



FOR IMMEDIATE RELEASE

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VIRGINIA NATIONAL BANKSHARES CORPORATION ANNOUNCES THIRD QUARTER 2022 EARNINGS

Charlottesville, VA – October 27, 2022 - Virginia National Bankshares Corporation (NASDAQ: VABK) (the “Company”) today reported net income of \$5.8 million, or \$1.08 per diluted share, for the quarter ended September 30, 2022, which represents an 84% increase over net income of \$3.1 million, or \$0.59 per diluted share, recognized for the quarter ended September 30, 2021. For the nine months ended September 30, 2022, net income of \$16.4 million, or \$3.06 per diluted share, was recognized, compared to \$4.8 million, or \$1.07 per diluted share, for the nine months ended September 30, 2021. Note that merger and merger-related expenses of \$1.9 million and \$8.1 million were incurred in the quarterly and year-to-date periods ended September 30, 2021, respectively, in connection with the April 1, 2021 mergers of Fauquier Bankshares, Inc. (“Fauquier”) and The Fauquier Bank (“TFB”) with and into the Company and Virginia National Bank (the “Bank”), respectively.

“We are extremely pleased with our third quarter and year-to-date financial results,” commented President and Chief Executive Officer, Glenn W. Rust. “We continue to benefit from the efficiencies gained from our 2021 merger with Fauquier and we remain ahead of our original projections of the earn back period. Net interest income has increased substantially over the prior year, and we have effectively managed our overhead cost structure. Our strong balance sheet, capital levels and liquidity have allowed us to take a conservative approach to lending as we remain cautious during these trying economic times.”

Third Quarter 2022 and Selected Balance Sheet Financial Highlights

- Return on average assets (“ROAA”) for the three months ended September 30, 2022 increased to 1.30% compared to 0.65% realized in the same period in the prior year.
- Return on average equity (“ROAE”) for the three months ended September 30, 2022 improved to 16.50% compared to 7.70% realized in same period in the prior year.
- The efficiency ratio on a fully tax equivalent basis (“FTE”) (a non-GAAP financial measure)¹ was 57.0% for the three months ended September 30, 2022, an improvement over the 75.2% for the same period in the prior year.
- The Company has not incurred any merger or merger-related expenses since December 31, 2021, compared to \$8.1 million incurred during the nine months ended September 30, 2021.
- The Company is realizing significant savings associated with the merger and expects to realize significant additional savings in salaries and employee benefits, data processing and professional fees over the next year. Full-time equivalent employee headcount was 215 as of April 1, 2021, the effective date of the merger, and is down to 165 as of September 30, 2022.

Loans and Asset Quality

- Credit performance remains strong with nonperforming assets as a percentage of total assets of 0.08% as of September 30, 2022, compared to 0.13% as of September 30, 2021. Nonperforming assets have been reduced to \$1.5 million as of September 30, 2022, compared to \$2.4 million as of September 30, 2021, as the company currently holds no other real estate owned and has reduced non-accrual loans and loans greater than 90 days past due as detailed below.

¹ See “Reconciliation of Certain Non-GAAP Financial Measures” at the end of this release.

Loans and Asset Quality (continued)

- Three loans to two borrowers are in non-accrual status, totaling \$607 thousand, as of September 30, 2022, compared to \$777 thousand as of September 30, 2021. Acquired loans that otherwise would be in non-accrual status are not included in this figure, as they earn interest through the yield accretion.
- Loans 90 days or more past due and still accruing interest amounted to \$859 thousand as of September 30, 2022, compared to \$1.0 million as of September 30, 2021. The September 30, 2022 balance includes a government-guaranteed loan in the amount of \$709 thousand. The portfolio includes three non-insured student loans that are 90 days or more past due and still accruing interest, amounting to \$21 thousand. Acquired loans that are greater than 90 days past due and still accruing interest are included in this figure, net of their fair value mark.
- The period-end allowance for loan losses (“ALLL”) as a percentage of total loans was 0.58% as of September 30, 2022 and 0.51% as of September 30, 2021. 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 \$17.0 million as of September 30, 2022. The ALLL as a percentage of gross loans, excluding the impact of the acquired loans and fair value mark (a non-GAAP financial measure)¹, would have been 0.90% as of September 30, 2022 and September 30, 2021. The total of the ALLL and the fair value mark as a percentage of gross loans (a non-GAAP financial measure)¹ amounted to 2.38% as of September 30, 2022 and 2.24% as of September 30, 2021.
- A provision for loan losses of \$39 thousand was recognized during the three months ended September 30, 2022, compared to \$267 thousand recognized in the three months ended September 30, 2021.
- Gross loans outstanding at September 30, 2022 totaled \$942.3 million, a decrease of \$170.1 million, or 15%, compared to September 30, 2021. The decrease is due predominantly to: 1) paydowns of legacy organic loans due mainly to business sales, property sales and participation fluctuations of \$72.8 million, 2) workouts and paydowns of loans acquired from Fauquier (“acquired loans”) of \$67.5 million, and 3) the forgiveness of Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loans in the amount of \$36.5 million.

Net Interest Income

- Net interest income for the three months ended September 30, 2022 of \$14.3 million increased \$773 thousand, or 6%, compared to the three months ended September 30, 2021, due primarily to the increase in average balances of securities, positively impacting net interest income through rate and volume, offset by the reduction in average balances of loans.
- The fair value accretion on acquired loans positively impacted net interest income by 12 basis points (“bps”) during the current quarter.
- The overall cost of funds, including noninterest deposits, of 16 bps incurred in the three months ended September 30, 2022 increased 2 bps from 14 bps in the same period in the prior year. Overall, the cost of interest-bearing deposits declined period over period, from a cost of 31 bps to 22 bps. The slight increase is due to the impact of the Company prepaying 100% of its outstanding FHLB advances during the quarter ending September 30, 2021, which positively impacted interest expense by \$416 thousand as a result of accelerating the fair value accretion on such TFB debt.
- Low-cost deposits, which include noninterest checking accounts and interest-bearing checking, savings and money market accounts, remained in excess of 90% of total deposits at September 30, 2022 and 2021.

Noninterest Income

Noninterest income for the three months ended September 30, 2022 decreased \$1.2 million, or 34%, compared to the three months ended September 30, 2021, primarily due to the prior period Other Income, as reported on the consolidated statements of income, including a second partial recovery of \$401 thousand of unearned insurance premiums related to the loss of insurance on the student loan portfolio and a recovery of \$312 thousand from a TFB loan that was charged off prior to April 1, 2021. In addition, wealth management fees, advisory and brokerage fees and debit/credit card/ATM fees have each decreased approximately \$150 thousand over the prior period due to an anticipated reduction in the number of accounts in each area.

Noninterest Expense

Noninterest expense for the three months ended September 30, 2022 declined \$3.3 million, or 26%, compared to the three months ended September 30, 2021, primarily due to reduction in merger and merger-related expenses of \$1.9 million, in addition to the reduction of data processing expenses of \$402 thousand and reduction of salaries and employee benefits of \$310 thousand, as a result of efficiencies gained from the merger.

Book Value

Book value per share was \$23.65 as of September 30, 2022 and \$30.13 as of September 30, 2021, and tangible book value per share (a non-GAAP financial measure)¹ was \$20.77 as of September 30, 2022 compared to \$26.92 as of September 30, 2021. These values declined primarily due to the increase in unrealized loss on the investment portfolio period over period.

Income Taxes

The effective tax rate for the three months ended September 30, 2022 amounted to 18.0% compared to 19.4% for the three months ended September 30, 2021, which are both lower than the statutory rate due to the recognition of low-income housing tax credits. The effective tax rate for the prior period is higher than the current period due to the non-deductibility of certain merger and merger-related expenses in the prior period.

Dividends

Cash dividends of \$1.6 million, or \$0.30 per share, were declared during the current quarter. The remaining 72% of net income was retained.

¹ See "Reconciliation of Certain Non-GAAP Financial Measures" at the end of this release.

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 ten banking offices throughout Fauquier and Prince William counties, four 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. The Bank also offers, through its networking agreements with third parties, investment advisory and other investment services under Sturman Wealth Advisors. 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.

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.

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: general economic and market conditions, including the effects of declines in real estate values, an increase in unemployment levels and general economic contraction as a result of COVID-19 or other pandemics; fluctuations in interest rates, deposits, loan demand, and asset quality; assumptions that underlie the Company's allowance for loan losses; the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts or public health events (e.g., COVID-19 or other pandemics), and of governmental and societal responses thereto; the performance of vendors or other parties with which the Company does business; competition; technology; changes in laws, regulations and guidance; changes in accounting principles or guidelines; performance of assets under management; expected revenue synergies and cost savings from the recently completed merger with Fauquier may not be fully realized or realized within the expected timeframe; the businesses of the Company and Fauquier may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; revenues following the merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the merger; and other factors impacting financial services businesses. 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, 2021 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)

| | <u>September 30, 2022</u> | <u>December 31, 2021 *</u> | <u>September 30, 2021</u> |
|---|---------------------------|----------------------------|---------------------------|
| | (Unaudited) | | (Unaudited) |
| ASSETS | | | |
| Cash and due from banks | \$ 25,856 | \$ 20,345 | \$ 18,919 |
| Interest-bearing deposits in other banks | 66,111 | 336,032 | 254,194 |
| Federal funds sold | 53,118 | 152,463 | 152,417 |
| Securities: | | | |
| Available for sale, at fair value | 538,459 | 303,817 | 277,046 |
| Restricted securities, at cost | 5,138 | 4,950 | 2,610 |
| Total securities | 543,597 | 308,767 | 279,656 |
| Loans, net of deferred fees and costs | 942,347 | 1,061,211 | 1,112,450 |
| Allowance for loan losses | (5,485) | (5,984) | (5,623) |
| Loans, net | 936,862 | 1,055,227 | 1,106,827 |
| Premises and equipment, net | 18,817 | 25,093 | 25,239 |
| Bank owned life insurance | 38,298 | 31,234 | 31,033 |
| Goodwill | 8,140 | 8,140 | 8,898 |
| Core deposit intangible, net | 6,990 | 8,271 | 7,855 |
| Other intangible assets, net | 223 | 274 | 290 |
| Other real estate owned, net | - | 611 | 611 |
| Right of use asset, net | 6,941 | 7,583 | 7,970 |
| Accrued interest receivable and other assets | 28,803 | 18,144 | 17,916 |
| Total assets | <u>\$ 1,733,756</u> | <u>\$ 1,972,184</u> | <u>\$ 1,911,825</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Demand deposits: | | | |
| Noninterest-bearing | \$ 539,134 | \$ 522,281 | \$ 504,696 |
| Interest-bearing | 417,530 | 446,314 | 424,642 |
| Money market and savings deposit accounts | 505,733 | 665,530 | 642,788 |
| Certificates of deposit and other time deposits | 134,250 | 162,045 | 165,057 |
| Total deposits | 1,596,647 | 1,796,170 | 1,737,183 |
| Junior subordinated debt, net | 3,401 | 3,367 | 3,356 |
| Lease liability | 6,551 | 7,108 | 7,463 |
| Accrued interest payable and other liabilities | 1,183 | 3,552 | 3,913 |
| Total liabilities | 1,607,782 | 1,810,197 | 1,751,915 |
| Commitments and contingent liabilities | | | |
| Shareholders' equity: | | | |
| Preferred stock, \$2.50 par value | - | - | - |
| Common stock, \$2.50 par value | 13,214 | 13,178 | 13,178 |
| Capital surplus | 105,095 | 104,584 | 104,446 |
| Retained earnings | 58,026 | 46,436 | 42,746 |
| Accumulated other comprehensive loss | (50,361) | (2,211) | (460) |
| Total shareholders' equity | 125,974 | 161,987 | 159,910 |
| Total liabilities and shareholders' equity | <u>\$ 1,733,756</u> | <u>\$ 1,972,184</u> | <u>\$ 1,911,825</u> |
| Common shares outstanding | 5,327,271 | 5,308,335 | 5,307,235 |
| 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 nine months ended | |
|---|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Interest and dividend income: | | | | |
| Loans, including fees | \$ 11,024 | \$ 12,957 | \$ 32,403 | \$ 31,904 |
| Federal funds sold | 299 | 45 | 662 | 78 |
| Other interest-bearing deposits | 618 | 55 | 973 | 94 |
| Investment securities: | | | | |
| Taxable | 2,626 | 742 | 5,300 | 2,006 |
| Tax exempt | 313 | 280 | 925 | 729 |
| Dividends | 66 | 55 | 192 | 121 |
| Total interest and dividend income | <u>14,946</u> | <u>14,134</u> | <u>40,455</u> | <u>34,932</u> |
| Interest expense: | | | | |
| Demand and savings deposits | 471 | 673 | 1,645 | 1,598 |
| Certificates and other time deposits | 147 | 282 | 499 | 886 |
| Borrowings | 51 | (325) | 148 | (181) |
| Total interest expense | <u>669</u> | <u>630</u> | <u>2,292</u> | <u>2,303</u> |
| Net interest income | 14,277 | 13,504 | 38,163 | 32,629 |
| Provision for (recovery of) loan losses | 39 | 267 | (30) | 477 |
| Net interest income after provision for (recovery of) loan losses | <u>14,238</u> | <u>13,237</u> | <u>38,193</u> | <u>32,152</u> |
| Noninterest income: | | | | |
| Wealth management fees | 590 | 744 | 1,719 | 2,053 |
| Advisory and brokerage income | 213 | 358 | 639 | 908 |
| Deposit account fees | 443 | 396 | 1,366 | 982 |
| Debit/credit card and ATM fees | 660 | 808 | 2,146 | 1,561 |
| Earnings/increase in value of bank owned life insurance | 252 | 201 | 709 | 507 |
| Resolution of commercial dispute | - | - | 2,400 | - |
| Gains on sale of assets | 4 | - | 1,117 | - |
| Other | 138 | 971 | 637 | 1,426 |
| Total noninterest income | <u>2,300</u> | <u>3,478</u> | <u>10,733</u> | <u>7,437</u> |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 4,252 | 4,562 | 13,069 | 11,705 |
| Net occupancy | 1,318 | 1,039 | 3,797 | 2,643 |
| Equipment | 249 | 205 | 786 | 661 |
| Bank franchise tax | 304 | 320 | 912 | 922 |
| Computer software | 287 | 361 | 907 | 744 |
| Data processing | 712 | 1,114 | 2,149 | 2,397 |
| FDIC deposit insurance assessment | 70 | 349 | 421 | 594 |
| Marketing, advertising and promotion | 347 | 337 | 873 | 706 |
| Merger and merger-related expenses | - | 1,935 | - | 8,087 |
| Plastics expense | 91 | 212 | 322 | 589 |
| Professional fees | 310 | 186 | 1,051 | 873 |
| Core deposit intangible amortization | 415 | 417 | 1,281 | 845 |
| Other | 1,148 | 1,787 | 3,472 | 2,832 |
| Total noninterest expense | <u>9,503</u> | <u>12,824</u> | <u>29,040</u> | <u>33,598</u> |
| Income before income taxes | 7,035 | 3,891 | 19,886 | 5,991 |
| Provision for income taxes | 1,263 | 753 | 3,505 | 1,201 |
| Net income | <u>\$ 5,772</u> | <u>\$ 3,138</u> | <u>\$ 16,381</u> | <u>\$ 4,790</u> |
| Net income per common share, basic | \$ 1.08 | \$ 0.59 | \$ 3.08 | \$ 1.08 |
| Net income per common share, diluted | \$ 1.08 | \$ 0.59 | \$ 3.06 | \$ 1.07 |
| Weighted average common shares outstanding, basic | 5,326,543 | 5,306,370 | 5,321,652 | 4,453,303 |
| Weighted average common shares outstanding, diluted | 5,348,900 | 5,338,872 | 5,347,878 | 4,478,779 |

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

| | At or For the Three Months Ended | | | | |
|--|----------------------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 |
| Common Share Data: | | | | | |
| Net income per weighted average share, basic | \$ 1.08 | \$ 1.07 | \$ 0.93 | \$ 0.98 | \$ 0.59 |
| Net income per weighted average share, diluted | \$ 1.08 | \$ 1.06 | \$ 0.92 | \$ 0.98 | \$ 0.59 |
| Weighted average shares outstanding, basic | 5,326,543 | 5,326,271 | 5,311,983 | 5,308,108 | 5,306,370 |
| Weighted average shares outstanding, diluted | 5,348,900 | 5,347,008 | 5,343,564 | 5,338,088 | 5,338,872 |
| Actual shares outstanding | 5,327,271 | 5,326,271 | 5,326,271 | 5,308,335 | 5,307,235 |
| Tangible book value per share at period end | \$ 20.77 | \$ 22.24 | \$ 24.37 | \$ 27.36 | \$ 26.92 |
| Key Ratios: | | | | | |
| Return on average assets ¹ | 1.30% | 1.27% | 1.03% | 1.06% | 0.65% |
| Return on average equity ¹ | 16.50% | 16.16% | 12.53% | 12.86% | 7.70% |
| Net interest margin (FTE) ² | 3.47% | 3.02% | 2.59% | 2.72% | 3.08% |
| Efficiency ratio (FTE) ³ | 57.04% | 58.32% | 62.02% | 57.70% | 75.17% |
| Loan-to-deposit ratio | 59.02% | 60.05% | 56.75% | 59.08% | 64.04% |
| Net Interest Income: | | | | | |
| Net interest income | \$ 14,277 | \$ 12,461 | \$ 11,425 | \$ 12,359 | \$ 13,504 |
| Net interest income (FTE) ² | \$ 14,360 | \$ 12,543 | \$ 11,490 | \$ 12,437 | \$ 13,581 |
| Capital Ratios: | | | | | |
| Tier 1 leverage ratio | 9.17% | 8.79% | 8.03% | 7.61% | 7.59% |
| Total risk-based capital ratio | 16.97% | 16.51% | 15.66% | 14.56% | 13.74% |
| Assets and Asset Quality: | | | | | |
| Average earning assets | \$ 1,644,124 | \$ 1,668,471 | \$ 1,802,461 | \$ 1,817,010 | \$ 1,750,799 |
| Average gross loans | \$ 959,086 | \$ 984,883 | \$ 1,031,593 | \$ 1,088,278 | \$ 1,140,281 |
| Paycheck Protection Program loans, end of period | \$ 254 | \$ 1,925 | \$ 9,976 | \$ 24,482 | \$ 36,740 |
| Fair value mark on acquired loans | \$ 17,046 | \$ 17,502 | \$ 17,920 | \$ 18,466 | \$ 19,328 |
| Allowance for loan losses: | | | | | |
| Beginning of period | \$ 5,503 | \$ 5,834 | \$ 5,984 | \$ 5,623 | \$ 5,522 |
| Provision for (recovery of) loan losses | 39 | (217) | 148 | 537 | 267 |
| Charge-offs | (119) | (191) | (473) | (230) | (208) |
| Recoveries | 62 | 77 | 175 | 54 | 42 |
| Net charge-offs | (57) | (114) | (298) | (176) | (166) |
| End of period | \$ 5,485 | \$ 5,503 | \$ 5,834 | \$ 5,984 | \$ 5,623 |
| Non-accrual loans ⁴ | \$ 607 | \$ 511 | \$ 518 | \$ 495 | \$ 777 |
| Loans 90 days or more past due and still accruing ⁵ | 859 | 626 | 837 | 800 | 1,044 |
| OREO | - | - | 611 | 611 | 611 |
| Total nonperforming assets (NPA) | \$ 1,466 | \$ 1,137 | \$ 1,966 | \$ 1,906 | \$ 2,432 |
| NPA as a % of total assets | 0.08% | 0.07% | 0.10% | 0.10% | 0.13% |
| NPA as a % of gross loans plus OREO | 0.16% | 0.12% | 0.20% | 0.18% | 0.22% |
| ALLL to gross loans | 0.58% | 0.57% | 0.58% | 0.56% | 0.51% |
| ALLL + fair value mark to gross loans (non-GAAP) | 2.38% | 2.39% | 2.35% | 2.30% | 2.24% |
| Non-accruing loans to gross loans ⁴ | 0.06% | 0.05% | 0.05% | 0.05% | 0.07% |
| Net charge-offs to average loans ¹ | 0.02% | 0.05% | 0.12% | 0.06% | 0.06% |

¹ Ratio is computed on an annualized basis.

² The net interest margin and net interest income are reported on a FTE basis, using a Federal income tax rate of 21%.

³ 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.

⁴ Acquired loans which otherwise would be in non-accrual status are not included in this figure, as they earn interest through the yield accretion.

⁵ Past due loans from the acquired portfolio are included at fair value.

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

| (dollars in thousands) | For the three months ended | | | | | |
|---|----------------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
| | September 30, 2022 | | | September 30, 2021 | | |
| | Average Balance | Interest Income/ Expense | Average Yield/Cost | Average Balance | Interest Income/ Expense | Average Yield/Cost |
| ASSETS | | | | | | |
| Interest Earning Assets: | | | | | | |
| Securities: | | | | | | |
| Taxable Securities | \$ 445,854 | \$ 2,692 | 2.42% | \$ 214,194 | \$ 797 | 1.49% |
| Tax Exempt Securities ¹ | 65,836 | 395 | 2.40% | 59,869 | 355 | 2.37% |
| Total Securities ¹ | 511,690 | 3,087 | 2.41% | 274,063 | 1,152 | 1.68% |
| Loans: | | | | | | |
| Real Estate | 834,323 | 9,485 | 4.51% | 929,017 | 10,005 | 4.27% |
| Commercial | 74,970 | 846 | 4.48% | 141,388 | 1,810 | 5.08% |
| Consumer | 49,793 | 693 | 5.52% | 69,876 | 1,144 | 6.50% |
| Total Loans | 959,086 | 11,024 | 4.56% | 1,140,281 | 12,959 | 4.51% |
| Fed Funds Sold | 52,908 | 298 | 2.23% | 137,472 | 45 | 0.13% |
| Other interest-bearing deposits | 120,440 | 620 | 2.04% | 198,983 | 55 | 0.11% |
| Total Earning Assets | 1,644,124 | 15,029 | 3.63% | 1,750,799 | 14,211 | 3.22% |
| Less: Allowance for Loan Losses | (5,530) | | | (5,607) | | |
| Total Non-Earning Assets | 124,247 | | | 159,106 | | |
| Total Assets | \$ 1,762,841 | | | \$ 1,904,298 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest Bearing Liabilities: | | | | | | |
| Interest Bearing Deposits: | | | | | | |
| Interest Checking | \$ 401,886 | \$ 56 | 0.06% | \$ 410,504 | \$ 72 | 0.07% |
| Money Market and Savings Deposits | | | | | | |
| Time Deposits | 547,878 | 415 | 0.30% | 621,211 | 601 | 0.38% |
| | 142,195 | 147 | 0.41% | 171,256 | 282 | 0.65% |
| Total Interest-Bearing Deposits | 1,091,959 | 618 | 0.22% | 1,202,971 | 955 | 0.31% |
| Borrowings | — | — | — | 22,260 | (375) | -6.68% |
| Junior subordinated debt | 3,394 | 51 | 5.96% | 3,349 | 50 | 5.92% |
| Total Interest-Bearing Liabilities | 1,095,353 | 669 | 0.24% | 1,228,580 | 630 | 0.20% |
| Non-Interest-Bearing Liabilities: | | | | | | |
| Demand deposits | 519,759 | | | 499,068 | | |
| Other liabilities | 8,932 | | | 15,003 | | |
| Total Liabilities | 1,624,044 | | | 1,742,651 | | |
| Shareholders' Equity | 138,797 | | | 161,647 | | |
| Total Liabilities & Shareholders' Equity | \$ 1,762,841 | | | \$ 1,904,298 | | |
| Net Interest Income (FTE) | | <u>\$ 14,360</u> | | | <u>\$ 13,581</u> | |
| Interest Rate Spread ² | | | 3.38% | | | 3.02% |
| Cost of Funds | | | 0.16% | | | 0.14% |
| Interest Expense as a Percentage of | | | | | | |
| Average Earning Assets | | | 0.16% | | | 0.14% |
| Net Interest Margin (FTE) ³ | | | 3.47% | | | 3.08% |

¹ 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.

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

³ 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)

| (dollars in thousands) | For the nine months ended | | | | | |
|---|---------------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
| | September 30, 2022 | | | September 30, 2021 | | |
| | Average Balance | Interest Income/ Expense | Average Yield/Cost | Average Balance | Interest Income/ Expense | Average Yield/Cost |
| ASSETS | | | | | | |
| Interest Earning Assets: | | | | | | |
| Securities: | | | | | | |
| Taxable Securities | \$ 340,692 | \$ 5,492 | 2.15% | \$ 189,250 | \$ 2,127 | 1.50% |
| Tax Exempt Securities ¹ | 65,447 | 1,170 | 2.38% | 50,559 | 923 | 2.43% |
| Total Securities ¹ | 406,139 | 6,662 | 2.19% | 239,809 | 3,050 | 1.70% |
| Loans: | | | | | | |
| Real Estate | 855,632 | 27,567 | 4.31% | 771,407 | 24,284 | 4.21% |
| Commercial | 85,148 | 2,930 | 4.60% | 158,691 | 4,967 | 4.18% |
| Consumer | 50,808 | 1,906 | 5.02% | 65,426 | 2,653 | 5.42% |
| Total Loans | 991,588 | 32,403 | 4.37% | 995,524 | 31,904 | 4.28% |
| Fed Funds Sold | 118,228 | 661 | 0.75% | 94,502 | 78 | 0.11% |
| Other interest-bearing deposits | 196,801 | 975 | 0.66% | 118,331 | 94 | 0.11% |
| Total Earning Assets | 1,712,756 | 40,701 | 3.18% | 1,448,166 | 35,126 | 3.24% |
| Less: Allowance for Loan Losses | (5,806) | | | (5,618) | | |
| Total Non-Earning Assets | 124,518 | | | 104,539 | | |
| Total Assets | \$ 1,831,468 | | | \$ 1,547,087 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest Bearing Liabilities: | | | | | | |
| Interest Bearing Deposits: | | | | | | |
| Interest Checking | \$ 411,504 | \$ 175 | 0.06% | \$ 333,193 | \$ 191 | 0.08% |
| Money Market and Savings Deposits | 584,597 | 1,470 | 0.34% | 484,742 | 1,407 | 0.39% |
| Time Deposits | 151,045 | 499 | 0.44% | 148,715 | 886 | 0.80% |
| Total Interest-Bearing Deposits | 1,147,146 | 2,144 | 0.25% | 966,650 | 2,484 | 0.34% |
| Borrowings | — | — | — | 31,967 | (280) | -1.17% |
| Junior subordinated debt | 3,383 | 148 | 5.85% | 2,324 | 99 | 5.70% |
| Total Interest-Bearing Liabilities | 1,150,529 | 2,292 | 0.27% | 1,000,941 | 2,303 | 0.31% |
| Non-Interest-Bearing Liabilities: | | | | | | |
| Demand deposits | 524,592 | | | 402,163 | | |
| Other liabilities | 10,107 | | | 10,617 | | |
| Total Liabilities | 1,685,228 | | | 1,413,721 | | |
| Shareholders' Equity | 146,240 | | | 133,366 | | |
| Total Liabilities & Shareholders' Equity | \$ 1,831,468 | | | \$ 1,547,087 | | |
| Net Interest Income (FTE) | | \$ 38,409 | | | \$ 32,823 | |
| Interest Rate Spread ² | | | 2.91% | | | 2.94% |
| Cost of Funds | | | 0.18% | | | 0.22% |
| Interest Expense as a Percentage of | | | | | | |
| Average Earning Assets | | | 0.18% | | | 0.21% |
| Net Interest Margin (FTE) ³ | | | 3.00% | | | 3.03% |

¹ 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.

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

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

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

| | Three Months Ended | | | | |
|--|-----------------------|-----------------------|-------------------|----------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 |
| Fully tax-equivalent measures | | | | | |
| Net interest income | \$ 14,277 | \$ 12,461 | \$ 11,425 | \$ 12,359 | \$ 13,504 |
| Fully tax-equivalent adjustment | 83 | 82 | 65 | 78 | 77 |
| Net interest income (FTE) ¹ | <u>\$ 14,360</u> | <u>\$ 12,543</u> | <u>\$ 11,490</u> | <u>\$ 12,437</u> | <u>\$ 13,581</u> |
| Efficiency ratio ² | 57.3% | 58.6% | 62.3% | 58.0% | 75.5% |
| Fully tax-equivalent adjustment | -0.3% | -0.3% | -0.3% | -0.3% | -0.3% |
| Efficiency ratio (FTE) ³ | <u>57.0%</u> | <u>58.3%</u> | <u>62.0%</u> | <u>57.7%</u> | <u>75.2%</u> |
| Net interest margin | 3.45% | 3.00% | 2.57% | 2.70% | 3.06% |
| Fully tax-equivalent adjustment | 0.02% | 0.02% | 0.02% | 0.02% | 0.02% |
| Net interest margin (FTE) ¹ | <u>3.47%</u> | <u>3.02%</u> | <u>2.59%</u> | <u>2.72%</u> | <u>3.08%</u> |
| Nine months ended | | | | | |
| | September 30, 2022 | September 30, 2021 | | | |
| Fully tax-equivalent measures | | | | | |
| Net interest income | \$ 38,163 | \$ 32,629 | | | |
| Fully tax-equivalent adjustment | 230 | 194 | | | |
| Net interest income (FTE) ¹ | <u>\$ 38,393</u> | <u>\$ 32,823</u> | | | |
| Efficiency ratio ² | 59.4% | 83.9% | | | |
| Fully tax-equivalent adjustment | -0.3% | -0.4% | | | |
| Efficiency ratio (FTE) ³ | <u>59.1%</u> | <u>83.5%</u> | | | |
| Net interest margin | 2.98% | 3.01% | | | |
| Fully tax-equivalent adjustment | 0.02% | 0.02% | | | |
| Net interest margin (FTE) ¹ | <u>3.00%</u> | <u>3.03%</u> | | | |
| As of | | | | | |
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 |
| Other financial measures | | | | | |
| ALLL to gross loans | 0.58% | 0.57% | 0.58% | 0.56% | 0.51% |
| Impact of acquired loans and fair value mark | 0.32% | 0.34% | 0.37% | 0.39% | 0.39% |
| ALLL to gross loans, excluding acquired loans and fair value mark (non-GAAP) | <u>0.90%</u> | <u>0.91%</u> | <u>0.95%</u> | <u>0.95%</u> | <u>0.90%</u> |
| ALLL to gross loans | 0.58% | 0.57% | 0.58% | 0.56% | 0.51% |
| Fair value mark to gross loans | 1.80% | 1.82% | 1.77% | 1.74% | 1.73% |
| ALLL + fair value mark to gross loans (non-GAAP) | <u>2.38%</u> | <u>2.39%</u> | <u>2.35%</u> | <u>2.30%</u> | <u>2.24%</u> |
| Book value per share | \$ 23.65 | \$ 25.20 | \$ 27.42 | \$ 30.50 | \$ 30.13 |
| Impact of intangible assets | (2.88) | (2.96) | (3.05) | (3.14) | (3.21) |
| Tangible book value per share (non-GAAP) | <u>\$ 20.77</u> | <u>\$ 22.24</u> | <u>\$ 24.37</u> | <u>\$ 27.36</u> | <u>\$ 26.92</u> |

¹ FTE calculations use a Federal income tax rate of 21%.

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

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