



2022 Annual Shareholders Meeting

You're a neighbor, not a number

Cautionary Statement Regarding Forward-Looking Statements



In addition to historical information, this presentation may contain forward-looking statements. For this purpose, any statement that is not a statement of historical fact may be deemed to be a forward-looking statement. These forward-looking statements may include statements regarding profitability, liquidity, allowance for loan losses, interest rate sensitivity, market risk, growth strategy and financial and other goals. Forward-looking statements often use words such as “believes,” “expects,” “plans,” “may,” “will,” “should,” “projects,” “contemplates,” “anticipates,” “forecasts,” “intends” or other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, and actual results could differ materially from historical results or those anticipated by such statements.

There are many factors that could have a material adverse effect on the operations and future prospects of the Company including, but not limited to:

- changes in assumptions underlying the establishment of allowances for loan losses, and other estimates;
- the risks of changes in interest rates on levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and interest sensitive assets and liabilities;
- the effects of future economic, business and market conditions;
- legislative and regulatory changes, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and other changes in banking, securities, and tax laws and regulations and their application by our regulators, and changes in scope and cost of Federal Deposit Insurance Corporation insurance and other coverages;
- our inability to maintain our regulatory capital position;
- the Company’s computer systems and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions despite security measures implemented by the Company;
- changes in market conditions, specifically declines in the residential and commercial real estate market, volatility and disruption of the capital and credit markets, soundness of other financial institutions we do business with;
- risks inherent in making loans such as repayment risks and fluctuating collateral values;
- changes in operations of the mortgage company as a result of the activity in the residential real estate market;

Cautionary Statement Regarding Forward-Looking Statements



- exposure to repurchase loans sold to investors for which borrowers failed to provide full and accurate information on or related to their loan application or for which appraisals have not been acceptable or when the loan was not underwritten in accordance with the loan program specified by the loan investor;
- governmental monetary and fiscal policies;
- geopolitical conditions, including acts or threats of terrorism and/or military conflicts, or actions taken by the U.S. or other governments in response to acts or threats of terrorism and/or military conflicts, negatively impacting business and economic conditions in the U.S. and abroad;
- changes in accounting policies, rules and practices;
- reliance on our management team, including our ability to attract and retain key personnel;
- competition with other banks and financial institutions, and companies outside of the banking industry, including those companies that have substantially greater access to capital and other resources;
- demand, development and acceptance of new products and services;
- problems with technology utilized by us;
- natural disasters, war, terrorist activities, pandemics, or the outbreak of COVID-19 or similar outbreaks, and their effects on economic and business environments in which the Company operates;
- adverse effects due to COVID-19 on the Company and its customers, counterparties, employees, and third-party service providers, and the adverse impacts to our business, financial position, results of operations, and prospects;
- changing trends in customer profiles and behavior; and
- other factors described from time to time in our reports filed with the SEC.

These risks and uncertainties should be considered in evaluating the forward-looking statements contained herein, and readers are cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made. In addition, past results of operations are not necessarily indicative of future results.

Non-GAAP Financial Measures



The accounting and reporting policies of the Company conform to generally accepted accounting principles (“GAAP”) in the United States and prevailing practices in the banking industry. However, management uses certain non-GAAP measures to supplement the evaluation of the Company’s performance. These measures include core operating income, core earnings per share and core return on tangible common equity for the consolidated entity, the commercial banking segment, and the mortgage banking segment. Management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Company’s core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of GAAP to non-GAAP disclosures are included as tables at the end of this presentation.

Why Village?

Vision, Discipline, Execution

- We think and behave like long-term investors

Market

- Strong market position in a very attractive market

Opportunity

- Excellent opportunity to take market

Differentiated

- A strong community bank with a successful mortgage company

Transparency and Candor

- Effective shareholder communications

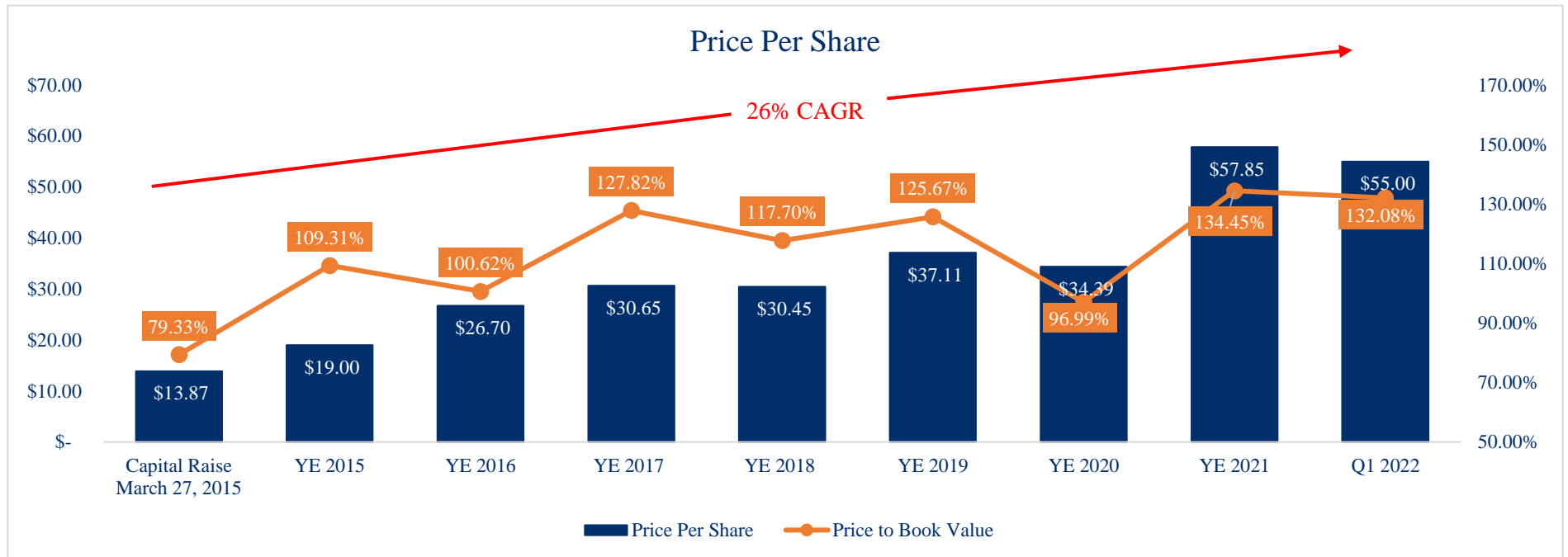
We Deliver Results

- Excellent shareholder returns over the last five years

Company Overview

Corporate Data	
Bank Chartered:	December 1999
Holding Company incorporated:	January 2003
Ticker (Nasdaq):	VBFC
Markets Served	Richmond MSA and Williamsburg
Headquarters:	13319 Midlothian Turnpike Midlothian, VA 23113
Phone:	(804) 897-3900
Web Address:	www.villagebank.com
Chairman:	Craig D. Bell
President & CEO:	Jay Hendricks
Executive VP & CFO/CRO:	Donnie Kaloski

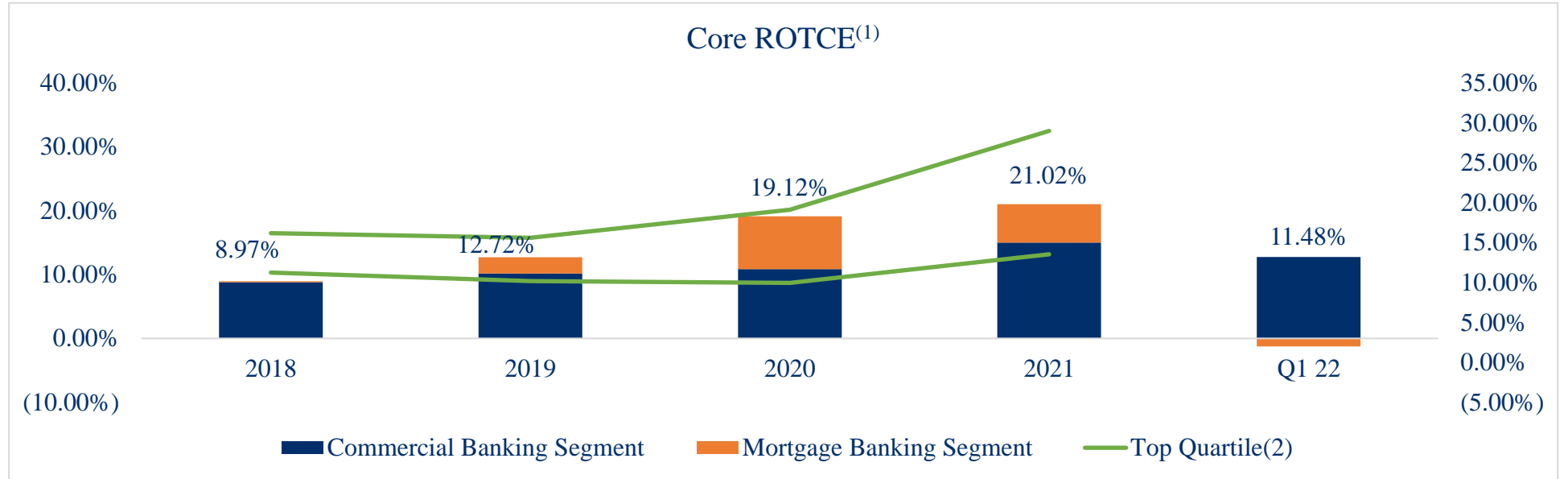
Period Highlights - March 31, 2022	
Assets (\$000)	\$ 764,417
TCE/TA	8.04%
Tangible Book Value per share	\$ 41.64
Earnings Per Share	\$ 1.24
Dividend Yield*	1.34%
Bank Tier 1 Leverage Ratio	10.13%
ROAE*	11.48%
ROAA*	0.97%
Net Interest Margin*	3.36%
NPA/Assets	0.17%
Reserves/Loans (excluding PPP)	0.68%



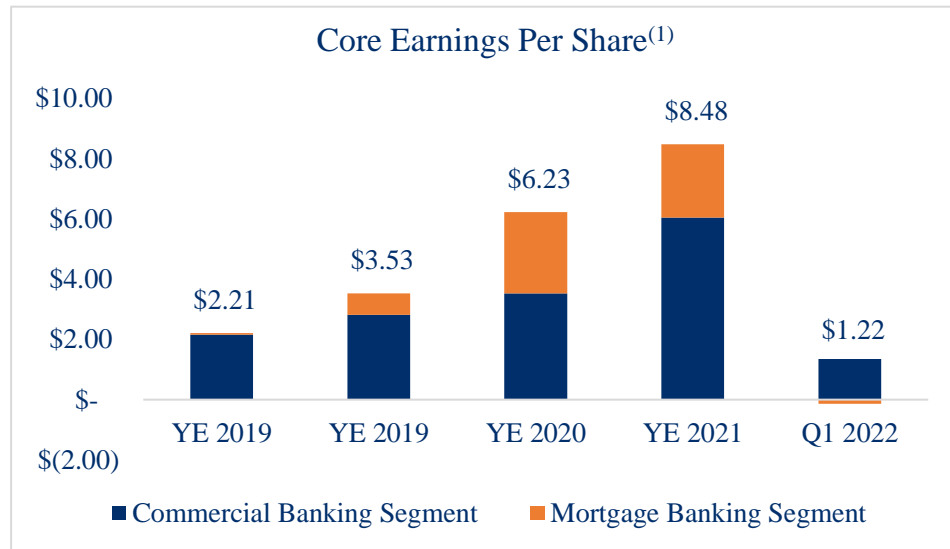
* Annualized

Strong Earnings Growth

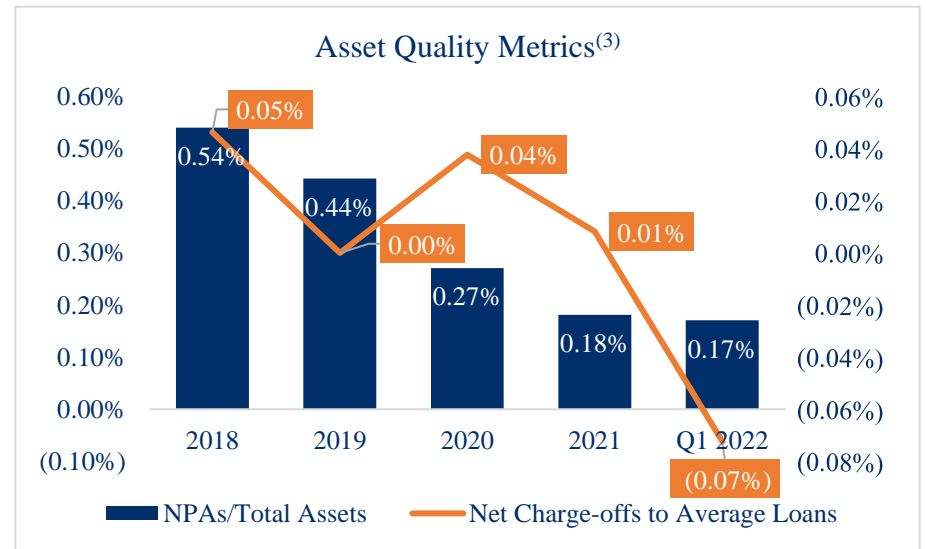
Core ROTCE⁽¹⁾



Core Earnings Per Share⁽¹⁾



Asset Quality Metrics⁽³⁾



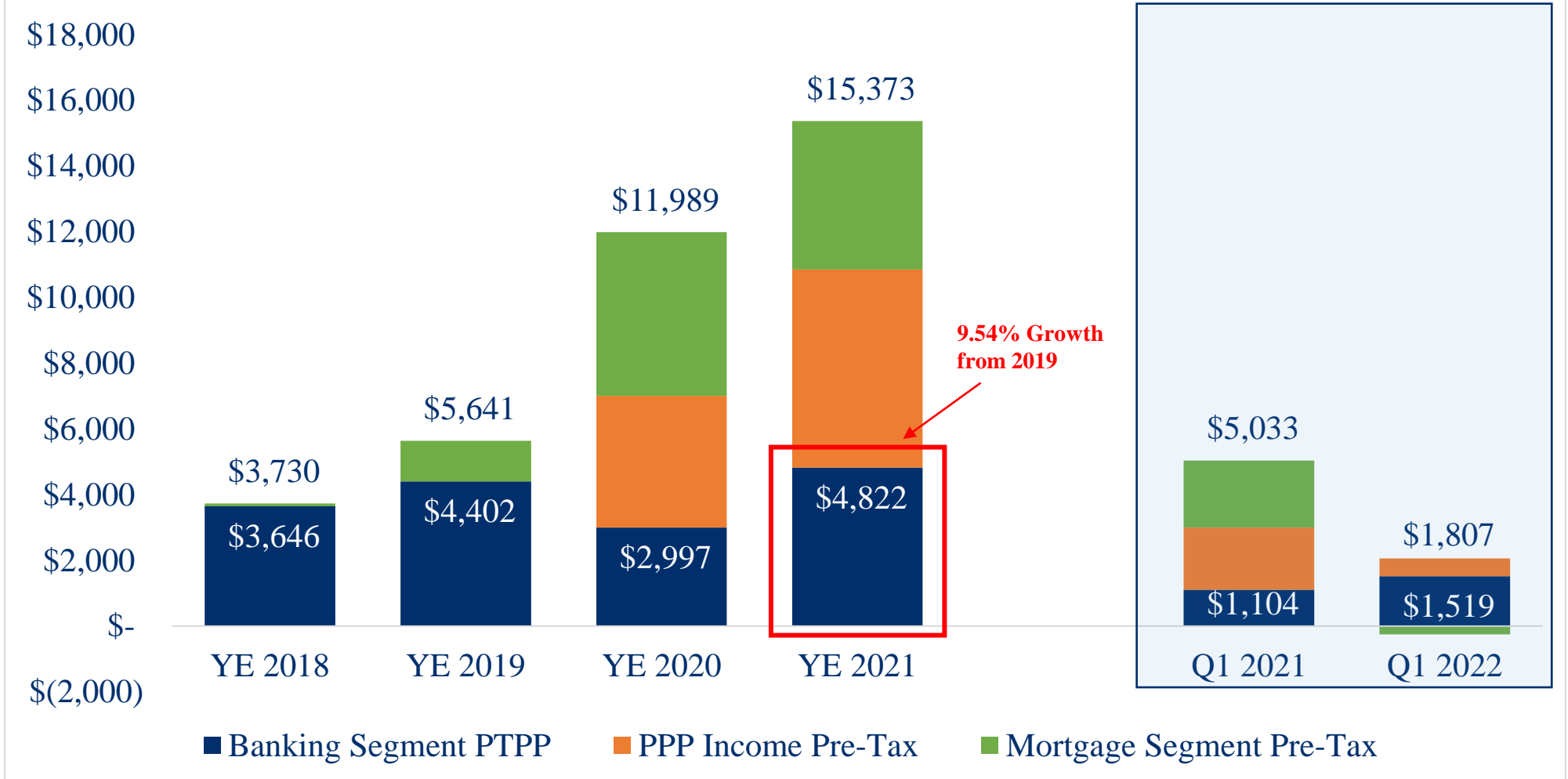
(1) Non-GAAP financial measure. See GAAP to Non-GAAP financial measure reconciliation at the end of this release.

(2) Source: S&P Global – Southeast Public Banks under \$1 billion in assets as of December 31, 2021.

(3) Nonperforming assets excludes performing troubled debt restructurings.

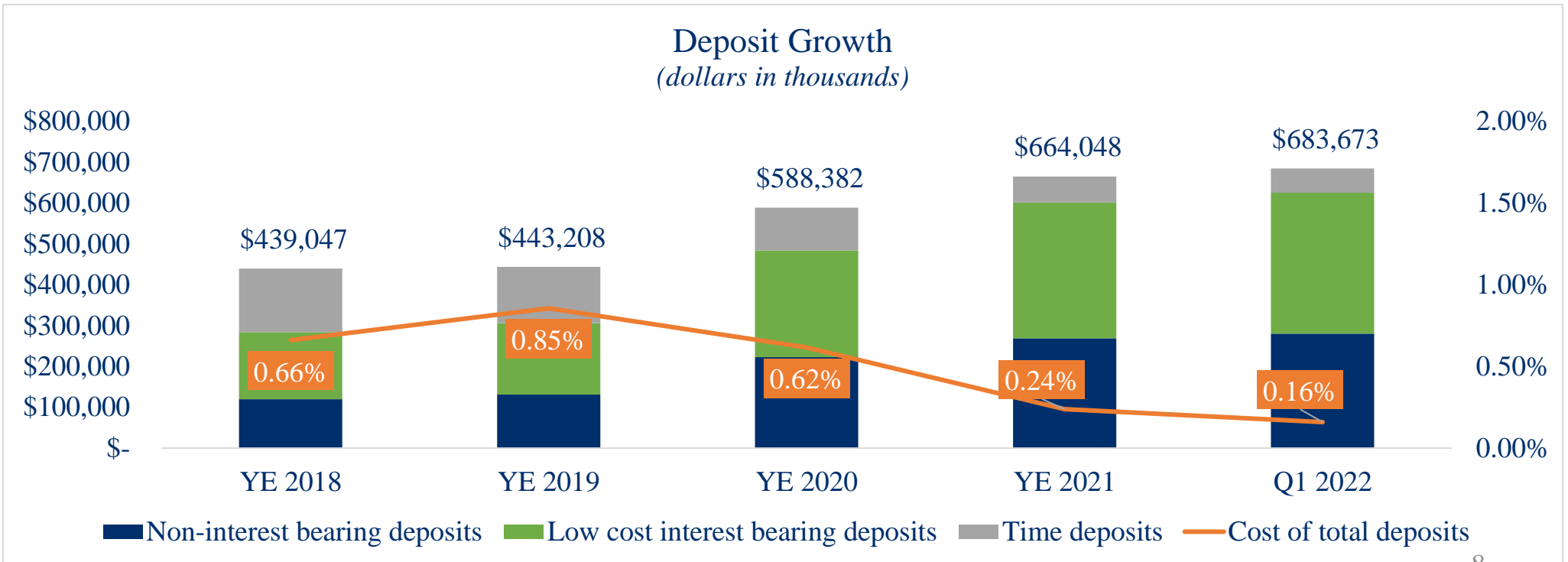
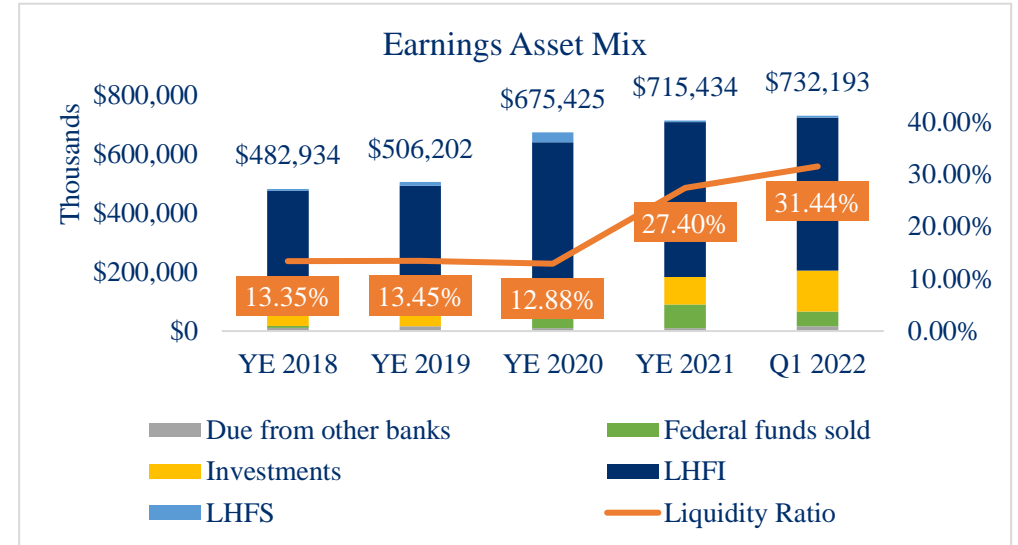
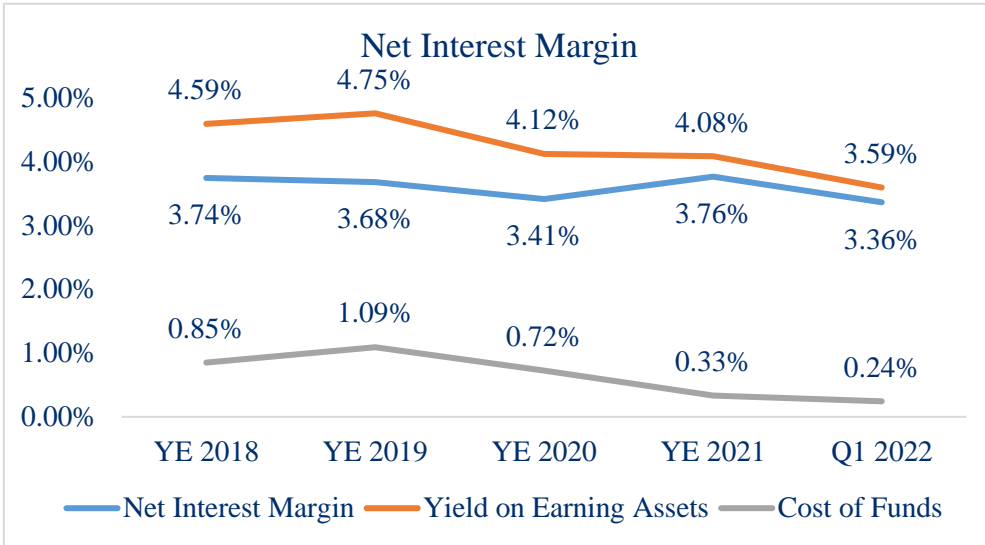
PTPP Income Growth

Pre-Tax Pre Provision Income Growth⁽¹⁾
(dollars in thousands)

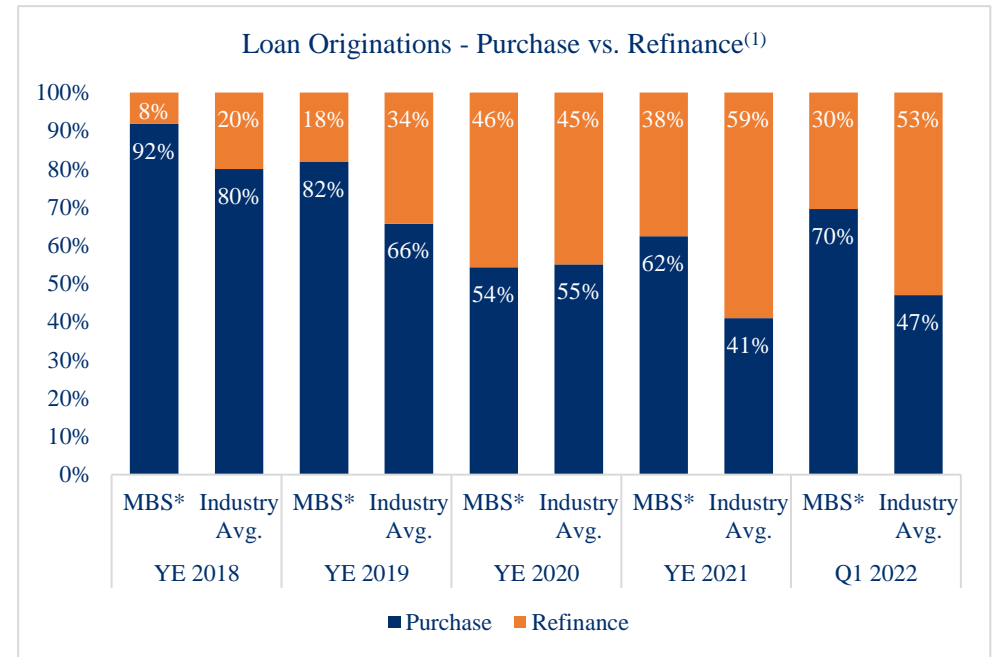
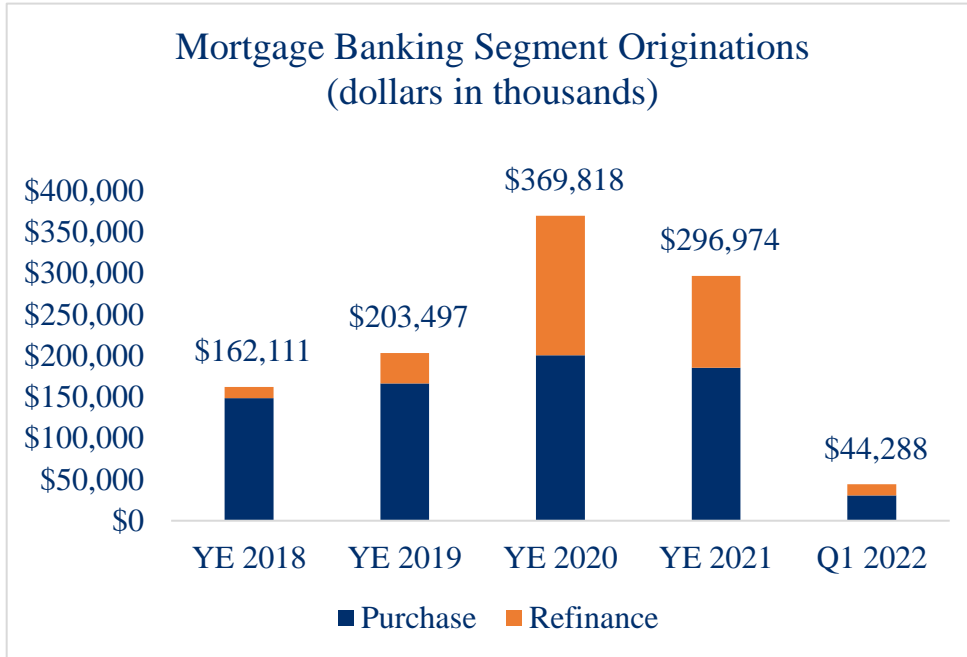


(1) Non-GAAP financial measure. See GAAP to Non-GAAP financial measure reconciliation at the end of this release.

Protecting Net Interest Margin



Mortgage Banking Segment



Focus

- Purchase money focus
- Expand existing referral relationships
- Add quality mortgage loan officers
- Improve efficiency and manage expenses

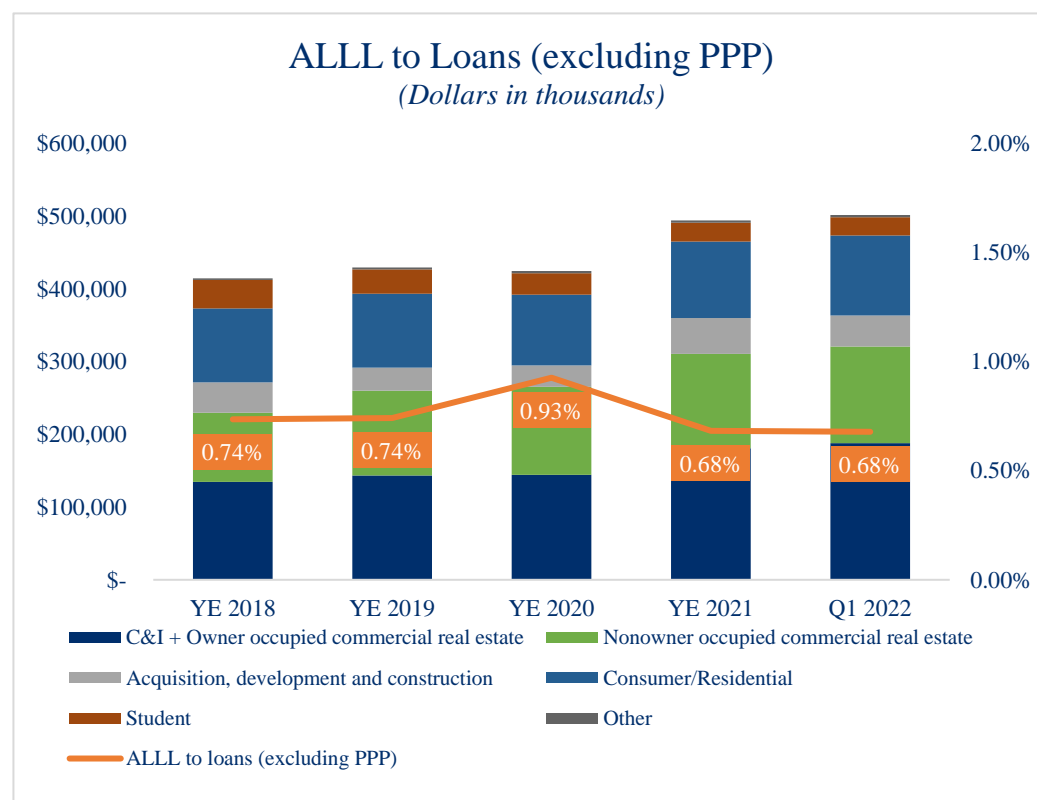
⁽¹⁾ Source - Mortgage Bankers Association

* Mortgage Banking Segment

Our credit strategy is designed with the goal of delivering best quartile asset quality in the worst part of the cycle...



Metric	Village					Peer Group
	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2021 ⁽¹⁾
Allowance for Loan and Lease Losses/Nonperforming Loans	260.49%	251.94%	233.82%	221.77%	256.78%	208.81%
Net Charge-offs (recoveries) to Average Loans ⁽²⁾	(0.29%)	0.01%	(0.01%)	0.04%	(0.01%)	(0.01%)
Nonperforming Loans/Loans (excluding Guaranteed Loans)	0.29%	0.30%	0.34%	0.38%	0.40%	0.75%
Nonperforming Assets/Bank Total Assets ⁽³⁾	0.17%	0.18%	0.20%	0.22%	0.26%	0.37%



- Credit metrics continue to compare favorably to our peer group.
- Non-performing assets remain stable at 0.17% of total assets.
- ALLL to Loans (excluding PPP loans) decreased to 0.68% as of Q1 2022 compared to 0.93% as of YE 2020.
- Asset quality has remained strong and supports the adequacy of our allowance for loan and lease losses.

⁽¹⁾ Source - SNL data for VA Banks <\$1 Billion in assets as of December 31, 2021.

⁽²⁾ Annualized.

⁽³⁾ Nonperforming assets excluding performing troubled debt restructurings.

COVID-19 Response



A phased-in return to the workplace through September 2021 **~25% Hybrid**



All locations are now open with access to drive-up or lobby appointment service



Funded over **\$263 million** of PPP loans during 2020 & 2021 by processing over **2,355** applications; approximately **2,213 loans forgiven**



Saved approximately 18,600 jobs through the PPP Program; **Supported customers & non-customers**



Assisted our clients by processing **~132 payment deferrals**; **Peak deferrals 22.3%** of total loans and leases; **No deferrals** as of September 30, 2021



Actively supporting **community organizations** and participating in **local programs and initiatives**

Observations

- Village embraced the PPP as a critical resource for our business community at a pivotal moment in history
- Processed customer and noncustomer applications from the first day
- Worked with local CPA firms to serve their clients with our SBA expertise
- Substantially raised Village Bank's visibility and credibility in our community
- Significant market opportunity to take share from competitors

Management Team



Jay Hendricks
*President &
Chief Executive Officer*



Donnie Kaloski
*Chief Financial Officer
& Chief Risk Officer*



Max Morehead
Commercial Banking



Roy Barzel
Chief Credit Officer



Christy Quesenberg
Operations



Clif Winn
*President & CEO
Village Bank Mortgage Corp*



Jennifer Church
Retail Banking



Lindsay Cheatham
*Director of Human
Resources*



Chris Mann
Information Technology



Valenda Campbell
Director of Marketing

Board of Directors



Craig Bell
Chairman
Since 1998



Jay Hendricks
*President &
Chief Executive Officer*
Since 2020



R.T. Avery
Director
Since 1998



Randy Whittemore
Director
Since 1998



Mike Toalson
Director
Since 2004



Mike Katzen
Director
Since 2008



Frank Jenkins
Director
Since 2017



Devon Henry
Director
Since 2018



Mary Margaret Kastelberg
Director
Since 2020

2022 and beyond Challenges and Opportunities

Challenges

- Economy
- Rate environment
- Liquidity levels

Opportunities

- Organic growth
 - Strong market perception with ~400 new PPP clients
 - Local bank mergers and disappointed customers of competitors creating opportunities
 - Grow presence in Williamsburg-Peninsula
- Non-interest Income growth
 - Mortgage focus: purchase money referral sources, MLO recruiting, efficiency
 - Leverage Treasury Management Sales team and Concierge Banking teams
 - SBA guaranty strip sales
- Protect and Expand NIM
- Digitalization initiatives

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

(Dollars in thousands, except per share amounts)

GAAP Operating Results by Segment					
	2018	2019	2020	2021	Q1 2022
Pre-tax earnings by segment					
Commercial banking	\$ 3,646	\$ 4,402	\$ 6,058	\$ 11,355	\$ 2,459
Mortgage banking	84	1,239	4,981	4,518	(252)
Income before income tax expense	3,730	5,641	11,039	15,873	2,207
Commercial banking income tax expense	675	904	1,439	2,472	460
Mortgage banking income tax expense	18	260	1,046	948	(53)
Net income	\$ 3,037	\$ 4,477	\$ 8,554	\$ 12,453	\$ 1,800
Preferred stock dividend ⁽¹⁾	\$ (113)	\$ -	\$ -	\$ -	\$ -
Net income available to common shareholders	\$ 2,924	\$ 4,477	\$ 8,554	\$ 12,453	\$ 1,800

Core Operating Results by Segment ⁽²⁾					
	2018	2019	2020	2021	Q1 2022
Commercial banking GAAP pre-tax earnings	\$ 3,646	\$ 4,402	\$ 6,058	\$ 11,355	\$ 2,459
Non-core (income) expense items					
Salaries and benefits ⁽³⁾	-	760	-	-	-
Branch write-down	56	22	-	-	-
Cease use lease obligation	-	-	-	-	-
(Gain)/loss on sale of securities	89	(101)	(12)	-	-
Other non-core expense ⁽⁴⁾	162	55	696	-	-
Commercial banking operating income	3,953	5,138	6,742	11,355	2,459
Mortgage banking GAAP pre-tax earnings	84	1,239	4,981	4,518	(252)
Non-core expense items					
Salaries and benefits ⁽³⁾	-	54	-	-	-
Mortgage banking operating income	84	1,293	4,981	4,518	(252)
Core operating income before income tax expense	4,037	6,431	11,723	15,873	2,207
Commercial banking income tax expense ⁽⁵⁾	739	1,059	1,583	2,472	460
Mortgage banking income tax expense ⁽⁵⁾	18	271	1,046	948	(53)
Core operating net income	\$ 3,280	\$ 5,101	\$ 9,094	\$ 12,453	\$ 1,800
Preferred stock dividend ⁽¹⁾⁽²⁾	\$ (113)	\$ -	\$ -	\$ -	\$ -
Core operating income available to common shareholders	\$ 3,167	\$ 5,101	\$ 9,094	\$ 12,453	\$ 1,800

* Reference notes on following page.

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

(Dollars in thousands, except per share amounts)

Reference notes for GAAP to Core Operating Income

⁽¹⁾ *On March 30, 2018, the Company redeemed the remaining 5,027 shares (\$5,027,000 aggregate liquidation value) of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A.*

⁽²⁾ *Non-GAAP financial measure.*

⁽³⁾ *The Company recognized \$814,000 in additional compensation expense during Q2 2019, as a result of the accelerated vesting of restricted stock awards and retirement benefits as disclosed in the Company's Form 8-K filed on June 25, 2019.*

⁽⁴⁾ *Other non-core expense is composed of the write-off of premiums associated with United States Department of Agriculture Loans, \$139,000 during 2018, \$12,000 during 2019, and additional audit and tax fees of \$23,000 during 2018 and \$43,000 during 2019 associated with the transition of our external auditors during 2018. 2020 includes \$696,000 in prepayment fees associated with the early pay-off of the then \$31 million outstanding in FHLB Advances.*

⁽⁵⁾ *Income tax expense was adjusted for the non-core items at the corporate tax rate of 21%.*

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

(Dollars in thousands, except per share amounts)

	YE 2018	YE 2019	YE 2020	YE 2021	Q1 22
ROTCE					
Average shareholder's equity	\$ 36,523	\$ 40,111	\$ 47,572	\$ 59,256	\$ 63,574
Less: average preferred stock ⁽¹⁾	1,229	-	-	-	-
Average tangible common equity	\$ 35,294	\$ 40,111	\$ 47,572	\$ 59,256	\$ 63,574
Net income available to common shareholders					
Consolidated	\$ 2,924	\$ 4,477	\$ 8,554	\$ 12,453	\$ 1,800
Commercial Banking Segment	2,858	3,498	4,619	8,883	1,999
Mortgage Banking Segment	\$ 66	\$ 979	\$ 3,935	\$ 3,570	\$ (199)
Return on Tangible Common Equity					
Consolidated	8.28%	11.16%	17.98%	21.02%	11.48%
Commercial Banking Segment	8.10%	8.72%	9.71%	14.99%	12.75%
Mortgage Banking Segment	0.19%	2.44%	8.27%	6.02%	(1.27%)
Core ROTCE					
Operating income available to common shareholders ⁽²⁾					
Consolidated	\$ 3,167	\$ 5,101	\$ 9,094	\$ 12,453	\$ 1,800
Commercial Banking Segment	3,101	4,079	5,159	8,883	1,999
Mortgage Banking Segment	\$ 66	\$ 1,022	\$ 3,935	\$ 3,570	\$ (199)
Return on Tangible Common Equity					
Consolidated	8.97%	12.72%	19.12%	21.02%	11.48%
Commercial Banking Segment	8.78%	10.17%	10.85%	14.99%	12.75%
Mortgage Banking Segment	0.19%	2.55%	8.27%	6.02%	(1.27%)

⁽¹⁾ On March 30, 2018, the Company redeemed the remaining 5,027 shares (\$5,027,000 aggregate liquidation value) of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A.

⁽²⁾ Derived from the Core Operating Results by Segment table.

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

(in thousands, except per share amounts)

	YE 2019	YE 2019	YE 2020	YE 2021	Q1 2022
GAAP earnings per share					
Weighted Average Share Outstanding	1,433	1,445	1,459	1,469	1,475
Net income (loss) available to common shareholders					
Consolidated	\$ 2,924	\$ 4,477	\$ 8,554	\$ 12,453	\$ 1,800
Commercial Banking Segment	2,858	3,498	4,619	8,883	1,999
Mortgage Banking Segment	\$ 66	\$ 979	\$ 3,935	\$ 3,570	\$ (199)
GAAP earnings per share					
Consolidated	\$ 2.04	\$ 3.10	\$ 5.86	\$ 8.48	\$ 1.22
Commercial Banking Segment	\$ 1.99	\$ 2.42	\$ 3.17	\$ 6.05	\$ 1.36
Mortgage Banking Segment	\$ 0.05	\$ 0.68	\$ 2.70	\$ 2.43	\$ (0.13)
Core earnings per share					
Operating income available to common shareholders ⁽¹⁾					
Consolidated	\$ 3,167	\$ 5,101	\$ 9,094	\$ 12,453	\$ 1,800
Commercial Banking Segment	3,101	4,079	5,159	8,883	1,999
Mortgage Banking Segment	\$ 66	\$ 1,022	\$ 3,935	\$ 3,570	\$ (199)
Core earnings per share					
Consolidated	\$ 2.21	\$ 3.53	\$ 6.23	\$ 8.48	\$ 1.22
Commercial Banking Segment	\$ 2.16	\$ 2.82	\$ 3.54	\$ 6.05	\$ 1.36
Mortgage Banking Segment	\$ 0.05	\$ 0.71	\$ 2.70	\$ 2.43	\$ (0.13)

⁽¹⁾ Derived from the Core Operating Results by Segment table.

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

(in thousands, except per share amounts)

	YE 2018	YE 2019	YE 2020	YE 2021	Q1 2021	Q1 2022
Pre-Tax Earnings by Segment						
Commercial banking - PTPP (ex. PPP)	\$ 3,646	\$ 4,402	\$ 2,997	\$ 4,822	\$ 1,104	\$ 1,519
Commercial banking - PPP Income	-	-	4,011	6,033	1,894	540
Commercial banking income before income tax expense	3,646	4,402	7,008	10,855	2,998	2,059
Mortgage banking income (loss) before income tax expense (benefit)	84	1,239	4,981	4,518	2,035	(252)
Income before provision for (recovery of) loan losses and income tax expense	3,730	5,641	11,989	15,373	5,033	1,807
Provision for (recovery of) loan losses	-	-	950	(500)	-	(400)
GAAP income before income tax expense	\$ 3,730	\$ 5,641	\$ 11,039	\$ 15,873	\$ 5,033	\$ 2,207