

February 10, 2022

Dear Shareholders,

We are pleased to report continued growth and strong financial performance for the quarter and year-ended December 31, 2021. ODNB delivered record earnings of \$6.6 million for the twelve months ended December 31, 2021, with total assets reaching \$837.5 million at December 31, 2021. We credit our sustained success to the hard work of our dedicated team members and support from our shareholders, directors and customers. ODNB is well-positioned for 2022 with a growing team of talented community bankers focused on delivering superior client service. Ahead, we intend to continue investing in top talent and technology to execute our strategic growth plan and create shareholder value, as ODNB maintains its standing among the fastest growing community banks in the country.

Continued Profitability and Increased Operating Leverage

The last three months of 2021 marks our eighth consecutive quarter of profitability. Net income for the fourth quarter of 2021 was \$1.8 million, compared to \$1.1 million in the fourth quarter of 2020, and \$2.1 million in the linked quarter. Net income for the twelve months ended December 31, 2021 was \$6.6 million, compared to \$2.0 million in 2020, up 227%. Pre-tax income was \$7.2 million for the year 2021, an increase of 260% from 2020. This strong financial performance has increased our common tangible book value per share in 2021 by \$0.78 per share, or 8%, to \$10.52 at December 31, 2021.

Net revenue, which includes net interest income and noninterest income, was \$6.8 million for the fourth quarter 2021, compared to \$6.2 million in the same period of 2020, and \$7.2 million in the linked quarter. The decrease from the linked quarter related to lower levels of pay down and related fee recognition in the Paycheck Protection Plan (PPP) loan portfolio as the program reaches completion, all while net revenue relating to non-PPP lending activities continued to grow at record levels. Net revenue for the full year 2021 was \$28.2 million, compared to \$20.3 million in 2020, up 39%.

Through higher average gross loans and other earning assets, as well as PPP loan fees, we have grown net interest income by more than 41% in 2021, compared to the prior year. We have also grown noninterest income by 13%, while limiting noninterest expense to only a 16% increase. This continued improvement in operating leverage contributed to our ability to lower the bank's efficiency ratio from 78.64% in the year 2020 to 65.65% in 2021.

The net interest margin (NIM) in the fourth quarter of 2021 was 3.22%, an increase of 15 basis points compared to the same quarter in 2020. NIM decreased 24 basis points from the linked quarter, largely driven by a reduction in the amount of income from PPP loan forgiveness that is recognized in interest income. Our gross loan yield, excluding PPP loans, is approximately 4%, which we expect will remain at this level heading into 2022. A rising interest rate environment and Federal Reserve interest rate hikes in 2022, as anticipated, would increase the overall loan yield on our floating rate portfolio and pricing of new loans. Our total cost of deposits continued to decrease over the last three months to 0.36% in December 2021. For the full year 2021, NIM was 3.29%, compared to 2.99% in the prior year. The continued growth in noninterest bearing customer deposits to \$274.8 million, or 37% of total deposits, at December 31, 2021, has contributed to the improvement in our net interest margin and bodes well for our net interest spread in an increasing interest rate environment. Higher market interest rates may also begin to increase our cost of funding, but only partial offset the benefit to the NIM from rising rates on interest earning assets. We also believe that deploying a higher percentage of earning assets from cash, which amounted to \$116 million or nearly 15% of earning assets at December 31, 2021, into loans and investment securities would positively impact the NIM.

For the fourth quarter 2021, noninterest income was \$410 thousand, compared to \$458 thousand in the linked quarter and \$747 thousand in the fourth quarter of 2020. The decrease reflects reduced gains from the sale of mortgages into the secondary market, as housing supply constraints and higher interest rates led to an industrywide slowdown in mortgage activity from record levels in 2020 and early 2021. That said, mortgages remain key to our comprehensive suite of products and we expect residential lending to continue contributing to our top and bottom lines in the future. We

anticipate building our team of residential mortgage bankers in 2022, reflecting our commitment to offering consumer loan products to current and prospective clients in our markets.

High Growth and Strong Balance Sheet

Total assets were \$837.5 million on December 31, 2021, compared to \$815.0 million on September 30, 2021, and \$794.5 million on December 31, 2020. Year-over-year asset growth in cash, securities and gross loans was driven by significant deposit growth of \$154.6 million, or 26.5%, from December 31, 2020. The 32.6% increase in gross loans was partially offset by a \$139.4 million decline in PPP loans outstanding, which come off bank balance sheets as they clear the Small Business Administration's forgiveness-approval process. As of December 31, 2021, PPP loans totaled just \$40.2 million from the nearly \$306.2 million in total that were originated in the program. We anticipate the remaining PPP loans will largely be forgiven in the first half of 2022 and the related interest income and fees earned will be approximately \$1.2 million.

Gross loans, excluding PPP and loans held for sale, grew by \$54.3 million from \$562.5 million at September 30, 2021 to \$616.8 million at December 31, 2021, representing a 39% annualized growth rate. Gross loans grew year-over-year by \$151.7 million, or 33%. Our organic loan growth has been driven by our strong production team winning new relationships and bringing prior business relationships to ODNB, together with a back office team dedicated to client service.

ODNB remains well positioned for future loan growth, with ample funding and a loan to deposit ratio excluding PPP of 84%. Total deposits grew to \$737.4 million at December 31, 2021, compared to \$716.5 million at September 30, 2021, and \$582.8 million at December 31, 2020, delivering another year of strong core deposit growth. We maintain a very low level of alternative non-core deposit funding of \$41.4 million, or just 6% of total deposits, at December 31, 2021.

Our capital ratios remain well above regulatory thresholds. The bank's tier 1 leverage ratio was 11.38% and its total risk-based capital ratio was 14.62% at December 31, 2021. Our strong capital position continues to be improved with consistent earnings, which is key to continued balance sheet growth.

Excellent Credit Quality

The bank's credit risk management program continues to deliver high performing asset quality metrics. ODNB recorded no net charge-offs in the fourth quarter and just \$120 thousand for the full year 2021. Total non-performing loans, comprised of five legacy Charlottesville-area loans originated prior to mid-2016, totaled \$1.0 million at December 31, 2021, or just 0.12% of total assets. At the same time, we continued to prudently build the bank's allowance for loan losses to \$7.9 million at year-end, representing 1.28% of gross loans on December 31, 2021, as compared to 1.26% at September 30, 2021, and 1.20% at December 31, 2020.

We would like to close 2021 by thanking you, our shareholders, for your investment in our bank. The turnaround of ODNB that started in 2016 with less than \$50 million of assets and has resulted in total capital raising of over \$92 million with asset growth to \$838 million would not have been possible without each and everyone one of you. The growth in our bank and record earnings in 2021 is the result of the contributions from our highly engaged team members, Board of Directors, and shareholders. We value your trust and support in our business and we look forward to achieving new milestones in 2022, while strengthening the communities we serve for a better future for all. Please do not hesitate to reach out to us if you have any questions or suggestions for our bank. For shareholder information, please visit our website's [Investor Relations webpage](#) or email shareholders@ODNBonline.com.

Sincerely,



Mark Merrill
Chairman & CEO



Jack Infield
President

FINANCIAL HIGHLIGHTS

(\$ thousands, except per share data)

	For the Three Months Ended			For the Year Ended		
	December 31, 2021 (Unaudited)	September 30, 2021 (Unaudited)	Quarter-vs- quarter % change	December 31, 2021 (Unaudited)	2020 (Audited)	Year-over- year % change
Balance Sheet						
Assets	\$ 837,499	\$ 815,037	2.8%	\$ 837,499	\$ 794,532	5.4%
Gross loans	616,821	562,523	9.7%	616,821	465,160	32.6%
PPP loans	40,232	64,201	-37.3%	40,232	179,636	-77.6%
Loans held for sale	7,760	10,441	-25.7%	7,760	27,422	-71.7%
Allowance for loan losses	7,901	7,114	11.1%	7,901	5,570	41.8%
Deposits	737,417	716,518	2.9%	737,417	582,799	26.5%
Stockholders' equity	92,369	90,612	1.9%	92,369	85,337	8.2%
Income Statement						
Net revenue	\$ 6,849	\$ 7,198	-4.8%	\$ 28,152	\$ 20,307	38.6%
Net interest income	6,439	6,740	-4.5%	25,790	18,210	41.6%
Provision for loan losses	775	486	59.5%	2,451	2,333	5.1%
Noninterest income	410	458	-10.5%	2,362	2,097	12.6%
Noninterest expense	4,660	4,536	2.7%	18,482	15,969	15.7%
Pretax income	1,414	2,176	-35.0%	7,219	2,005	260.0%
Income tax expense ⁽¹⁾	(356)	100	n/m	664	--	n/m
Net income	1,770	2,076	-14.7%	6,555	2,005	226.9%
Ratios						
Net interest margin	3.22%	3.46%		3.29%	2.99%	
Efficiency ratio	68.04%	63.02%		65.65%	78.64%	
Noninterest income / average assets ⁽²⁾	0.20%	0.23%		0.30%	0.34%	
Noninterest expense / average assets ⁽²⁾	2.29%	2.28%		2.31%	2.56%	
Tier one leverage ratio	11.38%	11.43%		11.38%	13.34%	
Tier one risk-based capital ratio	13.45%	14.08%		13.45%	14.79%	
Total risk-based capital ratio	14.62%	15.21%		14.62%	15.79%	
Asset Quality						
Allowance for loan losses / total loans ⁽³⁾	1.28%	1.26%		1.28%	1.20%	
Non-performing assets / total assets	0.12%	0.13%		0.12%	0.86%	
Non-performing loans / total loans ⁽³⁾	0.17%	0.19%		0.17%	1.06%	
Net charge-offs / average loans	0.00%	0.00%		0.00%	0.09%	

Common Share Data

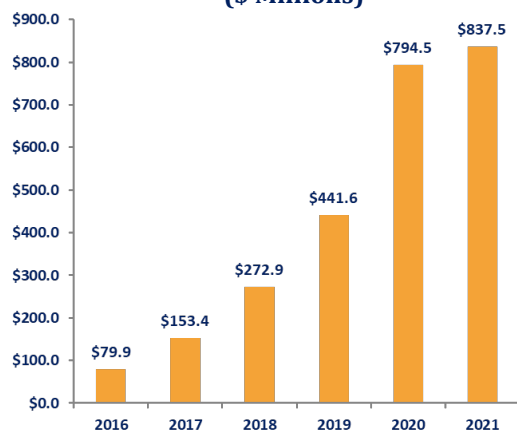
Common shares outstanding	8,779,538	8,760,291	8,779,538	8,757,589
Common book value per share	\$ 10.52	\$ 10.34	\$ 10.52	\$ 9.74
Common tangible book value per share	10.52	10.34	10.52	9.74

(1) n/m - not meaningful

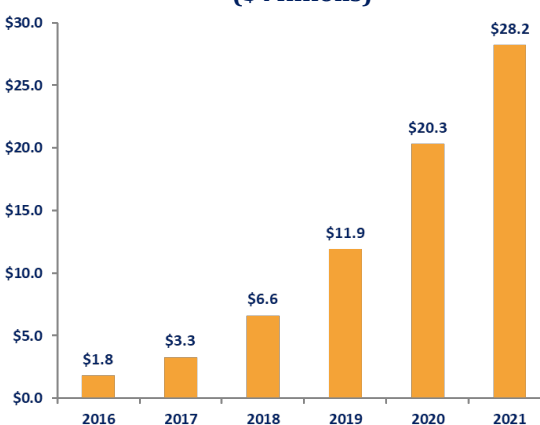
(2) Noninterest income and noninterest expense annualized for the three months ended December 31, 2021 and September 30, 2021.

(3) Excludes Paycheck Protection Program (PPP) loans, which carry a full faith and guarantee of the US Government.

ASSET GROWTH
(\$ Millions)



NET REVENUE GROWTH ⁽⁴⁾
(\$ Millions)



(4) Net revenue includes net interest income and noninterest income.