



Virginia National Bank
222 East Main Street
P.O. Box 2853
Charlottesville, Virginia 22902

April 16, 2012

To All of Our Shareholders:

We are pleased to invite you to attend the 2012 Annual Meeting of Shareholders of Virginia National Bank. The meeting will be held on Monday, May 21, 2012, at 4:00 p.m. in **Pavilions II and III at The Boar's Head Inn, 200 Ednam Drive, in Charlottesville, Virginia.**

Enclosed are the Notice of Meeting, the Proxy Statement about the business to be transacted at the meeting, and your Proxy form. We also are including Virginia National Bank's 2011 Annual Report on Form 10-K, along with a letter providing Glenn Rust's perspective on the ongoing performance of your bank.

Like last year, the formal meeting will be followed by a brief discussion of our plans and priorities. We strongly believe that your involvement is vital to the continuing success of Virginia National Bank, and we encourage you to attend the meeting.

WHETHER YOU PLAN TO ATTEND OR NOT, PLEASE COMPLETE AND RETURN THE ENCLOSED PROXY FORM AS SOON AS POSSIBLE IN THE POSTAGE PAID ENVELOPE PROVIDED.

We sincerely appreciate your support as a shareholder of Virginia National Bank and hope to see you on May 21st.

Very truly yours,

William D. Dittmar, Jr.
Chairman

VIRGINIA NATIONAL BANK

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

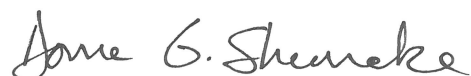
To Be Held on May 21, 2012

The Annual Meeting of Shareholders of Virginia National Bank will be held in Pavilions II and III at The Boar's Head Inn, 200 Ednam Drive, in Charlottesville, Virginia at 4:00 p.m. on May 21, 2012, to consider and vote upon the following matters:

1. Election of twelve (12) directors of Virginia National Bank to serve until the 2013 Annual Meeting of Shareholders.
2. Approval of Amended and Restated Articles of Association for Virginia National Bank.
3. Transaction of such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed April 2, 2012 as the record date for determination of shareholders entitled to notice of and to vote at the annual meeting and any adjournments thereof.

By Order of the Board of Directors:



Donna G. Shewmake
Corporate Secretary

Please promptly complete and return the enclosed proxy whether or not you plan to attend the meeting. If you are a registered shareholder and attend the meeting in person, you may withdraw your proxy and vote your shares in person.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 21, 2012

A complete set of Proxy Materials related to Virginia National Bank's Annual Meeting to be held at the date, time and location set forth above is available at www.vnb.com under the "Investors" tab. The materials available include the Notice of Annual Meeting of Shareholders, the Proxy Statement, the form of Proxy and the Annual Report on Form 10-K for the year ended December 31, 2011.

PROXY STATEMENT

SOLICITATION OF PROXIES, REVOCABILITY AND VOTING

General. The enclosed proxy is solicited by the Board of Directors (the “Board”) of Virginia National Bank (“VNB” or the “Bank”) for use at the Annual Meeting of Shareholders of VNB (“Meeting”) to be held on May 21, 2012, in Pavilions II and III at The Boar’s Head Inn, 200 Ednam Drive, in Charlottesville, Virginia for the purposes set forth in the accompanying notice. The approximate mailing date of this Proxy Statement and accompanying proxy (also sometimes referred to as the “proxy card”) is April 16, 2012.

The principal executive offices of VNB are located at 222 East Main Street in Charlottesville, Virginia, and the mailing address of those offices is Post Office Box 2853, Charlottesville, Virginia 22902-2853.

Voting and Revocation of Proxies. Execution of a proxy will not affect a shareholder’s right to attend the Meeting and vote in person. Any registered shareholder who has executed and returned a proxy may revoke it by attending the Meeting and voting in person. A registered shareholder may also revoke his or her proxy at any time before it is exercised by filing a written notice with the Corporate Secretary of VNB or by submitting a proxy bearing a later date. Proxies will extend to, and will be voted at, any adjourned session of the Meeting.

Voting Shares Held in Accounts with Brokerage Firms and Other Entities. If your shares are held in an account with a brokerage firm, bank, or other similar entity, then your shares are held in “street name.” The entity holding your account, or its nominee, is the registered shareholder for purposes of voting at the Meeting, and you are considered the beneficial owner. As beneficial owner, you have the right to direct the holder of your account how to vote the shares held in your account, and you must follow the instructions of that entity in order to vote your shares or to change a previously submitted voting instruction. Since you are not the registered owner, you may not vote the shares in person at the Meeting unless you obtain a legal proxy from the entity that holds your shares giving you the right to vote shares registered in its name at the Meeting. Please note that this legal proxy is different from the proxy card or voting instructions you generally receive in the mail. *If you wish to vote your shares in person, please contact the entity holding your account for a legal proxy.*

Voting Rights of Shareholders. You are entitled to notice of and to vote at the Meeting if you were a shareholder of record as of the close of business on April 2, 2012, the record date fixed for the Meeting. As of the close of business on the record date, 2,690,220 shares¹ of VNB Common Stock (“Common Stock”) were outstanding and entitled to vote at the Meeting. A majority of the votes entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business at the Meeting.

Shareholders of Common Stock may cumulate their votes in the election of directors. Accordingly, in the election of directors, the number of votes each shareholder may cast is determined by multiplying the number of shares he or she owns by the number of directors to be elected. Those votes may be cumulated and cast for a single candidate or may be distributed among two or more candidates in

¹ On May 16, 2011, Virginia National Bank declared a fifteen percent (15%) stock dividend (or 0.15 share of Common Stock for each share of Common Stock outstanding) (the “15% Stock Dividend”) payable on June 30, 2011 to all holders of record as of close of business on June 15, 2011. All share information in this Proxy Statement, including shares and prices underlying any stock options, has been adjusted to reflect the Stock Dividend.

the manner selected by the shareholder. In the approval of the Amended and Restated Articles of Association and all other matters properly presented at the Meeting, each shareholder is entitled to one vote for each share of Common Stock held. Shares for which the holder has elected specifically to abstain or to withhold the named proxies' authority to vote (including broker non-votes) on a matter will count toward a quorum, but will not be included in determining the number of votes cast with respect to such matter.

Solicitation of Proxies. The cost of solicitation of proxies will be borne by VNB. Solicitation is being made by mail and, if necessary, may be made in person, by telephone, by e-mail or by special letter by directors, officers and employees of VNB or its subsidiary, acting without any separate compensation for any such solicitations.

ANNUAL REPORT

VNB's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, is being furnished with this Proxy Statement to shareholders of record on the record date. The Annual Report does not constitute a part of this Proxy Statement or proxy solicitation material. As stated in the Annual Report, VNB has one wholly-owned subsidiary, VNBTrust, National Association ("VNBTrust").

ELECTION OF DIRECTORS

Twelve (12) directors will be elected at the Annual Meeting to serve until the 2013 Annual Meeting of Shareholders and until his or her successor is elected and qualified. Nominations for election to the Board of Directors may be made by the Board or by any shareholder eligible to vote for the election of directors as set forth below. Directors will be elected by a plurality of the votes cast by shares entitled to vote in the election of directors at a meeting at which a quorum is present, which means the twelve (12) directors receiving the highest number of votes will be elected even though such twelve (12) individuals may not receive "for" votes of the majority of the outstanding shares or from a majority of the votes cast.

Nominations for Directors. The Board of Directors has nominated the twelve (12) individuals named below for election to the Board at the Meeting. Each person nominated has consented to being named as a nominee in this Proxy Statement and has indicated that he or she is willing to serve as a director if elected. The persons named in the proxy will vote for the election of the nominees named below unless otherwise indicated. If at the time of the Meeting, any nominee is unable or unwilling to serve, shares represented by proxies will be voted at the discretion of the named proxies for such other person as the Board of Directors may nominate.

Nominations by shareholders shall be made in writing to the President of the Bank and delivered (to 404 People Place, Charlottesville, Virginia 22911) or mailed (to P.O. Box 2853, Charlottesville, Virginia 22902-2853) no less than 14 days nor more than 50 days prior to the Meeting. Any notification of such nomination shall contain the following information to the extent known to the notifying shareholder: (i) the name and address of each proposed nominee; (ii) the principal occupation of each proposed nominee; (iii) the total number of shares of Common Stock of the Bank that will be voted for each proposed nominee; (iv) the name and residence address of the notifying shareholder; and (v) the number of shares of Common Stock owned by the notifying shareholder. Nominations not made in accordance with these requirements will be disregarded by the chairman of the meeting and the vote tabulators will disregard all votes cast for each such nominee.

At the Meeting, however, only twelve (12) persons will be elected directors and, if any additional nominations are made by any shareholders in accordance with the procedures above, the twelve (12) persons receiving the greatest number of votes will be elected.

The following table sets forth certain information concerning the persons who have been nominated for election as directors by the Board of Directors.

The Board of Directors of VNB recommends that shareholders vote “FOR” the election of the nominees set forth below as VNB directors. Unless otherwise indicated on the proxy, the persons named therein will vote “FOR” the election of the nominees set forth below.

Name (Age)	Principal Occupation	Director Since
H. K. Benham, III (72)	Attorney, Harrison and Johnston	2002 (2)(5)
Steven W. Blaine (54)	Partner, LeClair Ryan, a Professional Corporation	1998 (2)(4)
Edwin T. Burton, III (69)	Visiting Professor of Economics, University of Virginia	N/A
Hunter E. Craig (51)	President, Hunter E. Craig Company	1998 (1)
John J. Davies, III (64)	Partner, Davies, Barrell, Will, Lewellyn & Edwards, PLC	N/A
William D. Dittmar, Jr. (59)	President and Chief Executive Officer, Enterprise Holdings, Inc.	1998 (1)(2)(5)
Janet L. Dorman (55)	Chief Executive Officer, Teachstone Training, LLC	1998 (3)(4)(5)
William Bolling IZard, Jr. (55)	Vice President, James A. Scott & Son, Incorporated t/a Scott Risk Capital & Scott Insurance	N/A
Susan King Payne (63)	President, Payne, Ross & Associates	1998 (4)
Glenn W. Rust (56)	President and Chief Executive Officer, Virginia National Bank	2006 (1)(3)
Gregory L. Wells (55)	Chief Executive Officer, ACAC – Fitness & Wellness Centers	N/A
Bryan D. Wright (59)	Partner, Williams Mullen	N/A

N/A denotes “not applicable” since the nominee is not currently a director

- (1) Currently a member of the Asset/Liability Management Committee
- (2) Currently a member of the Audit and Compliance Committee
- (3) Currently a member of the Community Committee
- (4) Currently a member of the Compensation Committee
- (5) Currently a member of the Corporate Governance Committee

The following biographies of the nominees standing for election contain information regarding the person’s business experience, public company director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes and/or skills that caused the Board of Directors to determine that the person should serve as a director of the Bank. Unless otherwise noted, the person has held their current position for at least five years.

H. K. Benham, III practices law with the firm of Harrison and Johnston in Winchester, Virginia (for 48 years), specializing in corporate, tax, trust and real estate law; is a managing partner in Page-Brooke Land Trust (since 1973), a residential and commercial development and investment company; and is a major owner and director of Plasticard-Locktech International (since 2006), a gift card and hotel key card company. He is past chairman of a number of local community organizations. He received a B.A. degree in 1961 and a law degree in 1964 from the University of Virginia. Mr. Benham has extensive experience with

bank trust departments, both personally, as trustee, and as legal counsel for clients. In addition to his legal expertise, Mr. Benham's knowledge of the Winchester marketplace is critical to the Bank's success in this region of Virginia.

Steven W. Blaine is a partner in the Charlottesville, Virginia office of the law firm of LeClair Ryan, a Professional Corporation, primarily practicing in business and real estate law. Prior to joining LeClair Ryan in 1999 and for more than five years, Mr. Blaine was a partner in the Charlottesville office of McGuireWoods LLP. He has served on the board of directors of the Charlottesville/Albemarle Chamber of Commerce; as a Governor of the Real Property Section of the Virginia State Bar; and was, until July 2007, a Commissioner on the Charlottesville Housing and Redevelopment Authority. He is currently serving on the board of the Jefferson School Preservation Corporation. Mr. Blaine received a B.A. degree in Economics from the University of Virginia in 1979, and a J.D. degree from the College of William & Mary in 1983. As a practicing attorney, Mr. Blaine provides twenty-eight years of experience as a corporate and transactional attorney. In addition, he provides valuable insight into the local real estate economy, and brings his legal perspective to bear in matters coming before the Bank's Audit and Compliance Committee.

Edwin T. Burton, III is a Visiting Professor of Economics at the University of Virginia. Mr. Burton was a director of the Bank from its formation in 1998 until 2004 and served as chairman of the Board's Compensation Committee during that time. Mr. Burton has been a Trustee of the Commonwealth of Virginia Retirement System since 2004, serving as a member of the Administrative and Personnel Committee since 2010, and was the chairman of that board of trustees from 1997 until 2001. Mr. Burton currently serves as a director of S L Green, a publicly traded real estate investment trust and as chairman of its audit committee; as a consulting economist to the Securities Industry Association; on the board of advisors for Gerson Lehrman Group; as President of Ibanking101.com; on the board of directors of Chase Investment Counsel Corporation; and as consulting economist to the Danville Regional Authority Foundation Board. Mr. Burton was Senior Vice President & Managing Director with the former Interstate Johnson Lane (where he also served as director) from 1994 to 1995 and was President of Rothschild Financial Services, Inc. from 1988 to 1994. Mr. Burton has served on a variety of other boards, foundations and committees; has been a consulting economist to SNL Securities, the Laborers National Pension Fund Board, and Burning Daylight Management Fund; and has been a consultant to the American Stock Exchange. Mr. Burton received B.A. and M.A. degrees in Economics in 1964 and 1965, respectively, from Rice University and a Ph.D. degree in Economics from Northwestern University in 1971. He has also taught finance courses for more than 30 years at the University of Virginia and Cornell University. In addition to his ability to provide valuable insight into financial and economic matters, Mr. Burton has extensive experience serving on boards, as well as various board committees, and advising a variety of businesses and other organizations.

Hunter E. Craig is President of Hunter E. Craig Company, a residential, commercial and industrial property investment company. Since 1991, Mr. Craig has been a principal real estate broker with Georgetown Real Estate. Mr. Craig is a current member of the Board of Visitors of the University of Virginia. He has served on the board of directors of the Hovey S. Dabney Foundation for Elders. He was a member of the board of directors of Virginia Blood Services from 2002 until 2005. From 1994 to 1996, Mr. Craig served as a member of the board of directors of RF&P Corporation, a real estate company. In addition, Mr. Craig served on the board of directors of the University of Virginia Foundation from 1995 to 2003. He was a member of the Commonwealth of Virginia State Water Control Board from 1995 to 2003, and served as its chairman from 2001 to 2003. He formerly served as Vice Chairman of the Virginia Retirement System Investment Advisory Committee. Mr. Craig is involved in various business activities and civic organizations in the Charlottesville area. Mr. Craig received a B.A. degree in Economics from Hampden-Sydney College in 1984. As a lifelong resident of Charlottesville and a co-

founder of the Bank, Mr. Craig provides a deep knowledge of local business conditions and has extensive community contacts.

John J. Davies, III is a partner in the law firm of Davies, Barrell, Will, Lewellyn & Edwards, PLC in Culpeper, Virginia, specializing in zoning, land use, business, estate planning, probate, criminal and elder law. Mr. Davies served as a Delegate of the Virginia General Assembly from 2002 to 2010 and has previously served as a Special Justice, a state appointed attorney for the former Culpeper Correctional Unit and an attorney for Virginia Department of Transportation. Mr. Davies' government experience also includes serving on the Commonwealth Transportation Board, the Joint Commission on Health, the Criminal Justice Services Board, the District Courts Committee, the Virginia Crime Commission, the Virginia VASAP Advisory Board (as Chairman), the Conservation and Historic Resources Board (now the Conservation and Recreation Board), the Virginia Purchases and Supply Board and the Culpeper Parking Authority (as Chairman). Mr. Davies served on the board of directors for Second Bank & Trust from 2000 to 2010, including serving on its executive committee and as chairman of its marketing committee. He has served on a host of civic, community, educational and other boards, committees or organizations during his career, including Culpeper Renaissance, Inc.; Bluemont, The Cultural Spirit of Our Communities Board; Virginians For The Arts; Germanna Community College Education Foundation Board; Culpeper County Chamber of Commerce Business Development Committee; and Randolph-Macon College Alumni Board. Mr. Davies received a B.A. from Randolph-Macon College in 1969 and a J.D. from T.C. Williams School of Law at the University of Richmond in 1973. In addition to his legal and governmental expertise, Mr. Davies is a recognized leader in his community and has experience serving on the board and committees of a community bank.

William D. Dittmar, Jr. serves as the non-executive Chairman of the Board of Virginia National Bank. Mr. Dittmar is the President and Chief Executive Officer of Enterprise Holdings, Inc., the parent company for various real estate and commercial property subsidiaries. Additionally, he is the sole member of Enterprise Properties, LLC; OMD, LLC; 401 East Market Street, LLC; Pantops Park, LLC; BHE, LLC; and BHN, LLC, all of which own and develop commercial properties in central Virginia. He is a director of VNBTrust and serves on its Audit Committee. He graduated from Catholic University in Washington, D.C. in 1974; pursued a graduate degree at the University of Virginia (1975-1978); and qualified for the Virginia Bar in 1986. Mr. Dittmar is the Bank's "audit committee financial expert;" has an extensive business background as a corporate executive, real estate executive and project manager; and is well-versed in economic issues.

Janet L. Dorman is Chief Executive Officer of Teachstone Training, LLC, an education company providing evidence-based tools for teaching and learning. From 2003 to 2009, Ms. Dorman was a management consultant, providing facilitation, strategic and operational planning services. Previously, Ms. Dorman was Director of Corporate Development and Planning for the University of Virginia Health Services Foundation. Prior to coming to Charlottesville, Ms. Dorman held management positions with Cornell University in Ithaca, New York. Ms. Dorman has served on local education boards. Ms. Dorman earned a B.A. degree in Psychology from the University of Delaware (Phi Beta Kappa) and an M.B.A. degree from the Wharton School of the University of Pennsylvania. Ms. Dorman's specific area of expertise is the ability to facilitate strategic discussions both at the board level and among Bank employees.

William Bolling Izard, Jr. is a Vice President of James A. Scott & Son, Incorporated, a corporate risk advisory and insurance business which includes Scott Insurance and Scott Risk Capital, in Charlottesville, Virginia. He previously served as a director of James A. Scott & Son, Incorporated and currently serves as a director of James River Insurance Limited in Bermuda. Mr. Izard received a B.A. in History in 1979 from the University of Virginia. Having worked in the corporate insurance business for almost 34 years, Mr. Izard has experience advising companies on operational and financial risks.

Susan King Payne is President of Payne, Ross & Associates Advertising, Inc., a marketing, public relations and advertising firm located in Charlottesville, Virginia. She has been an owner of this firm for more than five years. Ms. Payne currently serves on the boards of Virginia Tourism Corporation, the Charlottesville/Albemarle Community Foundation and the Charlottesville Free Clinic. Ms. Payne received a B.A. degree from Endicott College in Beverly, Massachusetts, in 1968. Ms. Payne has an extensive understanding of the markets and communities served by the Bank and provides marketing and public relations knowledge to VNB's Board, better enabling the Bank to communicate with existing customers, reach new customers and expand the VNB brand.

Glenn W. Rust is Chief Executive Officer and President of Virginia National Bank. He joined the Bank in November 2006. He is also a director of VNBTrust. From 1996 to 2006, he served as an Executive Vice President of Sterling Bank, a financial institution based in Houston, Texas, and was a member of its board of directors. Mr. Rust was Chief Operations Officer at Sterling Bank from 2002 to 2006, with responsibility for revenue departments such as retail banking and treasury management. From 1996 to 2002, he served as Chief Information Officer for Sterling Bank. He also served as President of the Bankruptcy Trustee Division of Sterling Bank. Mr. Rust serves on the board of directors (and various committees) for the Boys & Girls Clubs of Central Virginia, Center for Nonprofit Excellence, Hospice of the Piedmont, the Charlottesville-Albemarle SPCA, and ParadeRest. He also provides advice and strategic counsel to other local charitable organizations, including Building Goodness Foundation and Bank On Charlottesville. Mr. Rust brings wide-ranging executive bank management experience to the Bank and expertise in successfully managing growth opportunities.

Gregory L. Wells is Chief Executive Officer of ACAC Fitness and Wellness Centers, which has centers in Charlottesville and Richmond, Virginia and in West Chester, Pennsylvania. Prior to joining ACAC in 2006, he was the Chief Executive Officer and an owner of Mailing Services of Virginia in Charlottesville from 1994 to 2005. Mr. Wells held management positions with the former Centel Corporation in Charlottesville from 1980 to 1994, including acting regional president for Virginia/North Carolina telephone operations. Mr. Wells has served on the board of directors for the University of Virginia Hospital Advisory Board, the Charlottesville Virginia Student Aid Foundation and the Charlottesville Children's Discovery Museum. Mr. Wells currently serves on the Farmington Country Club board and previously served on its Finance Committee. Mr. Wells received a B.S. in Business Administration in 1978 and an M.B.A. in 1979 from the University of Nebraska. Mr. Wells has experience in leading companies of various sizes, including responsibilities for finance, strategic planning, operations, business development, marketing and human resources.

Bryan D. Wright is a partner in the Charlottesville, Virginia office of the law firm of Williams Mullen, where he serves as corporate, intellectual property and litigation counsel to entrepreneurs, businesses and public institutions. Active in civic and community affairs, Mr. Wright has been appointed by the City Council to the Charlottesville Economic Development Authority, serving as chairman in 2010. He is a past president of the Charlottesville Rotary Club and currently serves on the board of directors for The Entrepreneurial Village, a community centered non-profit organization. Mr. Wright is a director of Piedmont Virginia Community College's Education Foundation and is a director of Piedmont Council for the Arts, both serving the people of central Virginia. Mr. Wright received a B.A. degree from Trinity University in 1974 and a J.D. from St. Mary's University School of Law in 1976. A frequent speaker on business and litigation law matters, Mr. Wright's legal experience provides him with valuable insight on business and risk management issues.

**INFORMATION ABOUT THE BOARD OF DIRECTORS
AND BOARD COMMITTEES**

Compensation of Directors. The following table provides information concerning the compensation of all directors of VNB who served at any time during 2011. Information concerning Mr. Rust is not included in the table since he is a named executive officer of the Bank and his compensation information is fully reflected in the Summary Compensation Table, shown later in this Proxy Statement. Outside directors did not receive cash compensation for serving on the VNB Board of Directors in 2011, but some directors received other compensation as set forth below.

Name	Fees Earned or Paid in Cash	All Other Compensation	Total
H. K. Benham, III	\$0	\$0	\$0
Steven W. Blaine	\$0	\$0	\$0
Hunter E. Craig (1)	\$0	\$24,000	\$24,000
Leslie B. Disharoon (2)	\$0	\$15,000	\$15,000
William D. Dittmar, Jr. (2)	\$0	\$15,000	\$15,000
Janet L. Dorman	\$0	\$0	\$0
Claire W. Gargalli	\$0	\$0	\$0
Mark T. Giles (2)	\$0	\$15,000	\$15,000
David G. Kalergis	\$0	\$0	\$0
Neal F. Kassell, M.D.	\$0	\$0	\$0
C. Wilson McNeely, III	\$0	\$0	\$0
Susan K. Payne	\$0	\$0	\$0

(1) Mr. Craig received a \$24,000 salary as an employee of VNB.

(2) Messrs. Disharoon, Dittmar and Giles received \$15,000 in cash for serving as directors of VNBTrust.

Meetings of the Board of Directors and Director Attendance. The Board of Directors meets monthly, except for August and November. In addition, special meetings may be called whenever necessary. During 2011, the Board of Directors met ten times. All incumbent directors attended at least 75 percent of the meetings of the Board of Directors and of the Committees of the Board on which he or she served during 2011. Board members are encouraged to attend the Annual Meeting of Shareholders, and ten of the thirteen directors serving during 2011 attended the 2011 Annual Meeting of Shareholders.

Asset/Liability Management Committee. The directors currently serving on the Asset/Liability Management Committee are Hunter E. Craig (chair), William D. Dittmar, Jr., and Glenn W. Rust. Ronald E. Baron, who joined the Bank as Chief Financial Officer in March 2012, also serves as a member of this committee. The primary function of the Asset/Liability Management Committee is to plan and monitor the process for matching the mix and maturities of assets and liabilities in ways that are intended to provide a favorable and even flow of net interest income while assuming reasonable business risks. The Asset/Liability Management Committee met twice during 2011, including an asset liability discussion during a full meeting of the Board, while a third meeting scheduled during December was postponed until January 2012.

Audit and Compliance Committee. The directors currently serving on the Audit and Compliance Committee are William D. Dittmar, Jr. (chair), H. K. Benham III, Steven W. Blaine and David G. Kalergis. The primary function of the Audit and Compliance Committee is to direct and monitor the internal audit and control functions and to make recommendations regarding the selection of VNB's independent auditing firm. The Board of Directors has determined that Mr. Dittmar is an "audit committee financial expert," and the Board has determined that Mr. Dittmar and each other member of the Committee except Mr. Blaine is "independent" within the corporate governance standards established by the New York Stock Exchange ("NYSE"), as described in more detail below under "Independence of Directors." The Audit and

Compliance Committee met five times during 2011. The charter of the Audit and Compliance Committee appears on the Bank's website at www.vnb.com with the Proxy Materials under the "Investors" tab.

Compensation Committee. The directors currently serving on the Compensation Committee are Steven W. Blaine (chair), Janet L. Dorman, David G. Kalergis and Susan K. Payne. Each current member of the Committee is "independent" within the corporate governance standards of the NYSE. The primary function of the Compensation Committee is to review and make recommendations to the Board of Directors with respect to VNB's executive compensation policies and to administer the VNB stock incentive plans. Other duties of the Committee include reviews of, and recommendations to the full Board on, compensation for directors of the Bank. In addition, VNB's Compensation Committee, together with VNBTrust's compensation committee, reviews VNBTrust's performance-based compensation plan every two years. The Compensation Committee met one time during 2011. The charter of the Compensation Committee appears on the Bank's website at www.vnb.com with the Proxy Materials under the "Investors" tab.

Corporate Governance Committee. The directors currently serving on the Corporate Governance Committee, are H. K. Benham, III (chair), William D. Dittmar, Jr., Janet L. Dorman and David G. Kalergis. Each current member of the Committee is "independent" within the corporate governance standards of the NYSE. The primary function of the Corporate Governance Committee is to make recommendations to the full Board of Directors on matters of corporate governance. Prior to January 2012, this committee was known as the Corporate Governance and Nominating Committee, and its duties also included making recommendations of director nominees to the Board for consideration. This committee has no regular meeting schedule, but is available to address corporate governance matters with respect to which the full Board requests guidance. The former Corporate Governance and Nominating Committee met twice during 2011.

Nominating Procedures. Prior to 2012, the Corporate Governance and Nominating Committee was tasked with reviewing and recommending director nominees to the Board for consideration, with all final decisions being approved by the Board. In January 2012, the Board determined that it was more appropriate to have all the directors participate in the consideration of director nominees, so the full Board assumed the nominating function and the name of the committee was changed to the Corporate Governance Committee. Neither the Board nor the Corporate Governance and Nominating Committee as it existed prior to 2012 established any formal policies regarding consideration of any director candidates recommended by shareholders; specific criteria or minimum qualifications for a nominee to the Board; a process for identifying and evaluating nominees for director; or consideration of diversity in identifying nominees for director.

Board Leadership Structure and Role in Risk Oversight. Since 2007, the positions of principal executive officer and Chairman of the Board have been separated. The current leadership structure, which allows the Chairman to maintain a more objective role in management of Board functions and oversight of management, is deemed appropriate and effective by the Board at this time. While the Bank's management has responsibility for direct, day-to-day management of the Bank, the Board has a significant role in oversight of risk. Officers are generally ratified by the Board annually, upon the recommendation of the President. The Board approves all significant policies, which guide the Bank's officers and other employees in the discharge of their duties. Policies approved by the Board include policies related to loan underwriting and administration, investments, liquidity, asset and liability management, audit, bank operations and controls and regulatory compliance. Programs are established to monitor compliance with the policies, and compliance reviews are reported to the Audit and Compliance Committee. While the Board committees outlined above generally perform a more direct role in overseeing specific areas of risk, each committee provides full reports to the Board on any significant or material findings.

Independence of Directors. Securities and Exchange Commission (“SEC”) rules require that a company like VNB, whose securities are not listed on a national securities exchange, disclose in its proxy statement whether each director, nominee for director and member of its compensation, nominating or audit committee is “independent” using a definition of independence under the rules of a national securities exchange. The Board has selected to use the independence definitions under the corporate governance standards established by the NYSE for purposes of disclosure in this proxy, even though those standards are not directly applicable to the Bank. For the purpose of determining the independence of any individual for service on the Board of Directors of the Bank, the Board has made a reasonable good faith determination, after taking into account all relevant facts and circumstances, that the individual has no material relationship with or conflict with the interests of the Bank that would interfere with or impair the exercise of that individual’s independent business judgment.

The Board has determined the following twelve (12) of the fourteen (14) current directors and nominees are independent within the meaning and guidance of Section 303A.02 of the NYSE Listed Company Manual: Ms. Dorman, Ms. Payne and Messrs. Benham, Blaine, Burton, Davies, Dittmar, Izard, Kalergis, McNeely, Wells and Wright. The Board also determined that the following former directors who served during 2011 were independent: Leslie B. Disharoon, Claire W. Gargalli, Mark T. Giles and Neal F. Kassell.

In addition, using the NYSE standards, the Board has determined that each current member of the Compensation Committee is independent; each current member of the Corporate Governance Committee is independent; and each member of the Audit and Compliance Committee is independent except Mr. Blaine, who is not independent under the NYSE requirement that audit committee members meet the additional independence requirements of SEC Rule 10A-3, because other attorneys with Mr. Blaine’s firm have provided legal services to VNB.

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

In 2011, the Bank asked that LeClair Ryan, P.C., as outside counsel, review its Articles of Association and make recommendations regarding proposed revisions. The Board of Directors unanimously voted to approve the revisions proposed by LeClair Ryan, as well as some additional revisions offered by the Office of the Comptroller Currency (the “OCC”), and to present the Amended and Restated Articles of Association attached as Exhibit A to the shareholders for approval at the Meeting. The following summary outlines the substantive revisions made to the Articles of Association, which is qualified by reference to the full text of the Amended and Restated Articles of Association attached as Exhibit A.

Election of Directors and Shareholder Approval of Other Matters. Revisions were made to (a) clarify in Section 4.2 that directors are elected by plurality, which has been the standard under which the Bank has operated in the past; (b) change in Section 5.1 the voting threshold for approval of matters by shareholders (unless otherwise specified in the Articles or required by law) from approval by shareholders owning a majority voting interest in the outstanding stock to approval by a majority of votes cast by shares entitled to vote at a meeting at which a quorum is present; and (c) change Article XI to reflect that the Board has authority to amend the Articles of Association in accordance with new Section 5.2 regarding preferred stock as discussed below. The Board of Directors believes it is appropriate to continue using plurality as the standard to elect VNB directors since it is the standard voting threshold for elections of directors in Virginia and the vast majority of other states, and it is the most appropriate standard to use when shareholders have the authority to cumulate votes in the election of directors. The Board also thinks it is appropriate to change the threshold for approval of other routine matters submitted for shareholder approval, such as an employee stock incentive plan, to require a simple majority of the

votes cast at a meeting. More fundamental actions, such as approving merger transactions, will still require a higher voting threshold under applicable law, and the Articles still provide that shareholder approval of an amendment to the Articles of Association must be by an affirmative vote of the majority of outstanding shares entitled to vote on the amendment unless a higher vote is required by law.

Preferred Stock. The previous language in Section 5.2 regarding the issuance of 70,000 shares of Series A Convertible Preferred Stock, all of which converted to Common Stock in February 2006, has been removed and replaced with “blank check preferred” language, which authorizes the Board, without further shareholder approval, to issue in one or more series shares of preferred stock and fix the preferences, relative rights and limitations of such shares. The Board believes that the preferred stock language gives the Board an important measure of flexibility if and when it determines that it would be in the best interest of the Bank to issue preferred stock in a timely manner, including situations where the Bank intends to expand to other markets. Before issuing any preferred shares authorized by this provision, the terms of sale of such shares must be submitted to the OCC for review under current regulations and practices.

Procedure for Shareholder Nomination of Candidates to the Board of Directors. The OCC-recommended provisions regarding advance notice requirement for shareholders to nominate director candidates was moved, verbatim, from Section 4.2 of the Articles to VNB’s bylaws where this provision is typically found. This shareholder nominating procedure is outlined under the subsection titled “Nominations for Directors” in the section captioned “ELECTION OF DIRECTORS” on pages 4 and 5 of this Proxy Statement.

Limitation of Liability; Indemnification. A new section 10.1, titled “Limitation of Liability,” has been added so the Bank can take full advantages of the protection afforded under Virginia corporate law that limit monetary damages for officers and directors in connection with lawsuits brought by or on behalf of shareholders. By statute, liability cannot be eliminated if it results from willful misconduct or a knowing violation of criminal law or any federal securities law. The language regarding Indemnification, now under Section 10.2, has been expanded to preserve the right to indemnification in cases where there has been a change in the composition of a majority of the directors or where the indemnification provision has been subsequently amended or repealed.

Other Changes. Other revisions were made to add captions to the subsections, to remove the specific requirements for relocating the main office, which are already contained in the laws and regulations governing national banks, and other changes consistent with language recommended by the OCC.

<p>The Board of Directors recommends that shareholders vote "FOR" approval of the Amended and Restated Articles of Association. Unless otherwise indicated on the proxy, the persons named therein will vote “FOR” approval of the proposal.</p>

EXECUTIVE COMPENSATION

Executive Officers.

The following table sets forth the name and position of each of the current executive officers of the Bank. These four individuals are referred to throughout this document as “executive officers.” Three of the current executive officers, together with a former executive officer listed in the Summary Compensation Table found later in this document, are referred to as the “named executive officers.”

Unless otherwise indicated, each of these officers has served as an executive officer of the Bank for at least five years:

<u>Name</u>	<u>Information about Executive Officers</u>
Glenn W. Rust	President of Virginia National Bank since November 1, 2006 and Chief Executive Officer since July 15, 2007. From 2002 to 2006, Mr. Rust served as Executive Vice President and Chief Operations Officer of Sterling Bank in Houston, Texas. Mr. Rust is 56 years old.
Virginia R. Bayes	Chief Credit Officer and Executive Vice President of Virginia National Bank. Ms. Bayes joined the Bank in 1998 and was named an executive officer in January 2011. Ms. Bayes is 51 years old.
Donna G. Shewmake	General Counsel, Executive Vice President and Secretary of Virginia National Bank. Ms. Shewmake joined the Bank in June 2008 as General Counsel and Executive Vice President, and was named Secretary and an executive officer in May 2009. From 1987 until 2008, Ms. Shewmake was employed in various capacities as legal counsel and officer of affiliates and/or predecessors of Wachovia Corporation (now, Wells Fargo & Company), most recently serving as Senior Vice President and Assistant General Counsel of Wachovia Securities from 2003 to 2008. Ms. Shewmake is 51 years old.
Ronald E. Baron	Chief Financial Officer and Executive Vice President of Virginia National Bank. Mr. Baron joined the Bank and was named an executive officer in March 2012. From May 2005 until March 2012, Mr. Baron was the Senior Vice President and Chief Financial Officer of Citizens Bancorp of Virginia, Inc. and Citizens Bank and Trust Company. Mr. Baron is 55 years old.

Compensation Discussion.

Philosophy and Objectives of the Bank's Compensation Program. The Compensation Committee is responsible for evaluating and making recommendations to the Board with respect to VNB's executive compensation policies. VNB believes that compensation of its executive officers should reflect and support VNB's strategic and financial performance goals, the primary goal being the creation of long-term value for the shareholders of VNB, while protecting the interests of the depositors of VNB. The Compensation Committee has adopted a committee charter, which was subsequently ratified by the entire Board of Directors, pursuant to which the Committee reviews and makes recommendations to the Board with respect to VNB's executive compensation policies and administers the VNB stock incentive plans.

The Committee specifically reviews and, subject to approval by the Board, establishes the compensation of the Chief Executive Officer and President ("CEO") of VNB based on reasonableness, competitiveness, and relationship to performance. In determining the compensation to recommend for the Chief Executive Officer, the Committee reviews the overall financial performance of VNB relative to the performance of peer and comparable banks as well as the CEO's performance against standards previously established by the Committee. The Committee considers whether the VNB CEO's cash compensation and the stock option incentive awards made to him bear a reasonable relationship to the compensation paid to the chief executive officers of comparable banks and is consistent with the desire of the Committee to offer appropriate performance incentives to the Chief Executive Officer and to motivate him to remain at VNB. When the Committee met in February 2011 to review Mr. Rust's compensation based on performance

during 2010, the Committee, which was complimentary of Mr. Rust's performance, decided to take Mr. Rust's compensation in another direction by providing more emphasis on bonus and less emphasis on salary increases. The Committee recommended keeping Mr. Rust's salary at \$285,000, giving him a \$30,000 bonus and awarding him an option to purchase 5,000 shares, and the Board approved such recommendation.

The Chief Executive Officer of VNB specifically reviews and establishes the compensation of the other executive officers of the Bank. The philosophy behind the compensation program is to provide cash compensation in the form of salaries and short-term incentive compensation, and stock option incentives in an effort to promote an ownership mentality among the executive officers and other key individuals within the Bank.

During 2011, no compensation consultants were engaged or used by the Compensation Committee, the full Board of Directors or management.

Composition of Compensation. There are four primary components of executive compensation, as follows: base salary; short-term incentive compensation; long-term stock option grants or other awards under the VNB stock incentive plans; and benefits.

Base salary provides competitive levels of compensation to executives, in accordance with their experience, duties and responsibilities. Base salaries are necessary to recruit and retain executives, and base salary adjustments are reflective of an individual's performance or changed responsibilities.

Short-term incentive compensation is designed to align the interests of staff with the Bank's shareholders by rewarding executive officers and other eligible employees based on the performance of the Bank. During 2010 and 2011, the Bank paid no short-term incentive compensation. Instead, management worked to modify the short-term incentive compensation program used until 2009 to add both individual and department goals as part of a new short-term incentive program. Payments under the revised program may be made in 2012 if the performance of the Bank exceeds budgeted amounts. The Chief Executive Officer of the Bank does not participate in this program.

Periodically, stock option grants, restricted stock or other awards under the VNB stock incentive plans may be awarded to executive officers and others within the Bank whose performance is critical to the ongoing success of the Bank. Stock options that have been granted have a ten-year term, and typically vest evenly over a four-year period. All outstanding options have an exercise price equal to the closing price of VNB Common Stock on the date of the grant. The actual value that may be realized by an option holder is tied to the appreciation of VNB's Common Stock, thereby aligning the option holders' interests with those of the Bank's other shareholders.

The Bank has a 401(k) plan available to all full-time employees, including executive officers, who are at least 18 years of age. Employees are able to elect the amount to contribute, not to exceed a maximum amount as determined by IRS regulation. The Bank has agreed to match 50% of every dollar contributed by employees up to a maximum of 6% of annual compensation. "Vesting" refers to the rights of ownership to the assets in the 401(k) accounts. Bank contributions to the plan are vested by the employees according to the following schedule: 50% after two years of service, 75% after three years of service and 100% after four years of service. Employee contributions to the plan are always 100% vested. The Bank also offers health and welfare benefits to the executive officers and others within the Bank, including medical and dental insurance, group term life insurance and disability insurance.

The Bank has certain split dollar insurance, or bank-owned life insurance ("BOLI") arrangements with the named executive officers and certain other senior officers of the Bank. Under these BOLI arrangements, the Bank is the owner of, and pays all premiums for, insurance policies on an officer's life.

Upon the death of the insured officer, a portion of the death benefit will be paid to beneficiary(ies) designated by the officer, subject to the terms and restrictions of the split dollar endorsement agreement between the officer and the Bank, and the balance is paid to the Bank.

Perquisites may be granted to executive officers and other employees, after proper consideration of the business need. Perquisites may include memberships in local clubs and the provision of a bank-owned automobile, or limited reimbursement toward the purchase of a personal automobile that will be primarily used for Bank business. All perquisites represent a very small portion of the Bank's compensation program, and those for the named executive officers are disclosed according to regulation in the Summary Compensation Table below.

Summary Compensation Table

The following table sets forth for the periods indicated certain information concerning the compensation of the "named executive officers."

Name and Position	Year	Salary	Bonus	Option Awards	All Other Compensation (1)	Total
Glenn W. Rust Chief Executive Officer and President (Principal Executive Officer)	2011	\$285,053	\$31,061	\$42,475	\$19,340	\$377,929
	2010	\$279,258	\$10,409	\$37,710	\$25,561	\$352,938
Virginia R. Bayes Chief Credit Officer and Executive Vice President	2011	\$167,910	\$1,264	\$0	\$6,260	\$175,434
	2010	\$147,145	\$410	\$0	\$6,628	\$154,183
Donna G. Shewmake General Counsel, Executive Vice President & Secretary	2011	\$150,319 (2)	\$1,150	\$0	\$4,047	\$155,516
	2010	\$108,944 (2)	\$ 438	\$0	\$3,990	\$113,372
Stephen B. Perry (3) Former Executive Vice President and Chief Operations Officer	2011	\$194,795	\$0	\$0	\$8,218	\$203,013
	2010	\$193,269	\$414	\$0	\$7,474	\$201,157

- (1) Consists of VNB's contribution to the 401(k) plan account of the named executive officers during the years mentioned and term life, bank-owned life insurance and disability insurance premiums paid by VNB for the benefit of the named executive officers. Mr. Rust received perquisites or other personal benefits of \$16,977 in 2011. Of this amount, \$10,340 was paid for monthly club membership dues, \$4,467 was reimbursed for vehicle maintenance and \$2,170 was paid or reimbursed for health and wellness. Mr. Rust received perquisites or other personal benefits of \$20,046 in 2010. Of this amount, \$10,580 was paid for monthly club membership dues, \$1,923 was reimbursed to him from his technology budget and \$7,543 was paid for vehicle maintenance.
- (2) Ms. Shewmake's salary was based on working four (4) days a week in 2011 and for working three (3) days a week in 2010.
- (3) Mr. Perry served as an executive officer of the Bank from 1998 until his death in December 2011.

Outstanding Equity Awards at Fiscal Year-End 2011

The following table provides information concerning unexercised options for each of the named executive officers who had equity awards outstanding as of December 31, 2011. The table discloses the exercise price and the expiration date of any awards.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Glenn W. Rust	11,500	0	\$36.74	11/01/2016
Glenn W. Rust	1,437	4,313 (1)	\$15.65	04/19/2020
Glenn W. Rust	0	5,750 (2)	\$15.74	03/21/2021
Virginia R. Bayes	2,070	0	\$17.70	08/21/2012
Virginia R. Bayes	3,450	0	\$26.96	08/23/2017
Donna G. Shewmake	3,450	1,150 (3)	\$23.26	06/03/2018
Stephen B. Perry	2,875	0	\$15.97	02/18/2012
Stephen B. Perry	4,600	0	\$26.96	08/23/2017

Note: The number of securities underlying options and option exercise price have been adjusted to give effect to the 15% Stock Dividend paid on June 30, 2011.

(1) Mr. Rust's unexercisable options vest evenly at April 19, 2012, 2013 and 2014.

(2) Mr. Rust's unexercisable options vest evenly at March 21, 2012, 2013, 2014 and 2015.

(3) Ms. Shewmake's unexercisable options vest on June 3, 2012.

OWNERSHIP OF VNB COMMON STOCK

The following table sets forth certain information known to VNB concerning persons who beneficially owned more than five percent (5%) of the outstanding Common Stock as of March 1, 2012. Referenced footnotes follow the second table concerning the beneficial ownership of Common Stock by directors and executive officers of VNB.

<u>Name and Address</u>	<u>Number of Shares Beneficially Owned (1)</u>	<u>Percent of Class</u>
Hunter E. Craig 1900 Arlington Boulevard Charlottesville, Virginia 22903	245,581(4)	9.07%
Mark T. Giles 380 Spring Lane Charlottesville, Virginia 22903	214,356	7.96%
C. Wilson McNeely, III P.O. Box 5381 Charlottesville, Virginia 22905	197,373 (5)	7.32%

The following table sets forth certain information as of March 1, 2012 concerning beneficial ownership of the Common Stock by each director, nominee and named executive officer and all directors, nominees and executive officers as a group.

<u>Name</u>	<u>Shares of Common Stock Beneficially Owned</u>	
	<u>Number of Shares (1)</u>	<u>Percent of Outstanding Shares</u>
Ronald E. Baron	0	*
Virginia R. Bayes	8,806 (2)	*
H. K. Benham, III	18,187 (3)	*
Steven W. Blaine	6,566	*
Edwin T. Burton, III	0	*
Hunter E. Craig	245,581 (4)	9.07%
John J. Davies, III	350	*
William D. Dittmar, Jr.	91,718	3.40%
Janet L. Dorman	8,256 (2)	*
William Bolling Izard, Jr.	32,641	1.21%
David G. Kalergis	22,091 (2)	*
C. Wilson McNeely, III	197,373 (5)	7.32%
Susan King Payne	9,556 (2)	*
Glenn W. Rust	25,932	*
Donna G. Shewmake	3,450	*
Gregory L. Wells	5,980	*
Bryan D. Wright	1,150 (2)	*
Directors and Executive Officers as a Group (17 persons)	677,637	24.42%

* Represents less than one percent of VNB's Common Stock.

- (1) A person is deemed to be the beneficial owner of shares of VNB's Common Stock if that person has the right to beneficially acquire such shares through the exercise of any option, warrant or right within 60 days. Number of shares reported include shares that may be acquired pursuant to currently exercisable stock options granted under VNB's incentive stock option plans as follows: Ms. Bayes, 5,520; Mr. Benham, 6,681; Mr. Blaine, 6,106; Mr. Craig, 16,925; Mr. Dittmar, 6,106; Ms. Dorman, 6,106; Mr. Giles, 2,656; Mr. Kalergis, 6,106; Mr. McNeely, 6,106; Ms. Payne, 6,106; Mr. Rust, 15,812; and Ms. Shewmake, 3,450. All shares reported are held by director or executive officer with sole investment power and sole voting power except as noted.
- (2) Includes shares held with shared investment power and shared voting power with spouses and/or shares held by spouses(s), as follows: Ms. Bayes, 115 shares; Ms. Dorman, 1,000 shares; Mr. Kalergis, 14,835 shares; Ms. Payne, 2,300 shares; and Mr. Wright, 1,150 shares.
- (3) Includes 1,690 shares held by the Kern Trust. Mr. Benham disclaims beneficial ownership of shares held by the Kern Trust, except to the extent of his pecuniary interest therein.
- (4) Excludes 10,925 shares owned by Mr. Craig's spouse and 3,335 shares owned by Mr. Craig's spouse under the Virginia Uniform Transfer to Minors Act for their three minor children, beneficial ownership of which is disclaimed by Mr. Craig. Includes 1,275 shares held by Mr. Craig under the Virginia Uniform Transfer to Minors Act for his three minor children. 227,266 shares owned by Mr. Craig are pledged as security. Mr. Craig has represented that these VNB shares are pledged to another institution as collateral for a line of credit unrelated to any real estate project or development.
- (5) Excludes 1,345 shares held by Mr. McNeely's spouse, beneficial ownership of which is disclaimed by Mr. McNeely. 190,152 shares owned by Mr. McNeely are pledged as security. Mr. McNeely has represented that these VNB shares are pledged to another financial institution as collateral for a loan unrelated to any real estate project or development.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires VNB's directors, executive officers and persons who own more than 10% of VNB's common stock (collectively, "reporting persons") to file reports of ownership and changes in ownership of VNB securities with the Office of the Comptroller of the Currency and to furnish VNB with copies of all Section 16(a) reports filed. Based solely on a review of the reports furnished to the Bank, the Bank believes that all reporting persons timely filed all reports required under Section 16(a) during 2011 with the following exceptions: (1) Ms. Payne failed to file two Form 4s

related to purchases of 1,000 shares of Common Stock in both March and April 2011, but reported both purchases on a Form 5 filed in February 2012; and (2) Mr. Rust failed to file a Form 4 to report the award in March 2011 of an option to purchase 5,000 shares of Common Stock (5,750 shares after adjustment for the 15% Stock Dividend on June 30, 2011), which was reported on a Form 5 filed in February 2012.

RELATED PARTY TRANSACTIONS AND OTHER INFORMATION RELATED TO DIRECTORS

Certain officers and directors of VNB, and certain immediate family members and/or entities in which such persons are associated, are customers of VNB and have had transactions in the ordinary course of business with VNB, including loan transactions. All such transactions have been on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons, and did not involve more than a normal risk of collection or present any unfavorable features for VNB. All credit transactions involving officers and directors are reviewed and approved pursuant to VNB's established underwriting procedures, and all credit transactions involving executive officers and directors, and/or entities in which such persons are associated, are reported to the Board of Directors of VNB.

VNB had business dealings or entered into business transactions with companies owned by directors of VNB or in which a director is a principal or has a beneficial interest since the beginning of 2011, and there are other matters related to directors that require disclosure. Although VNB has not adopted a formal written policy that covers the review and approval of director and other related person transactions by the Board, the Board, as a matter of practice, reviews all such transactions for approval. All such dealings and transactions have been on substantially the same terms as those prevailing at the time for comparable business dealings and transactions with unrelated persons. These related party transactions in 2011 include rental expense of almost \$450,000 (including reimbursements for taxes, insurance and other expenses) paid to Pantops Park, L.L.C., of which William D. Dittmar, Jr., a director of the Bank, is the sole managing member. Monthly rent for this space is a fair market rate as verified by an independent third-party appraisal. VNB paid \$127,054 for assistance with the Bank's marketing and advertising programs to a marketing and advertising agency of which Susan K. Payne is an owner. Some portion of the payments to Ms. Payne's agency may have been used, in turn, to pay third parties for legitimate business expenses incurred on behalf of the Bank. VNB also made rent payments in 2011 which did not exceed the applicable reporting threshold of \$120,000 under a long-term ground lease to an entity in which Hunter E. Craig has a beneficial interest. In the first quarter of 2012, VNB purchased this real estate for \$1,200,000, and the approximate dollar value of the interest of Mr. Craig individually and his immediate family members, without regard to the amount of profit or loss, was \$200,000 and \$400,000, respectively. Mr. Craig was an executive officer of an entity that owns certain real property known as the Barracks West Condominiums ("Barracks West") in Albemarle County, Virginia. In October 2011, a special receiver was appointed by the Circuit Court of Albemarle County to operate Barracks West for the benefit of the secured lender until further order of the Court or until any sale of Barracks West.

INDEPENDENT AUDITORS

VNB has selected Yount, Hyde & Barbour, P.C., Winchester, Virginia, to serve as independent auditors for VNB in 2012. The firm audited the books and records of VNB for 2011 and 2010. The following table reflects the aggregate fees for audit and other professional services billed to, and paid by,

VNB during the fiscal years ended December 31, 2011 and December 31, 2010 to Yount, Hyde & Barbour, P.C.:

	2011	2010
Audit fees	\$74,250	\$71,850
Audit-related fees	11,240	11,240
Tax fees	7,570	7,570
Total	<u>\$93,220</u>	<u>\$90,660</u>

Audit fees were incurred in conjunction with the audit of VNB's annual financial statements included in the Bank's Form 10-K for the year ended December 31, 2011 and the year ended December 31, 2010 and reviews of the Form 10-Q reports for both years. Audit-related fees in 2011 and 2010 included the Bank's annual required audit of its 401(k) Plan and the required annual review of the Bank's fulfillment of requirements as a depository of public funds. Tax preparation fees were incurred in conjunction with services related to the preparation of the Bank's federal and state income tax returns and consultation regarding tax compliance issues.

In every case, the scope of all audit services and permissible non-audit services provided by Yount, Hyde & Barbour, P.C. was pre-approved by the Bank's Audit and Compliance Committee. The Committee was directly responsible for the appointment, compensation, retention and oversight of Yount, Hyde & Barbour, P.C., and the firm reported directly to the Committee.

Representatives from Yount, Hyde & Barbour, P.C. are expected to be present at the Meeting to make a statement if they desire to do so, and to answer any questions any shareholder may have.

Yount, Hyde & Barbour, P.C. has advised VNB that neither it nor any of its members has any direct financial interest or material indirect financial interest in the securities of VNB, or any connection with VNB in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

AUDIT AND COMPLIANCE COMMITTEE REPORT

The Audit and Compliance Committee ("Audit Committee") consists of directors Benham, Blaine, Dittmar, and Kalergis, none of whom are employees of VNB. The Committee is authorized by the Board to provide independent oversight with respect to the independent audit; to monitor VNB's accounting practices, procedures and policies and financial reporting processes, compliance of VNB's financial statements and internal controls with federal and state banking and securities regulatory requirements; and to evaluate VNB's system of internal controls, internal audit function (whether outsourced or conducted in-house), and

and related areas.

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has also reviewed and discussed with Yount, Hyde & Barbour, P.C., independent auditors, the matters required to be discussed by Statement on Auditing Standards Number 61, *Communication with Audit Committees*, as amended. The Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit and Compliance Committee concerning independence, and has discussed with the independent auditors the independence of the firm.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors of VNB the audited financial statements be included in VNB's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the Office of the Comptroller of the Currency.

William D. Dittmar, Jr., Chairman
H. K. Benham, III
Steven W. Blaine
David G. Kalergis

CODE OF ETHICS

VNB has adopted a Code of Ethics that applies to all of its employees, including its principal executive officer and its principal financial officer. The Code of Ethics is designed to deter wrongdoing and to promote the following: honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with regulatory agencies and in other public communications; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code to an appropriate person identified in the Code; and accountability for adherence to the Code.

VNB's Code of Ethics is available, free of charge, by contacting the Corporate Secretary of Virginia National Bank at P.O. Box 2853, 222 East Main Street, Charlottesville, Virginia 22902-2853. It is also available on the Bank's website at www.vnb.com with the Proxy Materials under the "Investors" tab.

SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING OF SHAREHOLDERS

The deadline for submitting shareholder proposals for inclusion in VNB's proxy statement and form of proxy for the next Annual Meeting of Shareholders is December 12, 2012. Proposals submitted after December 12, 2012 will be considered untimely and will not be included. Shareholder proposals should be submitted to the Corporate Secretary of Virginia National Bank, P.O. Box 2853, 222 East Main Street, Charlottesville, Virginia 22902-2853.

SHAREHOLDER COMMUNICATIONS WITH DIRECTORS

Shareholders may communicate with all or any member of the Board of Directors by addressing correspondence to the "Board of Directors" or to the individual director and addressing such communication to the Corporate Secretary of Virginia National Bank, P.O. Box 2853, 222 East Main Street, Charlottesville, Virginia 22902-2853. All communications so addressed will be forwarded to the Chairman of the Board of Directors (in the case of correspondence addressed to the "Board of Directors") or to any named individual director.

OTHER MATTERS

VNB is not aware of any other matters to come before the Meeting. If other matters are properly raised at the Meeting, the persons named in the enclosed proxy form will vote the proxy in their discretion. VNB is furnishing with this Proxy Statement, without charge to any shareholder, a copy of its 2011 Annual Report on Form 10-K filed with the Office of the Comptroller of the Currency.

Exhibit A

AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF VIRGINIA NATIONAL BANK

I. NAME

The title of this association shall be Virginia National Bank (the "Association").

II. MAIN OFFICE

The Main Office of the Association shall be in the City of Charlottesville, State of Virginia. The general business of the Association shall be conducted at its Main Office and its branches.

III. DIRECTORS

3.1 Number. The Board of Directors of this Association shall consist of not less than five nor more than 25 persons, the exact number to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution approved by a majority of shareholders entitled to vote at any annual or special meeting at which a quorum is present. Each director shall own common or preferred stock of the Association or of a holding company owning the Association, with either aggregate par, fair market or equity value of not less than \$1,000, as of (a) the date of purchase, or (b) the date the person became a director, whichever value is greater. Any combination of common or preferred stock of the Association or holding company of the Association may be used.

3.2 Vacancies. Any vacancy in the Board of Directors may be filled by action of a majority of the remaining directors between meetings of shareholders. The Board of Directors may not increase the number of directors between meetings of shareholders to a number which (a) exceeds by more than two the number of directors last elected by shareholders where the number was 15 or less, or (b) exceeds by more than four the number of directors last elected by shareholders where the number was 16 or more, but in no event shall the number of directors exceed 25.

3.3 Term. Terms of directors, including directors selected to fill vacancies, shall expire at the next regular meeting of shareholders at which directors are elected, unless the directors resign or are removed from office. Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualifies or until there is a decrease in the number of directors and his or her position is eliminated.

IV. SHAREHOLDER MEETINGS; ELECTION OF DIRECTORS

4.1 Annual Meetings. There shall be an annual meeting of the shareholders, the purpose of which will be the election of directors and transaction of whatever other business may be brought before the meeting. It shall be held at the Main Office or any other convenient place the Board of Directors may designate, on the day of each year specified therefore in the Bylaws, or if that day falls on a

legal holiday in the state in which the Main Office of the Association is located, on the next following banking day. If no election is held on the day fixed or in event of a legal holiday, on the following banking day, an election may be held on any subsequent day within 60 days of the day fixed, to be designated by the Board of Directors, or, if the directors fail to fix the day, by shareholders representing two-thirds of the shares issued and outstanding. In all cases at least 10 days advance notice of the meeting shall be given to the shareholders by first class mail, unless the Office of the Comptroller of the Currency (the "OCC") determines that a crisis exists.

4.2 Election of Directors. Directors shall be elected by a plurality of the votes cast by shares entitled to vote in the election of directors at a meeting at which a quorum is present. In all elections of directors, the number of votes each common shareholder may cast will be determined by multiplying the number of shares he or she owns by the number of directors to be elected. Those votes may be cumulated and cast for a single candidate or may be distributed among two or more candidates in the manner selected by the shareholder. If, after the first ballot, subsequent ballots are necessary to elect directors, a shareholder may not vote shares that he or she has already fully cumulated and voted in favor of a successful candidate. On all other questions, each common shareholder shall be entitled to one vote for each share of Common Stock held by him or her.

4.3 Resignation; Removal. A director may resign at any time by delivering written notice to the Board of Directors, its Chairman, or to the Association, which resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date.

A director may be removed by shareholders at a meeting called to remove him or her, when notice of the meeting states that the purpose or one of the purposes is to remove him or her, if there is a failure to fulfill one of the affirmative requirements for qualification or for cause; provided, however, that a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal.

V. CAPITAL STOCK

5.1 General. The Association shall have authority to issue ten million (10,000,000) shares of common stock, par value \$2.50 per share ("Common Stock"), and two million (2,000,000) shares of preferred stock, par value \$2.50 per share ("Preferred Stock"), but may increase or decrease such capital stock from time to time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the Association shall have any preemptive or preferential right of subscription to any shares of any class of stock of the Association, whether now or hereafter authorized, or to any obligations convertible into stock of the Association, issued, or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion may from time to time determine and at such price as the Board of Directors may from time to time fix. Preemptive rights must be approved by shareholders as required by applicable law and regulations.

Unless otherwise specified in these Articles or required by law, (i) all matters requiring shareholder action must be approved by a majority of the votes cast by shares entitled to vote at a meeting at which a quorum is present, and (ii) each holder of Common Stock shall be entitled to one vote per share of Common Stock held by him or her. An abstention or an election from the beneficial owner of the shares will not be considered a vote cast.

Unless otherwise specified in these Articles or required by law, all shares of voting stock shall be voted together as a class, on any matters requiring shareholder approval. If a proposed

amendment would affect two or more classes or series in the same or a substantially similar way, all the classes or series so affected, must vote together as a single voting group on the proposed amendment.

In the event of any liquidation, dissolution or winding up (whether voluntary or involuntary) of the Association, after the payment or provision for payment in full for all debts and other liabilities of the Association and all preferential amounts to which the holders of shares at the time outstanding of Preferred Stock shall be entitled, the remaining net assets of the Association shall be distributed ratably among the holders of the shares at the time outstanding of Common Stock.

5.2 Preferred Stock. Shares of Preferred Stock may be issued in one or more series as determined by the Board of Directors by adoption of an amendment to these Articles of Association without shareholder approval. Subject to applicable laws, the Board of Directors of the Association may determine the preferences, limitations and relative rights of any series of Preferred Stock before the issuance of any shares of that series. Such determination may include, without limitation, provisions with respect to voting rights (including rights with respect to any transaction of a specified nature), redemption, exchangeability, convertibility, distribution and preference on dissolution or otherwise. Each series shall be appropriately designated by a distinguishing designation prior to the issuance of any shares thereof. The Preferred Stock of all series shall have preferences, limitations and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of shares of other series of the same class.

VI. OFFICERS; POWERS OF THE BOARD OF DIRECTORS

6.1 Officers. The Board of Directors shall appoint one of its members President of the Association, and one of its members Chairman of the Board and shall have the power to appoint one or more Vice Presidents, a Secretary who shall keep minutes of the directors' and shareholders' meetings and be responsible for authenticating the records of the Association, and such other officers and employees as may be required to transact the business of the Association. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the Board of Directors in accordance with the Bylaws.

6.2 Powers of the Board of Directors. The Board of Directors shall have the power to define the duties of the officers, employees, and agents of the Association; delegate the performance of its duties, but not the responsibility for its duties, to the officers, employees, and agents of the Association; fix the compensation and enter into employment contracts with its officers and employees upon reasonable terms and conditions consistent with applicable law; dismiss officers and employees; require bonds from officers and employees and to fix the penalty thereof, ratify written policies authorized by the Association's management or committees of the Board; regulate the manner in which any increase or decrease of the capital of the Association shall be made, provided that nothing herein shall restrict the power of shareholders to increase or decrease the capital of the Association in accordance with law, and nothing shall raise or lower from two-thirds the percentage required for shareholder approval to increase or reduce the capital; manage and administer the business and affairs of the Association; adopt initial Bylaws, not inconsistent with law or these Articles, for managing the business and regulating the affairs of the Association; amend or repeal the Bylaws, except to the extent that these Articles reserve this power in whole or in part to shareholders; make contracts; and generally perform all acts that are legal for a board of directors to perform.

VII. MAIN OFFICE

The Board of Directors shall have the power to change the location of the Main Office and any branch as permitted by applicable law and subject to such approvals by the OCC and shareholders as may be required by applicable law.

VIII. CORPORATE EXISTENCE

The corporate existence of the Association shall continue until termination according to the laws of the United States.

IX. SPECIAL MEETINGS; NOTICE

A Board of Directors of the Association, or any one or more shareholders owning, in the aggregate, not less than 25 percent of the stock of the Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the Bylaws or the laws of the United States, or waived by shareholders to the extent permitted by the National Bank Act and regulations promulgated thereunder by the OCC, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least 10, and no more than 60, days prior to the date of the meeting to each shareholder of record at the address as shown upon the books of the Association. Unless otherwise provided by the Bylaws, any action requiring approval of shareholders must be effected at a duly called annual or special meeting.

X. LIMITATION OF LIABILITY; INDEMNIFICATION

10.1 Limitation of Liability. Subject to the limitations and other provisions of The National Bank Act and the regulations promulgated thereunder by the OCC, in any proceeding brought by or in the right of the Association or brought by or on behalf of shareholders of the Association, no director or officer of the Association shall be liable to the Association or its shareholders for monetary damages with respect to any transaction, occurrence or course of conduct, whether prior or subsequent to the effective date of this Article, except for liability resulting from such person having engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law.

10.2 Indemnification.

(a) Subject to the limitations and other provisions of the National Bank Act and the regulations promulgated thereunder by the OCC, the Association shall indemnify each director or officer of the Association to the full extent permitted and in the manner prescribed by the Virginia Stock Corporation Act against liabilities, fines, penalties and claims imposed upon or asserted against him or her (including amounts paid in settlement) by reason of having been such director or officer, whether or not then continuing to so be, and against all expenses (including counsel fees) reasonably incurred by him or her in connection therewith, except in relation to matters as to which he or she shall have been finally adjudged liable by reason of his or her willful misconduct or a knowing violation of criminal law in the performance of his or her duties as a director or officer. The Board is hereby empowered, by majority vote of a quorum of disinterested directors, to contract in advance to indemnify any director or officer in respect of any proceedings arising from any act or omission, whether occurring before or after the execution of such contract.

(b) The Board is hereby empowered, by majority vote of a quorum of disinterested Directors, to cause the Association to indemnify or contract in advance to indemnify any person not specified in these Articles against liabilities, fines, penalties and claims imposed upon or asserted against him or her (including amounts paid in settlement) by reason of having been an employee, agent or consultant of the Association, whether or not then continuing so to be, and against all expenses (including counsel fees) reasonably incurred by him or her in connection therewith, to the same extent as if such person were specified as one to whom indemnification is granted in these Articles.

(c) No amendment or repeal of this Article shall have any effect on the rights provided under this Article with respect to any act or omission occurring prior to such amendment or repeal. The Association shall promptly take all such actions, and make all such determinations, as shall be necessary or appropriate to comply with its obligation to make any indemnity under this Article and shall promptly pay or reimburse all reasonable expenses, including attorneys' fees, incurred by any director or officer in connection with such actions and determinations or proceedings of any kind arising therefrom.

(d) In the event there has been a change in the composition of a majority of the Board of Directors after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to this Article shall be made by special legal counsel agreed upon by the Board of Directors and the applicant. If the Board of Directors and the applicant are unable to agree upon such special legal counsel, the Board of Directors and the applicant each shall select a nominee, and the nominees shall select such special legal counsel.

(e) Every reference herein to director, officer, employee, agent or consultant shall include (i) every director, officer, employee, agent, or consultant of the Association or any corporation the majority of the voting stock of which is owned directly or indirectly by the Association, (ii) every former director, officer, employee, agent, or consultant of the Association, (iii) every person who may have served at the request of or on behalf of the Association as a director, officer, employee, agent, consultant or trustee of another corporation, partnership, joint venture, trust or other entity, and (iv) in all of such cases, his or her executors and administrators.

(f) Each provision of this Article shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any other provision.

XI. AMENDMENT

These Articles may be amended (a) by the Board of Directors in accordance with Section 5.2 or (b) at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the outstanding shares of stock of the Association entitled to vote on the amendment, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount. The Association's Board of Directors may propose one or more amendments to these Articles for submission to the shareholders.