

VIRGINIA NATIONAL BANK

COMPENSATION COMMITTEE CHARTER (March 1999)

The Board of Directors of *Virginia National Bank* (“*VNB*”) hereby constitutes and establishes a Compensation Committee with authority, responsibility and specific duties as described below.

Composition

The committee shall be comprised of at least three directors, all of whom are independent of management and operating executives. One of the members shall be appointed committee chairman by the Board of Directors of *VNB*. Annually, the Board of Directors of *VNB* will review and approve the composition of the committee.

Authority

The committee shall be authorized to regularly review *VNB's* executive compensation programs to ensure that remuneration levels and incentive opportunities are competitive and consider performance. The committee also shall have the authority to review and approve any revisions in policies regarding executive compensation. The committee shall be authorized to administer stock and stock option plans. More generally, the committee shall seek to ensure that *VNB's* overall structure of compensation enables *VNB* to recruit, motivate, compensate, and retain key people.

Responsibility

The responsibility of the committee will be to regularly review *VNB's* executive compensation programs to ensure that *VNB* is:

- Providing a competitive total compensation package that enables *VNB* to attract and retain key executives.
- Providing executive compensation programs that are consistent with *VNB's* annual and long-term business objectives so that executives remain focused on the fulfillment of these objectives.
- Including a variable component that directly and meaningfully links executive compensation with the overall performance of *VNB*, thereby expressly aligning executive compensation with the interests of shareholders.

The committee also will review and approve any material changes in policies regarding any component of *VNB's* executive compensation program.

Meetings

The committee shall meet as it deems necessary, but not less than two times per calendar year.

Attendance

All members shall be present at all meetings, it being understood that from time to time the absence of a member may be necessary due to personal scheduling conflicts. A majority of the members shall constitute a quorum.

Minutes

Minutes of each meeting shall be prepared and sent to committee members. The chairman of the committee shall present a verbal report on any meeting of the committee at the next meeting of the *VNB* Board of Directors.

Specific Duties

During the course of each calendar year the committee is to:

- 1) Review executive officer base salary levels and ensure that such levels are competitive and reflect performance. The following factors will be utilized in the committee review process:
 - Recognition of the fact that the organizers of *VNB* chose to recruit a chief executive with a proven track record of success competing directly with extremely large super-regional banks, triggering both a relatively high initial compensation requirement and a commensurately high level of performance expectations.
 - Once *VNB* achieves a threshold critical mass, expected to take 30 to 36 months, base salary levels will be looked at in comparison to those of banking organizations of a size and complexity similar to *VNB*. Both regional and national surveys will be utilized for reference purposes, with size considered for comparison purposes not only as a static number, but also in the context of growth and performance trends. In referring to national survey data, however, the committee will take into consideration the relative cost of living prevailing in Charlottesville compared to other U.S. cities.
 - Individual performance contributions as determined through performance evaluations.

- In addition to the individual's past job performance and the above-referenced market comparisons, other factors may be taken into consideration, such as the perceived marketplace potential of *VNB* and the individual executive officer's perceived ability to help enable *VNB* realize such potential.
- 2) While the duties described in the foregoing paragraph generally will be fulfilled through the review of presentation materials covering all executive officers of *VNB*, the committee also shall separately conduct the same review specifically with respect to the chief executive officer of *VNB*. In assessing both the competitiveness and the reasonableness of CEO compensation, the committee also should evaluate whether such compensation is reasonable or disproportionately high relative to that of the average Virginia National Banker.
 - 3) Ratify compensation packages for new executive officers, with the compensation package being looked at in comparison both to *VNB's* existing overall plan of compensation and to the level of compensation generally offered by other banking organizations deemed comparable to or competitive with *VNB*. In order to recruit highly qualified individuals, the committee also shall consider the likely strategic role that the individual will play in enabling *VNB* to achieve its long-term business objectives, it being recognized that some "forward view" may be required from time to time in order to attract to *VNB* qualified individuals presently employed by larger companies who therefore already command compensation above the level generally found at companies of a size similar to *VNB* for similarly positioned officers.
 - 4) Review incentive opportunities within *VNB* and ensure that such incentive compensation programs are competitive and relate appropriately to individual performance and to the overall performance of *VNB* from the shareholder perspective. Members of the committee also will be responsible for administering the Incentive Stock Option Plan ("Stock Plan"). The committee will ensure that awards for officers are consistent with the terms of the Stock Plan.
 - 5) Review the level of contribution by *VNB* to its company-wide employee 401k savings plan, with such contribution being considered in the committee's periodic review of *VNB's* overall compensation structure.
 - 6) Review and approve any material changes in policies regarding any executive compensation program.
 - 7) Review this committee charter at least annually and recommend to the Board of Directors of *VNB*, in writing, any appropriate extensions or changes in the duties of the committee.