



FOR IMMEDIATE RELEASE

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## VIRGINIA NATIONAL BANKSHARES CORPORATION ANNOUNCES SECOND QUARTER 2023 EARNINGS

Charlottesville, VA – July 17, 2023 - Virginia National Bankshares Corporation (NASDAQ: VABK) (the “Company”) today reported quarterly net income of \$5.7 million, or \$1.05 per diluted share, for the quarter ended June 30, 2023, evenly balanced with net income of \$5.7 million, or \$1.06 per diluted share, recognized for the quarter ended June 30, 2022. For the six months ended June 30, 2023, the Company recognized net income of \$11.4 million, or \$2.13 per diluted share, compared to \$10.6 million, or \$1.98 per diluted share, for the six months ended June 30, 2022.

“Virginia National Bank remains committed to our customers and our community, and continues to proactively lend as indicated by our loan growth in the second quarter,” commented President and Chief Executive Officer, Glenn W. Rust. “We have not been forced to tighten our credit quality standards as many banks have, since our standards were established with a high bar from the onset, as evidenced by our solid credit quality metrics. Our return on average assets set a record for the Company in the first half of 2023, as we achieved 1.47% year-to-date.”

### *Second Quarter 2023 Highlights*

- Return on average assets ("ROAA") for the three months ended June 30, 2023 increased to 1.46% compared to 1.27% realized in the same period in the prior year.
- Return on average equity ("ROAE") for the three months ended June 30, 2023 decreased to 15.98% compared to 16.16% realized in same period in the prior year, primarily due to the increase in accumulated other comprehensive loss of \$8.3 million period over period related to unrealized losses in the securities portfolio.
- The efficiency ratio on a fully tax equivalent basis ("FTE") (a non-GAAP financial measure)<sup>1</sup> was 54.1% for the three months ended June 30, 2023, an improvement over 58.3% for the same period in the prior year.
- Net interest margin (FTE), (a non-GAAP financial measure)<sup>1</sup>, for the three months ended June 30, 2023 rose to 3.83%, compared to 3.02% for the three months ended June 30, 2022. Yield on loans elevated to 6.35% for the three months ended June 30, 2023, from 4.32% for the same period in the prior year. The accretion of the credit mark related to purchased loans positively impacted interest income by 88 bps in the second quarter of 2023, compared to 12 bps in the second quarter of 2022, increasing primarily due to the treatment of the credit mark under CECL<sup>2</sup>. When a purchased loan, which was identified as purchased credit-deteriorated as of the date of the acquisition, is satisfied by the borrower, the remaining mark is recognized as interest income in accordance with CECL, whereas former accounting treatment required that the credit mark be spread among the remaining loan pool.
- Total deposits declined \$130.3 million from December 31, 2022 to June 30, 2023, as many customers moved funds outside of the Bank to earn higher yields while the Bank's strategy was to keep cost of funds low during the first two months of the year. Borrowings and federal funds purchased increased over the same period by \$80.1 million. As of June 30, 2023, the Company had unused borrowing facilities in place of approximately \$106.6 million.
- The Company had no brokered deposits as of June 30, 2023 or December 31, 2022. The Company utilizes a third-party to offer multi-million-dollar FDIC insurance to customers with balances in excess of single-bank limits through Insured Cash Sweep® (ICS) plans. Deposit balances held in ICS plans amounted to \$132.8 million as of June 30, 2023 and \$134.6 million as of December 31, 2022.

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<sup>1</sup> See "Reconciliation of Certain Quarterly Non-GAAP Financial Measures" at the end of this release.

<sup>2</sup> For more information regarding the adoption of FASB's Topic 326, Financial Instruments - Credit Losses ("CECL") effective January 1, 2023, refer to the Company's first quarter 2023 Form 10-Q.

### ***Share Repurchase Plan***

During the second quarter of 2023, the Board of Directors approved a share repurchase plan of up to 5% of outstanding common stock, subject to consultation with the Federal Reserve. More information will be forthcoming for shareholders regarding the specifics of the plan after the consultation has been completed.

### ***Loans and Asset Quality***

- Gross loans outstanding as of June 30, 2023 totaled \$973.3 million, an increase of \$36.9 million, or 3.9%, compared to December 31, 2022.
- Credit performance remains strong with nonperforming assets as a percentage of total assets of 0.08% as of June 30, 2023 and December 31, 2022, compared to 0.07% as of June 30, 2022. Nonperforming assets have been reduced to \$1.3 million as of June 30, 2023, compared to \$1.4 million as of December 31, 2022 and increased from \$1.1 million as of June 30, 2022; the Company currently holds no other real estate owned.
  - Six loans to five borrowers are in non-accrual status, totaling \$1.2 million, as of June 30, 2023, compared to \$673 thousand as of December 31, 2022 and \$511 thousand as of June 30, 2022. The adoption of CECL altered the manner in which purchased loans that were in non-accrual status are presented, and as a result, two such loans totaling \$534 thousand are now included in this figure.
  - Loans 90 days or more past due and still accruing interest amounted to \$107 thousand as of June 30, 2023, compared to \$705 thousand as of December 31, 2022 and \$626 thousand as of June 30, 2022.
- The period-end Allowance for Credit Losses (“ACL”) as a percentage of total loans was 0.81% as of June 30, 2023 and 0.57% as of June 30, 2022. The fair value mark that was allocated to the acquired loans was \$21.3 million as of April 1, 2021, with a remaining balance of \$11.0 million as of June 30, 2023. The total of the ACL and the fair value mark as a percentage of gross loans (a non-GAAP financial measure)<sup>1</sup> amounted to 1.94% as of June 30, 2023 and 2.39% as of June 30, 2022.
- For the three months ended June 30, 2023, the Company recorded a provision for credit losses of \$261 thousand, which includes \$45 thousand related to provision for unfunded commitments. The increase in provision over the prior year is due primarily to increased loan balances.

### ***Net Interest Income***

- Net interest income for the three months ended June 30, 2023 of \$13.7 million increased \$1.2 million, or 10%, compared to the three months ended June 30, 2022, due primarily to the increase in average balances of securities, positively impacting net interest income through rate and volume, as well as the increase in average yields on loans, offset by increased interest expense on deposit accounts and borrowings.
- The overall cost of funds, including noninterest deposits, of 133 bps incurred in the three months ended June 30, 2023 increased 116 bps from 17 bps in the same period in the prior year. Overall, the cost of interest-bearing deposits increased period over period, from a cost of 24 bps to 174 bps.
- Low-cost deposits, which include noninterest checking accounts and interest-bearing checking, savings and money market accounts, remained in excess of 83% of total deposits as of June 30, 2023 and 2022.

### ***Noninterest Income***

Noninterest income for the three months ended June 30, 2023 decreased \$1.6 million, or 44%, compared to the three months ended June 30, 2022, primarily due to gains on the sale of property of \$1.1 million in the second quarter of the prior year. In addition, \$210 thousand of income was recognized in the second quarter of the prior year related to advisory and brokerage income; this business line was sold in the fourth quarter of 2022, eliminating future income or expense related thereto. In the second quarter of 2023, the Company received an additional \$267 thousand recovery of unearned premiums related to the loss of insurance on the student loan portfolio, bringing the total recovered from liquidation of the insurance company to over \$1.3 million.

### ***Noninterest Expense***

Noninterest expense for the three months ended June 30, 2023 decreased \$878 thousand, or 9%, compared to the three months ended June 30, 2022, primarily due to lower occupancy expense and reduced professional and consulting fees as a result of efficiencies gained from the merger.

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<sup>1</sup> See "Reconciliation of Certain Quarterly Non-GAAP Financial Measures" at the end of this release.

***Book Value***

Book value per share was \$26.54 as of June 30, 2023 and \$25.20 as of June 30, 2022, and tangible book value per share (a non-GAAP financial measure)<sup>1</sup> was \$24.01 as of June 30, 2023 compared to \$22.28 as of June 30, 2022. These values increased as the impact of net income outweighed the increase in unrealized losses in the investment portfolio period over period.

***Income Taxes***

The effective tax rate amounted to 18.4% compared to 17.4% for the three months ended June 30, 2023 and 2022, respectively, which are both lower than the statutory rate, due to the recognition of low-income housing tax credits and the effect of tax-exempt income from municipal bonds and bank owned life insurance policies.

***Dividends***

Cash dividends of \$1.8 million, or \$0.33 per share, were declared and paid during the second quarter of the current year.

**About Virginia National Bankshares Corporation**

Virginia National Bankshares Corporation, headquartered in Charlottesville, Virginia, is the bank holding company for Virginia National Bank. The Bank has nine banking offices throughout Fauquier and Prince William counties, three banking offices in Charlottesville and Albemarle County, and banking offices in Winchester and Richmond, Virginia. The Bank offers a full range of banking and related financial services to meet the needs of individuals, businesses and charitable organizations, including the fiduciary services of VNB Trust and Estate Services. Investment management services are offered through Masonry Capital Management, LLC, a registered investment adviser and wholly-owned subsidiary of the Company.

The Company's common stock trades on the Nasdaq Capital Market under the symbol "VABK." Additional information on the Company is also available at [www.vnbcorp.com](http://www.vnbcorp.com).

**Non-GAAP Financial Measures**

The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles ("GAAP") and prevailing practices in the banking industry. However, management uses certain non-GAAP measures to supplement the evaluation of the Company's performance. Management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of GAAP to non-GAAP measures are included at the end of this release.

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<sup>1</sup> See "Reconciliation of Certain Quarterly Non-GAAP Financial Measures" at the end of this release.

### **Forward-Looking Statements; Other Information**

Certain statements in this release may contain *forward-looking statements* within the meaning of the Private Securities Litigation Reform Act of 1995. Such *statements* include, without limitation, statements with respect to the Company's operations, performance, future strategy and goals, and are often characterized by use of qualified words such as "expect," "believe," "estimate," "project," "anticipate," "intend," "will," "should," or words of similar meaning or other statements concerning the opinions or judgement of the Company and its management about future events. While Company management believes such statements to be reasonable, future events and predictions are subject to circumstances that are not within the control of the Company and its management. Actual results may differ materially from those included in the *forward-looking statements* due to a number of factors, including, without limitation, the effects of and changes in: inflation, interest rates, market and monetary fluctuations; liquidity and capital requirements; market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises, war and other military conflicts (including the ongoing military conflict between Russia and Ukraine) or other major events, the governmental and societal responses thereto, or the prospect of these events; changes, particularly declines, in general economic and market conditions in the local economies in which the Company operates, including the effects of declines in real estate values; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; the impact of changes in laws, regulations and guidance related to financial services including, but not limited to, taxes, banking, securities and insurance; changes in accounting principles, policies and guidelines; the financial condition of the Company's borrowers; the Company's ability to attract, hire, train and retain qualified employees; an increase in unemployment levels; competitive pressures on loan and deposit pricing and demand; fluctuation in asset quality; assumptions that underlie the Company's ACL; the value of securities held in the Company's investment portfolio; performance of assets under management; cybersecurity threats or attacks and the development and maintenance of reliable electronic systems; changes in technology and their impact on the marketing of new products and services and the acceptance of these products and services by new and existing customers; the willingness of customers to substitute competitors' products and services for the Company's products and services; the risks and uncertainties described from time to time in the Company's press releases and filings with the SEC; and the Company's performance in managing the risks involved in any of the foregoing. Many of these factors and additional risks and uncertainties are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and other reports filed from time to time by the Company with the Securities and Exchange Commission. These statements speak only as of the date made, and the Company does not undertake to update any forward-looking statements to reflect changes or events that may occur after this release.

**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in thousands, except per share data)

|   | June 30, 2023<br>(Unaudited) | December 31,<br>2022* | June 30, 2022<br>(Unaudited) |
|---|------------------------------|-----------------------|------------------------------|
| <b>ASSETS</b>                                   |                              |                       |                              |
| Cash and due from banks                         | \$ 9,714                     | \$ 20,993             | \$ 17,631                    |
| Interest-bearing deposits in other banks        | 20,225                       | 19,098                | 145,217                      |
| Federal funds sold                              | -                            | 45                    | 52,819                       |
| Securities:                                     |                              |                       |                              |
| Available for sale, at fair value               | 473,868                      | 538,186               | 461,830                      |
| Restricted securities, at cost                  | 7,438                        | 5,137                 | 5,138                        |
| Total securities                                | 481,306                      | 543,323               | 466,968                      |
| Loans, net of deferred fees and costs           | 973,348                      | 936,415               | 960,192                      |
| Allowance for credit losses                     | (7,863)                      | (5,552)               | (5,503)                      |
| Loans, net                                      | 965,485                      | 930,863               | 954,689                      |
| Premises and equipment, net                     | 17,564                       | 17,808                | 19,193                       |
| Assets held for sale                            | -                            | 965                   | -                            |
| Bank owned life insurance                       | 39,065                       | 38,552                | 38,046                       |
| Goodwill  | 7,768                        | 7,768                 | 8,140                        |
| Core deposit intangible, net                    | 5,815                        | 6,586                 | 7,405                        |
| Right of use asset, net                         | 6,634                        | 6,536                 | 7,343                        |
| Deferred tax asset, net                         | 16,961                       | 17,315                | 14,279                       |
| Accrued interest receivable and other assets    | 13,551                       | 13,507                | 13,210                       |
| Total assets                                    | <u>\$ 1,584,088</u>          | <u>\$ 1,623,359</u>   | <u>\$ 1,744,940</u>          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     |                              |                       |                              |
| <b>Liabilities:</b>                             |                              |                       |                              |
| Demand deposits:                                |                              |                       |                              |
| Noninterest-bearing                             | \$ 412,273                   | \$ 495,649            | \$ 512,889                   |
| Interest-bearing                                | 312,773                      | 399,983               | 399,930                      |
| Money market and savings deposit accounts       | 398,074                      | 467,600               | 535,958                      |
| Certificates of deposit and other time deposits | 224,956                      | 115,106               | 150,121                      |
| Total deposits                                  | 1,348,076                    | 1,478,338             | 1,598,898                    |
| Federal funds purchased                         | 20,503                       | -                     | -                            |
| Borrowings                                      | 59,666                       | -                     | -                            |
| Junior subordinated debt, net                   | 3,436                        | 3,413                 | 3,390                        |
| Lease liability                                 | 6,301                        | 6,173                 | 6,925                        |
| Accrued interest payable and other liabilities  | 3,667                        | 2,019                 | 1,511                        |
| Total liabilities                               | 1,441,649                    | 1,489,943             | 1,610,724                    |
| Commitments and contingent liabilities          |                              |                       |                              |
| Shareholders' equity:                           |                              |                       |                              |
| Preferred stock, \$2.50 par value               | -                            | -                     | -                            |
| Common stock, \$2.50 par value                  | 13,239                       | 13,214                | 13,201                       |
| Capital surplus                                 | 107,568                      | 105,344               | 104,858                      |
| Retained earnings                               | 67,612                       | 63,482                | 53,852                       |
| Accumulated other comprehensive loss            | (45,980)                     | (48,624)              | (37,695)                     |
| Total shareholders' equity                      | 142,439                      | 133,416               | 134,216                      |
| Total liabilities and shareholders' equity      | <u>\$ 1,584,088</u>          | <u>\$ 1,623,359</u>   | <u>\$ 1,744,940</u>          |
| Common shares outstanding                       | 5,365,982                    | 5,337,271             | 5,326,271                    |
| Common shares authorized                        | 10,000,000                   | 10,000,000            | 10,000,000                   |
| Preferred shares outstanding                    | -                            | -                     | -                            |
| Preferred shares authorized                     | 2,000,000                    | 2,000,000             | 2,000,000                    |

\* Derived from audited consolidated financial statements

**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(dollars in thousands, except per share data)

|   | (Unaudited)                |                 |                          |                  |
|---|----------------------------|-----------------|--------------------------|------------------|
|   | For the three months ended |                 | For the six months ended |                  |
|   | June 30, 2023              | June 30, 2022   | June 30, 2023            | June 30, 2022    |
| Interest and dividend income:                                       |                            |                 |                          |                  |
| Loans, including fees   | \$ 14,894                  | \$ 10,610       | \$ 27,661                | \$ 21,379        |
| Federal funds sold  | 10                         | 302             | 10                       | 363              |
| Other interest-bearing deposits                                     | 119                        | 219             | 377                      | 355              |
| Investment securities:  |                            |                 |                          |                  |
| Taxable   | 2,876                      | 1,662           | 5,827                    | 2,674            |
| Tax exempt  | 329                        | 308             | 656                      | 612              |
| Dividends   | 104                        | 64              | 171                      | 126              |
| Total interest and dividend income                                  | <u>18,332</u>              | <u>13,165</u>   | <u>34,702</u>            | <u>25,509</u>    |
| Interest expense:   |                            |                 |                          |                  |
| Demand deposits   | 106                        | 58              | 195                      | 119              |
| Money market and savings deposits                                   | 2,197                      | 440             | 3,970                    | 1,055            |
| Certificates and other time deposits                                | 1,776                      | 157             | 2,424                    | 352              |
| Borrowings  | 439                        | -               | 766                      | -                |
| Federal funds purchased   | 32                         | -               | 91                       | -                |
| Junior subordinated debt  | 79                         | 49              | 140                      | 97               |
| Total interest expense  | <u>4,629</u>               | <u>704</u>      | <u>7,586</u>             | <u>1,623</u>     |
| Net interest income   | 13,703                     | 12,461          | 27,116                   | 23,886           |
| Provision for (recovery of) credit losses                           | 261                        | (217)           | 13                       | (69)             |
| Net interest income after provision for (recovery of) credit losses | <u>13,442</u>              | <u>12,678</u>   | <u>27,103</u>            | <u>23,955</u>    |
| Noninterest income:   |                            |                 |                          |                  |
| Wealth management fees  | 397                        | 572             | 801                      | 1,129            |
| Advisory and brokerage income                                       | -                          | 210             | -                        | 426              |
| Deposit account fees  | 399                        | 458             | 800                      | 923              |
| Debit/credit card and ATM fees                                      | 636                        | 779             | 1,207                    | 1,486            |
| Bank owned life insurance income                                    | 261                        | 246             | 513                      | 457              |
| Resolution of commercial dispute                                    | -                          | -               | -                        | 2,400            |
| Gains on sales of assets  | -                          | 1,113           | -                        | 1,113            |
| Gains on sales of securities, net                                   | -                          | -               | 254                      | -                |
| Other   | 352                        | 268             | 746                      | 499              |
| Total noninterest income  | <u>2,045</u>               | <u>3,646</u>    | <u>4,321</u>             | <u>8,433</u>     |
| Noninterest expense:  |                            |                 |                          |                  |
| Salaries and employee benefits                                      | 4,062                      | 4,086           | 8,113                    | 8,817            |
| Net occupancy   | 929                        | 1,282           | 2,108                    | 2,479            |
| Equipment   | 176                        | 254             | 394                      | 537              |
| Bank franchise tax  | 313                        | 304             | 637                      | 608              |
| Computer software   | 203                        | 357             | 405                      | 620              |
| Data processing   | 806                        | 699             | 1,548                    | 1,437            |
| FDIC deposit insurance assessment                                   | 220                        | 125             | 320                      | 351              |
| Marketing, advertising and promotion                                | 275                        | 259             | 650                      | 526              |
| Plastics expense  | 30                         | 92              | 78                       | 231              |
| Professional fees   | 198                        | 404             | 390                      | 741              |
| Core deposit intangible amortization                                | 379                        | 427             | 770                      | 866              |
| Other   | 973                        | 1,153           | 2,012                    | 2,324            |
| Total noninterest expense   | <u>8,564</u>               | <u>9,442</u>    | <u>17,425</u>            | <u>19,537</u>    |
| Income before income taxes  | 6,923                      | 6,882           | 13,999                   | 12,851           |
| Provision for income taxes  | 1,272                      | 1,197           | 2,557                    | 2,242            |
| Net income  | <u>\$ 5,651</u>            | <u>\$ 5,685</u> | <u>\$ 11,442</u>         | <u>\$ 10,609</u> |
| Net income per common share, basic                                  | \$ 1.05                    | \$ 1.07         | \$ 2.14                  | \$ 1.99          |
| Net income per common share, diluted                                | \$ 1.05                    | \$ 1.06         | \$ 2.13                  | \$ 1.98          |
| Weighted average common shares outstanding, basic                   | 5,357,873                  | 5,326,271       | 5,348,040                | 5,319,166        |
| Weighted average common shares outstanding, diluted                 | 5,375,073                  | 5,347,008       | 5,375,545                | 5,345,242        |

**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**FINANCIAL HIGHLIGHTS**  
(dollars in thousands, except per share data)  
(Unaudited)

|   | At or For the Three Months Ended |                |                   |                    |               |
|---|----------------------------------|----------------|-------------------|--------------------|---------------|
|   | June 30, 2023                    | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| <b>Common Share Data:</b>                         |                                  |                |                   |                    |               |
| Net income per weighted average share, basic      | \$ 1.05                          | \$ 1.08        | \$ 1.32           | \$ 1.08            | \$ 1.07       |
| Net income per weighted average share, diluted    | \$ 1.05                          | \$ 1.08        | \$ 1.32           | \$ 1.08            | \$ 1.06       |
| Weighted average shares outstanding, basic        | 5,357,873                        | 5,338,099      | 5,333,902         | 5,326,543          | 5,326,271     |
| Weighted average shares outstanding, diluted      | 5,375,073                        | 5,375,619      | 5,362,220         | 5,348,900          | 5,347,008     |
| Actual shares outstanding                         | 5,365,982                        | 5,338,650      | 5,327,271         | 5,327,271          | 5,326,271     |
| Tangible book value per share at period end       | \$ 24.01                         | \$ 23.88       | \$ 22.31          | \$ 20.81           | \$ 22.28      |
| <b>Key Ratios:</b>                                |                                  |                |                   |                    |               |
| Return on average assets <sup>1</sup>             | 1.46%                            | 1.48%          | 1.65%             | 1.30%              | 1.27%         |
| Return on average equity <sup>1</sup>             | 15.98%                           | 17.57%         | 22.23%            | 16.50%             | 16.16%        |
| Net interest margin (FTE) <sup>2</sup>            | 3.83%                            | 3.71%          | 3.91%             | 3.47%              | 3.02%         |
| Efficiency ratio (FTE) <sup>3</sup>               | 54.1%                            | 56.2%          | 51.7%             | 57.0%              | 58.3%         |
| Loan-to-deposit ratio                             | 72.2%                            | 67.3%          | 63.3%             | 59.0%              | 60.1%         |
| <b>Capital Ratios:</b>                            |                                  |                |                   |                    |               |
| Tier 1 leverage ratio                             | 11.20%                           | 10.64%         | 9.77%             | 9.17%              | 8.79%         |
| Total risk-based capital ratio                    | 18.80%                           | 18.37%         | 17.64%            | 16.97%             | 16.51%        |
| <b>Assets and Asset Quality:</b>                  |                                  |                |                   |                    |               |
| Average earning assets                            | \$ 1,443,048                     | \$ 1,475,617   | \$ 1,568,765      | \$ 1,644,124       | \$ 1,668,471  |
| Average gross loans                               | \$ 940,264                       | \$ 932,834     | \$ 938,740        | \$ 959,086         | \$ 984,883    |
| Paycheck Protection Program loans, end of period  | \$ 196                           | \$ 215         | \$ 234            | \$ 254             | \$ 1,925      |
| Fair value mark on acquired loans                 | \$ 10,957                        | \$ 14,120      | \$ 15,887         | \$ 17,046          | \$ 17,502     |
| Allowance for credit losses:                      |                                  |                |                   |                    |               |
| Beginning of period                               | \$ 7,772                         | \$ 5,552       | \$ 5,485          | \$ 5,503           | \$ 5,834      |
| Impact of adoption of CECL                        | -                                | \$ 2,491       | -                 | -                  | -             |
| Provision for (recovery of) credit losses         | 216                              | (235)          | 136               | 39                 | (217)         |
| Charge-offs                                       | (180)                            | (136)          | (472)             | (119)              | (191)         |
| Recoveries  | 55                               | 100            | 403               | 62                 | 77            |
| Net charge-offs                                   | (125)                            | (36)           | (69)              | (57)               | (114)         |
| End of period                                     | \$ 7,863                         | \$ 7,772       | \$ 5,552          | \$ 5,485           | \$ 5,503      |
| Non-accrual loans                                 | \$ 1,185                         | \$ 1,228       | \$ 673            | \$ 607             | \$ 511        |
| Loans 90 days or more past due and still accruing | 107                              | 69             | 705               | 859                | 626           |
| OREO  | -                                | -              | -                 | -                  | -             |
| Total nonperforming assets (NPA)                  | \$ 1,292                         | \$ 1,297       | \$ 1,378          | \$ 1,466           | \$ 1,137      |
| NPA as a % of total assets                        | 0.08%                            | 0.08%          | 0.08%             | 0.08%              | 0.07%         |
| NPA as a % of gross loans plus OREO               | 0.13%                            | 0.14%          | 0.15%             | 0.16%              | 0.12%         |
| ACL to gross loans                                | 0.81%                            | 0.83%          | 0.59%             | 0.58%              | 0.57%         |
| ACL + fair value mark to gross loans (non-GAAP)   | 1.94%                            | 2.33%          | 2.29%             | 2.38%              | 2.39%         |
| Non-accruing loans to gross loans                 | 0.12%                            | 0.13%          | 0.07%             | 0.06%              | 0.05%         |
| Net charge-offs to average loans <sup>1</sup>     | 0.05%                            | 0.02%          | 0.03%             | 0.02%              | 0.05%         |

<sup>1</sup> Ratio is computed on an annualized basis.

<sup>2</sup> The net interest margin and net interest income are reported on a fully tax-equivalent basis (FTE) basis, using a Federal income tax rate of 21%. This is a non-GAAP financial measure. Refer to the Reconciliation of Certain Non-GAAP Financial (FTE) Measures at the end of this release.

<sup>3</sup> The efficiency ratio (FTE) is computed as a percentage of noninterest expense divided by the sum of net interest income (FTE) and noninterest income. This is a non-GAAP financial measure that management believes provides investors with important information regarding operational efficiency. Management believes such financial information is meaningful to the reader in understanding operating performance, but cautions that such information should not be viewed as a substitute for GAAP. Comparison of our efficiency ratio with those of other companies may not be possible because other companies may calculate them differently. Refer to the Reconciliation of Certain Non-GAAP Financial (FTE) Measures at the end of this release.

**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**AVERAGE BALANCES, INCOME AND EXPENSES, YIELDS AND RATES (TAXABLE EQUIVALENT BASIS)**  
**(dollars in thousands)**  
**(Unaudited)**

|   | For the three months ended |                                |                       |                     |                                |                       |
|---|----------------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
|   | June 30, 2023              |                                |                       | June 30, 2022       |                                |                       |
|   | Average<br>Balance         | Interest<br>Income/<br>Expense | Average<br>Yield/Cost | Average<br>Balance  | Interest<br>Income/<br>Expense | Average<br>Yield/Cost |
| <b>ASSETS</b>                               |                            |                                |                       |                     |                                |                       |
| Interest Earning Assets:                    |                            |                                |                       |                     |                                |                       |
| Securities:                                 |                            |                                |                       |                     |                                |                       |
| Taxable Securities                          | \$ 421,156                 | \$ 2,980                       | 2.83%                 | \$ 325,833          | \$ 1,726                       | 2.12%                 |
| Tax Exempt Securities <sup>1</sup>          | 66,956                     | 415                            | 2.48%                 | 65,352              | 390                            | 2.39%                 |
| Total Securities <sup>1</sup>               | 488,112                    | 3,395                          | 2.78%                 | 391,185             | 2,116                          | 2.16%                 |
| Loans:                                      |                            |                                |                       |                     |                                |                       |
| Real Estate                                 | 823,289                    | 13,167                         | 6.41%                 | 847,661             | 8,988                          | 4.25%                 |
| Commercial                                  | 74,665                     | 969                            | 5.21%                 | 86,394              | 995                            | 4.62%                 |
| Consumer                                    | 42,310                     | 758                            | 7.19%                 | 50,828              | 627                            | 4.95%                 |
| Total Loans                                 | 940,264                    | 14,894                         | 6.35%                 | 984,883             | 10,610                         | 4.32%                 |
| Fed Funds Sold                              | 895                        | 10                             | 4.48%                 | 150,393             | 302                            | 0.81%                 |
| Other interest-bearing deposits             | 13,777                     | 119                            | 3.46%                 | 142,010             | 219                            | 0.62%                 |
| Total Earning Assets                        | 1,443,048                  | 18,418                         | 5.12%                 | 1,668,471           | 13,247                         | 3.18%                 |
| Less: Allowance for Credit Losses           | (7,805)                    |                                |                       | (5,866)             |                                |                       |
| Total Non-Earning Assets                    | 113,883                    |                                |                       | 133,526             |                                |                       |
| Total Assets                                | <u>\$ 1,549,126</u>        |                                |                       | <u>\$ 1,796,131</u> |                                |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                            |                                |                       |                     |                                |                       |
| Interest Bearing Liabilities:               |                            |                                |                       |                     |                                |                       |
| Interest Bearing Deposits:                  |                            |                                |                       |                     |                                |                       |
| Interest Checking                           | \$ 331,523                 | \$ 106                         | 0.13%                 | \$ 411,374          | \$ 58                          | 0.06%                 |
| Money Market and Savings Deposits           | 415,015                    | 2,197                          | 2.12%                 | 550,883             | 440                            | 0.32%                 |
| Time Deposits                               | 194,736                    | 1,776                          | 3.66%                 | 152,695             | 157                            | 0.41%                 |
| Total Interest-Bearing Deposits             | 941,274                    | 4,079                          | 1.74%                 | 1,114,952           | 655                            | 0.24%                 |
| Borrowings                                  | 34,265                     | 439                            | 5.14%                 | —                   | —                              | —                     |
| Federal funds purchased                     | 2,392                      | 32                             | 5.37%                 | —                   | —                              | —                     |
| Junior subordinated debt                    | 3,430                      | 79                             | 9.24%                 | 3,383               | 49                             | 5.81%                 |
| Total Interest-Bearing Liabilities          | 981,361                    | 4,629                          | 1.89%                 | 1,118,335           | 704                            | 0.25%                 |
| Non-Interest-Bearing Liabilities:           |                            |                                |                       |                     |                                |                       |
| Demand deposits                             | 416,039                    |                                |                       | 527,008             |                                |                       |
| Other liabilities                           | 9,853                      |                                |                       | 10,067              |                                |                       |
| Total Liabilities                           | 1,407,253                  |                                |                       | 1,655,410           |                                |                       |
| Shareholders' Equity                        | 141,873                    |                                |                       | 140,721             |                                |                       |
| Total Liabilities & Shareholders' Equity    | <u>\$ 1,549,126</u>        |                                |                       | <u>\$ 1,796,131</u> |                                |                       |
| Net Interest Income (FTE)                   |                            | <u>\$ 13,789</u>               |                       |                     | <u>\$ 12,543</u>               |                       |
| Interest Rate Spread <sup>2</sup>           |                            |                                | 3.23%                 |                     |                                | 2.93%                 |
| Cost of Funds                               |                            |                                | 1.33%                 |                     |                                | 0.17%                 |
| Interest Expense as a Percentage of         |                            |                                |                       |                     |                                |                       |
| Average Earning Assets                      |                            |                                | 1.29%                 |                     |                                | 0.17%                 |
| Net Interest Margin (FTE) <sup>3</sup>      |                            |                                | 3.83%                 |                     |                                | 3.02%                 |

<sup>1</sup> Tax-exempt income for investment securities has been adjusted to a fully tax-equivalent basis (FTE), using a Federal income tax rate of 21%. Refer to the Reconciliation of Non-GAAP Measures table at the end of this release.

<sup>2</sup> Interest spread is the average yield earned on earning assets less the average rate paid on interest-bearing liabilities.

<sup>3</sup> Net interest margin (FTE) is net interest income expressed as a percentage of average earning assets.



**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**AVERAGE BALANCES, INCOME AND EXPENSES, YIELDS AND RATES (TAXABLE EQUIVALENT BASIS)**  
**(dollars in thousands)**  
**(Unaudited)**

|   | For the six months ended |                                |                       |                     |                                |                       |
|---|--------------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
|   | June 30, 2023            |                                |                       | June 30, 2022       |                                |                       |
|   | Average<br>Balance       | Interest<br>Income/<br>Expense | Average<br>Yield/Cost | Average<br>Balance  | Interest<br>Income/<br>Expense | Average<br>Yield/Cost |
| <b>ASSETS</b>                                       |                          |                                |                       |                     |                                |                       |
| <b>Interest Earning Assets:</b>                     |                          |                                |                       |                     |                                |                       |
| Securities:   |                          |                                |                       |                     |                                |                       |
| Taxable Securities                                  | \$ 434,219               | \$ 5,998                       | 2.76%                 | \$ 287,241          | \$ 2,800                       | 1.95%                 |
| Tax Exempt Securities <sup>1</sup>                  | 67,019                   | 831                            | 2.48%                 | 65,249              | 775                            | 2.38%                 |
| <b>Total Securities <sup>1</sup></b>                | <b>501,238</b>           | <b>6,829</b>                   | <b>2.72%</b>          | <b>352,490</b>      | <b>3,575</b>                   | <b>2.03%</b>          |
| Loans:  |                          |                                |                       |                     |                                |                       |
| Real Estate   | 820,033                  | 24,032                         | 5.91%                 | 866,863             | 18,082                         | 4.21%                 |
| Commercial  | 73,357                   | 2,098                          | 5.77%                 | 89,944              | 2,084                          | 4.67%                 |
| Consumer  | 43,179                   | 1,531                          | 7.15%                 | 51,302              | 1,213                          | 4.77%                 |
| <b>Total Loans</b>                                  | <b>936,569</b>           | <b>27,661</b>                  | <b>5.96%</b>          | <b>1,008,109</b>    | <b>21,379</b>                  | <b>4.28%</b>          |
| Fed Funds Sold                                      | 455                      | 10                             | 4.43%                 | 151,429             | 363                            | 0.48%                 |
| Other interest-bearing deposits                     | 20,789                   | 377                            | 3.66%                 | 235,418             | 356                            | 0.30%                 |
| <b>Total Earning Assets</b>                         | <b>1,459,051</b>         | <b>34,877</b>                  | <b>4.82%</b>          | <b>1,747,446</b>    | <b>25,673</b>                  | <b>2.96%</b>          |
| Less: Allowance for Credit Losses                   | (7,947)                  |                                |                       | (5,946)             |                                |                       |
| <b>Total Non-Earning Assets</b>                     | <b>114,372</b>           |                                |                       | <b>124,851</b>      |                                |                       |
| <b>Total Assets</b>                                 | <b>\$ 1,565,476</b>      |                                |                       | <b>\$ 1,866,351</b> |                                |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |                          |                                |                       |                     |                                |                       |
| <b>Interest Bearing Liabilities:</b>                |                          |                                |                       |                     |                                |                       |
| Interest Bearing Deposits:                          |                          |                                |                       |                     |                                |                       |
| Interest Checking                                   | \$ 346,625               | \$ 195                         | 0.11%                 | \$ 416,393          | \$ 119                         | 0.06%                 |
| Money Market and Savings Deposits                   | 431,849                  | 3,970                          | 1.85%                 | 603,259             | 1,055                          | 0.35%                 |
| Time Deposits                                       | 161,247                  | 2,424                          | 3.03%                 | 155,544             | 352                            | 0.46%                 |
| <b>Total Interest-Bearing Deposits</b>              | <b>939,721</b>           | <b>6,589</b>                   | <b>1.41%</b>          | <b>1,175,196</b>    | <b>1,526</b>                   | <b>0.26%</b>          |
| Borrowings  | 31,074                   | 766                            | 4.97%                 | —                   | —                              | —                     |
| Federal funds purchased                             | 3,754                    | 91                             | 4.89%                 | —                   | —                              | —                     |
| Junior subordinated debt                            | 3,423                    | 140                            | 8.25%                 | 3,377               | 98                             | 5.85%                 |
| <b>Total Interest-Bearing Liabilities</b>           | <b>977,972</b>           | <b>7,586</b>                   | <b>1.56%</b>          | <b>1,178,573</b>    | <b>1,624</b>                   | <b>0.28%</b>          |
| Non-Interest-Bearing Liabilities:                   |                          |                                |                       |                     |                                |                       |
| Demand deposits                                     | 440,285                  |                                |                       | 527,049             |                                |                       |
| Other liabilities                                   | 9,423                    |                                |                       | 10,704              |                                |                       |
| <b>Total Liabilities</b>                            | <b>1,427,680</b>         |                                |                       | <b>1,716,326</b>    |                                |                       |
| Shareholders' Equity                                | 137,796                  |                                |                       | 150,025             |                                |                       |
| <b>Total Liabilities &amp; Shareholders' Equity</b> | <b>\$ 1,565,476</b>      |                                |                       | <b>\$ 1,866,351</b> |                                |                       |
| <b>Net Interest Income (FTE)</b>                    |                          | <b>\$ 27,291</b>               |                       |                     | <b>\$ 24,049</b>               |                       |
| Interest Rate Spread <sup>2</sup>                   |                          |                                | 3.26%                 |                     |                                | 2.68%                 |
| Cost of Funds                                       |                          |                                | 1.08%                 |                     |                                | 0.19%                 |
| Interest Expense as a Percentage of                 |                          |                                |                       |                     |                                |                       |
| Average Earning Assets                              |                          |                                | 1.05%                 |                     |                                | 0.19%                 |
| <b>Net Interest Margin (FTE) <sup>3</sup></b>       |                          |                                | <b>3.77%</b>          |                     |                                | <b>2.78%</b>          |

<sup>1</sup> Tax-exempt income for investment securities has been adjusted to a fully tax-equivalent basis (FTE), using a Federal income tax rate of 21%. Refer to the Reconciliation of Non-GAAP Measures table at the end of this release.

<sup>2</sup> Interest spread is the average yield earned on earning assets less the average rate paid on interest-bearing liabilities.

<sup>3</sup> Net interest margin (FTE) is net interest income expressed as a percentage of average earning assets.

**VIRGINIA NATIONAL BANKSHARES CORPORATION**  
**RECONCILIATION OF CERTAIN QUARTERLY NON-GAAP FINANCIAL MEASURES**  
(dollars in thousands, except per share data)  
(Unaudited)

|  | For the Three Months Ended |                  |                   |                    |                  |
|--|----------------------------|------------------|-------------------|--------------------|------------------|
|  | June 30, 2023              | March 31, 2023   | December 31, 2022 | September 30, 2022 | June 30, 2022    |
| <b>Fully tax-equivalent measures</b>   |                            |                  |                   |                    |                  |
| Net interest income                    | \$ 13,703                  | \$ 13,413        | \$ 15,384         | \$ 14,277          | \$ 12,461        |
| Fully tax-equivalent adjustment        | 86                         | 87               | 86                | 83                 | 82               |
| Net interest income (FTE) <sup>1</sup> | <u>\$ 13,789</u>           | <u>\$ 13,500</u> | <u>\$ 15,470</u>  | <u>\$ 14,360</u>   | <u>\$ 12,543</u> |
| Efficiency ratio <sup>2</sup>          | 54.4%                      | 56.5%            | 52.0%             | 57.3%              | 58.6%            |
| Fully tax-equivalent adjustment        | -0.3%                      | -0.3%            | -0.3%             | -0.3%              | -0.3%            |
| Efficiency ratio (FTE) <sup>3</sup>    | <u>54.1%</u>               | <u>56.2%</u>     | <u>51.7%</u>      | <u>57.0%</u>       | <u>58.3%</u>     |
| Net interest margin                    | 3.81%                      | 3.69%            | 3.89%             | 3.45%              | 3.00%            |
| Fully tax-equivalent adjustment        | 0.02%                      | 0.02%            | 0.02%             | 0.02%              | 0.02%            |
| Net interest margin (FTE) <sup>1</sup> | <u>3.83%</u>               | <u>3.71%</u>     | <u>3.91%</u>      | <u>3.47%</u>       | <u>3.02%</u>     |

|  | For the Six Months Ended |                  |
|--|--------------------------|------------------|
|  | June 30, 2023            | June 30, 2022    |
| <b>Fully tax-equivalent measures</b>   |                          |                  |
| Net interest income                    | \$ 27,116                | \$ 23,886        |
| Fully tax-equivalent adjustment        | 175                      | 163              |
| Net interest income (FTE) <sup>1</sup> | <u>\$ 27,291</u>         | <u>\$ 24,049</u> |
| Efficiency ratio <sup>2</sup>          | 55.4%                    | 60.5%            |
| Fully tax-equivalent adjustment        | -0.3%                    | -0.4%            |
| Efficiency ratio (FTE) <sup>3</sup>    | <u>55.1%</u>             | <u>60.1%</u>     |
| Net interest margin                    | 3.75%                    | 2.76%            |
| Fully tax-equivalent adjustment        | 0.02%                    | 0.02%            |
| Net interest margin (FTE) <sup>1</sup> | <u>3.77%</u>             | <u>2.78%</u>     |

|   | As of           |                 |                   |                    |                 |
|---|-----------------|-----------------|-------------------|--------------------|-----------------|
|   | June 30, 2023   | March 31, 2023  | December 31, 2022 | September 30, 2022 | June 30, 2022   |
| <b>Other financial measures</b>                 |                 |                 |                   |                    |                 |
| ACL to gross loans                              | 0.81%           | 0.83%           | 0.59%             | 0.58%              | 0.57%           |
| Fair value mark to gross loans                  | 1.13%           | 1.50%           | 1.70%             | 1.80%              | 1.82%           |
| ACL + fair value mark to gross loans (non-GAAP) | <u>1.94%</u>    | <u>2.33%</u>    | <u>2.29%</u>      | <u>2.38%</u>       | <u>2.39%</u>    |
| Book value per share                            | \$ 26.54        | \$ 26.50        | \$ 25.00          | \$ 23.65           | \$ 25.20        |
| Impact of intangible assets <sup>4</sup>        | (2.53)          | (2.62)          | (2.69)            | (2.84)             | (2.92)          |
| Tangible book value per share (non-GAAP)        | <u>\$ 24.01</u> | <u>\$ 23.88</u> | <u>\$ 22.31</u>   | <u>\$ 20.81</u>    | <u>\$ 22.28</u> |

<sup>1</sup> FTE calculations use a Federal income tax rate of 21%.

<sup>2</sup> The efficiency ratio, GAAP basis, is computed by dividing noninterest expense by the sum of net interest income and noninterest income.

<sup>3</sup> The efficiency ratio, FTE, is computed by dividing noninterest expense by the sum of net interest income (FTE) and noninterest income.

<sup>4</sup> Intangible assets include goodwill and core deposit intangible assets, net of accumulated amortization, for all periods presented. As of September 30, 2022 and June 30, 2022, this figure also included other intangible assets related to Sturman Wealth Advisors, also net of accumulated amortization.