

VIRGINIA NATIONAL BANKSHARES CORPORATION

Audit and Compliance Committee Charter

PURPOSE

The Audit and Compliance Committee (the "Committee") is authorized by the Board of Directors of Virginia National Bankshares Corporation (the "Board") on its behalf and on behalf of its affiliates, including but not limited to, Virginia National Bank (together, the "Company"), to (a) provide independent oversight with respect to any registered public accounting firm (the "External Auditor(s)"), (b) monitor the Company's accounting and financial reporting policies and processes and audits of the Company's financial statements, including internal controls, (c) monitor the Company's compliance with Federal and State banking and securities regulatory requirements, and (d) oversee the internal audit function whether conducted in-house or to outsourced audit vendors (collectively, "Internal Auditor(s)"), and other related areas. The Committee is also authorized to serve as the fiduciary audit committee and to ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations and prudent practices.

GENERAL

1. The Committee will provide reasonable assurance to the Board of Directors that the financial and regulatory affairs of the Company are properly conducted, supervised and reported.
2. The Committee will maintain free and open communications with the Board of Directors, External Auditor(s), Internal Auditor(s), legal counsel, compliance staff, other members of management, and, as necessary, banking examiners and other regulatory authorities.

MEMBERSHIP AND MEETINGS

1. The Committee shall consist of at least three members appointed by the Board of Directors, one of whom shall be appointed as Chair. All directors serving on the Committee shall (a) be independent of the management of the Company as determined by the Board of Directors using the independence rules set forth in the corporate governance and listing standards of the Nasdaq Capital Markets or such other standard as may be adopted by the Board of Directors from time to time; (b) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 as amended from time to time (the "Act") (subject to the exemptions provided in Rule 10A-3(c) under the Act) or other applicable rule(s) of the Securities and Exchange Commission ("SEC"); if required; (c) not accept any consulting, advisory or other compensation fee from the Company other than for board service; (d) not own or control assets representing 10% or more of any outstanding class of voting securities of the Company, (e) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and (f) be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. In addition, at least one of the directors serving on the Committee must qualify as an "audit committee financial expert" in accordance with Item 407(d)(i) and (ii) of Regulation S-K (17 C.F.R Section 229.407) or other applicable rule(s) of the SEC.
2. The Committee will hold regular meetings, at least semi-annually and more frequently if determined necessary by the Chair of the Committee, in order to review and discuss those specific matters regarding the Company's financial reporting, regulatory compliance and other areas over which the Committee has oversight, the duties and responsibilities.
3. The Committee or its designee will maintain minutes of all Committee meetings regarding the results of discussions concerning the topics set forth in the agenda and other business items addressed. Minutes will be submitted to the Board of Directors.

DUTIES, RESPONSIBILITIES AND AUTHORITY

The Committee has the following duties, responsibilities and authorities:

1. Review and assess this Charter on an annual basis.
2. Appointment, compensation, retention and oversight of the work of any External Auditor engaged (including resolution of disagreements between management and the External Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company. If required by applicable law or regulation, each External Auditor will be engaged to attest to, and report on, the effectiveness of management's internal controls over financial reporting and internal controls over operations and financial reporting related to trust and fiduciary activities. The External Auditor(s) must report directly to the Committee.
3. Obtain an appropriate written representation annually from each External Auditor assuring the Company of its independence, including obtaining a formal written statement from any External Auditor describing all relationships with the Company and engaging in an active dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of that External Auditor.
4. Establish policies or procedures related to (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company regarding questionable accounting or auditing matters.
5. To the extent that the Committee deems necessary or appropriate, (a) engage and determine funding for independent legal, accounting or other advisors and (b) fund any ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties.
6. Consult with the External Auditor and Company management prior to commencement of the annual audit to review the audit scope; the audit procedures to be used; the audit report anticipated to be issued; the audit timing; and the proposed audit fee.
7. Approve the appointment and replacement of the senior internal auditor employed by the Company.
8. Discuss the scope and the results of each audit, investigation, internal or external compliance review and special project performed by Internal Auditor(s), internal compliance staff or any outside firm engaged by the Company for this purpose; review and evaluate management's responses addressing corrective action; and monitor and evaluate the performance of the internal audit staff, internal compliance staff or any outside firm engaged by the Company for this purpose.
9. Review periodically with Company management the internal audit processes and the independent audit of the Company's Information Technology procedures, internal controls and security programs related to safeguarding the Company's assets against theft, loss or other possible fraud.
10. Ensure that the Board of Directors has committed sufficient financial resources to the Committee to enable it to satisfy its responsibilities.
11. Review, consider and monitor practices, procedures and policies related to the Company's financial reporting, as well as any other regulatory and reporting responsibilities, including, but not limited to, the following:
 - A. Compliance with Generally Accepted Accounting Principles and bank regulatory reporting requirements, including representations and disclosures made in annual and quarterly reports, proxy statements and all other required filings.
 - B. Review management's corrective action responses to resolve practices identified by External Auditor(s), Internal Auditor(s), the Compliance Manager, compliance review vendors, or examiners relating to compliance with bank or other regulatory requirements.

- C. Review with management and, separately, with the External Auditor(s) their assessments of the adequacy of the Company's financial management and internal control systems and procedures, and the resolution of any identified material weaknesses and reportable conditions in internal controls.
 - D. Evaluation of the performance and professional relationship with the External Auditor(s).
 - E. Review of the audit opinion and audited financial statements with the External Auditor(s) before the report is finalized; obtain each External Auditor's evaluation of the competence of financial and accounting personnel; discuss and resolve any disagreements between that External Auditor and management; and evaluate and monitor recommendations for improvement of internal control deficiencies and compliance weaknesses identified by that External Auditor.
 - F. Review with management and the External Auditor major accounting policies and reporting disclosures affecting annual and/or quarterly financial statements.
 - G. Review with management, the External Auditor and/or Internal Auditor(s) the basis for management's report on internal controls and compliance, and the External Auditor's report on management's assessments and the Company's financial statements.
 - H. Periodically review and assess management's analysis of the adequacy of the Company's allowance for credit losses (CECL) and any other critical audit matters, including significant estimates.
- 12. Ensure that a reporting system exists to promptly notify the Committee of any violations of applicable laws, rules or regulations; investigate such matters within the purview of the Committee's oversight responsibilities; retain outside counsel for assistance if necessary; and confirm that such violations and corrective actions are reported to the appropriate regulatory agencies to the full extent appropriate.
 - 13. Ensure that the Compliance Officer has the independence and authority to cross department lines, has access to all areas of the Company's operations to ensure compliance, performs reviews and assists in implementing corrective actions when necessary to comply with the applicable laws and regulatory requirements.
 - 14. Review, on a regular basis, the Company's internal audit and compliance processes for propriety.
 - 15. Review reports related to trust and fiduciary activities, including internal reports, internal audit reports and regulatory reports.

As Approved 3/26/2025