

**CHARTER OF THE COMPENSATION AND BENEFITS COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
THE FAUQUIER BANK (the “Bank”)**

I. Purpose

The Compensation and Benefits Committee of the Board of Directors of The Fauquier Bank (the “Bank Committee”) shall aid the Board of Directors of the Bank (the “Bank Board”) in meeting its overall responsibilities with regard to the oversight and determination of officer and employee compensation including:

- Assisting the Bank Board with respect to the Bank’s compensation programs and compensation of officers and employees of the Bank, except such compensation matters that are expressly reserved to the Board of Directors of Fauquier Bankshares, Inc. (the “Company”), the Bank Board or the Compensation and Benefits Committee of the Company (the “Company Committee”) in its charter, such as compensation decisions regarding “officers” of the Company as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (such officers, the “Executive Officers” and such act, the “Exchange Act”);
- Developing, with the Company Committee, the annual and long-term performance goals for the Chief Executive Officer (the “CEO”), Chief Operating Officer (“COO) and Chief Financial Officer (the “CFO”) of the Bank and the Company for ultimate approval by both the Company’s Board of Directors (the “Company Board”) and the Bank Board, and assisting the Company Committee with determining the compensation of all Executive Officers other than the CEO, COO and CFO; and
- Assisting the Company Board with establishing director compensation for Bank directors.

II. Structure and Operations

Composition and Qualifications

The Bank Committee shall consist of at least three individuals who are members of both the Bank Board and the Company Board. All members of the Bank Committee shall be independent in accordance with the rules of The NASDAQ Stock Market, Inc. (“NASDAQ”) as if such rules were applicable to the Bank. In addition, all members of the Bank Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended (the “Internal Revenue Code”), as if such rule and section were applicable to the Bank. Each member

of the Bank Committee shall be literate in compensation-related matters. Such literacy shall be determined by the Bank Board in its business judgment.

Appointment and Removal

The members of the Bank Committee shall be designated by the Bank Board annually, upon the recommendation of the Bank Board's Governance Committee, and each member shall serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Bank Committee may be removed from the Bank Committee, with or without cause, by a majority vote of the Bank Board.

A single Chairperson of the Bank Committee shall be designated by the Bank Board upon the recommendation of the Bank Board's Governance Committee. The Chairperson will chair all sessions of the Bank Committee and set the agendas for meetings of the Bank Committee.

Delegation to Subcommittees

In fulfilling its responsibilities, the Bank Committee may delegate any or all of its responsibilities to a subcommittee of the Bank Committee and, to the extent not expressly reserved to the Bank Committee by the Bank Board, as applicable, or by applicable law, rule or regulation, to any other committee consisting entirely of directors who (i) are independent in accordance with the rules of NASDAQ, and (ii) qualify as "non-employee directors" for the purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as if such rules and requirements were applicable to the Bank.

III. Meetings

The Bank Committee shall ordinarily meet at least two times annually, or more frequently as circumstances dictate. Any member of the Bank Committee may call meetings of the Bank Committee.

Any director of the Bank or the Company who is not a member of the Bank Committee may attend meetings of the Bank Committee; provided, however, that any director who is not a member of the Bank Committee may not vote on any matter coming before the Bank Committee for a vote. The Bank Committee also may invite to its meetings any member of management of the Bank or the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Bank Committee may meet in executive session as the Bank Committee deems necessary or appropriate.

Meetings may be held jointly with the Company Committee; provided, however, that any member of the Company Committee who is not a member of the Bank Committee may not vote on any matter coming before the Bank Committee for a vote.

IV. Responsibilities and Duties

The following functions shall be common recurring activities of the Bank Committee in carrying out its purpose set forth in Section I of this Charter. These functions should serve as a guide with the understanding that the Bank Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Bank Committee shall also carry out any other responsibilities and duties delegated to it by the Bank Board from time to time related to the purpose of the Bank Committee set forth in Section I of this Charter. As appropriate, the Bank Committee may discharge its responsibilities and duties jointly with the Company Committee's discharge of its responsibilities and duties.

To fulfill its responsibilities and duties, the Bank Committee shall, as appropriate:

Compensation for Directors and the Organization's Officers and Employees

- (1) Establish and review the overall compensation philosophy of the Bank.
- (2) Recommend each year to the Company Board the compensation and benefits for directors of the Bank, except that directors of the Bank who are also officers or employees of the Bank or the Company shall not receive any additional compensation for their service as directors of either the Company or the Bank.
- (3) Review and approve the Bank goals and objectives relevant to the compensation of the officers and employees of the Bank who are not Executive Officers (the "Organization's Officers and Employees").
- (4) Approve, with respect to the Organization's Officers and Employees generally as a group, a range of compensation, including ranges of annual salary, benefits, perquisites, bonus, incentive awards (other than those to be determined solely by the Company Committee) and other benefits, direct and indirect, from within which a senior manager supervising an officer or employee may determine such officer's or employee's compensation. Proposed exceptions to this approved structure shall be presented to the CEO of the Bank by the manager of the human resources department for review and determination of appropriateness.
- (5) Review the competitiveness of the Bank's compensation programs to ensure (a) the attraction and retention of officers, (b) the motivation of officers to achieve the Bank's business objectives, and (c) the alignment of the interests of key leadership with the long-term interests of the Bank and the Company's shareholders.
- (6) Review trends in compensation and recommend to the full Bank Board, or approve as appropriate, revisions to current, or adoption of new, compensation plans, incentive compensation plans and equity-based plans (other than those equity-based plans to be determined solely by the Company Committee) for the

Organization's Officers and Employees, and any amendments to or modifications of such plans.

- (7) Establish and periodically review policies in the area of perquisites for the Organization's Officers and Employees.

CEO, COO and CFO Performance Goals and Compensation

- (1) Develop, together with the Company Committee, annual and long-term performance goals for the CEO, COO and CFO of the Bank and the Company for ultimate approval jointly by both the Bank Board and the Company Board, and communicated to the CEO, COO and CFO of the Bank and the Company by the Chairpersons of the Bank Committee and the Company Committee.
- (2) Following a review and evaluation of the performance of the CEO, COO and CFO of the Bank and the Company in light of established performance goals in a joint meeting of the Bank Board and the Company Board, discuss with the Company Committee, outside of the presence of the CEO, COO and CFO, the CEO's, COO's and CFO's compensation, the ultimate determination and approval of which shall be made jointly by the Bank Board and the Company Board.

Monitoring Compensation

- (1) Perform duties delegated to the Bank Committee by the Bank Board under various compensation plans.
- (2) Monitor compliance by the Organization's Officers and Employees with the terms and conditions of the Bank's compensation plans.
- (3) Review and monitor management's decisions concerning the performance, evaluation and determination of compensation for the Organization's Officers and Employees.
- (4) Select, retain, terminate and/or replace, as needed, compensation and benefits consultants and other outside experts to provide independent advice to the Bank Committee. In that connection, in the event the Bank Committee retains a compensation consultant or other expert, or if the Bank should retain a compensation consultant or other expert to assist in the evaluation of the CEO or senior officer compensation, the Bank Committee shall have the sole authority to approve such consultant's or expert's fees and other retention terms.
- (5) Review the Bank's incentive compensation arrangements to determine whether they encourage responsible risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

Reports

- (1) Report regularly to the Bank Board (i) following meetings of the Bank Committee, (ii) with respect to such other matters as are relevant to the Bank Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Bank Committee may deem appropriate. The report to the Bank Board may take the form of an oral report by the Chairperson or any other member of the Bank Committee designated by the Bank Committee to make such report.
- (2) Maintain minutes and other records of meetings and activities of the Bank Committee, as appropriate under applicable law. Such minutes and records may be made jointly with minutes and records memorializing the meetings and activities of the Company Committee, as appropriate.

V. Annual Performance Evaluation

The Bank Committee shall perform a review and evaluation, at least annually, of the performance of the Bank Committee. In addition, the Bank Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Independent Directors of the Bank's Board any improvements to this Charter that the Bank Committee considers necessary or appropriate. The Bank Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

As Adopted by the Board of Directors of The Fauquier Bank, on November 17, 2016.