



Access to Capital

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Who is TowneBank?

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



The Towne Family of Companies



Today, the bank operates over 40 banking offices throughout Hampton Roads and Central Virginia, as well as Northeastern and Central North Carolina – serving as a local leader in promoting the social, cultural, and economic growth in each community.

Towne also offers a full range of financial services through our controlled divisions and subsidiaries that include:

- Towne Wealth Management
- Towne Insurance
- Towne Benefits
- TowneBank Mortgage
- Berkshire Hathaway Home Services Towne Realty
- Towne 1031 Exchange, LLC
- Towne Vacations

5 C's of Credit

- **Collateral** What will the loan be secured with? Will the loan be unsecured?
- **Capacity** Does the Borrower have the ability repay? (Cash flow, leverage, existing debt)
- **Condition** What are the factors that will allow the Borrower to repay? Are there any scenarios that would limit the Borrower from repaying? (Industry, economic, market)
- **Character** Experience, Company history, past repayment history, type of business
- **Capital** How much money does the Borrower have?

Types of Commercial Lending

- Acquisition & Development Lending
- **Lines of Credit**
- Commercial Real Estate
- **Equipment Financing**
- **Term Loans**
- SBA 504 Lending

Lines of Credit (LOC)

- **Lines of credit are often used for businesses who need short-term capital or cash flow needs:**
 - Revolving lines of credit to fund general working capital needs, including accounts receivable and inventory
 - Borrow and repay funds at your convenience
 - Possible collateral for secured lines includes business assets, real estate, deposit accounts, and securities. Secured lines may offer lower interest rates depending on your business profile and credit history. Real estate secured lines specifically may offer higher credit limits.
 - Unsecured lines may be available, based on your personal and business credit history and cash flow. Unsecured lines may have lower credit limits and higher interest rates.

Types of LOC Terms

- Line of credits can either be revolving or non-revolving based on the purpose of loan
- Most line of credit require an annual review to measure financial ability
- Lines of credits are often interest only with the expectation to paydown the line over 12 months
- Usually, lending is subject to a percentage of the available collateral (loan to value)
- Personal Guarantee from a related personal stakeholder

Term loans

- Term notes can be in form of equipment loans, commercials vehicle or any other fixed asset
- Consolidation loans also operate in the form of term loans
- Borrower can request lending up to 100% of the cost of new equipment (final decision is subject to full underwriting)
- The Bank will assess the value and life of the collateral to determine
- Terms range from 36,60, 72 months with a fixed term rate
- Personal Guarantee from a related personal stakeholder

What are the lending requirements? (Business)

- The credit policy limits risk exposure by restricting financing to start ups
- Business financial performance (3 years):
 - Tax Returns, audited financial statements (Balance sheet and income statement)
 - Work in process reports, Billings, Accounts Payable aging report, Accounts Receivable aging report, Inventory Reports
- If secured with a fixed asset:
 - Purchase agreement, appraisal, invoice, market value documentation

What are lending requirements? (Personal Guarantor)

- Three years personal tax returns
- A current personal financial statement
- Statements to validate the values from the personal financial statement
- A credit report with a credit score of at least a 650

Questions?