



Conditional Approval #1260
March 2021

February 24, 2021

Ms. Tara Harrison, EVP & CFO
Virginia National Bank
404 People Place
Charlottesville, Virginia 22911-0000

Subject: Interagency Bank Merger Act Application and Financial Subsidiary Notice
Virginia National Bank, Charlottesville, Virginia Charter No.: 23616
OCC Control Nos.: 2020-NE-Combination-318764 &
2021-NE-Subs&Equities-320037

Dear Ms. Harrison:

The Office of the Comptroller of the Currency (OCC) hereby approves your application for The Fauquier Bank, Warrenton, Virginia to merge with and into Virginia National Bank, Charlottesville, Virginia. This conditional approval is granted after a thorough review of the application, other information supplied by your representatives, all information available to the OCC, The Bank Merger Agreement, including commitments and representations made by your representatives.

The OCC also acknowledges receipt of your Financial Subsidiary Certification and Notice (Notice) on February 17, 2021, of the establishment of Fauquier Bank Services, Inc., (FBSI) that was formed for the purpose of holding non-controlling equity interests in Bankers Title Shenandoah, L.L.C. (16.1%), and Bankers Insurance, L.L.C. (2.415%).

Bankers Title Shenandoah, L.L.C. is a full-service title and settlement agency headquartered in Richmond, Virginia. Bankers Insurance, L.L.C. is a full-service independent insurance agency headquartered in Richmond, Virginia that offers personal insurance, commercial insurance, and employee benefits products and services.

The Notice contains the information required by 12 CFR 5.39(i)(1)(ii). Accordingly, pursuant to 12 CFR 5.39, Virginia National Bank is approved to conduct the activities described in the Notice in a financial subsidiary effective upon the consummation of the merger transaction.

Based upon the representations made on behalf of Virginia National Bank, we conclude that it is legally permitted to make a noncontrolling investment in Bankers Title Shenandoah, L.L.C. and the Bankers Insurance, L.L.C. (LLCs), provided Virginia National Bank complies with the following conditions:

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1. Virginia National Bank's non-controlling equity interest in Bankers Insurance, L.L.C. may only be held in Fauquier Bank Services, Inc., if it is established as a financial subsidiary of the bank because Virginia National Bank is not located and doing business in any place where the population does not exceed five thousand, pursuant to 12 USC 92.
2. Pursuant to the information provided on February 23, 2021, regarding the current insurance activities conducted by both Virginia National Bank and Fauquier Bank through LPL Financial LLC, the resulting bank shall provide and demonstrate, within 30 days of this decision letter, how the proposed insurance activities at the resulting bank, offered through the relationship with LPL Financial LLC, will conform with all applicable laws and regulations. The bank shall identify the types of insurance and products of insurance that will be offered through the LPL relationship with the resulting bank and shall disclose the role of bank employees engaging in these insurance activities. Upon receipt of this information, and any other related information that may be requested with respect to the insurance activities at the resulting bank, the OCC will confirm whether the proposed activities are permissible and whether it will impose any additional conditions in writing regarding the application, notice, or other request within the meaning of 12 USC 1818.

The conditions of this approval are conditions imposed in writing by a federal banking agency in connection with any action on any application, notice, or other request within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

The OCC also approves the retention by Virginia National Bank of Specialty Properties Acquisition -VA, LLC, an operating subsidiary of The Fauquier Bank, Warrenton, Virginia for the purpose of Other Real Estate Owned (OREO). A national bank "may conduct in an operating subsidiary activity that are permissible for a national bank to engage in directly either as part of, or incidental to, the business of banking, as determined by the OCC, or otherwise under statutory authority." 12 CFR 5.34(e).

Based on a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives, the OCC concludes that the activities of Specialty Properties Acquisition - VA, LLC are legally permissible for national banks and their operating subsidiaries. Specialty Properties Acquisition - VA, LLC qualifies as an operating subsidiary as the operating subsidiary meets the requirements set forth in 12 CFR 5.34(e)(2).

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act, 12 USC 215a, and other applicable laws and regulations. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability of the United States banking or financial system.

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Furthermore, the OCC reviewed the bank's record of compliance with the Community Reinvestment Act, 12 USC 2903(a)(2). We considered these factors and found them consistent with approval.

The branch acquisitions are authorized under 12 USC 36(c).

The Northeastern District Licensing Office must be advised in writing in advance of the desired effective date for the merger transaction, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the merger transaction when we receive:

- An executed Merger Agreement.
- Receipt of any other required regulatory approvals.
- Documentation that all other conditions that the OCC imposed have been met.

If the merger transaction is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Please include the OCC control numbers on any correspondence related to these filings. If you have any questions, contact Paula Dejmeck Woods, Licensing Analyst at 312 660-8710 or Paula.DejmeckWoods@occ.treas.gov.

Sincerely,
/signed/

Marva V. Cummings
Director for District Licensing