

**CHARTER OF THE LOAN COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
THE FAUQUIER BANK**

I. Purpose

The purpose of the Loan Committee (the “Committee”) of the Board of Directors (the “Board”) of The Fauquier Bank (“TFB”) is to assist the Board in its oversight of (i) strategic and emerging risks that have the potential to impact TFB through its largest asset, the loan portfolio, (ii) the risk management function and activities of TFB as they relate to its loan portfolio, (iii) and the effectiveness of risk management systems, practices and procedures developed by management.

II. Structure

The Committee shall consist of no fewer than five (5) members of the TFB Board, four (4) of which shall meet the applicable independence (or similar) requirements of The NASDAQ Stock Market, Inc. and any other applicable regulatory authority. In addition to the independent Directors, the Committee will be chaired by the President of TFB, and the Chief Credit Officer will serve as Secretary of the Committee and will facilitate information to be discussed during Committee meetings. The Chairman of the Committee shall preside at all meetings of the Committee. In the absence of the Chairman, and provided a quorum is present, the remaining members of the Committee may designate from among the Committee’s membership a Chairman *pro tem* to preside at such meeting. Members of the Committee shall be appointed annually by the Board, or more frequently in the case of vacancies, and shall serve at the pleasure of the Board. The members shall serve until their resignation, retirement, or removal by the Board or until successors shall be appointed and qualified. All members of the Committee shall have a working familiarity with basic finance and accounting or related financial management expertise.

III. Responsibilities and Duties

The Committee will carry out the following responsibilities in coordination, where appropriate, with the Board and other Board committees:

- Responsible for reviewing and approving all loans that exceed the individual or group joinder authorities of TFB. Report monthly to the Board all approved and renewed loans that come before the Committee.
- Approve lending authorities
- Oversee the administration of the loan portfolio to include risk assessment, portfolio concentration, and credit policy.
- Review the adequacy of the resources to perform its risk management responsibilities.
- Review and make recommendations to the Board about the Board’s role in holding management accountable for controlling and managing credit risk, and offering

credible challenges to management regarding credit risk management when necessary or appropriate.

- Review ongoing strategic credit risk.
- Meet with the Chief Executive Officer, Chief Operating Officer, and the Chief Credit Officer, and other members of management and other Board committees, as needed or advisable, to discuss matters related to credit risk management.
- Approve and monitor, with management, acceptable levels of credit risk tolerance.
- Review various loan reports prepared by members of management at regular intervals during the year.
- Perform other activities related to this charter as requested by the Board.

IV. Operations and Meetings

The Committee shall establish its own rules of procedure, which shall be consistent with the Bylaws of TFB and this charter. Meetings of the Committee shall occur monthly and from time to time as called by the Chairman of the Committee or as requested by the members of the Committee. A minimum of three (3) members of the Committee shall constitute a quorum and all matters shall be determined by a majority vote of the members present. The Committee may at any time adjourn to an Executive Session at which only members of the Committee and invited guests may be present.

The Committee shall utilize such resources, in its capacity as a Committee of the Board, as the Committee shall determine to be necessary and proper to (i) compensate any other advisor employed by the Committee including, but not limited to, independent counsel if determined by the Committee to be necessary to carry out its duties and responsibilities, (ii) pay such administrative expenses as are necessary and appropriate to carry out its duties and responsibilities, and (iii) investigate any issues the Committee deems important.

V. Reports

The Committee shall keep written minutes and other relevant records of each meeting, which are subject to the approval by the members of the Committee and, once approved, shall be provided to the Board for its review and/or ratification and maintained with the books and records of TFB. Said documentation will be compiled by the Corporate Secretary. Following each of the meetings of the Committee, the Chairman of the Committee, or their designee, shall report to the Board regarding the activities of the Committee.

VI. Annual Performance Evaluation

The Committee shall annually undertake a self-evaluation of the Committee, including its effectiveness and compliance with this charter. The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this charter and any recommended changes to TFB policies and procedures, which shall then be discussed with the full Board and acted upon as appropriate.

VII. Reliance on Others

Nothing in this charter is intended to preclude or impair any protection provided by applicable law for good faith reliance by members of the Committee on reports or other information provided by others.

Approved by the Board of Directors February 16, 2017

Edna T. Brannan

Secretary