

News Release

FOR IMMEDIATE RELEASE

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TOWNEBANK EXPANDS INSURANCE BUSINESS WITH ACQUISITION OF SOUTHERN INSURANCE AGENCY

Suffolk, Va. – Hampton Roads based TowneBank (NASDAQ: TOWN) announced that Southern Insurance Agency, Inc. (“Southern”), will affiliate with Towne Insurance, a wholly owned subsidiary of TowneBank. This continues Towne Insurance’s expansion into North Carolina.

Southern, headquartered in Kitty Hawk, North Carolina is a full service independent insurance agency founded in 1890. Southern will continue operating under its present name, leadership, and locations that serve Kitty Hawk, Corolla, Elizabeth City, Greenville, Wilmington, Columbia, and Graham, North Carolina. With this affiliation, Towne Insurance’s team will grow to more than 200 professionals, with 18 offices providing service throughout Virginia and North Carolina. Since 2001, Towne Insurance has completed 15 insurance agency acquisitions.

“Towne is a clear market leader,” says Robert E. Wells, CIC, President of Southern Insurance Agency, Inc. “We are excited to become a part of the Towne family, and our clients will continue to receive the excellent service they know and trust. Towne shares our passion for client satisfaction and community support.”

“Individuals, families, businesses, and insurance carriers have partnered with Southern Insurance because they enjoy working with insurance professionals who provide great service and meet a wide variety of needs,” says F. Dudley Fulton, President and CEO of Towne Insurance. “We are

very happy to welcome Robert and his talented team to Towne. We are also pleased that we are able to expand the Towne Insurance footprint with such a well-respected agency.”

“We look to partner with agencies who share our philosophy of exquisite member service,” says Will Sessoms, President of Towne Financial Services Group. “Southern Insurance is such a great fit, thanks to their hometown focus and service that goes above and beyond.”

About Towne Insurance

Towne Insurance, a wholly owned subsidiary of TowneBank, is a premier independent insurance agency providing comprehensive solutions and risk management programs to businesses of all sizes, including property and casualty insurance, workers’ compensation, bonding, employee benefits and more. Additionally, personal lines agents specialize in home, auto, umbrella and flood insurance. Towne Insurance has been ranked a Top 100 insurance broker in the U.S by Business Insurance magazine based on total revenue and is recognized as a ‘Best Practices Agency’ by the Independent Insurance Agents & Brokers of America (IIABA) and Reagan Consulting. Headquartered in Hampton Roads in southeastern Virginia, and serving communities from Northern Virginia, to Wilmington, North Carolina, Towne’s 200 experienced professionals work with the nation’s top-rated providers to find members the right coverage at a competitive price. For more information, visit www.TowneInsurance.com.

About TowneBank

As one of the top community banks in Virginia and North Carolina, TowneBank operates 27 banking offices serving Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, Virginia Beach, Williamsburg, James City County and York County in Virginia along with Moyock, Grandy, Camden, Southern Shores, Corolla and Kill Devil Hills in North Carolina. Towne also offers a full range of financial services through its controlled divisions and subsidiaries that include Towne Investment Group, Towne Insurance Agency, TFA Benefits, TowneBank Mortgage, TowneBank Commercial Mortgage, Prudential Towne Realty, Towne 1031 Exchange, LLC, and Corolla Classic Vacations. Local decision-making is a hallmark of its hometown banking strategy that is delivered through the leadership of each group’s President and

Board of Directors. With total assets of \$4.78 billion as of March 31, 2014, TowneBank is one of the largest banks headquartered in Virginia.

Cautionary Statement

This release may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include competitive pressures in the banking industry that may increase significantly, changes in the interest rate environment may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held, general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services, changes in the legislative or regulatory environment, including changes in accounting standards, may adversely affect our businesses, costs or difficulties related to the integration of the business and the businesses we have acquired may be greater than expected, expected cost savings associated with pending or recently completed acquisitions may not be fully realized or realized within the expected time frame, our competitors may have greater financial resources and develop products that enable them to compete more successfully, changes in business conditions, changes in the securities market and changes in our local economy with regards to our market area and its heavy concentration of U.S. military bases and related personnel. We assume no obligation to update information contained in this release.

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