the holders of Company Common Stock and does not address the underlying business decision of Company to engage in the Merger, the form or structure of the Merger or any other transactions contemplated in the Agreement, the relative merits of the Merger as compared to any other alternative transactions or business strategies that might exist for Company or the effect of any other transaction in which Company might engage. We also do not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Merger by any Company officer, director or employee, or class of such persons, if any, relative to the amount of compensation to be received by any other shareholder. This opinion has been approved by Piper Sandler's fairness opinion committee. This opinion may not be reproduced without Piper Sandler's prior written consent; *provided*, however, Piper Sandler will provide its consent for the opinion to be included in any regulatory filings, including the Proxy Statement and the Registration Statement, to be filed with the SEC and mailed to shareholders in connection with the Merger.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio is fair to the holders of Company Common Stock from a financial point of view.

Very truly yours,

Piper Sandler & Co.

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ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION OF
DOGWOOD STATE BANK

The Articles of Incorporation of Dogwood State Bank (the "Bank") shall be amended by deleting Section B.5. of Article II thereof in its entirety and substituting the following in its place:

5. Mergers, etc. In the event of any merger, consolidation, share exchange, reclassification or other similar transaction in which the shares of Voting Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, each share of Non-Voting Common Stock will at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that each share of Voting Common Stock would be entitled to receive as a result of such transaction, *provided* that if upon receipt of any such securities, a holder of Non-Voting Common Stock, together with all affiliates of the holder, would own or control in the aggregate more than 9.99% (or 4.99% if such holder is, or is a subsidiary of, a bank holding company as such term is defined under the BHCA) of any class of voting securities of the resulting corporation or the parent company thereof, then, in lieu of any securities that would cause such thresholds to be exceeded, such holder of Non-Voting Common Stock shall instead receive non-voting securities under the resulting corporation's organizational documents with substantially the same privileges, limitations and relative rights as the Non-Voting Common Stock. Subject to the foregoing, in the event the holders of Voting Common Stock are provided the right to convert or exchange Voting Common Stock for stock or securities, cash and/or any other property, then the holders of the Non-Voting Common Stock shall be provided the same right based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares of Non-Voting Common Stock were converted into shares of Voting Common Stock immediately prior to such offering; *provided* that any shares of the Bank issued with respect to the Non-Voting Common Stock shall be issued in the form of Non-Voting Common Stock. In the event that the Bank offers to repurchase shares of Voting Common Stock from its shareholders generally, the Bank shall offer to repurchase Non-Voting Common Stock pro rata based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares were converted into shares of Voting Common Stock immediately prior to such repurchase. In the event of any pro rata subscription offer, rights offer or similar offer to holders of Voting Common Stock, the Bank shall provide the holders of the Non-Voting Common Stock the right to participate based upon the number of shares of Voting Common Stock such holders would be entitled to receive if such shares were converted into shares of Voting Common Stock immediately prior to such offering; *provided* that any shares issued with respect to the Non-Voting Common Stock shall be issued in the form of Non-Voting Common Stock rather than Voting Common Stock.

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Article 13.

Appraisal Rights.

Part 1. Right to Appraisal and Payment for Shares.

§ 55-13-01. Definitions.

In this Article, the following definitions apply:

(1) Affiliate. – A person that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person or is a senior executive thereof. For purposes of G.S. 55-13-01(7), a person is deemed to be an affiliate of its senior executives.

(2) Beneficial shareholder. – A person who is the beneficial owner of shares held in a voting trust or by a nominee on the beneficial owner's behalf.

(3) Corporation. – The issuer of the shares held by a shareholder demanding appraisal and, for matters covered in G.S. 55-13-22 through G.S. 55-13-31, the term includes the surviving entity in a merger.

(4) Expenses. – Reasonable expenses of every kind that are incurred in connection with a matter, including counsel fees.

(5) Fair value. – The value of the corporation's shares (i) immediately before the effectuation of the corporate action as to which the shareholder asserts appraisal rights, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable, (ii) using customary and current valuation concepts and techniques generally employed for similar business in the context of the transaction requiring appraisal, and (iii) without discounting for lack of marketability or minority status except, if appropriate, for amendments to the articles pursuant to G.S. 55-13-02(a)(5).

(6) Interest. – Interest from the effective date of the corporate action until the date of payment, at the rate of interest on judgments in this State on the effective date of the corporate action.

(7) Interested transaction. – A corporate action described in G.S. 55-13-02(a), other than a merger pursuant to G.S. 55-11-04 or G.S. 55-11-12, involving an interested person and in which any of the shares or assets of the corporation are being acquired or converted. As used in this definition, the following definitions apply:

a. Interested person. – A person, or an affiliate of a person, who at any time during the one-year period immediately preceding approval by the board of directors of the corporate action met any of the following conditions:

1. Was the beneficial owner of twenty percent (20%) or more of the voting power of the corporation, other than as owner of excluded shares.
2. Had the power, contractually or otherwise, other than as owner of excluded shares, to cause the appointment or election of twenty-five percent (25%) or more of the directors to the board of directors of the corporation.
3. Was a senior executive or director of the corporation or a senior executive of any affiliate thereof, and that senior executive or director will receive, as a result of the corporate action, a

financial benefit not generally available to other shareholders as such, other than any of the following:

I. Employment, consulting, retirement, or similar benefits established separately and not as part of or in contemplation of the corporate action.

II. Employment, consulting, retirement, or similar benefits established in contemplation of, or as part of, the corporate action that are not more favorable than those existing before the corporate action or, if more favorable, that have been approved on behalf of the corporation in the same manner as is provided in G.S. 55-8-31(a)(1) and (c).

III. In the case of a director of the corporation who will, in the corporate action, become a director of the acquiring entity, or one of its affiliates, rights and benefits as a director that are provided on the same basis as those afforded by the acquiring entity generally to other directors of the acquiring entity or such affiliate of the acquiring entity.

b. Beneficial owner. – Any person who, directly or indirectly, through any contract, arrangement, or understanding, other than a revocable proxy, has or shares the power to vote, or to direct the voting of, shares. If a member of a national securities exchange is precluded by the rules of the exchange from voting without instruction on contested matters or matters that may affect substantially the rights or privileges of the holders of the securities to be voted, then that member of a national securities exchange shall not be deemed a "beneficial owner" of any securities held directly or indirectly by the member on behalf of another person solely because the member is the record holder of the securities. When two or more persons agree to act together for the purpose of voting their shares of the corporation, each member of the group formed thereby is deemed to have acquired beneficial ownership, as of the date of the agreement, of all voting shares of the corporation beneficially owned by any member of the group.

c. Excluded shares. – Shares acquired pursuant to an offer for all shares having voting power if the offer was made within one year prior to the corporate action for consideration of the same kind and of a value equal to or less than that paid in connection with the corporate action.

(8) Preferred shares. – A class or series of shares the holders of which have preference over any other class or series with respect to distributions.

(9) Record shareholder. – The person in whose name shares are registered in the records of the corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the corporation.

(10) Senior executive. – The chief executive officer, chief operating officer, chief financial officer, or anyone in charge of a principal business unit or function.

(11) Shareholder. – Both a record shareholder and a beneficial shareholder. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2011-347, s. 1; 2018-45, s. 24.)

§ 55-13-02. Right to appraisal.

(a) In addition to any rights granted under Article 9 of this Chapter, a shareholder is entitled to appraisal rights and to obtain payment of the fair value of that shareholder's shares, in the event of any of the following corporate actions:

(1) Consummation of a merger to which the corporation is a party if either (i) shareholder approval is required for the merger by G.S. 55-11-03 or would be required but for the provisions of G.S. 55-11-03(j), except that appraisal rights shall not be available to any shareholder of the corporation with respect to shares of any class or series that remain outstanding after consummation of the merger or (ii) the corporation is a subsidiary and the merger is governed by G.S. 55-11-04 or G.S. 55-11-12.

(2) Consummation of a share exchange to which the corporation is a party as the corporation whose shares will be acquired, except that appraisal rights shall not be available to any shareholder of the corporation with respect to any class or series of shares of the corporation that is not exchanged.

(3) Consummation of a disposition of assets pursuant to G.S. 55-12-02.

(4) An amendment of the articles of incorporation (i) with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has an obligation or right to repurchase the fractional share so created or (ii) changes the corporation into a nonprofit corporation or cooperative organization.

(5) Any other amendment to the articles of incorporation, merger, share exchange, or disposition of assets to the extent provided by the articles of incorporation, bylaws, or a resolution of the board of directors.

(6) Consummation of a conversion to a foreign corporation pursuant to Part 2 of Article 11A of this Chapter if the shareholder does not receive shares in the foreign corporation resulting from the conversion that (i) have terms as favorable to the shareholder in all material respects and (ii) represent at least the same percentage interest of the total voting rights of the outstanding shares of the corporation as the shares held by the shareholder before the conversion.

(7) Consummation of a conversion of the corporation to nonprofit status pursuant to Part 2 of Article 11A of this Chapter.

(8) Consummation of a conversion of the corporation to an unincorporated entity pursuant to Part 2 of Article 11A of this Chapter.

(b) Notwithstanding subsection (a) of this section, the availability of appraisal rights under subdivisions (1), (2), (3), (4), (6), and (8) of subsection (a) of this section shall be limited in accordance with the following provisions:

(1) Appraisal rights shall not be available for the holders of shares of any class or series of shares that are any of the following:

a. A covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933, as amended.

b. Traded in an organized market and has at least 2,000 shareholders and a market value of at least twenty million dollars ($20,000,000) (exclusive of the value of shares held by the corporation's subsidiaries, senior executives, directors, and beneficial shareholders owning more than ten percent (10%) of such shares).

c. Issued by an open-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended, and may be redeemed at the option of the holder at net asset value.

(2) The applicability of subdivision (1) of this subsection shall be determined as of (i) the record date fixed to determine the shareholders entitled to receive notice of, and to vote at, the meeting of shareholders to act upon the corporate action requiring appraisal rights or, in the case of an offer made pursuant to G.S. 55-11-03(j), the date of the offer, or (ii) the day before the effective date of the corporate action if there is no meeting of shareholders and no offer made pursuant to G.S. 55-11-03(j).

(3) Subdivision (1) of this subsection shall not be applicable and appraisal rights shall be available pursuant to subsection (a) of this section for the holders of any class or series of shares who are required by the terms of the corporate action requiring appraisal rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in subdivision (1) of this subsection at the time the corporate action becomes effective.

(4) Subdivision (1) of this subsection shall not be applicable and appraisal rights shall be available pursuant to subsection (a) of this section for the holders of any class or series of shares where the corporate action is an interested transaction.

(c) Notwithstanding any other provision of this section, the articles of incorporation as originally filed or any amendment to the articles may limit or eliminate appraisal rights for any class or series of preferred shares with respect to any corporate action, except that (i) no limitation or elimination shall be effective if the class or series does not have the right to vote separately as a voting group, alone or as part of a group, on the corporate action or if the corporate action is an amendment to the articles of incorporation that changes the corporation into a nonprofit corporation or a cooperative organization, and (ii) any limitation or elimination contained in an amendment to the articles of incorporation that limits or eliminates appraisal rights for any shares that are outstanding immediately prior to the effective date of the amendment, or that the corporation is or may be required to issue or sell thereafter pursuant to any conversion, exchange, or other right existing immediately before the effective date of the amendment, shall not apply to any corporate action that becomes effective within one year of that date if the corporate action would otherwise afford appraisal rights.

(d) Repealed by Session Laws 2018-45, s. 25, effective October 1, 2018. (1925, c. 77, s. 1; c. 235; 1929, c. 269; 1939, c. 279; 1943, c. 270; G.S., ss. 55-26, 55-167; 1955, c. 1371, s. 1; 1959, c. 1316, ss. 30, 31; 1969, c. 751, ss. 36, 39; 1973, c. 469, ss. 36, 37; c. 476, s. 193; 1989, c. 265, s. 1; 1989 (Reg. Sess., 1990), c. 1024, s. 12.18; 1991, c. 645, s. 12; 1997-202, s. 1; 1999-141, s. 1; 2001-387, s. 26; 2003-157, s. 1; 2011-347, ss. 1, 22(c); 2018-45, s. 25.)

§ 55-13-03. Assertion of rights by nominees and beneficial owners.

(a) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the record shareholder's name but owned by a beneficial shareholder only if the record shareholder (i) objects with respect to all shares of the class or series owned by the beneficial shareholder and (ii) notifies the corporation in writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the shares held of record in the record shareholder's name under this subsection shall be determined as if the shares as to which the record shareholder objects and the record shareholder's other shares were registered in the names of different record shareholders.

(b) A beneficial shareholder may assert appraisal rights as to shares of any class or series held on behalf of the shareholder only if the shareholder does both of the following:

(1) Submits to the corporation the record shareholder's written consent to the assertion of rights no later than the date referred to in G.S. 55-13-22(b)(2)b.

(2) Submits written consent under subdivision (1) of this subsection with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2011-347, s. 1.)

§§ 55-13-04 through 55-13-19. Reserved for future codification purposes.

Part 2. Procedure for Exercise of Appraisal Rights.

§ 55-13-20. Notice of appraisal rights.

(a) If any corporate action specified in G.S. 55-13-02(a) is to be submitted to a vote at a shareholders' meeting, or where no approval of the action is required pursuant to G.S. 55-11-03(j), the meeting notice or, if applicable, the offer made pursuant to G.S. 55-11-03(j), shall state that the corporation has concluded that shareholders are, are not, or may be entitled to assert appraisal rights under this Article. If the corporation concludes that appraisal rights are or may be available, a copy of this Article shall accompany the meeting notice or offer sent to those record shareholders entitled to exercise appraisal rights.

(b) In a merger pursuant to G.S. 55-11-04 or G.S. 55-11-12, the parent corporation shall notify in writing all record shareholders of the subsidiary who are entitled to assert appraisal rights that the corporate action became effective. Notice required under this subsection shall be sent within 10 days after the corporate action became effective and include the materials described in G.S. 55-13-22.

(c) If any corporate action specified in G.S. 55-13-02(a) is to be approved by written consent of the shareholders pursuant to G.S. 55-7-04, then the following shall occur:

(1) Written notice that appraisal rights are, are not, or may be available shall be given to each record shareholder from whom a consent is solicited at the time consent of each shareholder is first solicited and, if the corporation has concluded that appraisal rights are or may be available, shall be accompanied by a copy of this Article.

(2) Written notice that appraisal rights are, are not, or may be available shall be delivered together with the notice to the applicable shareholders required by subsections (d) and (e) of G.S. 55-7-04, may include the materials described in

G.S. 55-13-22, and, if the corporation has concluded that appraisal rights are or may be available, shall be accompanied by a copy of this Article.

(d) If any corporate action described in G.S. 55-13-02(a) is proposed, or a merger pursuant to G.S. 55-11-04 or G.S. 55-11-12 is effected, then the notice or offer referred to in subsection (a) or (c) of this section, if the corporation concludes that appraisal rights are or may be available, and the notice referred to in subsection (b) of this section, shall be accompanied by both of the following:

(1) Annual financial statements as described in G.S. 55-16-20(a) of the corporation that issued the shares to be appraised. The date of the financial statements shall not be more than 16 months before the date of the notice. If annual financial statements that meet the requirements of this subdivision are not reasonably available, then the corporation shall provide reasonably equivalent financial information and in any case shall provide a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of the notice, an income statement for that year, and a cash flow statement for that year.

(2) The latest interim financial statements of the corporation, if any.

(e) The right to receive the information described in subsection (d) of this section may be waived in writing by a shareholder before or after the corporate action. (1925, c. 77, s. 1; c. 235; 1929, c. 269; 1939, c. 5; c. 279; 1943, c. 270; G.S., ss. 55-26, 55-165, 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2002-58, s. 2; 2011-347, s. 1; 2018-45, s. 26; 2021-106, s. 6(g).)

§ 55-13-21. Notice of intent to demand payment and consequences of voting or consenting.

(a) If a corporate action specified in G.S. 55-13-02(a) is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares must do the following:

(1) Deliver to the corporation, before the vote is taken, written notice of the shareholder's intent to demand payment if the proposed action is effectuated.

(2) Not vote, or cause or permit to be voted, any shares of any class or series in favor of the proposed action.

(b) If a corporate action specified in G.S. 55-13-02(a) is to be approved by less than unanimous written consent, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares must satisfy both of the following requirements:

(1) The shareholder must deliver to the corporation, before the proposed action becomes effective, written notice of the shareholder's intent to demand payment if the proposed action is effectuated, except that the written notice is not required if the notice required by G.S. 55-13-20(c) is given less than 25 days prior to the date the proposed action is effectuated.

(2) The shareholder must not execute a consent in favor of the proposed action with respect to that class or series of shares.

(b1) If a corporate action specified in G.S. 55-13-02(a) does not require shareholder approval pursuant to G.S. 55-11-03(j), a shareholder who wishes to assert appraisal rights with respect to any class or series of shares must satisfy both of the following requirements:

(1) The shareholder must deliver to the corporation, before the shares are purchased pursuant to the offer made consistent with subdivision (2) of subsection (j) of

G.S. 55-11-03, written notice of the shareholder's intent to demand payment if the proposed action is effectuated.

(2) The shareholder must not tender, or cause or permit to be tendered, any shares of the class or series in response to the offer.

(c) A shareholder who fails to satisfy the requirements of subsection (a), (b), or (b1) of this section is not entitled to payment under this Article. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2011-347, s. 1; 2018-45, s. 27.)

§ 55-13-22. Appraisal notice and form.

(a) If a corporate action requiring appraisal rights under G.S. 55-13-02(a) becomes effective, the corporation must deliver a written appraisal notice and form required by subdivision (b)(1) of this section to all shareholders who satisfied the requirements of G.S. 55-13-21. In the case of a merger under G.S. 55-11-04 or G.S. 55-11-12, the parent corporation must deliver a written appraisal notice and form to all record shareholders of the subsidiary who may be entitled to assert appraisal rights.

(b) The appraisal notice must be sent no earlier than the date the corporate action specified in G.S. 55-13-02(a) became effective and no later than 10 days after that date. The appraisal notice must include the following:

(1) A form that specifies the first date of any announcement to shareholders, made prior to the date the corporate action became effective, of the principal terms of the proposed corporate action. If such an announcement was made, the form shall require a shareholder asserting appraisal rights to certify whether beneficial ownership of those shares for which appraisal rights are asserted was acquired before that date. The form shall require a shareholder asserting appraisal rights to certify that the shareholder did not vote for or consent to the transaction.

(2) Disclosure of the following:

a. Where the form must be sent and where certificates for certificated shares must be deposited, as well as the date by which those certificates must be deposited. The certificate deposit date must not be earlier than the date for receiving the required form under sub-subdivision b. of this subdivision.

b. A date by which the corporation must receive the payment demand, which date may not be fewer than 40 nor more than 60 days after the date the appraisal notice required under subsection (a) of this section and form are sent. The form shall also state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless the form is received by the corporation by the specified date.

c. The corporation's estimate of the fair value of the shares.

d. That, if requested in writing, the corporation will provide, to the shareholder so requesting, within 10 days after the date specified in sub-subdivision b. of this subdivision, the number of shareholders who return the forms by the specified date and the total number of shares owned by them.

e. The date by which the notice to withdraw under G.S. 55-13-23 must be received, which date must be within 20 days after the date specified in sub-subdivision b. of this subdivision.

(3) Be accompanied by a copy of this Article. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 1997-485, s. 4; 2001-387, s. 27; 2002-58, s. 3; 2011-347, s. 1; 2018-45, s. 28.)

§ 55-13-23. Perfection of rights; right to withdraw.

(a) A shareholder who receives notice pursuant to G.S. 55-13-22 and who wishes to exercise appraisal rights must sign and return the form sent by the corporation and, in the case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice pursuant to G.S. 55-13-22(b)(2). In addition, if applicable, the shareholder must certify on the form whether the beneficial owner of such shares acquired beneficial ownership of the shares before the date required to be set forth in the notice pursuant to G.S. 55-13-22(b)(1). If a shareholder fails to make this certification, the corporation may elect to treat the shareholder's shares as after-acquired shares under G.S. 55-13-27. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the signed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws pursuant to subsection (b) of this section.

(b) A shareholder who has complied with subsection (a) of this section may nevertheless decline to exercise appraisal rights and withdraw from the appraisal process by so notifying the corporation in writing by the date set forth in the appraisal notice pursuant to G.S. 55-13-22(b)(2)e. A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the corporation's written consent.

(c) A shareholder who does not sign and return the form and, in the case of certificated shares, deposit that shareholder's share certificates where required, each by the date set forth in the notice described in G.S. 55-13-22(b) shall not be entitled to payment under this Article. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2011-347, s. 1.)

§ 55-13-24: Repealed by Session Laws 2011-347, s. 1, effective October 1, 2011.

§ 55-13-25. Payment.

(a) Except as provided in G.S. 55-13-27, within 30 days after the form required by G.S. 55-13-22(b) is due, the corporation shall pay in cash to the shareholders who complied with G.S. 55-13-23(a) the amount the corporation estimates to be the fair value of their shares, plus interest.

(b) The payment to each shareholder pursuant to subsection (a) of this section shall be accompanied by the following:

(1) The following financial information:

a. Annual financial statements as described in G.S. 55-16-20(a) of the corporation that issued the shares to be appraised. The date of the financial statements shall not be more than 16 months before the date of payment. If annual financial statements that meet the requirements of this sub-subdivision are not reasonably available, the corporation shall

provide reasonably equivalent financial information and in any case shall provide a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, and a cash flow statement for that year.

b. The latest interim financial statements, if any.

(2) A statement of the corporation's estimate of the fair value of the shares. The estimate shall equal or exceed the corporation's estimate given pursuant to G.S. 55-13-22(b)(2)c.

(3) A statement that the shareholders described in subsection (a) of this section have the right to demand further payment under G.S. 55-13-28 and that if a shareholder does not do so within the time period specified in G.S. 55-13-28, then the shareholder shall be deemed to have accepted payment in full satisfaction of the corporation's obligations under this Article. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; c. 770, s. 69; 1997-202, s. 2; 2011-347, s. 1; 2021-106, s. 6(h).)

§ 55-13-26: Repealed by Session Laws 2011-347, s. 1, effective October 1, 2011.

§ 55-13-27. After-acquired shares.

(a) A corporation may elect to withhold payment required by G.S. 55-13-25 from any shareholder who was required to but did not certify that beneficial ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired before the date set forth in the appraisal notice sent pursuant to G.S. 55-13-22(b)(1).

(b) If the corporation elected to withhold payment under subsection (a) of this section, it must, within 30 days after the form required by G.S. 55-13-22(b) is due, notify all shareholders who are described in subsection (a) of this section of the following:

(1) The information required by G.S. 55-13-25(b)(1).

(2) The corporation's estimate of fair value pursuant to G.S. 55-13-25(b)(2).

(3) That they may accept the corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under G.S. 55-13-28.

(4) That those shareholders who wish to accept such offer must so notify the corporation of their acceptance of the corporation's offer within 30 days after receiving the offer.

(5) That those shareholders who do not satisfy the requirements for demanding appraisal under G.S. 55-13-28 shall be deemed to have accepted the corporation's offer.

(c) Within 10 days after receiving the shareholder's acceptance pursuant to subsection (b) of this section, the corporation must pay in cash the amount it offered under subdivision (b)(2) of this section to each shareholder who agreed to accept the corporation's offer in full satisfaction of the shareholder's demand.

(d) Within 40 days after sending the notice described in subsection (b) of this section, the corporation must pay in cash the amount it offered to pay under subdivision (b)(2) of this section to each shareholder described in subdivision (b)(5) of this section. (2011-347, s. 1.)

§ 55-13-28. Procedure if shareholder dissatisfied with payment or offer.

(a) A shareholder paid pursuant to G.S. 55-13-25 who is dissatisfied with the amount of the payment must notify the corporation in writing of that shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest (less any payment under G.S. 55-13-25). A shareholder offered payment under G.S. 55-13-27 who is dissatisfied with that offer must reject the offer and demand payment of the shareholder's stated estimate of the fair value of the shares, plus interest.

(b) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value, plus interest, under subsection (a) of this section within 30 days after receiving the corporation's payment or offer of payment under G.S. 55-13-25 or G.S. 55-13-27, respectively, waives the right to demand payment under this section and shall be entitled only to the payment made or offered pursuant to those respective sections. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 1997-202, s. 3; 2011-347, s. 1.)

§ 55-13-29. Reserved for future codification purposes.

Part 3. Judicial Appraisal of Shares.

§ 55-13-30. Court Action.

(a) If a shareholder makes a demand for payment under G.S. 55-13-28 that remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand by filing a complaint with the Superior Court Division of the General Court of Justice to determine whether the shareholder complied with the requirements of this Article and is entitled to appraisal rights, and, if so, to determine the fair value of the shares and accrued interest. The shareholder has the burden of proving that the shareholder complied with the requirements of this Article regarding entitlement to appraisal rights. If the superior court determines that a shareholder has not complied with the requirements of this Article, the shareholder is not entitled to appraisal rights, and the court shall dismiss the proceeding as to the shareholder. If the corporation does not commence the proceeding within the 60-day period, the corporation shall pay in cash to each shareholder the amount the shareholder demanded pursuant to G.S. 55-13-28, plus interest.

(a1) Repealed by Session Laws 1997-202, s. 4.

(b) The corporation shall commence the proceeding in the appropriate court of the county where the corporation's principal office, or, if none, its registered office in this State is located. If the corporation is a foreign corporation without a registered office in this State, it shall commence the proceeding in the county in this State where the principal office or registered office of the domestic corporation merged with the foreign corporation was located at the time of the transaction.

(c) The corporation shall make all shareholders, whether or not residents of this State, whose demands remain unsettled parties to the proceeding as in an action against their shares and all parties shall be served with a copy of the complaint. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(d) The jurisdiction of the superior court in which the proceeding is commenced under subsection (b) of this section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have the powers described in the order appointing them, or in any amendment to it. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There is no right to a trial by jury.

(e) Each shareholder made a party to the proceeding that is determined by the superior court to have complied with the requirements of this Article and is entitled to appraisal rights is entitled to judgment either (i) for the amount, if any, by which the court finds the fair value of the shareholder's shares, plus interest, exceeds the amount paid by the corporation to the shareholder for the shareholder's shares or (ii) for the fair value, plus interest, of the shareholder's shares for which the corporation elected to withhold payment under G.S. 55-13-27. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 1997-202, s. 4; 1997-485, ss. 5, 5.1; 2011-347, s. 1; 2021-106, s. 5(a).)

§ 55-13-31. Court costs and expenses.

(a) The court in an appraisal proceeding commenced under G.S. 55-13-30 shall determine all court costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the shareholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this Article.

(b) The court in an appraisal proceeding may also assess the expenses for the respective parties, in amounts the court finds equitable:

(1) Against the corporation and in favor of any or all shareholders demanding appraisal if the court finds the corporation did not substantially comply with the requirements of G.S. 55-13-20, 55-13-22, 55-13-25, or 55-13-27.

(2) Against either the corporation or a shareholder demanding appraisal, in favor of any other party, if the court finds that the party against whom expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this Article.

(c) If the court in an appraisal proceeding finds that the expenses incurred by any shareholder were of substantial benefit to other shareholders similarly situated and that these expenses should not be assessed against the corporation, the court may direct that the expenses be paid out of the amounts awarded the shareholders who were benefited.

(d) To the extent the corporation fails to make a required payment pursuant to G.S. 55-13-25, 55-13-27, or 55-13-28, the shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from the corporation all expenses of the suit. (1925, c. 77, s. 1; 1943, c. 270; G.S., s. 55-167; 1955, c. 1371, s. 1; 1969, c. 751, s. 39; 1973, c. 469, ss. 36, 37; 1989, c. 265, s. 1; 2011-347, s. 1.)

§ 55-13-32: Reserved for future codification purposes.

§ 55-13-33: Reserved for future codification purposes.

§ 55-13-34: Reserved for future codification purposes.

§ 55-13-35: Reserved for future codification purposes.

§ 55-13-36: Reserved for future codification purposes.

§ 55-13-37: Reserved for future codification purposes.

§ 55-13-38: Reserved for future codification purposes.

§ 55-13-39: Reserved for future codification purposes.

Part 4. Other Remedies.

§ 55-13-40. Other remedies limited.

(a) The legality of a proposed or completed corporate action described in G.S. 55-13-02(a) may not be contested, nor may the corporate action be enjoined, set aside, or rescinded, in a legal or equitable proceeding by a shareholder after the shareholders have approved the corporate action.

(b) Subsection (a) of this section does not apply to a corporate action that:

(1) Was not authorized and approved in accordance with the applicable provisions of any of the following:

a. Article 9, 9A, 10, 11, 11A, or 12 of this Chapter.

b. The articles of incorporation or bylaws.

c. The resolution of the board of directors authorizing the corporate action.

(2) Was procured as a result of fraud, a material misrepresentation, or an omission of a material fact necessary to make statements made, in light of the circumstances in which they were made, not misleading.

(3) Constitutes an interested transaction, unless it has been authorized, approved, or ratified by either (i) the board of directors or a committee of the board or (ii) the shareholders, in the same manner as is provided in G.S. 55-8-31(a)(1) and (c) or in G.S. 55-8-31(a)(2) and (d), as if the interested transaction were a director's conflict of interest transaction.

(4) Was approved by less than unanimous consent of the voting shareholders pursuant to G.S. 55-7-04, provided that both of the following are true:

a. The challenge to the corporate action is brought by a shareholder who did not consent and as to whom notice of the approval of the corporate action was not effective at least 10 days before the corporate action was effected.

b. The proceeding challenging the corporate action is commenced within 10 days after notice of the approval of the corporate action is effective as to the shareholder bringing the proceeding. (2011-347, s. 1.)