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Media contact for additional information:

Glenn W. Rust
President and CEO
(434) 817-8649

VIRGINIA NATIONAL BANK REPORTS 2011 EARNINGS AND FINANCIAL RESULTS

Charlottesville, VA – Virginia National Bank, Charlottesville, Virginia reported consolidated financial results for 2011. Net income for the commercial bank and its wholly-owned trust bank subsidiary was \$2,341,000 (or \$.87 per basic share). Although down from consolidated net income of \$4,030,000 (or \$1.50 per basic share) reported in 2010, commercial bank earnings remain strong. The commercial bank posted earnings of \$2,008,000, up from \$1,941,000 for 2010, the second highest earnings year for the commercial bank since opening in 1998. In 2010, approximately \$2.0 million of the total \$4.0 million net income was attributed to record performance fee earnings from VNBTrust, N.A., the wholly-owned trust bank subsidiary. All other income streams in 2011 netted an increase over 2010.

“Virginia National Bank continues to perform extremely well, and we are especially pleased that this performance occurred in the midst of a challenging economic environment,” said Glenn Rust, President and CEO. “Our commitment to our customers remained true through the downturn, and we never lost our focus on providing the highest quality service. During these unprecedented times, the Bank has focused on the things we could control: expenses, deposit gathering, and asset quality; and we showed success in all three areas during 2011.”

Highlights for 2011 include:

- **Asset Quality** remains strong. The allowance for loan losses at December 31, 2011 was \$3,741,000, which represented 1.28% of outstanding loans. At December 31, 2010, the allowance was \$3,730,000 and represented 1.25% of loans. Net loan charge-offs for 2011 were \$524,000, up slightly over the \$316,000 net charge-offs for 2010. Net charge-offs to average loans for 2011 and 2010 was 0.18% and 0.10%, respectively. Provision for loan loss was \$535,000 in 2011, compared to \$314,000 in 2010, mainly due to \$426,000 in loan charge-offs related to one customer. Non-accrual loans were \$403,000 at the end of 2011, down significantly from \$4,548,000 at December 31, 2010, primarily due to foreclosures of properties securing non-accrual loans. Since the Bank purchased the foreclosed properties, Other Real Estate Owned (OREO) increased from \$329,000 at year-end 2010 to \$4,242,000 as of December 31, 2011.

- **Average Deposits** for 2011 rose by 7.2% to \$411.6 million from an average in 2010 of \$383.8 million. As of December 31, 2011, deposits totaled \$411.9 million up from the December 31, 2010 total of \$407.7 million. Non-interest bearing deposits comprised a strong 29.4% of total deposits as of year-end. This less expensive funding source will become even more valuable when rates increase.
- **Non-Interest Expense** for the year ended December, 2011 was \$17.4 million, compared to \$18.1 million for 2010. This \$700,000 decrease was attributable to decreases in all major categories:

<i>(in thousands)</i>	<u>2011</u>	<u>2010</u>
Salaries and employee benefits	\$9,526	\$9,653
Net occupancy expense	2,324	2,425
Equipment expense	988	1,026
Other non-interest expense	4,535	4,978
Total non-interest expense	\$17,373	\$18,082

- **VNBTrust Revenue** comes from two sources: fixed fees, which are based on the market value of client assets under management, and performance fees, which are based on the investment returns produced by VNBTrust for its clients. With higher fixed fees than in the previous year, VNBTrust ended the year with net income of \$333,000. While performance fees in 2011 declined from 2010 levels as previously discussed, fixed fees increased by 20.8% over the same period in 2010.

William Dittmar, Chairman of the Board, commented, “VNBTrust added \$96 million in new client assets during 2011, ending with \$565 million in client assets under management. This represents tremendous future earning power for the Bank. We attribute these new relationships to VNBTrust's excellent long-term investment results, delivered with high-touch personal service.”

Virginia National Bank began operations in July, 1998. It has four banking offices in Charlottesville, two in Winchester and two in Orange, Virginia. At December 31, 2011, the Bank's assets stood at \$464.1 million, compared to \$458.3 million at the end of 2010. Average assets, which represent the Bank's earning power over the full year, increased over 7.7% to \$462.9 million in 2011, from \$429.9 million in 2010.

Rust said, “Our focus has been and continues to be on people – our customers, shareholders and staff. First, the approach we follow in meeting loan demand reflects our strong customer service-oriented culture and flexibility in underwriting that are not available elsewhere. In this period of low loan demand,

the Bank is pursuing new loan initiatives to promote lending to new and existing qualified borrowers. Second, we constantly strive to enhance our financial performance for the benefit of our shareholders. Capital commitments made to improve our service delivery and product offerings are generating real returns today. Third, since we opened our doors, we have been able to attract first-rate, experienced bankers to our ranks. These results underscore Virginia National Bank's motto that --

'It's all about people . . . and always will be.'

***Forward-Looking Statements:** Certain information contained in the foregoing press release is derived from financial statements of Virginia National Bank that have been examined by the Bank's independent accountants, who have not yet released their written audit opinion. Information based on other sources is believed by management of Virginia National Bank to be reliable, but has not been independently verified. To the extent any statements express or imply a view about future performance, they may be deemed to be forward-looking statements. Although management of the Bank reasonably believes any such statements to be reasonable, future events and predictions are subject to circumstances that are not within the control of the Bank and its management, and actual events in the future may be substantially different from those expressed in this release. The Bank's past results are not necessarily indicative of future performance. For more information, including information regarding factors that could affect the Bank's operations and results, review reports filed by Virginia National Bank with the Office of the Comptroller of the Currency, including the Bank's Annual Report on Form 10-K for the year ended December 31, 2011, expected to be filed on or about March 31, 2012, before making any investment decision about Virginia National Bank.*

(more)

SEGMENT REPORTING

The Bank has two reportable segments, the commercial bank and VNBTrust. Each reportable segment is a strategic business unit that offers different products and services. They are managed separately because each segment appeals to different markets and, accordingly, requires different technology and marketing strategies.

- **Commercial banking** involves making loans and generating deposits from individuals and businesses. Loan fee income, service charges from deposit accounts and other non-interest-related fees such as automatic teller machine fees and safe deposit box fees generate additional income for the commercial bank.
- **VNBTrust** services include investment management, trust account administration and estate planning. VNBTrust receives fees on both a fixed basis and a performance basis for the provision of these services.

Segment information as of, and for the years ended, December 31, 2011 and 2010, is shown in the following table. Per share information for all periods have been restated to reflect a 1.15 to 1.0 stock dividend paid on June 30, 2011.

<u>2011 Unaudited</u>	<u>Commercial</u>		<u>Consolidated</u>
	<u>Bank</u>	<u>VNBTrust</u>	<u>Totals</u>
(in Thousands, except for per share data)			
Net interest income	\$ 16,064	\$ 11	\$ 16,075
Provision for loan losses	535	-	535
Non-interest income	2,529	2,577	5,106
Non-interest expense	15,296	2,077	17,373
Income before income taxes	2,762	511	3,273
Provision for income taxes	754	178	932
Net income	\$ 2,008	\$ 333	\$ 2,341
Net income per share, basic			\$ 0.87
Net income per share, diluted			\$ 0.87
Total assets	\$ 457,367	\$ 6,699	\$ 464,066

<u>2010 Audited</u>	<u>Commercial</u>		<u>Consolidated</u>
	<u>Bank</u>	<u>VNBTrust</u>	<u>Totals</u>
(in Thousands, except for per share data)			
Net interest income	\$ 16,683	\$ 9	\$ 16,692
Provision for loan losses	314	-	314
Non-interest income	2,193	5,611	7,804
Non-interest expense	15,665	2,417	18,082
Income before income taxes	2,897	3,203	6,100
Provision for income taxes	956	1,114	2,070
Net income	\$ 1,941	\$ 2,089	\$ 4,030
Net income per share, basic			\$ 1.50
Net income per share, diluted			\$ 1.50
Total assets	\$ 450,547	\$ 7,750	\$ 458,297

Summarized Consolidated Balance Sheets

(Dollars in thousands)

	<i>Unaudited</i>	<i>Audited</i>
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Cash and Due From Banks	\$ 12,477	\$ 15,021
Federal Funds Sold and Interest-Bearing Deposits	44,567	58,505
Securities	91,866	63,599
Loans, Net	288,791	294,901
Premises and Equipment	10,692	11,782
Accrued Interest Receivable and Other Assets	15,673	14,489
Total Assets	464,066	458,297
Deposits	411,868	407,688
Securities Sold Under Agreements to Repurchase	2,623	1,801
Accrued Interest Payable and Other Liabilities	654	3,287
Total Liabilities	415,145	412,776
Shareholders' Equity	48,921	45,521
Total Liabilities and Shareholders' Equity	\$ 464,066	\$ 458,297

Summarized Consolidated Average Balance Sheets

(Dollars in thousands)

	<i>Unaudited</i>	<i>Audited</i>
	Year ended	Year ended
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Federal Funds Sold and Interest-Bearing Deposits	\$ 51,444	\$ 46,582
Securities	89,227	50,010
Loans, Net	286,734	298,736
Total Average Earning Assets	427,405	395,328
Other Assets	35,532	34,566
Total Assets	462,937	429,894
Deposits	411,597	383,832
Securities Sold Under Agreements to Repurchase	2,672	2,313
Other Liabilities	1,389	1,149
Total Liabilities	415,658	387,294
Shareholders' Equity	47,279	42,600
Total Liabilities and Shareholders' Equity	\$ 462,937	\$ 429,894

Consolidated Financial Highlights

	<i>Unaudited</i>	<i>Audited</i>
PER COMMON SHARE	<u>2011</u>	<u>2010</u>
Earnings per share – basic	\$ 0.87	\$ 1.50
Earnings per share – diluted	\$ 0.87	\$ 1.50
 FINANCIAL RATIOS		
Return on average assets	0.51%	0.94%
Return on average shareholders' equity	4.95%	9.46%
Net interest margin	3.73%	4.18%
Efficiency	82.02%	73.81%
Net charge-off to average loans	0.18%	0.10%
 ALLOWANCE FOR LOAN LOSSES		
<i>(in thousands)</i>		
Beginning balance	\$ 3,730	\$ 3,732
Provision for loan losses	535	314
Charge-offs	(560)	(435)
Recoveries	36	119
Ending balance	<u>\$ 3,741</u>	<u>\$ 3,730</u>
 ASSET QUALITY RATIOS		
Nonperforming assets to total assets	1.67%	1.11%
Allowance for loan losses to total loans	1.28%	1.25%
 COMPOSITION OF RISK ASSETS		
<i>(in thousands)</i>		
Nonperforming assets:		
90 days past due and still accruing	\$ 388	\$ 197
Nonaccrual	403	4,548
Troubled Debt Restructuring	2,721	-
Other Real Estate Owned (OREO)	4,242	329
Total nonperforming assets	<u>\$ 7,754</u>	<u>\$ 5,074</u>

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