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# TowneBank

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**MEMBER STOCK PURCHASE**

**AND**

**DIVIDEND REINVESTMENT PLAN**

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## THE PLAN

This offering circular updates the prior offering circular describing the TowneBank Member Stock Purchase and Dividend Reinvestment Plan (the “Plan”). The Plan promotes long-term ownership in TowneBank common stock by offering:

- A simple, cost effective way to purchase shares of TowneBank stock directly from TowneBank;
- A way to increase your holdings in TowneBank by reinvesting your dividends; and
- The opportunity to purchase additional shares by making optional cash investments.

You do not need to be a current stockholder of TowneBank to participate in the Plan. You may purchase shares of TowneBank stock through the Plan by enrolling in the automatic investment option *and* opening an account with us if you have not already done so.

We have appointed our stock transfer agent, Computershare Trust Company, N.A. (“the Plan Administrator” or “Computershare”), to serve as the Plan Administrator. Questions concerning the Plan should be directed to Computershare, P.O. Box 30170, College Station, Texas 77842-3170 (tele: 1-800 368-5948). Online access to your Plan account information is available through Computershare’s Investor Centre website at [www.computershare.com/investor](http://www.computershare.com/investor).

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**These securities have not been approved or disapproved by the Securities and Exchange Commission or any federal or state agency, nor has any federal or state agency passed on the accuracy or adequacy of this offering circular. Any representation to the contrary is a criminal offense.**

**The shares of common stock offered hereby are not deposits or savings accounts and will not be insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

**The date of this offering circular is May 6, 2015**

# **TowneBank**

## **Member Stock Purchase and Dividend Reinvestment Plan**

### **SUMMARY OF THE PLAN**

#### **Who Can Join**

- Current stockholders;
- TowneBank members who would like to become stockholders; and
- Employees of TowneBank and its affiliated companies.

#### **Investing in TowneBank**

The Plan provides the following investment features:

- You may make monthly purchases in installments of as little as \$25 per month (\$5,000 maximum per month), automatically debited from your TowneBank account;
- You may make optional cash purchases of additional TowneBank shares at any time, but only if you are also participating in the monthly automatic withdrawal feature of the Plan;
- Dividends on all or some of your TowneBank shares may be reinvested in additional shares;
- You may deposit your existing TowneBank common stock certificates for safekeeping with the Plan Administrator; and
- You may sell all or some of your shares held in the Plan.

Because the amount you may invest through the Plan will seldom be an amount that will purchase an exact number of shares, purchases for your account will normally include a fractional share. These fractional shares will earn proportional dividend income the same as full shares.

Separate certificates for shares purchased through the Plan will not be issued to you. The TowneBank shares you acquire through the Plan will be maintained in your Plan account for safekeeping by the Plan Administrator in book entry form.

#### **TowneBank Account**

If you wish to participate in the Plan and do not already have an account with TowneBank, you will need to open a checking or other transactional account with TowneBank. Your monthly purchases will be debited directly from the TowneBank account you designate. Please visit one of our banking offices to open an account. Call us at (757) 638-7500 for the TowneBank office closest to you or if you wish additional information concerning the various depository products and services we offer.

#### **How to Enroll in the Plan**

To enroll in the Plan, complete the enrollment form and return it to the Plan Administrator, along with a voided check from your TowneBank account. Employees of TowneBank are eligible to participate in the Plan and may do so through payroll deductions. The minimum payroll system deduction is \$25 a month. Payroll deductions will be invested at no cost to employees.

## How to Make Cash Investments

***Direct Debits from Your TowneBank Account:*** The TowneBank account you designate will be debited directly on a monthly basis to purchase TowneBank shares through the Plan. To initiate direct debiting, merely complete the “Automatic Investment” portion of the enrollment form. The minimum cash investment amount is \$25 per month, and the maximum monthly investment amount is \$5,000. Debits to your account will be processed on the 16<sup>th</sup> (or next business day) of each month. The amount of the direct debit authorized by you may only be changed in writing signed by you and sent to the Plan Administrator. **The first debit from your TowneBank account will occur in connection with the first monthly investment date after the completion of your enrollment in the Plan.**

***Additional Stock Purchases:*** If you wish to purchase additional shares, you may do so by sending a check payable to Computershare/TowneBank, subject to the minimum and maximum investment amounts indicated above. In order to take advantage of this feature of the Plan to acquire additional shares of TowneBank stock, you must also participate in the monthly automatic investment feature of the Plan described above.

At present, there are no fees charged for purchases made by electronic direct debit or with separate cash payments.

Initial and ongoing monthly and additional purchases will be made on the 17<sup>th</sup> (or the next business day) of each month or more often if deemed appropriate by the Plan Administrator. No interest will be paid on amounts held by the Plan Administrator pending investment.

## How to Reinvest Dividends

You may reinvest all or a portion of the cash dividends paid on your TowneBank shares. You may select a partial dividend reinvestment of the shares held by you, and the balance of the dividends on your shares will be sent to you by check or, if authorized by you, direct deposited in your designated TowneBank account. You can change your dividend reinvestment election at any time by notifying the Plan Administrator. For a particular dividend to be reinvested, your notification must be received prior to the record date for that dividend. (The record date will be at least 10 days prior to the payment date.) Dividends on shares held in your Plan account will be reinvested in accordance with the reinvestment option you choose (e.g., if you select partial dividend reinvestment, that will also apply to your Plan shares).

If your existing TowneBank shares are held on your behalf by a bank or broker (that is, in “street name”) and you wish to reinvest the dividends on all or some of those shares, you will need to arrange with such bank or broker to have the number of shares you wish to participate in the Plan’s dividend reinvestment feature registered directly in your name.

## How to Deposit Certificates for Safekeeping

Although shares of TowneBank stock that you buy under the Plan will be maintained in your Plan account for safekeeping in book entry form, you may elect to deposit your existing TowneBank common stock certificates into your Plan account as a safeguard against loss or theft. There is no charge to deposit certificates.

The certificates to be deposited, together with the bottom part of the account statement, should be sent by registered mail to the Plan Administrator and insured for 3% of the market value of the

shares. This is the approximate cost of the insurance required to replace the certificates should they be lost in the mail. **Do not endorse the certificates or complete the assignment section.**

Dividends on shares represented by certificates held by the Plan Administrator for safekeeping will be reinvested in accordance with the reinvestment option you choose.

### **How to Sell Shares Held in the Plan**

You may sell any number of shares held in a Plan account at any time. For any sale of Plan shares through the Plan Administrator, participants will receive their portion of the proceeds of the sale less a sales transaction fee and applicable per share fees, and any required tax withholdings.

You may request the Plan Administrator to sell shares credited to Plan accounts in the manners described below:

- **Market Order.** A market order is a request to sell securities promptly at the current market price. Market order sales are only available at [www.computershare.com/investor](http://www.computershare.com/investor), through Investor Centre, or by calling the Plan Administrator directly at 1-800-368-5948. Market order sale requests received at [www.computershare.com/investor](http://www.computershare.com/investor), through Investor Centre, or by telephone will be placed promptly upon receipt during market hours (normally 9:30 a.m. to 4:00 p.m., Eastern Time). Any orders received after 4:00 p.m., Eastern Time, will be placed promptly on the next day the market is open.

Depending on the number of shares being sold and current trading volume in the shares, a market order may only be partially filled or not filled at all on the trading day in which it is placed, in which case the order, or remainder of the order, as applicable, will be cancelled at the end of such day. To determine if shares were sold, you should check your account online at [www.computershare.com/investor](http://www.computershare.com/investor) or call the Plan Administrator directly at 1-800-368-5948. If your market order sale was not filled and you still want the shares sold, the sale request will need to be re-entered. The price shall be the market price of the sale obtained by the Plan Administrator's broker, minus a per share fee of \$0.12. Each market order sale will also incur a transaction fee of \$25.

- **Batch Order.** A batch order is an accumulation of all sale requests for a security submitted together as a collective request. Batch orders are submitted on each market day, assuming there are sale requests to be processed. Sale instructions for batch orders received by the Plan Administrator will be processed no later than five business days after the date on which the order is received (except where deferral is required under applicable federal or state laws or regulations), assuming the applicable market is open for trading and sufficient market liquidity exists. All sale requests received in writing will be submitted as batch order sales. The Plan Administrator will seek to sell shares in round lot (100 shares) transactions. For this purpose, the Plan Administrator may combine your shares with those of other selling participants. In every case of a batch order sale, the proceeds to you for each share sold will be the weighted average sale price obtained by the Plan Administrator's broker for each aggregate order placed by the Plan Administrator and executed by the broker, minus a per share fee of \$0.12. Each batch order sale will also incur a transaction fee of \$15.
- **Day Limit Order.** A day limit order is an order to sell securities when and if they reach a specific trading price on a specific day. The order is automatically cancelled if the price is not met by the end of that day (or, for orders placed after-market hours, the next day

the market is open). Depending on the number of securities being sold and the current trading volume in the securities, such an order may only be partially filled, in which case the remainder of the order will be cancelled. The order may be cancelled by the applicable stock exchange, by the Plan Administrator at its sole discretion or, if the Plan Administrator's broker has not filled the order, at your request made online at [www.computershare.com/investor](http://www.computershare.com/investor) or by calling the Plan Administrator directly at 1-800-368-5948. Each day limit order sale will incur a transaction fee of \$25 and a per share fee of \$0.12.

- ***Good-Til-Cancelled (GTC) Limit Order.*** GTC limit order is an order to sell securities when and if the securities reach a specific trading price at any time while the order remains open (generally up to 30 days). Depending on the number of securities being sold and current trading volume in the securities, sales may be executed in multiple transactions and over more than one day. If an order remains open for more than one day during which the market is open, a separate fee will be charged for each such day. The order (or any unexecuted portion thereof) is automatically cancelled if the trading price is not met by the end of the order period. The order may be cancelled by the applicable stock exchange, by the Plan Administrator at its sole discretion or, if the Plan Administrator's broker has not filled the order, at your request made online at [www.computershare.com/investor](http://www.computershare.com/investor) or by calling the Plan Administrator directly at 1-800-368-5948. Each GTC limit order sale will incur a transaction fee of \$25 and a per share fee of \$0.12.

All per share trading fees include any brokerage commissions the Plan Administrator is required to pay. An additional \$15 will be charged if the assistance of a Customer Service Representative is required when selling shares.

The Plan Administrator may, for various reasons, require a transaction request to be submitted in writing. You should contact the Plan Administrator to determine if a particular request, including any sales request, must be submitted in writing. The Plan Administrator reserves the right to decline to process a sale if it determines, in its sole discretion, that supporting legal documentation is required. In addition, participants will not have any authority or power to direct the time or price at which shares for the Plan are sold (except for prices specified for day limit orders or GTC limit orders), and no one, other than the Plan Administrator, will select the broker(s) or dealer(s) through or from whom sales are to be made.

You should be aware that the price of our shares may rise or fall during the period between a request for sale, its receipt by the Plan Administrator and the ultimate sale on the open market. Instructions sent to the Plan Administrator to sell shares are binding and may not be rescinded.

Because the Plan Administrator will sell the shares on behalf of the Plan, neither TowneBank nor any participant in the Plan has the authority or power to control the timing or pricing of shares sold or the selection of the broker making the sales. Therefore, you will not be able to precisely time your sales through the Plan, and you will bear the market risk associated with fluctuations in the price of TowneBank common stock. Accordingly, if you submit a written request to sell shares, it is possible that the market price of TowneBank common stock could go down or up before the broker sells your shares.

## How to Gift and Transfer Shares

You can make a gift of shares held by you in the Plan by writing a letter indicating the number of shares that you wish to give. **All parties listed on the account must sign** the request to make a gift or transfer and the signatures must be “Medallion Guaranteed” by a financial institution participating in the Medallion Guarantee program. The Medallion Guarantee program ensures that the individual signing is in fact the owner as indicated on the participant’s account.

## The Plan Administrator

We have appointed Computershare Trust Company, N.A. to administer the Plan and act as agent for the participants (the “Plan Administrator” or “Computershare”). The Plan Administrator will purchase and hold shares of stock for Plan participants, keep records, send account statements, and perform other duties required by the Plan.

Questions about the Plan should be directed to the Plan Administrator at the following address or telephone number:

Computershare  
P.O. Box 30170  
College Station, Texas 77842-3170

For overnight delivery:

Computershare  
211 Quality Circle Suite 210  
College Station, Texas 77845

Telephone: (800) 368-5948  
Internet: [www.computershare.com/investor](http://www.computershare.com/investor)

Please include your daytime telephone number and a reference to TowneBank with all correspondence.

## Tracking Your Investments

You will receive a statement detailing year-to-date account activity any time there is activity in your account. Please retain your statements to establish the cost basis of shares purchased under the Plan for income tax and other purposes.

The Plan Administrator will provide Internet access to your Plan account information through its Investor Centre site. The information available through this online service will include your current holdings in the Plan, stock purchase information, dividend reinvestment details and certain additional information. The online service will also include information about your other holdings of TowneBank stock registered in your name. You may access the Investor Centre website at [www.computershare.com/investor](http://www.computershare.com/investor) after your enrollment in the Plan has been completed.

You should notify the Plan Administrator promptly of any change in address since all notices, statements and reports will be mailed to your address of record.

## **How to Request a Certificate**

You may request a certificate for some or all of the whole shares held in the Plan. The request for issuance of a stock certificate can be made through the Investor Centre website at [www.computershare.com/investor](http://www.computershare.com/investor). There is no fee to you to issue a certificate. If all whole shares held in the account are requested, the account will be terminated and any fractional share will be sold.

## **How to Terminate Your Account**

You may terminate your Plan account by contacting the Plan Administrator. You will receive a statement evidencing book entry position for all full shares and a check for any fractional share held in your account, less service and trading fees, will be issued.

You may also close your account by directing the Plan Administrator to sell all of the shares in your account. You will receive a check for the proceeds, net of applicable trading and service fees.

## **PURCHASE AND SALE OF TOWNEBANK SHARES**

### **Purchase of Shares For the Plan**

***Purchase Intervals:*** Initial and ongoing monthly and additional stock purchases will be made on the 17th (or the next business day) of each month or more often if deemed appropriate by the Plan Administrator. No interest will be paid on amounts held by the Plan Administrator pending investment. The Plan Administrator will use reinvested dividends to purchase shares as promptly as practical after the dividend payment dates.

***Source of Shares:*** The shares of TowneBank common stock needed to meet the requirements of the Plan will either be purchased in the open market or issued directly by TowneBank from authorized but unissued shares.

***Determination of the Purchase Price:*** The price of TowneBank shares purchased through the Plan will be either:

- For newly issued shares - the average of the closing prices for the three trading days, as reported on the Nasdaq Global Select Market (or on such other exchange or market as TowneBank stock may subsequently be traded), immediately preceding the investment date. If there is no trading of TowneBank stock for a substantial period during the pricing period, then the price per share will be determined by TowneBank on the basis of such market quotations as it considers appropriate.
- For open market purchases - the weighted average price of all shares purchased by the Plan Administrator's broker for each aggregate order.

### **Timing and Control of Transactions**

Because the Plan Administrator will arrange for the purchase and sale of shares on behalf of the Plan, neither TowneBank nor any participant in the Plan has the authority or power to control either the timing or pricing of shares purchased or sold. Accordingly, you will not be able to time precisely your purchases or sales through the Plan, and will bear the market risk associated with fluctuations in the price of TowneBank's stock.



**Per Share Trading Fees**

**Sale of Shares:** Per share trading fees charged to Plan participants will be those the Plan Administrator must pay in the ordinary course of market transactions and may include brokerage commissions. This expense will be deducted from the proceeds of the sale of shares, along with a \$15.00 sales transaction fee. Trading fees will be allocated on a pro rata basis to Plan participants who are selling shares through the Plan.

**Purchase of Shares:** At present, there are no per share trading fees or service fees charged for the purchase of shares.

**SUMMARY OF PLAN SERVICES AND FEES**

TowneBank will pick up the fees and expenses to operate the Plan. However, there are some proportional trading fees and other fees to be paid directly by the participant.

Initial enrollment.....	No charge
Cash investments .....	No charge
Automatic account debiting .....	No charge
Gift or transfer of shares .....	No charge
Safekeeping of common stock certificates.....	No charge
Sale of shares .....	\$15.00 per transaction, plus trading fees of \$.12 per share
Certificate issuance .....	No charge

If there are changes to the fee structure, you will be notified in advance of implementation.

The minimum and maximum optional cash investments are as follows:

Initial minimum investment for non-stockholders .....	\$ 25.00
Minimum monthly investment.....	\$ 25.00
Maximum monthly investment .....	\$ 5,000.00

**FEDERAL INCOME TAX INFORMATION**

You will have the same federal income tax obligations with respect to cash dividends or interest payments reinvested under the Plan as though they were paid to persons who do not participate in the Plan. As a result, any cash dividend payment reinvested on your behalf under the Plan will be taxable as having been received by you even though you did not actually receive the amount of the dividend payment in cash. You will receive an annual statement (Form 1099-DIV) from the Plan Administrator indicating the amount of reinvested dividends reported to the Internal Revenue Service as dividend income. In the case of any shares purchased by the Plan Administrator on the open market, the amount of the dividends or interest payments will also include that portion of any trading fees paid by TowneBank that is attributable to the purchase of your shares.

The tax basis of shares acquired by you through the reinvestment of dividends under the Plan will be equal to the full amount of dividends reinvested. The tax basis of shares purchased with optional cash payments will be equal to the amount of the payments. The tax basis of your Plan shares will also include your proportionate share of any per share trading fees paid by TowneBank for any open market purchases.

In general, the holding period for purposes of determining capital gains or losses on the sale of shares acquired under the Plan:

- with monthly and optional cash payments, will begin no later than the day after the last day an open market purchase is made or the shares are issued directly by TowneBank; and
- by the reinvestment of dividends, will begin on the day following the payment date.

You will not realize any taxable income when you receive a certificate for whole shares credited to your account, either upon your request for certain of those shares or withdrawal from or termination of the Plan.

If you decide to participate in the Plan, we urge you to consult with your own tax advisor for more specific information.

## **MISCELLANEOUS**

### **Voting of Plan Shares**

We will mail you proxy materials, including a proxy card, representing both the shares for which you hold certificates and the shares, full and fractional, in your Plan account. The proxy will be voted as indicated by you.

### **Stock Dividends, Splits and Other Distributions**

If we declare a stock dividend or split, your Plan account will be credited with the number of shares issued based on the number of full and fractional shares held in your account as of the record date. In the event of a stock subscription or other offering of rights to stockholders, your rights will be based on your total registered holdings (the shares held in your Plan account plus any certificate shares held by you).

### **Responsibility of the Plan Administrator and TowneBank**

Neither Computershare Trust Company, N.A., as Plan Administrator, nor TowneBank will be liable to you for any act done in good faith or for any good faith omission to act including, without limitation, any claim of liability (i) arising out of failure to terminate your account or sell shares in the Plan or purchase shares of TowneBank stock without receipt of proper documentation and instructions; and (ii) with respect to the prices and times at which shares are purchased or sold for your account, and the time such purchases or sales are made, including price fluctuation in market value of shares being maintained on your behalf.

### **Plan Modification and Termination**

We reserve the right to suspend, modify or terminate the Plan at any time. You will receive written notice of any such suspension, modification or termination. TowneBank and the Plan Administrator also reserve the right to change any administrative procedures of the Plan.

## **Change of Eligibility**

We reserve the right to deny, suspend or terminate participation by a stockholder who is using the Plan for purposes inconsistent with the intended purpose of the Plan. In such event, the Plan Administrator will notify you in writing and will continue to safekeep your shares, but will no longer make any stock purchases for your account. The Plan is not for use by institutional investors or financial intermediaries.

### **WHERE YOU CAN FIND MORE INFORMATION ABOUT TOWNEBANK**

Our common stock trades on the Nasdaq Global Select Market under the ticker symbol "TOWN." Our bank headquarters is located at 5716 High Street, Portsmouth, Virginia 23703 (telephone number 757-638-7500), and our Corporate Administration and Member Service Center is located at 6001 Harbour View Boulevard, Suffolk, Virginia 23435 (telephone number 757-638-6700). Our website is [www.townebank.com](http://www.townebank.com). The information on our website is not, and you must not consider the information to be, a part of this offering circular.

We are subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), as adopted by the FDIC, our primary federal regulator. Accordingly, we file reports, proxy statements and other information with the FDIC. Such reports, statements or other information are available for inspection without charge at the FDIC, Accounting and Securities Disclosure Section, Division of Supervision and Consumer Protection, 550 17th Street, NW, Washington, D.C. In addition, copies of such documents filed by us under the Exchange Act may be obtained by sending a written request to the FDIC at the preceding address, along with payment of the fees prescribed by the FDIC. The FDIC filings made by us are also available to the public from commercial document retrieval services and at the FDIC's Internet website at <http://www2.fdic.gov/efr>. The information contained on the FDIC's website is expressly not incorporated by reference into this offering circular.

The FDIC allows us to "incorporate by reference" information into this offering circular, which means that we 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 offering circular, except for any information superseded by information contained directly in this offering circular or incorporated by reference subsequent to the date of this offering circular as described below.

This offering circular incorporates by reference the documents set forth below that we have previously filed with the FDIC (except Items 2.02 and 7.01 of any Current Report on Form 8-K, unless otherwise indicated in the Form 8-K). These documents contain important business information about us and our financial condition.

- Annual Report on Form 10-K for the year ended December 31, 2014, filed on March 13, 2015.
- Current Reports on Form 8-K filed on January 5, 2015, January 8, 2015, February 3, 2015, February 11, 2015, February 27, 2015, March 17, 2015 and April 28, 2015.
- The description of TowneBank common stock contained in TowneBank's registration statement on Form 8-A, as filed with the FDIC on September 17, 2007 pursuant to Section 12 of the Exchange Act, including any subsequently filed amendments and reports updating such description.

In addition, we incorporate by reference any future filings we make with the FDIC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this offering circular, provided that we are not incorporating by reference any information furnished to, but not filed with, the FDIC. Those documents are considered to be a part of this offering circular, effective as of the date they are filed.

These documents are available without charge to you on our web site at <http://www.townebank.com> under “Investor Relations” or you can call or write to Clyde E. McFarland, Jr., Senior Executive Vice President and Chief Financial Officer, TowneBank, 6001 Harbour View Boulevard, Suffolk, Virginia 23435, telephone (757) 638-6801.

**You should rely only on the information contained or incorporated by reference in this offering circular. TowneBank has not authorized anyone to provide you with information that is different from what is contained in this 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 in accordance with the Plan, and TowneBank is not making an offer of such securities in any state where the offer is not permitted.**

#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This offering circular and the information incorporated by reference in this offering circular contain certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the beliefs, expectations, or opinions of TowneBank and its management regarding future events, many of which, by their nature, are inherently uncertain. Forward-looking statements may be identified by the use of such words as: “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” or words of similar meaning, or future or conditional terms, such as “will,” “would,” “should,” “could,” “may,” “likely,” “probably,” or “possibly.” These statements may address issues that involve significant risks, uncertainties, estimates, and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include competitive pressures in the banking industry that may increase significantly; changes in the interest rate environment that may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; changes in the creditworthiness of customers and the possible impairment of the collectability of loans; general economic conditions, either nationally or regionally, that may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; changes in the legislative or regulatory environment, including changes in accounting standards, that may adversely affect our business; 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 regard to our market area. Any forward-looking statements made by us or on our behalf speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events, or otherwise.

Some of these and other factors are discussed in our annual and quarterly reports previously filed with the FDIC. Such developments could have an adverse impact on our financial position and our results of operations.

## **LEGAL MATTERS**

Certain legal matters with respect to the validity of the shares of TowneBank common stock offered hereby will be passed upon for TowneBank by LeClairRyan, A Professional Corporation.

## **EXPERTS**

The financial statements incorporated in this offering circular by reference from TowneBank's Annual Report on Form 10-K for the year ended December 31, 2014 have been audited by Dixon Hughes Goodman LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

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