



TowneBank Acquisition of Village Bank and Trust Financial Corp.

September 2024



Cautionary Statements

Cautionary Note Regarding Forward-Looking Statements

This presentation contains 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 Village Bank and Trust Financial Corp. ("VBFC") and their respective management teams regarding future events, many of which, by their nature, are inherently uncertain and beyond the control of TowneBank and VBFC. 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, including statements about (i) the benefits of the transaction, including future financial and operating results, cost savings, enhancement to revenue and accretion to reported earnings that may be realized from the transaction and (ii) TowneBank's and VBFC's plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts. In addition, these forward-looking statements are subject to various risks, uncertainties, estimates and assumptions with respect to future business strategies and decisions that are subject to change and difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Although TowneBank's and VBFC's respective management teams believe that estimates and assumptions on which forward-looking statements are based are reasonable, such estimates and assumptions are inherently uncertain. As a result, actual results may differ materially from the anticipated results discussed in these forward-looking statements because of possible uncertainties.

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: (1) the business of VBFC and Village Bank may not be successfully integrated into TowneBank, or such integration may take longer, be more difficult, time-consuming or costly to accomplish than expected; (2) the expected growth opportunities or cost savings from the transaction may not be fully realized or may take longer to realize than expected; (3) deposit attrition, operating costs, customer losses and business disruption following the transaction, including adverse effects on relationships with employees and customers, may be greater than expected; (4) the regulatory approvals required for the transaction may not be obtained on the proposed terms or on the anticipated schedule; (5) the shareholders of VBFC may fail to approve the transaction; (6) economic, legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which TowneBank and VBFC are engaged; (7) competitive pressures in the banking industry that may increase significantly; (8) 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; (9) an unforeseen outflow of cash or deposits or an inability to access the capital markets, which could jeopardize TowneBank's or VBFC's overall liquidity or capitalization; (10) changes in the creditworthiness of customers and the possible impairment of the collectability of loans; (11) insufficiency of TowneBank's or VBFC's allowance for credit losses due to market conditions, inflation, changing interest rates or other factors; (12) adverse developments in the financial industry generally, such as the recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior; (13) 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; (14) weather-related or natural disasters, acts of war or terrorism, or public health events (such as the COVID-19 pandemic); (15) changes in the legislative or regulatory environment, including changes in accounting standards and tax laws, that may adversely affect TowneBank's or VBFC's businesses; (16) cybersecurity threats or attacks, whether directed at us or at vendors or other third parties with which we interact, the implementation of new technologies, and the ability to develop and maintain reliable electronic systems; (17) competitors may have greater financial resources and develop products that enable them to compete more successfully; (18) changes in business conditions; (19) changes in the securities market; and (20) changes in the local economies with regard to TowneBank's and VBFC's respective market areas.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in TowneBank's reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Federal Deposit Insurance Corporation or VBFC's reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission. TowneBank and VBFC undertake no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Statements

Additional Information

This presentation does not constitute a solicitation of any vote or approval. VBFC will deliver a definitive proxy statement to its shareholders seeking approval of the acquisition and related matters. In addition, each of TowneBank and VBFC may file other relevant documents concerning the proposed acquisition with the Federal Deposit Corporation (“FDIC”) and the U.S. Securities and Exchange Commission (“SEC”).

Investors, TowneBank shareholders and VBFC shareholders are strongly urged to read the definitive proxy statement regarding the proposed acquisition when it becomes available and other relevant documents filed with the FDIC and SEC, as well as any amendments or supplements to those documents, because they will contain important information about TowneBank, VBFC and the proposed acquisition. Free copies of the definitive proxy statement, as well as other filings containing information about VBFC, may be obtained after their filing at the SEC’s website (<http://www.sec.gov>). In addition, free copies of the definitive proxy statement, when available, also may be obtained by directing a request by telephone or mail to Village Bank and Trust Financial Corp., 13319 Midlothian Turnpike, Midlothian, Virginia 23113, Attention: Investor Relations (telephone: (804) 897-3900), or by accessing VBFC’s website at <https://www.villagebank.com> under “About Us–Investor Relations.” The documents described above also may be obtained by directing a request by telephone or mail to TowneBank, 6001 Harbour View Boulevard, Suffolk, Virginia 23425, Attention: Investor Relations (telephone: (757) 638-6794), or by accessing TowneBank’s website at <https://townebank.com> under “Investor Relations.” The information on TowneBank’s and VBFC’s websites is not, and shall not be deemed to be, a part of this presentation or incorporated into other filings either company makes with the FDIC or SEC.

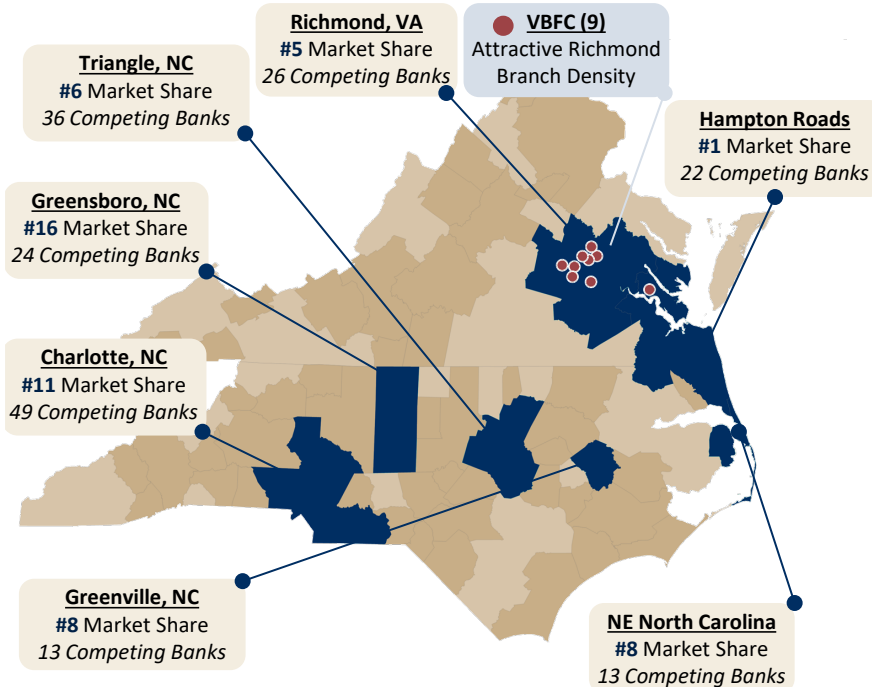
TowneBank, VBFC and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of VBFC in connection with the proposed acquisition. Information about the directors and executive officers of VBFC and other persons who may be deemed participants in the solicitation, including their interests in the acquisition, will be included in the definitive proxy statement when it becomes available. Information about TowneBank’s directors and executive officers can be found in TowneBank’s definitive proxy statement in connection with its 2024 annual meeting of shareholders filed with the FDIC on April 11, 2024. Additional information about VBFC’s directors and executive officers can be found in VBFC’s definitive proxy statement in connection with its 2024 annual meeting of shareholders filed with the SEC on April 9, 2024. Free copies of each document may be obtained as described in the preceding paragraph.

Non-GAAP Financial Measures

This presentation contains certain historical and forward-looking financial measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”), including tangible book value per common share. These measures are commonly used by investors in evaluating business combinations and financial condition. These non-GAAP financial measures should not be considered as a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures of other companies.

Enhancing Our Richmond Franchise

Pro Forma Geographic Footprint



(1) Non-GAAP financial measure – see non-GAAP reconciliations

Note: Deposit market share data as of June 30, 2023; Competing Banks' count excludes institutions with no deposits in stated market regardless of physical or other presence

Source: S&P Global Market Intelligence; FDIC; Fortune; Greater Richmond Partnership

Village Bank and Trust Overview

- Established in December 1999 and headquartered in Midlothian, Virginia
- Operates through 9 retail branches primarily located in Richmond MSA
 - Twelve Fortune 1000 companies and Eight Fortune 500 companies headquartered in Richmond
 - 5 major colleges and universities located in Richmond and surrounding communities
- Excellent credit quality; limited historical charge offs
- Strong Net Interest Margin benefitting from core customer relationships

Financial Highlights

Dollars in millions	Q1-FY24	Q2-FY24
Assets	\$747	\$748
Net Loans	\$596	\$611
NPAs / Assets	0.04%	0.05%
Return on Average Assets	0.96%	0.88%
Return on Average Tangible Common Equity ¹	10.44%	9.57%
Net Interest Margin	3.70%	3.73%
Efficiency Ratio	70.4%	74.2%

Transaction Highlights

Strategic Rationale

- **Complementary community bank** with success in operating markets well-known to TOWN
- Completes Richmond franchise distribution network eliminating future de novo investment
- Cash transaction preserves value of Towne Insurance
- Enhances TOWN's presence in the Richmond MSA with the addition of a very strong low-cost deposit base and excellent commercial lending teams
- Significant **cultural alignment**, allowing TOWN to further its franchise value focused on a commitment to community banking
- Opportunity for **revenue synergies** and increased non-interest income through Towne Financial Services Group

Consideration and Deal Value

- Consideration Mix: 100% cash
- Deal Price per Share: \$80.25
- Transaction Value: \$120.0 million
- Price / TBVPS: 171%
- Price to Forward Earnings: 14.9x
- Price to Forward Earnings + Cost Saves¹: 7.9x

Pricing For Similar Virginia Transactions²

182%
21.0x
8.6x

Execution

- Employment agreements in place for key personnel
- Voting agreements in place with the board, executive officers and majority shareholder
- In-market transaction with conservative cost savings and purchase accounting adjustments
- Proven and experienced acquirer
- Well-capitalized post acquisition to support further growth

(1) Reflects fully phased-in cost savings after-tax

(2) Represents the average of Virginia M&A transactions since January 1, 2014 with deal value greater than \$50M, excluding merger of equals

Strategically Compelling Opportunity to Deploy Capital

	VBFC Acquisition \$80.25 per Share	Equivalent Share Repurchase ¹	VBFC Acquisition vs. Share Repurchase
Capital Deployed	~1% of CET1 ~120mm Capital Deployed	~1% of CET1 ~\$120mm Capital Deployed	Neutral
2025E EPS	~6% Accretive	~3% Accretive	✓ Significantly More Earnings Accretion
Efficiency Ratio	~80 bps Improvement	No Improvement	✓ Improves Efficiency
Strategic Rationale	Improves Longer-Term Competitive Position	Normalize Capital Ratios	✓ Enhances Franchise Value
Timing of Capital Deployment	1H 2025	1H 2025 ²	Similar Timing of Capital Deployment

(1) Illustratively assumes shares are repurchased at current price of \$34.19 as of September 20, 2024

(2) Assumes TOWN is 15% of daily trading volume each day

Deeper Penetration in the Attractive Richmond MSA

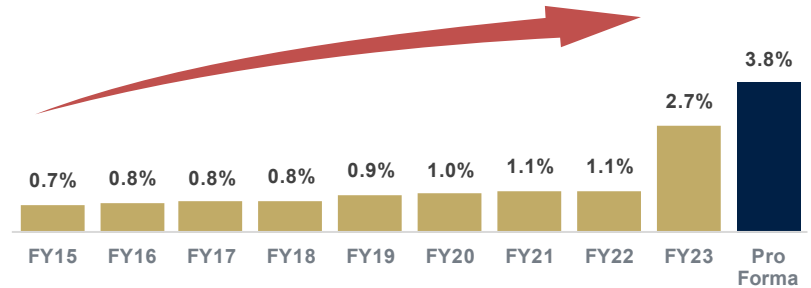
Richmond MSA Market Position

As of June 30, 2023

Rank	Institution	VA HQ	Branches (#)	Deposits in Market (\$000)	Mkt. Share (%)	Average Branch Size (\$000)
1	Bank of America Corp.		17	23,787,293	43.4	1,399,253
2	Truist Financial Corp.		43	9,191,157	16.8	213,748
3	Wells Fargo & Co.		40	8,121,782	14.8	203,045
4	Atlantic Union Bkshs Corp.	✓	21	5,331,003	9.7	253,857
	Pro Forma		17	2,085,819	3.8	122,695
5	TowneBank	✓	9	1,465,643	2.7	162,849
6	C&F Financial Corp.	✓	15	1,329,950	2.4	88,663
7	Primis Financial Corp.	✓	10	851,770	1.6	85,177
8	United Bankshares Inc.		12	733,180	1.3	61,098
9	Village Bank & Tr Finl Corp.	✓	8	620,176	1.1	77,522
10	SouthState Corp.		6	535,520	1.0	89,253
	All Other Institutions		82	2,843,906	5.2	34,682
	Market Totals		263	54,811,380		

Note: Deposit market share data as of June 30 for each respective year shown
Source: S&P Global Market Intelligence; FDIC; U.S. Census Bureau

Enhancing Our Growing Presence in Richmond



Richmond Demographic Highlights

- Total Population: **1,359,801**
- Proj. Pop. Growth ('24-'29): **4.8%**
 - Nationwide: 2.4%
- Median HH Income: **\$81,777**
 - Nationwide: \$75,874

Key Employers



Comprehensive Due Diligence

- Coordinated comprehensive due diligence review with executives from TOWN & VBFC, along with advisors & lawyers
- Modest loan portfolio size with detailed credit review completed by internal team
- Long standing relationship among key principals with significant market knowledge and an emphasis on cultural fit between the two companies

Scope of Loan Review Process

Comprehensive Loan Review Analysis

~50% of total loan portfolio reviewed

- Cross-section analysis of the loan portfolio's performance; review of loan terms and structure; and borrower's continued ability to service their debt
- Additional focus on underwriting standards and credit culture
- All Special Mention, Substandard and Non-Accrual loans
- All significant relationships
- Random sampling of select loan classes

Diligence Focus Areas

Asset Quality

Commercial Lending

Consumer Lending

Mortgage Banking

Financial and Accounting

Compliance

Operations

Information Technology

Systems

Legal

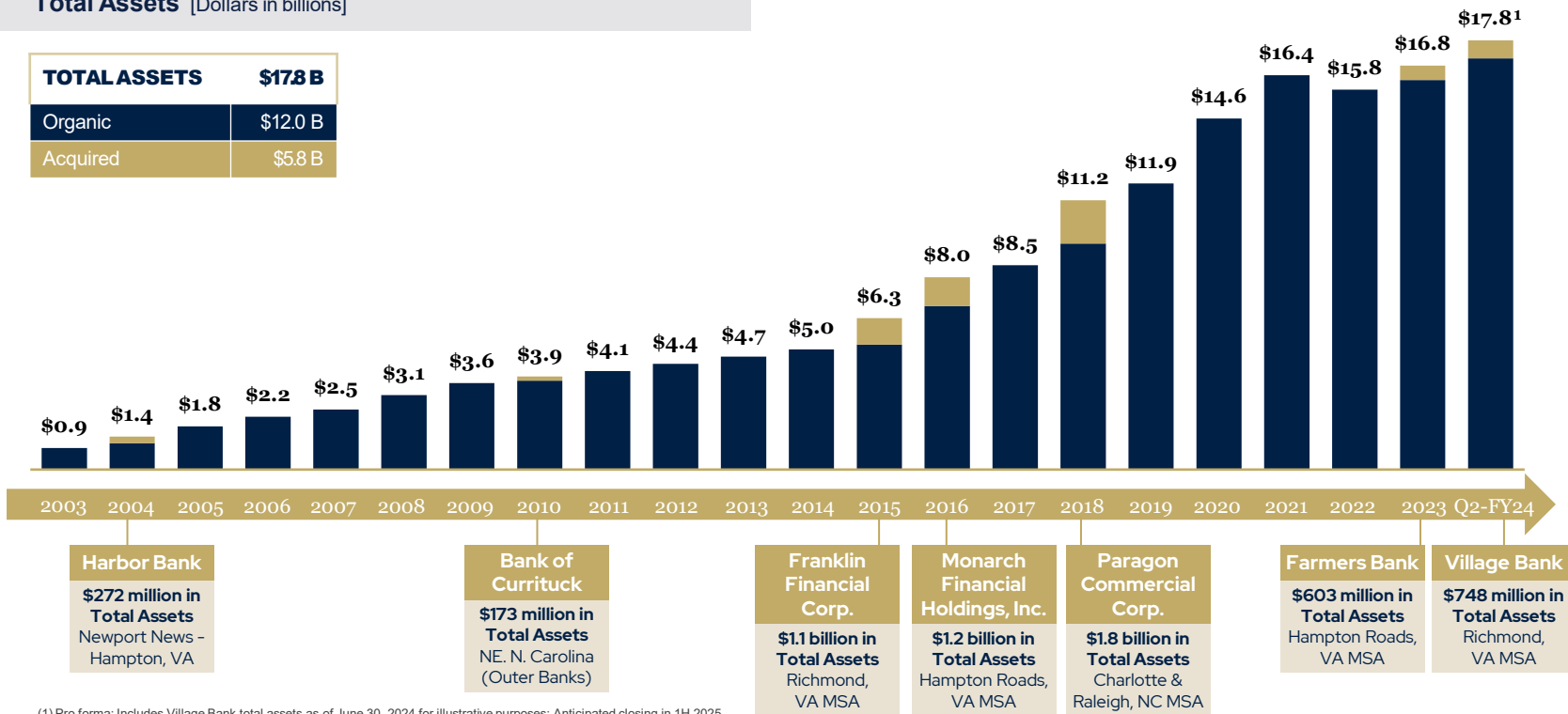
Treasury

Human Resources

Disciplined Acquirer and Experienced Integrator

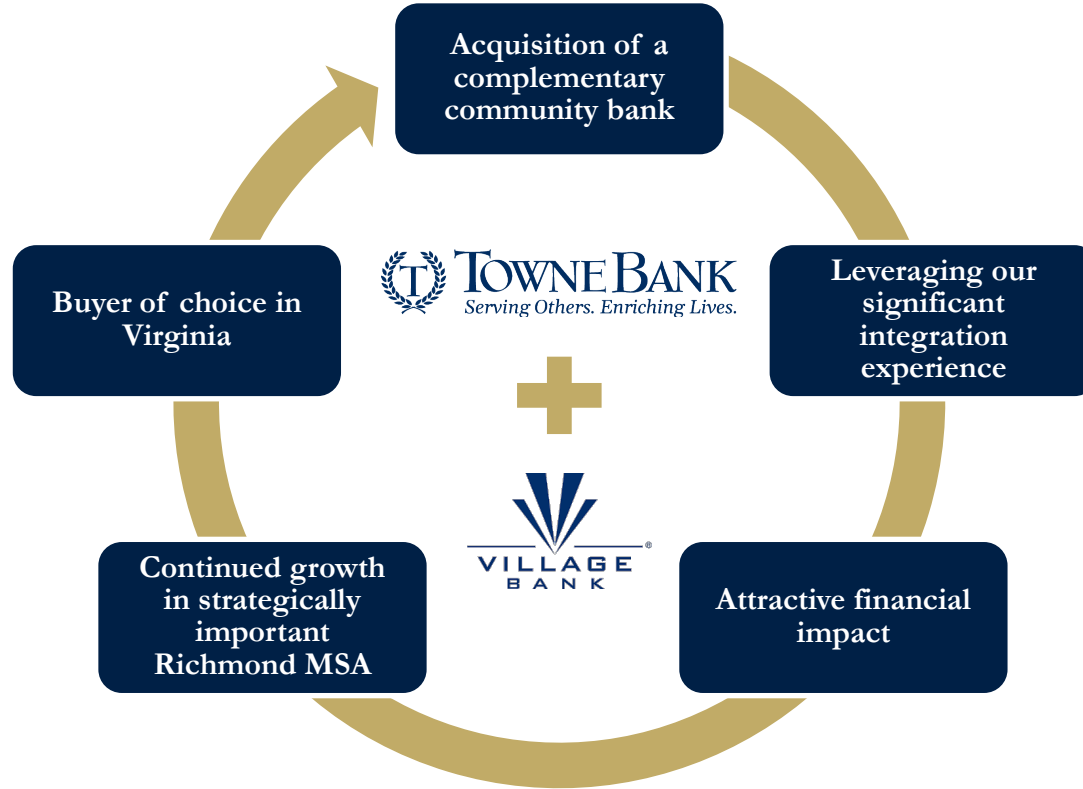
Total Assets [Dollars in billions]

TOTAL ASSETS	\$17.8 B
Organic	\$12.0 B
Acquired	\$5.8 B



(1) Pro forma; Includes Village Bank total assets as of June 30, 2024 for illustrative purposes; Anticipated closing in 1H 2025

Transaction Summary

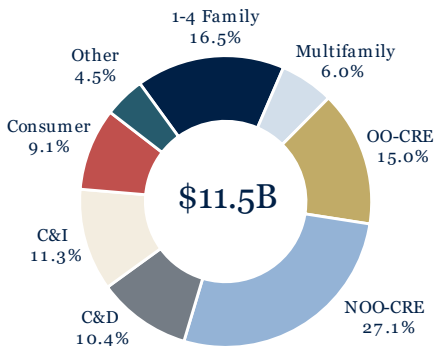




Appendix

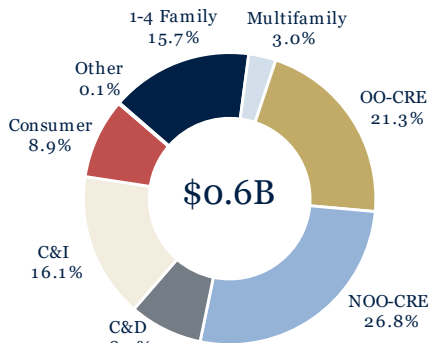
Loan Composition

TOWN



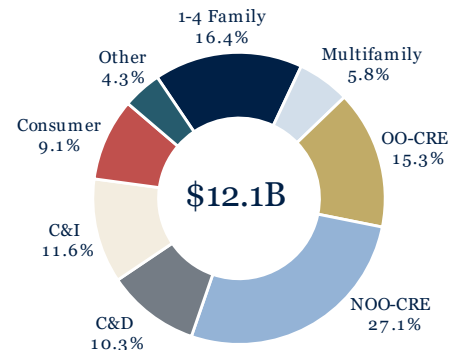
MRQ Yield on Loans: 5.44%

VBFC



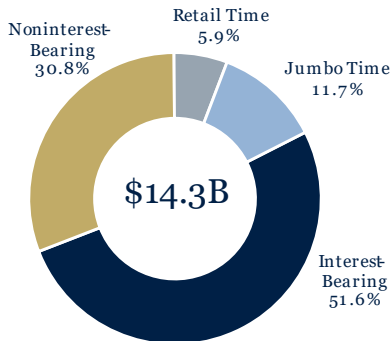
MRQ Yield on Loans: 5.72%

PRO FORMA¹

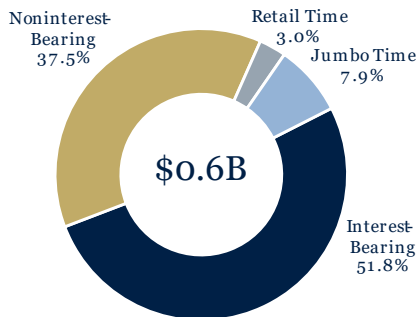


MRQ Yield on Loans: 5.46%

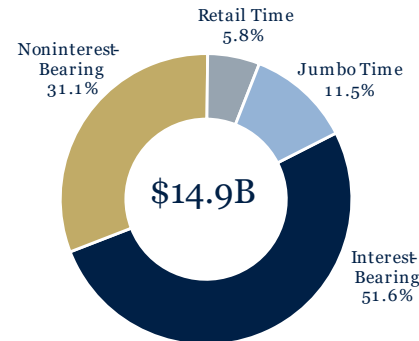
Deposit Composition



MRQ Cost of Deposits: 2.31%



MRQ Cost of Deposits: 1.57%



MRQ Cost of Deposits: 2.28%

(1) Pro Forma composition is exclusive of purchase accounting adjustments; Pro Forma totals may not sum due to rounding
 Note: Financial data as of June 30, 2024; Loan and deposit composition reflects Call Report data
 Source: S&P Global Market Intelligence

Non-GAAP Reconciliations

Return on Average Tangible Common Equity of VBFC

Dollars in millions	QTD	
	Q1-FY24	Q2-FY24
Average Shareholder's Equity	\$67.9	\$69.1
Less: Average Preferred Stock	--	--
Less: Goodwill and Other Intangible Assets	--	--
Average Tangible Common Equity	\$67.9	\$69.1
Net Income Available to Common Shareholders	\$1.8	\$1.7
Return on Average Tangible Common Equity	10.44%	9.57%



Member FDIC