

Virginia National Bankshares Corp  
Form DEF 14A  
April 20, 2015

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**SCHEDULE 14A**

**Proxy Statement pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**VIRGINIA NATIONAL BANKSHARES  
CORPORATION**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
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**Virginia National Bankshares Corporation  
404 People Place  
Charlottesville, Virginia 22911**

April 15, 2015

***To All of Our Shareholders:***

We are pleased to invite you to attend the 2015 Annual Meeting of Shareholders of Virginia National Bankshares Corporation. The meeting will be held on Wednesday, May 20, 2015, at 4:00 p.m., local time, at The Board's Head Inn Pavilion, 200 Ednam Drive in Charlottesville, Virginia.

Enclosed are the notice of the meeting and the proxy materials setting forth information about our Company and the business to be transacted at the meeting. We also are including Virginia National Bankshares Corporation's 2014 Annual Report on Form 10-K.

The formal meeting will be followed by a brief discussion of our plans and priorities.

**Whether or not you plan to attend the meeting, it is important that your shares be represented and voted. Please complete and return the enclosed proxy as soon as possible in the postage-paid envelope provided. You can also vote your shares through the internet or by telephone by following the instructions on your proxy card.**

We appreciate your support as a shareholder and hope to see you on May 20<sup>th</sup>.

Very truly yours,

Glenn W. Rust  
President and Chief Executive Officer

**If your shares are held in a brokerage or investment account, you will need to vote using the proxy form provided by your broker in order for your vote to be counted. You will only be able to vote in person at the meeting if you obtain a legal proxy from your broker.  
Please see page 2 of the proxy statement for more details.**

**Your Vote is Important.**

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**VIRGINIA NATIONAL BANKSHARES CORPORATION**

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held on May 20, 2015**

The Annual Meeting of Shareholders of Virginia National Bankshares Corporation (the Company) will be held at The Board's Head Inn Pavilion, 200 Ednam Drive, in Charlottesville, Virginia at 4:00 p.m., local time, on Wednesday, May 20, 2015, to consider and vote upon the following matters:

1. Election of eleven (11) directors of Virginia National Bankshares Corporation to serve until the 2016 Annual Meeting of Shareholders of the Company.
  2. Advisory (non-binding) vote to approve the Company's executive compensation.
  3. Ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015.
  4. Transaction of such other business as may properly come before the meeting or any adjournments thereof.
- The Board of Directors has fixed April 13, 2015 as the record date for determination of shareholders entitled to notice of and to vote at the 2015 annual meeting and any adjournments thereof.

It is important that your shares are represented at the meeting. **Please mark, sign, date and return your proxy card promptly, whether or not you plan to attend the Annual Meeting. If you are a registered shareholder and attend the meeting, you may vote in person even if you have already returned your proxy card.**

By Order of the Board of Directors:

April 15, 2015

*Donna G. Shewmake*  
*Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 20, 2015**

Proxy materials are available at [www.vnb.com](http://www.vnb.com) in the Investors section under Proxy Materials. The materials available include this notice of the annual meeting of shareholders, the proxy statement, the form of proxy and the Annual Report on Form 10-K for the year ended December 31, 2014.

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**QUESTIONS AND ANSWERS ABOUT THE MEETING**

**Q: Where and when is the shareholders meeting?**

A: The 2015 Annual Meeting of Shareholders will be held at The Boar's Head Inn Pavilion, 200 Ednam Drive, Charlottesville, Virginia on Wednesday, May 20, 2015 at 4:00 p.m., local time.

**Q: What am I being asked to vote on?**

A: At the Annual Meeting, you will be asked to vote on the following proposals:

to elect 11 directors of the Company to serve until the 2016 Annual Meeting of Shareholders of the Company;

to approve, on an advisory (non-binding) basis, the Company's executive compensation; and

to ratify the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015.

We will also vote on any other matters which may properly come before the Annual Meeting.

**Q: What do I need to do now?**

A: Just indicate on your proxy card how you want to vote, and sign, date and return it as soon as possible. If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be voted for the election of the director nominees named in this proxy statement as directors of the Company to serve until the Company's 2016 Annual Meeting, for the approval of the Company's executive compensation, and for the ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015.

If you are a registered shareholder, you can choose to attend the Annual Meeting and vote your shares in person instead of returning your completed proxy card. If you do return a proxy card, you may attend the meeting and change your vote. See "The Annual Meeting Voting and Revocation of Proxies" on page 2 of the proxy statement.

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: If you own shares that are held in street name, meaning through a brokerage firm, bank, broker-dealer or other similar organization, and you do not provide the firm that holds the shares with specific voting instructions then, under applicable rules, the firm that holds the shares may generally vote on routine matters but cannot vote on non-routine matters. If the firm that holds such shares does not receive instructions from you on how to vote your shares on a non-routine matter, that firm will inform the inspector of election that it does not have the authority to vote on the matter with respect to the shares. This is generally referred to as a broker non-vote.

The election of directors (Proposal 1) and the approval of the Company's executive compensation (Proposal 2) are matters that are considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with Proposals 1 and 2. The ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015 (Proposal 3) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 3.

*Please provide instructions to your broker on how you want your shares voted by completing the voting instruction form you receive from your broker.*

**Q: How do I vote in person at the meeting if I hold shares in street name?**

A: You may only vote shares held in street name in person at the meeting if you obtain a legal proxy from the firm that holds your shares. There should be a section of the voting instruction form sent to you that states "Place X Here If You Plan to Attend and Vote Your Shares at the Meeting" or words of similar effect. If you place the X in the box provided and return your proxy card, you should receive a legal proxy from your firm that you can bring to the meeting to vote your shares in person. You should contact your broker for more complete information.



## VIRGINIA NATIONAL BANKSHARES CORPORATION

### PROXY STATEMENT ANNUAL MEETING OF SHAREHOLDERS MAY 20, 2015

#### INTRODUCTION

This proxy statement is being furnished to you as part of the solicitation of proxies by the Board of Directors of Virginia National Bankshares Corporation (the Company) for use at the Annual Meeting of Shareholders of the Company to be held on Wednesday, May 20, 2015 (the Annual Meeting), at 4:00 p.m. at The Boar's Head Inn Pavilion, 200 Ednam Drive, in Charlottesville, Virginia, and at any adjournment or postponement of the meeting. The Annual Meeting will be held for the purposes set forth below and in the Notice of the Annual Meeting of Shareholders. The date of this proxy statement is April 15, 2015. The approximate mailing date of this proxy statement, the Notice of the Annual Meeting and accompanying proxy (also sometimes referred to as the proxy card) is April 20, 2015.

#### Reorganization; Affiliated Banks

On December 16, 2013, Virginia National Bank (the Bank) reorganized into a holding company form of ownership pursuant to a Reorganization Agreement and Plan of Share Exchange (the Reorganization) which was approved by the Bank's shareholders on June 19, 2013. As a result of this Reorganization, the Bank became a wholly-owned subsidiary of the Company, and each share of the Bank's common stock was automatically converted to one share of the Company's common stock. References to the Company in this proxy statement will generally include references to the Bank for any applicable periods prior to the Reorganization.

The Bank has one wholly-owned subsidiary, VNBTrust, National Association (VNBTrust), which is a national trust bank. References to the Company's affiliated banks or subsidiaries include the Bank and/or VNBTrust.

#### Record Date and Voting Rights of Shareholders

Only shareholders of record of the Company's common stock as of the close of business on April 13, 2015, the record date fixed for the Annual Meeting, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. As of the close of business on the record date, there were 2,688,781 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. The Company has no other class of stock outstanding. Each share of common stock entitles the record holder thereof to one vote for each matter to be voted upon at the Annual Meeting.

#### Quorum

A majority of the outstanding shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Shares for which the holder has elected to abstain or to withhold the proxy's authority to vote (including broker non-votes as discussed below) on a matter will count toward a quorum but will not be included in determining the number of votes cast with respect to such matter. Shares held by brokers or banks in street name (broker shares) that are voted on any matter are included in the quorum. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

#### Vote Required

The vote required for approval varies based on the proposal. Directors are elected by plurality; therefore, the 11 nominees receiving the greatest number of affirmative votes cast will be elected. Approval of all other proposals and any other business that may properly come before the shareholders at the Annual Meeting at which a quorum is

present will be approved if the votes cast in favor of the proposal or other action at the Annual Meeting exceed the votes cast against the proposal or other action.

### **Voting and Revocation of Proxies**

Execution of a proxy will not affect a registered shareholder's right to attend the Annual Meeting and vote in person. Any registered shareholder who has executed and returned a proxy may revoke it by attending the Annual Meeting and voting in person. A registered shareholder may also revoke his or her proxy at any time before it is exercised by filing a written notice with the Corporate Secretary of the Company or by submitting a proxy bearing a later date. Proxies will extend to, and will be voted at, any adjourned session of the Annual Meeting.

### **Voting Shares Held in Accounts with Brokerage Firms and Similar Organizations; Broker Non-Votes**

If your shares are held in an account with a brokerage firm, bank, broker-dealer or similar organization, then your shares are held in street name. The firm that holds your shares, or its nominee, is the registered shareholder for purposes of voting at the Annual Meeting, and you are considered the beneficial owner. As beneficial owner, you have the right to direct the firm how to vote the shares held for you, and you must follow the instructions of that firm in order to vote your shares or to change a previously submitted voting instruction. **Since you are not the registered owner, you may not vote the shares in person at the Annual Meeting unless you obtain a legal proxy from the firm that holds your shares giving you the right to vote shares registered in its name at the Annual Meeting. Please note that this legal proxy is different from the proxy card or voting instructions you generally receive in the mail. If you wish to vote your shares in person, please contact the firm holding your shares for a legal proxy.**

If the firm that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that firm does not have the authority to vote on that matter with respect to your shares. This is generally referred to as a broker non-vote. The election of directors (Proposal 1) and the approval of the Company's executive compensation (Proposal 2) are matters that are considered non-routine under applicable rules, therefore broker non-votes may exist in connection with those proposals. The ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015 (Proposal 3) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 3.

### **How Shares will be Voted**

Shares represented by proxies will be voted at the Annual Meeting as follows:

*Properly Completed Proxies* Shares represented by a properly-completed proxy that contains voting instructions will be voted in accordance with the voting instructions specified in the proxy.

*Proxies Without Voting Instructions* Shares represented by proxies that are properly signed and dated but which do not contain voting instructions will be voted in accordance with the recommendations of the Company's Board of Directors (the Board).

*Abstentions* We will count a properly executed proxy marked ABSTAIN for purposes of determining whether there is a quorum present at the Annual Meeting, but the shares represented by that proxy will not be voted at the Annual Meeting.

*Broker Non-votes* Other than with respect to the ratification of the Company's independent auditors, your broker may not vote your shares for you unless you provide instructions to your broker on how to vote them. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you do not do this, your broker may not vote your shares at all (known as a broker non-vote).

### **Solicitation of Proxies**

The cost of solicitation of proxies will be borne by the Company, including the cost of reimbursing brokerage firms, banks and similar organizations for forwarding proxy materials to shareholders. Solicitation of proxies is being made by mail and, if necessary, may be made in person, by telephone, by facsimile, by electronic mail or by special



letter by directors, officers and employees of the Company or any subsidiary, acting without any separate compensation for any such solicitations.

### PROPOSAL 1 ELECTION OF DIRECTORS

#### General

Eleven directors will be elected at the Annual Meeting to serve until the 2016 Annual Meeting of Shareholders of the Company and until their successors are elected and qualified. The Company's Board of Directors currently consists of 8 directors serving a one-year term that expires at the Annual Meeting.

Directors will be elected by a plurality of the votes cast by shares entitled to vote in the election of directors at a meeting at which a quorum is present, which means the 11 nominees receiving the highest number of votes will be elected even though such 11 individuals may not receive for votes from a majority of the votes cast.

#### Nominations for Directors

The Board of Directors has nominated the 11 individuals named below for election to the Board at the Annual Meeting, eight of whom are currently serving as director. Each person nominated has consented to being named as a nominee in this proxy statement and has indicated that he or she is willing to serve as a director if elected. If at the time of the Annual Meeting, any nominee is unable or unwilling to serve, shares represented by proxies will be voted at the discretion of the named proxies for such other person as the Board of Directors may nominate.

The following table sets forth certain information concerning the persons who have been nominated for election as directors by the Board of Directors.

**The Board of Directors of the Company recommends that shareholders vote FOR the election of each of the nominees set forth below as the Company's directors. Unless otherwise indicated on the proxy, the persons named therein will vote FOR the election of the following nominees.**

Name (Age)	Principal Occupation	Director Since
H. K. Benham, III (75)	Retired Attorney, former partner of Harrison and Johnston	*
Steven W. Blaine (57)	Partner, LeClairRyan, A Professional Corporation	1998 (1) (2)
Nancy L. Brody (60)	Executive Officer, Block & Company, Inc.	2012 (2) (3)
John J. Davies, III (67)	Partner, Davies, Barrell, Will, Lewellyn & Edwards, PLC	2012 (2)
William D. Dittmar, Jr. (62)	President and Chief Executive Officer, Enterprise Holdings, Inc.	1998 (1) (3)
James T. Holland (74)	Consultant and Author	2013 (1) (3)
William Bolling Izard, Jr. (58)	Vice President, James A. Scott & Son, Incorporated t/a Scott Risk Capital & Scott Insurance	2012 (1)
Susan K. Payne (66)	President, Payne, Ross & Associates Advertising, Inc.	*
Glenn W. Rust (59)	President and Chief Executive Officer, Virginia National Bankshares Corporation and its subsidiary banks	2006
Gregory L. Wells (58)	Chief Executive Officer, ACAC Fitness & Wellness Centers	2012 (1)
Bryan D. Wright (62)	Partner, Williams Mullen	*

(1) Currently a member of the Audit and Compliance Committee.

(2) Currently a member of the Compensation Committee.

(3) Currently a member of the Corporate Governance Committee.

\* These nominees have served on the board of directors of the Company's subsidiary, Virginia National Bank, as follows: Mr. Benham, since 2002; Ms. Payne, since 1998, and Mr. Wright, since 2012.

The following biographies of the nominees standing for election contain information regarding the person's business experience, public company director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes and/or skills that caused the Board of Directors to determine that the person should serve as a director of the Company. Unless otherwise noted, the person has held their current position for at least five years. All nominees also serve on the board of directors of both Virginia National Bank and VNBTrust.

**H. K. Benham, III**, retired, practiced law with the firm of Harrison and Johnston in Winchester, Virginia for 50 years, specializing in corporate, tax, trust and real estate law. He is a managing partner in Page-Brooke Land Trust, a residential and commercial development and investment company; and is a major owner and director of Plasticard-Locktech International, a gift card and hotel key card company. Mr. Benham has extensive experience with bank trust departments, both personally, as trustee, and as legal counsel for clients. In addition to his legal expertise, Mr. Benham also has knowledge of the Winchester marketplace.

**Steven W. Blaine** is a partner in the Charlottesville, Virginia office of the law firm of LeClairRyan, A Professional Corporation, primarily practicing in business and real estate law. Prior to joining LeClairRyan in 1999, Mr. Blaine was a partner in the Charlottesville office of McGuireWoods LLP. As a practicing attorney, Mr. Blaine provides 29 years of experience as a corporate and transactional attorney. In addition, he provides valuable insight into the local real estate economy, and brings his legal perspective to bear in matters coming before the Company's Audit and Compliance Committee.

**Nancy L. Brody** is a director, executive officer and corporate secretary of Block and Company, Inc., in Wheeling, Illinois, which manufactures and distributes office supplies, including supplies for banks, and served as general counsel of that company from 1985 to 2004. Ms. Brody is also a director and corporate secretary (since 1988) of Health Data Services, Inc., in Charlottesville Virginia, which provides practice management services to health care providers. Ms. Brody has executive management experience and entrepreneurial experience, as well as knowledge of the business and philanthropic community in Charlottesville.

**John J. Davies, III** is a partner in the law firm of Davies, Barrell, Will, Lewellyn & Edwards, PLC in Culpeper, Virginia, specializing in zoning, land use, business, estate planning, probate, criminal and elder law. Mr. Davies served as a Delegate of the Virginia General Assembly from 1992 to 2000 and served on the board of directors for Second Bank & Trust from 2000 to 2010. He has served on a host of civic, community, educational and other boards, committees or organizations during his career. In addition to his legal and governmental expertise, Mr. Davies is a recognized leader in his community and has experience serving on the board and committees of a community bank.

**William D. Dittmar, Jr.** serves as the non-executive Chairman of the Board of the Company, Virginia National Bank and VNBTrust, N.A. Mr. Dittmar is the president and chief executive officer of Enterprise Holdings, Inc. in Charlottesville, Virginia, which is the parent company for various real estate and commercial property subsidiaries. Mr. Dittmar is the Company's audit committee financial expert; has an extensive business background as a corporate executive, real estate executive and project manager; and is well-versed in economic issues.

**James T. Holland**, a consultant, author and civic volunteer, was the president, chief executive officer and a director of O'Sullivan Corporation, a manufacturing company based in Winchester, Virginia, prior to his retirement in 1999. Prior to that, Mr. Holland was a manager of Finance and Control for a consulting firm and served in junior management positions in a bank. Mr. Holland has executive management and board experience, including prior service on bank boards, and is a civic leader in the Winchester community.

**William Bolling Izard, Jr.** is a Vice President and director of James A. Scott & Son, Incorporated, a corporate risk advisory and insurance business which includes Scott Insurance and Scott Risk Capital, in Charlottesville, Virginia. He also serves as a director of James River Insurance Limited in Bermuda. Having worked in the corporate insurance business for almost 35 years, Mr. Izard has experience advising companies on operational and financial risks.

**Susan K. Payne** is President of Payne, Ross & Associates Advertising, Inc., a marketing, public relations and advertising firm located in Charlottesville, Virginia. She currently serves as the chair of the board of directors of Virginia Tourism Corporation. Ms. Payne has an extensive understanding of the markets and communities served

by the Company and provides marketing and public relations knowledge, better enabling the Company to communicate with existing customers, reach new customers and expand the Company's brand.

**Glenn W. Rust** is Chief Executive Officer and President of the Company and its subsidiary banks. Prior to joining the Bank in 2006, he held various senior management positions at Sterling Bank, including executive vice president, chief operations officer, chief information officer, and president of the Bankruptcy Trustee Division. Mr. Rust serves on the board of, and provides advice and strategic counsel to, several local charitable organizations. Mr. Rust brings wide-ranging executive bank management experience to the Company and expertise in successfully managing growth opportunities.

**Gregory L. Wells** is Chief Executive Officer of ACAC Fitness and Wellness Centers, which has centers in Charlottesville and Richmond, Virginia and in West Chester, Pennsylvania. Prior to joining ACAC in 2006, he was the Chief Executive Officer and an owner of Mailing Services of Virginia in Charlottesville and held management positions with the former Centel Corporation. Mr. Wells has experience in leading companies of various sizes, including responsibilities for finance, strategic planning, operations, business development, marketing and human resources.

**Bryan D. Wright** is a partner in the Charlottesville, Virginia office of the law firm of Williams Mullen, where he serves as corporate, intellectual property and litigation counsel to entrepreneurs, businesses and public institutions. He is active in civic and community affairs. A frequent speaker on business and litigation law matters, Mr. Wright's legal experience provides him with valuable insight on business and risk management issues.

#### **PROPOSAL 2 ADVISORY (NON-BINDING) VOTE TO APPROVE EXECUTIVE COMPENSATION**

Shareholders are being given the opportunity to vote on an advisory (non-binding) resolution to approve the compensation of the named executive officers pursuant to requirements of the Dodd-Frank Act and rules of the Securities and Exchange Commission. The named executive officers of the Company are set forth in the Executive Compensation section of this proxy statement. This proposal, commonly known as a say on pay proposal, gives shareholders the opportunity to endorse or not endorse a company's executive pay program, which is outlined in the Executive Compensation section starting on page 8 of this proxy statement. Accordingly, shareholders of the Company are being asked to approve the following resolution:

*RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the Executive Compensation section of this proxy statement.*

As stated above, this is an advisory vote only. Approval of the proposed resolution requires that the votes cast for the resolution exceed the votes cast against the resolution.

The Company believes its compensation policies and procedures are strongly aligned with the long term interests of its shareholders. Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee of the Board of Directors will take into account the outcome of the vote when considering future executive compensation decisions.

**The Board of Directors recommends that shareholders vote FOR approval of the named executive officers' compensation. Unless otherwise indicated on the proxy, the persons named therein will vote FOR approval of the proposal.**

#### **PROPOSAL 3 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Compliance Committee of the Board of Directors (the Audit Committee), under Rule 10A-3 of the Securities and Exchange Act of 1934 and the committee's charter, has the sole authority to appoint or replace the Company's independent auditors. The Audit Committee has appointed Yount, Hyde & Barbour, P.C. as the

independent auditors to audit the Company's consolidated financial statements for the year ending December 31, 2015. The Audit Committee seeks shareholder ratification of this appointment. Yount, Hyde & Barbour, P.C. has acted as the Company's external auditors since 1999 and has reported on consolidated financial statements during that period. A representative from Yount, Hyde & Barbour, P.C. is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

The appointment of independent auditors will be ratified if the votes cast for ratification exceeds votes cast against ratification.

Should the shareholders not ratify the selection of Yount, Hyde & Barbour, P.C., it is contemplated that the appointment of Yount, Hyde & Barbour, P.C. will be permitted to stand unless the Audit and Compliance Committee finds other compelling reasons for making a change. Disapproval by the shareholders will be taken into consideration for the selection of the independent registered public accounting firm for the coming year.

**The Board of Directors recommends that shareholders vote FOR ratification of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for the fiscal year ending December 31, 2015. Unless otherwise indicated on the proxy, the persons named therein will vote FOR ratification.**

#### INFORMATION ABOUT THE BOARD OF DIRECTORS AND BOARD COMMITTEES

##### Compensation of Directors

The following table provides information concerning the compensation of all directors of the Company who served at any time during 2014. Information concerning Mr. Rust is not included in the table since he is a named executive officer of the Company and his compensation information is fully reflected in the Summary Compensation Table, shown later in this proxy statement/prospectus.

Name	Fees Earned or Paid in Cash (1)	All Other Compensation	Total
Steven W. Blaine	\$7,000	-	\$7,000
Nancy L. Brody	\$5,000	-	\$5,000
John J. Davies, III	\$5,000	-	\$5,000
William D. Dittmar, Jr.	\$10,000	-	\$10,000
James T. Holland	\$5,000	\$36,000 (2)	\$41,000
William Bolling Izard, Jr.	\$5,000	-	\$5,000
Gregory L. Wells	\$5,000	-	\$5,000

(1) Fees paid to directors served as compensation for service on the boards of the Company and its subsidiaries.

(2) During 2014, Mr. Holland received \$36,000 from the Bank as an independent contractor to assist with its business development efforts in the Winchester market.

##### Meetings of the Board of Directors and Director Attendance

The Board of Directors of the Company generally meets monthly, except for August and November. In addition, special meetings may be called whenever necessary. During 2014, there were 8 meetings of Board of Directors, one meeting being cancelled due to inclement weather and another being cancelled to allow time for a Board planning session. Each incumbent director attended at least 75% of the meetings of the Board of Directors and of the committees of the Board on which he or she served during 2014. Board members are encouraged to attend the Annual Meeting of Shareholders, and all of the directors serving on the Company board at the time of the 2014 Annual Meeting of Shareholders attended that meeting.

### **Independence of Directors**

SEC rules require that a company like Virginia National Bankshares Corporation, whose securities are not listed on a national securities exchange or inter-dealer quotation system, disclose in its proxy statement whether each director, nominee for director and member of its compensation, nominating or audit committee is independent using a definition of independence under the rules of a national securities exchange or inter-dealer quotation system. The Board has selected to use the independence definitions under the corporate governance standards established by the NYSE for purposes of disclosure in this proxy, even though those standards are not directly applicable to the Company. For the purpose of determining the independence of any individual for service on the Board of Directors of the Company, the Board has made a reasonable good faith determination, after taking into account all relevant facts and circumstances, that the individual has no material relationship with, or conflict with the interests of, the Company that would interfere with or impair the exercise of that individual's independent business judgment.

The Board has determined the following 10 of the 11 current directors and nominees are independent within the meaning and guidance of Section 303A.02 of the NYSE Listed Company Manual: Ms. Brody, Ms. Payne, and Messrs. Benham, Blaine, Davies, Dittmar, Holland, Izard, Wells and Wright.

In addition, using the NYSE standards, the Board has determined that each current member of the Compensation Committee is independent; each current member of the Corporate Governance Committee is independent; and each member of the Audit and Compliance Committee is independent except Messrs. Blaine and Holland, who are independent for purposes of serving on the Board but are not independent under the NYSE requirement that audit committee members meet the additional independence requirements of Securities and Exchange Commission Rule 10A-3 because they directly or indirectly accept consulting or advisory fees from the Company. The Company and/or its affiliated banks paid Mr. Blaine's law firm fees for services performed primarily by other attorneys in that firm and paid Mr. Holland independent contractor fees for assisting with business development. The amount of such fees are not disclosable as related party transactions under Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended.

### **Audit and Compliance Committee**

The directors currently serving on the Audit and Compliance Committee are Messrs. Dittmar (chair), Blaine, Holland, Izard and Wells. The primary function of the Audit and Compliance Committee is to direct and monitor the internal audit and control functions and to make recommendations regarding the selection of the Company's independent auditing firm. The Board of Directors has determined that Mr. Dittmar is an audit committee financial expert and that each member of the Committee except Mr. Blaine and Mr. Holland is independent within the corporate governance standards for audit committees established by the New York Stock Exchange (NYSE), as described in more detail above under Independence of Directors. The Audit and Compliance Committee met 5 times during 2014. The charter of the Audit and Compliance Committee is on the Company's Investor Relations website at [www.vnbcorp.com](http://www.vnbcorp.com) in the Corporate Overview section under Governance Documents.

### **Compensation Committee**

The directors currently serving on the Compensation Committee are Mr. Blaine (chair), Ms. Brody and Mr. Davies. Each current member of this Committee is independent within the corporate governance standards of the NYSE. The primary function of the Compensation Committee is to review and make recommendations to the Board of Directors with respect to the Company's executive compensation policies and compensation for directors and to administer the Company's stock incentive plans. The Compensation Committee met 2 times during 2014. The charter of the Compensation Committee is on the Company's Investor Relations website at [www.vnbcorp.com](http://www.vnbcorp.com) in the Corporate Overview section under Governance Documents.

### **Corporate Governance Committee**

The directors currently serving on the Corporate Governance Committee are Ms. Brody (chair), Mr. Dittmar and Mr. Holland. Each current member of the Committee is independent within the corporate governance standards of the NYSE. The primary function of the Corporate Governance Committee is to make recommendations to the full Board of Directors on matters of corporate governance, including the independence of directors and nominees. This

committee has no regular meeting schedule, but generally meets in the first quarter of each year to review and make recommendations to the Board regarding independence of directors and is otherwise available to address corporate governance matters with respect to which the full Board requests guidance. The Corporate Governance Committee met 1 time during 2014. The charter of the Corporate Governance Committee is on the Company's Investor Relations website at [www.vnbcorp.com](http://www.vnbcorp.com) in the Corporate Overview section under Governance Documents.

### Nominating Procedures

Since January 2012, nominations are made by the full Board rather than having a nominating committee based on the desire that all directors be actively involved in the nominating process. The Board has not established any formal policies regarding consideration of any director candidates recommended by shareholders; specific criteria or minimum qualifications for a nominee to the Board; a process for identifying and evaluating nominees for director; or consideration of diversity in identifying nominees for director.

### Board Leadership Structure and Role in Risk Oversight

Since 2007, the positions of Chief Executive Officer and Chairman of the Board have been separated. The current leadership structure, which allows the non-executive Chairman to maintain a more objective role in management of Board functions and the Board's oversight of management, is deemed appropriate and effective by the Board at this time. While the Company's management has responsibility for direct, day-to-day management of the Company, the Board has a significant role in oversight of risk. Officers are generally ratified by the Board annually, upon the recommendation of the President. The Board approves all significant policies which guide the Company's officers and other employees in the discharge of their duties. Programs are established to monitor compliance with the policies, and compliance reviews are reported to the Audit and Compliance Committee. While the Board committees outlined above generally perform a more direct role in overseeing specific areas of risk, each committee provides full reports to the Board on any significant or material findings.

## EXECUTIVE COMPENSATION

### Executive Officers

The following table sets forth the name and position of each of the current executive officers of the Company. These individuals are referred to throughout this document as executive officers or named executive officers. Unless otherwise indicated, each of these officers has served as an executive officer of the Company, or the Bank prior to the Reorganization, for at least five years:

Name (Age)	Information about Executive Officers
Glenn W. Rust (59)	President and Chief Executive Officer of the Company and its subsidiary banks. He has been President of Virginia National Bank since November 1, 2006 and Chief Executive Officer since July 15, 2007.
Virginia R. Bayes (54)	Chief Credit Officer and Executive Vice President of Virginia National Bank. Ms. Bayes joined the Bank in 1998 and was named an executive officer in January 2011.
Donna G. Shewmake (54)	General Counsel, Executive Vice President and Corporate Secretary of the Company and Virginia National Bank. Ms. Shewmake joined the Bank in June 2008 as General Counsel and Executive Vice President, and was named Secretary and an executive officer in May 2009.

## Compensation Discussion

*Philosophy and Objectives of the Company's Compensation Program.* The Board believes that compensation of its executive officers should reflect and support the Company's strategic and financial performance goals, the primary goal being the creation of long-term value for the shareholders of the Company, while protecting the interests of the depositors of the Bank.

The Compensation Committee has adopted a committee charter, which was subsequently ratified by the entire Board of Directors, pursuant to which the Compensation Committee is tasked with reviewing and making recommendations regarding the Company's executive compensation policies to ensure that they are (i) competitive, (ii) performance-based, and (iii) consistent with the Company's annual and long-term business objectives. The Compensation Committee is also responsible for administering the Company's stock incentive plans.

The Compensation Committee specifically reviews and, subject to approval by the Board, establishes the compensation of the Chief Executive Officer and President ( CEO ) of the Company and its affiliated banks based on reasonableness, competitiveness, and relationship to performance. In determining the compensation to recommend for the Chief Executive Officer, the Compensation Committee reviews the overall financial performance of the Company relative to the performance of peer and comparable banks and banking holding companies as well as the CEO's performance against standards previously established by the Compensation Committee. The Compensation Committee considers whether the CEO's cash compensation and the stock option incentive awards made to him bear a reasonable relationship to the compensation paid to the chief executive officers of comparable banks and bank holding companies and is consistent with the desire of the Compensation Committee to offer appropriate performance incentives to the CEO and to motivate him to remain at the Company. When the Compensation Committee met to consider Mr. Rust's 2013 compensation based on performance during 2012, the Compensation Committee recommended that Mr. Rust's salary remain at \$285,000 and that he be given a \$35,000 bonus and an incentive option to purchase 5,000 shares of common stock. The Board approved such recommendation. The Compensation Committee did not recommend any adjustment to Mr. Rust's compensation for 2014.

The CEO of the Company specifically reviews and establishes the compensation of the other executive officers of the Company. The compensation of the Company's named executive officers is designed to be competitive with the Company's peers and reflective of the level of responsibility and performance of the executive officer. The philosophy behind the compensation program is to provide cash compensation in the form of salaries and short-term incentive compensation, and stock option incentives in an effort to promote an ownership mentality among the executive officers and other key individuals within the Company and its affiliated banks.

During 2014 and 2013, no compensation consultants were engaged or used by the Compensation Committee, the Board of Directors or management with respect to executive compensation.

*Composition of Compensation.* There are four primary components of executive compensation, as follows: base salary; short-term incentive compensation; long-term stock option grants or other awards under the Company's stock incentive plans; and benefits.

*Base Salary.* Base salary provides competitive levels of compensation to executives, in accordance with their experience, duties and responsibilities. Base salaries are necessary to recruit and retain executives, and base salary adjustments are reflective of an individual's performance or changed responsibilities.

*Short-Term Incentive Compensation; Bonuses.* Short-term incentive compensation is designed to align the interests of staff with the Company's shareholders by rewarding executive officers and other eligible employees based on the performance of the Company. During 2013, the Company paid bonuses to the executive officers and most other employees. No bonuses were paid to executive officers in 2014. Management continues to consider a formal short-term incentive compensation program, which would include goals for company, department and individual performance. Executive officers may be eligible to participate in the Company's programs; however, any incentive compensation or bonus paid to Mr. Rust is subject to review by the Compensation Committee and approval by the Board.

*Long-Term Stock Option Grants and Other Stock Incentive Awards.* Periodically, stock option grants, restricted stock or other awards under the Company's stock incentive plans may be awarded to executive officers and others within the Company and its affiliated banks whose performance is critical to the ongoing success of the Company. Stock options that have been granted have a ten-year term, and typically vest evenly over a four-year period. All outstanding options have an exercise price equal to the closing price of Company common stock on the date of the grant. The actual value that may be realized by an option holder is tied to the appreciation of Company common stock, thereby aligning the option holders' interests with those of the Company's other shareholders.

*Benefits.*

*401(k) Profit Sharing Plan.* The Company has a 401(k) plan available to all employees who are at least 18 years of age. Employees are able to elect the amount to contribute, not to exceed a maximum amount as determined by IRS regulation. Effective January 1, 2013, the Company matched 100% of the first 3% of employee contributions and 50% for the next 2% of employee contributions. Commencing January 1, 2014, the Company's matched 100% of the first 6% of employee contributions. Vesting refers to the rights of ownership to the assets in the 401(k) accounts. Effective January 1, 2013, matching contributions were fully vested immediately. Employee contributions to the plan have always been 100% vested.

*Health and Welfare Benefits.* The Company also offers health and welfare benefits to the executive officers and others within the Company, including medical, dental and vision insurance, group term life insurance, disability insurance and flexible spending accounts.

*Split-Dollar Life Insurance.* The Company has certain split dollar insurance, or bank-owned life insurance ( BOLI ) arrangements with the named executive officers, the other executive officer(s) and certain other senior officers of the Company. Under these BOLI arrangements, the Company is the owner of, and pays all premiums for, insurance policies on an officer's life. Upon the death of the insured officer, a portion of the death benefit will be paid to beneficiary(ies) designated by the officer, subject to the terms and restrictions of the split dollar endorsement agreement between the officer and the Company, and the balance is paid to the Company.

*Perquisites.* Perquisites may be granted to executive officers and other employees, after proper consideration of the business need. Perquisites may include memberships in local clubs and the provision of a bank-owned automobile, or limited reimbursement toward the purchase of a personal automobile that will be primarily used for Company business. All perquisites represent a very small portion of the Company's compensation program, and those for the named executive officers are disclosed according to regulation in the Summary Compensation Table below.

*Employment and Severance Agreements.* Neither the Company nor its affiliated banks have any employment or severance agreements with the named executive officers or any other agreements that would result in payments (other than accrued salary and benefits) to the executive officers upon a change in control.



### Summary Compensation Table

The following table sets forth for the periods indicated certain information concerning the compensation of the named executive officers.

Name and Position	Year	Salary	Bonus	Option Awards (1)	All Other Compensation (2)	Total
<b>Glenn W. Rust</b> Chief Executive Officer and President (Principal Executive Officer)	2014	\$285,000	-	-	\$47,565	\$332,565
	2013	\$285,000	\$41,000	\$84,310	\$40,916	\$451,227
<b>Virginia R. Bayes</b> Chief Credit Officer and Executive Vice President, Virginia National Bank	2014	\$170,304	-	-	\$22,397	\$192,701
	2013	\$170,304	\$6,000	-	\$8,335	\$184,639
<b>Donna G. Shewmake</b> General Counsel, Executive Vice President and Secretary	2014	\$190,000	-	-	\$12,950	\$202,950
	2013	\$190,000	\$6,000	-	\$9,279	\$205,279

- (1) These amounts reflect the value determined by the Company for accounting purposes and do not reflect whether the recipient has actually realized a financial benefit from exercising the options. For the assumptions made in valuation of option awards, please refer to Note 1 of the Notes to Consolidated Financial Statements in Item 8 of the Company's Form 10-K for the year ended December 31, 2014.
- (2) Consists of the Company's contribution to the 401(k) plan account of the named executive officers during the years mentioned; term life, bank-owned life insurance and disability insurance premiums paid by the Company for the benefit of the named executive officers; and gross-ups or other amounts reimbursed for the payment of taxes. For Mr. Rust, also includes expenses related to country club membership, a bank-owned automobile, information technology and health/wellness benefits. For Ms. Bayes, also includes reimbursement for education and health/wellness benefits.

### Outstanding Equity Awards at Fiscal Year-End 2014

The following table provides information concerning unexercised options for each of the named executive officers who had equity awards outstanding as of December 31, 2014.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Glenn W. Rust	11,500	-	\$36.74	11/01/2016
Glenn W. Rust	5,750	-	\$15.65	04/19/2020
Glenn W. Rust	4,312	1,438 (1)	\$15.74	03/21/2021
Glenn W. Rust	1,250	3,750 (2)	\$15.09	02/19/2023
Virginia R. Bayes	3,450	-	\$26.96	08/23/2017
Donna G. Shewmake	4,600	-	\$23.26	06/03/2018

- (1) Mr. Rust's options vest in four equal annual installments beginning March 21, 2012.
- (2) Mr. Rust's options vest in four equal annual installments beginning February 10, 2014.

**BENEFICIAL OWNERSHIP OF COMPANY COMMON STOCK**

The following table sets forth certain information known to the Company concerning persons who beneficially owned more than five percent (5%) of the outstanding Company common stock as of April 10, 2015. Referenced footnotes follow the second table concerning the beneficial ownership of Company common stock by directors and executive officers of the Company.

Name and Address	Number of Shares Beneficially Owned (1)	Percent of Class
SRCM Holdings, LLC	241,741 (2)	8.99%
Swift Run Capital Management, LLC		
Swift Run Capital, LP		
Timothy S. Mullen		
310 4 <sup>th</sup> Street NE, Suite 102		
Charlottesville, Virginia 23902		
Hunter E. Craig	213,109 (3)	7.91%
1900 Arlington Boulevard		
Charlottesville, Virginia 22903		
William D. Dittmar, Jr.	169,886 (4)	6.30%
401 East Market Street		
Charlottesville, Virginia 22902		

The following table sets forth certain information as of April 10, 2015 concerning beneficial ownership of the Company's common stock by each director, nominee and named executive officer and all directors, nominees and executive officers as a group.

	Shares of Common Stock Beneficially Owned	
	Number of Shares (1)	Percent of Class
Virginia R. Bayes	6,736 (5)	*
H.K. Benham, III	19,999 (6)	*
Steven W. Blaine	7,188	*
Nancy L. Brody	66,125 (5)	2.46%
John J. Davies, III	550	*
William D. Dittmar, Jr.	169,886 (5)	6.30%
James T. Holland	13,082 (5)	*
William Bolling Izard, Jr.	38,641	1.44%
Susan K. Payne	11,328 (5)	*
Glenn W. Rust	44,278	1.63%
Donna G. Shewmake	4,600	*
Gregory L. Wells	5,980	*
Bryan D. Wright	7,244 (5)	*
<b>Directors and Executive Officers as a Group (13 persons)</b>	<b>395,637</b>	<b>14.39%</b>

\* Represents less than one percent of the Company's common stock.

(1) A person is deemed to be the beneficial owner of shares of the Company's common stock if that person has the right to beneficially acquire such shares through the exercise of any option, warrant or right within 60 days. Number of shares reported includes shares that may be acquired pursuant to currently exercisable stock options granted under the Company's incentive stock option plans as follows: Ms. Bayes, 3,450; Mr. Benham, 7,303; Mr. Blaine, 6,728; Mr. Craig, 6,728; Mr. Dittmar, 6,728; Mr. Holland, 575 shares; Ms. Payne, 6,728; Mr. Rust, 25,500; and Ms. Shewmake, 4,600. All shares reported are held with sole investment power and sole voting power except noted.



- (2) Information is based on Schedule 13D filed by identified group on March 14, 2014. Includes 190,152 shares held by Swift Run Capital, LP and additional shares in certain accounts managed by Swift Run Capital Management, LLC. Shares reported as being held with shared investment power and shared voting power.
- (3) Excludes 10,925 shares owned by Mr. Craig's spouse.
- (4) 162,008 shares are pledged as security.
- (5) Includes shares held with shared investment power and shared voting power with spouses, and/or shares held by spouse(s) held as follows: Ms. Bayes, 115 shares; Ms. Brody, 66,125 shares; Mr. Holland, 1,610 shares; Ms. Payne, 3,450 shares; and Mr. Wright, 2,150 shares.
- (6) Includes 1,690 shares held by the Kern Trust. Mr. Benham disclaims beneficial ownership of shares held by the Kern Trust, except to the extent of his pecuniary interest therein.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, the Company's directors, executive officers and persons who own more than 10% of the Company's securities (collectively, reporting persons) are required to file reports of ownership and changes in ownership of the Company's securities with the Securities and Exchange Commission and to provide copies of such reports to the Company. Prior to the Reorganization, such reports were required to be filed with the Office of the Comptroller of the Currency. To the Company's knowledge, based solely on a review of the information and reports furnished to the Company and the Bank, the Company believes that all reporting persons timely filed all reports required under Section 16(a) during 2014 with the following exception: a Form 4 report was filed late by for Mr. Dittmar related to the exercise of a stock option.

#### **TRANSACTIONS WITH RELATED PERSONS**

Certain of the Company's officers and directors, and certain immediate family members and/or entities in which such persons are associated, are customers of the Company's banking affiliates and have had transactions in the ordinary course of business with the banking affiliates, including loan, deposit, asset management and other banking transactions. All such banking transactions have been on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons, and did not involve more than a normal risk of collection or present any unfavorable features for the bank. All credit transactions involving officers and directors are reviewed and approved pursuant to the Bank's established underwriting procedures, and all credit transactions involving executive officers and directors, and/or entities in which such persons are associated, are reported to the board of directors of the Bank.

The Company had business dealings or entered into non-banking transactions with directors of the Company, or the Bank prior to the Reorganization, or with entities in which a director or principal shareholder is owner, principal or has a beneficial interest of 10% or more since the beginning of 2013. Although the Company has not adopted a formal written policy that covers the review and approval of director and other related person transactions by the Board, the Board, as a matter of practice, reviews all such significant transactions for approval. All such dealings and transactions have been on substantially the same terms as those prevailing at the time for comparable business dealings and transactions with unrelated persons. These related party transactions since 2013 include (a) rental expense (including reimbursements for taxes, insurance and other expenses) paid to Pantops Park, LLC, of which William D. Dittmar, Jr., a director, is the sole managing member and (b) payments for marketing and advertising services to Payne, Ross & Associates Advertising, Inc. (Payne Ross) of which Susan K. Payne, a director nominee, is an owner. Annual rent paid to Pantops Park, LLC was based on the fair market value at the time the lease was executed in 2007 as verified by an independent third-party appraisal, and annual rent increases at the rate of 2% per annum under the terms of the lease. Payments to, or for the benefit of, Pantops Park, LLC include \$442,680 for 2013, \$452,914 for 2014, and \$129,490 for the period from January 1 through April 6, 2015. Payments to Payne Ross include \$69,900 for 2013, \$318,320 for 2014, and \$4,480 for the period from January 1 through April 6, 2015. Some portion of the payments made to Payne Ross were used, in turn, to pay third parties for legitimate business expenses incurred on behalf of the Company. The Company has engaged non-banking transactions with other related persons of the Company and/or the Bank; however, the amount of such payments did not exceed the disclosure threshold of \$120,000.

According to a Schedule 13D filed on March 14, 2014, SRCM Holdings LLC (SRCM Holdings), Swift Run Capital Management, LLC (SRCM), Swift Run Capital, LP (SRC Fund) and Timothy S. Mullen (Mullen) (collectively, the SRCM Group) have shared voting and shared dispositive power over 241,741.5 shares of

Company common stock, or approximately 9.0% of the outstanding Company common stock. Consequently, each member of the SRCM Group is a related person under Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended. On June 27, 2013, the Company's affiliates, VNBTrust, SRCM and the Bank, entered into a purchase and sale agreement with SRCM Holdings (the Sale Agreement) pursuant to which SRCM was sold by VNBTrust to SRCM Holdings effective on July 18, 2013 (the Closing Date). Under the terms of the Sale Agreement, SRCM Holdings and/or SRCM agreed to pay VNBTrust, quarterly during the ten-year period beginning January 1, 2014 and ending December 31, 2023 (the Term), (a) ongoing acquisition royalty payments equal to (i) 20% of the management and performance fee revenue received by SRCM from limited partners of the SRC Fund as of the Closing Date and (ii) 20% of the management and performance fee revenue received by SRCM from VNBTrust clients that opened accounts with SRCM within 30 days of the Closing Date, and (b) ongoing referral payments equal to 20% of the management and performance fee revenue received by SRCM from clients referred by the Company and its affiliates to SRCM during the Term. From March 6, 2014 through April 6, 2015, the Company and its affiliates received \$650,823 in payments from SRCM Holdings and/or SRCM under the terms of the Sale Agreement. During that same timeframe, the Company and its affiliates also made the following payments to or for the benefit of members of the SRCM Group: (a) a deferred bonus payment of \$625,066 to Mullen for services performed prior to January 1, 2014; and (b) an aggregate of \$245,948 in connection with the sublease and eventual assignment of a lease from VNBTrust to SRCM Holdings as contemplated by the terms of the Sale Agreement, \$225,166 of which was withheld from bonus compensation which was otherwise available for payment to Mullen and other employees for past services.

### INDEPENDENT AUDITORS

The Company has selected Yount, Hyde & Barbour, P.C., Winchester, Virginia, to serve as independent auditors for the Company in 2015. This firm audited the books and records of the Company for 2014 and 2013. The Company or the Bank incurred the fees and out-of-pocket expenses shown in the table below for audit and other professional services provided by Yount, Hyde & Barbour, P.C. for or during the fiscal years ended December 31, 2014 and December 31, 2013:

	2014	2013
Audit Fees (1)	\$93,882	\$92,538
Audit-related Fees (2)	16,525	9,382
Tax Fees (3)	8,300	8,050
Total Fees	\$118,707	\$109,970

- (1) Audit fees: Audit and review services, review of documents filed with the Securities and Exchange Commission, and in 2013, consent on Form S-4 regarding reorganization into a holding company form of ownership.
- (2) Audit-related fees: Consist of the audit of the Bank's 401(k) Plan and research and consultation on various accounting and disclosure matters.
- (3) Tax fees: Preparation of federal and state income tax returns.

In every case, the scope of all audit services and permissible non-audit services provided by Yount, Hyde & Barbour, P.C. was pre-approved by Audit and Compliance Committee of the Company, or of the Bank prior to the Reorganization. The Committee was directly responsible for the appointment, compensation, retention and oversight of Yount, Hyde & Barbour, P.C., and the firm reported directly to the Committee.

Representatives from Yount, Hyde & Barbour, P.C. are expected to be present at the Annual Meeting to make a statement if they desire to do so and to answer any questions any shareholder may have.

Yount, Hyde & Barbour, P.C. has advised the Company that neither it nor any of its members has any direct financial interest or material indirect financial interest in the securities of the Company, or any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

### **AUDIT AND COMPLIANCE COMMITTEE REPORT**

The Audit and Compliance Committee consists of directors Blaine, Dittmar, Holland, Izard and Wells, none of whom are employees of the Company. The Committee is authorized by the Board to provide independent oversight with respect to the independent audit; to monitor the Company's accounting practices, procedures and policies and financial reporting processes, compliance of the Company's consolidated financial statements and internal controls with federal and state banking and securities regulatory requirements; and to evaluate the Company's system of internal controls, internal audit function (whether outsourced or conducted in-house), and related areas.

The Audit Committee has reviewed and discussed the audited consolidated financial statements with management. The Audit Committee has also reviewed and discussed with Yount, Hyde & Barbour, P.C., independent auditors, the matters required to be discussed by applicable Public Company Account Oversight Board (PCAOB) standards. The Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit and Compliance Committee concerning independence and has discussed with the independent auditors the independence of the firm.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors of the Company that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission.

*William D. Dittmar, Jr., Chairman*  
*Steven W. Blaine*  
*James T. Holland*  
*William Bolling Izard, Jr.*  
*Gregory L. Wells*

### **CODE OF ETHICS**

The Company has adopted a Code of Ethics that applies to all of its employees, including its principal executive officer and its principal financial officer. The Code of Ethics is designed to deter wrongdoing and to promote the following: honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with regulatory agencies and in other public communications; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code to an appropriate person identified in the Code; and accountability for adherence to the Code.

The Company's Code of Ethics is available, free of charge, by contacting the Corporate Secretary of Virginia National Bankshares Corporation at 404 People Place, Charlottesville, Virginia 22911. It is also available on the Company's Investor Relations website at [www.vnbcorp.com](http://www.vnbcorp.com) in the Corporate Overview section under Governance Documents.

### **SHAREHOLDER COMMUNICATIONS WITH DIRECTORS**

Shareholders may communicate with all or any member of the Board of Directors by addressing correspondence to the Board of Directors or to the individual director and addressing such communication to the Corporate Secretary of Virginia National Bankshares Corporation at 404 People Place, Charlottesville, Virginia 22911. All communications so addressed will be forwarded to the Chairman of the Board of Directors (in the case of correspondence addressed to the Board of Directors) or to any named individual director.

### **OTHER MATTERS**

The Company is not aware of any other matters to come before the Annual Meeting. If other matters are properly raised at the Annual Meeting, the persons named in the enclosed proxy form will vote the proxy in their discretion.

### **SHAREHOLDER NOMINATIONS AND PROPOSALS**

The Company's Bylaws provide that, in addition to any other applicable requirements, for any nomination of a director or other business to be properly brought before an annual meeting by a shareholder, the shareholder must provide written notice to the Company at least 90 but not more than 120 days prior to the first anniversary of the preceding year's annual meeting. For the 2016 annual meeting, notice must be delivered to the Corporate Secretary no later than February 20, 2016. The notification must contain certain information as provided in the Company's Bylaws. Any proposed nomination or business not in compliance with the requirements of the Company's Bylaws shall be disregarded.

In order for a shareholder proposal to be considered for inclusion in the Company's proxy materials relating to its 2016 Annual Meeting of Shareholder pursuant to applicable Securities and Exchange Commission rules, it must be received by the Company no later than December 22, 2015.

Shareholder notifications and proposals should be sent to the attention of the Corporate Secretary, Virginia National Bankshares Corporation, 404 People Place, Charlottesville, Virginia 22911.

### **ANNUAL REPORT**

The Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, is being mailed with this proxy statement. Shareholders may also request, without a charge, a copy of the Company's 2014 Annual Report on Form 10-K by writing to the Corporate Secretary, 404 People Place, Charlottesville, Virginia 22911.

*To Our Friends and Fellow Shareholders:*

*The Directors and Staff of*

*Virginia National Bankshares Corporation*

*Cordially Invite You to Join Them for an*

*Informal Discussion*

*Immediately Following the Formal Annual Meeting*

## **VIRGINIA NATIONAL BANKSHARES CORPORATION**

**This Proxy is solicited on behalf of the Board of Directors**

As an alternative to completing this form, you may enter your vote instruction by telephone at 1-800-PROXIES, or via the Internet at [WWW.VOTEPROXY.COM](http://WWW.VOTEPROXY.COM) and follow the simple instructions. Use the Company Number and Account Number shown on your proxy card.

The undersigned hereby appoints Steven W. Blaine, William Bolling Izard, Jr. and Gregory L. Wells, any of whom may act alone and with full power of substitution, as proxies, to represent and vote all shares of Virginia National Bankshares Corporation (the Company) of the undersigned at the Annual Meeting of Shareholders of the Company to be held on Wednesday, May 20, 2015, at 4:00 p.m. at The Boar's Head Inn Pavilion, 200 Ednam Drive, Charlottesville, Virginia, or any adjournment thereof, on the following matters:

**(Continued and to be signed on the reverse side.)**

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# ANNUAL MEETING OF SHAREHOLDERS OF VIRGINIA NATIONAL BANKSHARES CORPORATION

May 20, 2015

**GO GREEN**

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDERS' MEETING TO BE HELD ON MAY 20, 2015**

A complete set of proxy materials related to Virginia National Bankshares Corporation's 2015 Annual Meeting is available on the internet at [www.vnb.com](http://www.vnb.com) in the Investors section under Proxy Materials. The materials available include the Notice of Annual Meeting of Shareholders, the Proxy Statement, the form of Proxy and the Annual Report on Form 10-K for the year ended December 31, 2014. The matters to be acted upon are set forth below. Execution of a proxy will not affect a registered shareholder's right to attend the Meeting and vote in person. Any registered shareholder who has executed and returned a proxy may revoke it by attending the Meeting and voting in person.

Please sign, date and mail  
your proxy card in the  
envelope provided  
as soon as possible.

Please detach along perforated line and mail in the envelope provided.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES IN PROPOSAL 1 and FOR PROPOSALS 2 & 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE**

1. Election of the following persons as directors to serve until the next annual meeting of shareholders

**NOMINEES:**

**FOR ALL NOMINEES**

**WITHHOLD AUTHORITY  
FOR ALL NOMINEES**

**FOR ALL EXCEPT**  
(See instructions below)

H. K. Benham, III  
Steven W. Blaine  
Nancy L. Brody  
John J. Davies, III  
William D. Dittmar, Jr.  
James T. Holland  
William Bolling Izard, Jr.  
Susan K. Payne  
Glenn W. Rust  
Gregory L. Wells  
Bryan D. Wright

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here:

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To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

- |    |   |     |         |         |
|----|---|-----|---------|---------|
|    |   | FOR | AGAINST | ABSTAIN |
| 2. | Advisory (non-binding) approval of the Company's executive compensation.  |     |         |         |
| 3. | Ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Company's independent auditors for 2015.        | FOR | AGAINST | ABSTAIN |
| 4. | To transact such other business as may properly come before the meeting or any adjournments or postponements thereof. |     |         |         |

**This Proxy will be voted as specified. If no specification is made, this Proxy will be voted in accordance with the recommendations of the Board of Directors.**

**PLEASE COMPLETE THIS PROXY ABOVE, SIGN BELOW AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.**

**Execution of a Proxy will not affect a registered shareholder's right to attend the meeting and vote in person. Any registered shareholder who has executed and returned a Proxy may revoke it by attending the meeting and voting in person.**

Signature of  
Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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