

# **BLUE RIDGE BANKSHARES, INC.**

## **Audit and Risk Governance Committee Charter**

### **I. PURPOSE**

The primary purpose of the Audit and Risk Governance Committee of the Board of Directors of Blue Ridge Bankshares, Inc. (the "Corporation") is to provide independent and objective oversight of the integrity of the Corporation's financial statements, the accounting functions and internal controls of the Corporation and its subsidiaries and affiliates (as applicable), including Blue Ridge Bank (the "Bank"), compliance with legal and regulatory requirements, the Corporation's independent registered auditors' qualifications and independence, and the performance of the Corporation's independent registered auditors, and internal audit function. The Committee and the Board shall have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent accountants and internal auditors. The Committee shall also review and advise the Board with respect to the Bank's risk management policies, and tax policies.

### **II. FUNCTIONS**

The Audit and Risk Governance Committee shall perform the following functions:

1. Accounting oversight:
  - a. Select the independent registered public accounting firm to audit the Corporation's annual financial statements and perform any other non-audit services performed by independent accountants.
  - b. Review and approve fees paid for those services.
  - c. Oversee the work done by the Corporation's independent accountants.
  - d. Review and approve dismissal of the independent accounting firm.
  - e. Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation.
  - f. Engage independent counsel, consultants, or other advisors relating to audit or tax matters it deems necessary. The Committee will be responsible for approving any fees paid as a result of these services. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Corporation's independent accountants, any other accounting firm engaged to perform services for the Corporation, any outside counsel and any other advisors to the Committee.
  - g. Approve all audit engagement fees and terms and pre-approve all audit and permitted non-audit and tax services that may be provided by the independent accountants or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the independent accountants or other registered public accounting firms on an on-going basis.

- h. Oversee the internal audit function to ensure that the operations of the Corporation and its subsidiaries are conducted according to the highest standards by providing an independent, objective assurance function.
- i. At least annually, obtain and review a report by the independent accountants that describes (1) the accounting firm's internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board ("PCAOB") review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues, and (3) all relationships between the firm and the Corporation or any of its subsidiaries; and to discuss with the independent accountants this report and any relationships or services that may impact the objectivity and independence of the auditors.
- j. Prior to the annual audit, review the scope and general extent of the independent accountant's audit examination, including their engagement letter.
- k. Consult with the Corporation's internal auditor and independent accountants regarding the plan of audit. The Committee also shall review with the independent accountants their report on the audit and review with management the independent accountants' suggested changes or improvements in the Corporation's accounting practices or controls.
- l. Review significant developments in accounting rules. The Committee shall review with management recommended changes in the Corporation's methods of accounting. The Committee also shall review with the independent accountants any significant proposed changes in accounting principles and financial statements.
- m. Upon completion of the annual audit, the Committee will review and discuss with the independent accountants:
  - 1) The Corporation's annual financial statements and related footnote disclosures and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") to be included in the Corporation's annual report on Form 10-K prior to distribution to the public or regulatory authorities.
  - 2) Significant transactions which are not a normal part of the Corporation's operations.
  - 3) Changes in important accounting principles and assess the impact on the annual financial statements.
  - 4) Any alternative methods of reporting financial information in accordance with generally accepted accounting principles.
  - 5) Accounting adjustments proposed by the independent accountants and management's response to them.

- 6) The “Management Letter” issued by the independent accountants and management’s response to the issues presented and other material written communications between the independent accountants and management.
  - 7) Any audit problems or difficulties, including difficulties encountered by the independent accountants during their audit work (such as restrictions on the scope of their activities or their access to information), any significant disagreements with management and management’s response to these problems, difficulties or disagreements.
  - 8) Any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation’s selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Corporation’s financial statements.
  - 9) Any other matters required to be discussed by PCAOB Auditing Standards No. 1301, *Communications with Audit Committees*.
- n. Recommend to the Board that the audited financial statements and the MD&A section be included in the Corporation’s Form 10-K and whether the Form 10-K should be filed with the Securities and Exchange Commission, and produce the audit committee report required to be included in the Corporation’s proxy statement.
  - o. Review and discuss with the Corporation’s independent accountants and management the Corporation’s quarterly financial statements and the MD&A disclosure to be included in the Corporation’s quarterly report on Form 10-Q.
  - p. Review and discuss with management and the Corporation’s independent accountants the Corporation’s earnings press releases and any financial information and earnings guidance provided to analysts and ratings agencies.
  - q. At least annually, evaluate the qualifications, performance and independence of the independent accountants, including an evaluation of the lead audit partner.
  - r. Consult with the Corporation’s management, internal auditor and independent accountants regarding the adequacy of internal accounting controls, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Corporation’s internal controls and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such internal controls. Where appropriate, consultation with the independent accountants regarding internal controls shall be conducted out of management’s presence.
  - s. Set Corporation hiring policies for employees or former employees of the Corporation’s independent accountants.
  - t. The Committee will be available to meet with any employee to address complaints involving any accounting, auditing, or tax matters. The Committee will advise management to establish and oversee procedures for the receipt,

retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Corporation employees of concerns regarding questionable accounting or auditing matters.

2. Risk Management oversight:

- a. Oversee management in management's establishment, implementation and operation of a risk management system and an internal management and control system, and hold management accountable for the development of mechanisms enabling management and the Committee (and ultimately the Board and the Bank Board) to assess the efficiency and effectiveness of those systems.
- b. Approve and recommend to the Board policies and procedures on risk governance and management.
- c. Undertake regular reviews of the Corporation's risk profile.
- d. Assess the adequacy of the risk management and control systems with management and the internal auditors.
- e. Hold management accountable for operating a risk management system that considers all material risks.
- f. Hold management accountable for assessing the prioritization of the Corporation's greatest potential financial risks.
- g. Hold management accountable for assessing the internal processes for determining areas of greatest risks.
- h. Report to the Board on the Committee's review of the Corporation's risk profile and of the adequacy of the risk management systems and processes.
- i. Review risk reports from management, including reports of any actual or suspected fraud, theft or suspicious activity.
- j. Review management's processes for ensuring and monitoring compliance with laws, regulations, and other requirements relating to external financial and nonfinancial reporting.
- k. Hold management accountable for identifying and analyzing risks associated with new activities or products, and for establishing the infrastructure and internal controls necessary to manage the related risks before undertaking new activities or introducing new products.

3. **Internal Control Systems.** Review with management and internal audit the Corporation's and the Bank's internal control systems intended to ensure the reliability of financial reporting and compliance with applicable codes of conduct, laws, and regulations. The review shall include any significant problems and regulatory concerns. The Committee also shall review internal audit plans in significant compliance areas.

4. **Ethical Environment.** Consult with management on the establishment and maintenance of an environment that promotes ethical behavior, including the establishment, communication, and enforcement of codes of conduct to guard against dishonest, unethical, or illegal activities.

5. **Oversight of Executive Officers and Directors and Conflicts of Interest.** Review significant conflicts of interest involving directors or executive officers. The Committee shall review compliance with the policies and procedures of the Corporation and the Bank with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent accountant. The Committee shall review executive officers' and directors' loan and deposit relationships and consider the results of any review of these areas by the internal auditor or the independent accountant. The Committee also shall review significant questionable or illegal payments. The Audit and Risk Governance Committee will have the final say on all risk rating discrepancies between management and loan review.
6. **Risk Management.** Review and evaluate risk management policies in light of the Corporation's business strategy, capital strength, and overall risk tolerance. The Committee also shall evaluate on a periodic basis the Corporation's investment and derivatives risk management policies, including the internal system to review operational risks, credit risks, interest rate risks, procedures for derivatives investment and trading, and safeguards to ensure compliance with procedures.
7. **Related Party Transactions.** Review, approve and oversee any transaction between the Corporation and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis, in accordance with Corporation policies and procedures.
8. **Charter Amendments.** Review this Charter annually, assess its adequacy and propose appropriate amendments to the Board.
9. **Performance Evaluation.** The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board.

The Committee's function is one of oversight and review, and it is not expected to audit the Corporation, to define the scope of the audit, to control the Corporation's accounting practices, or to define the standards to be used in preparation of the Corporation's financial statements.

### **III. COMPOSITION & INDEPENDENCE**

The Committee shall consist of not less than three independent members, who shall be appointed by the Board of Directors upon the recommendation of the Governance Committee. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the rules of the New York Stock Exchange. Members of the Committee shall be financially literate, as determined by the Board, and at least one member of the Committee shall have accounting or related financial management expertise, as determined by the Board. At least one member of the Committee must be an "audit committee financial expert" as defined in Item 408(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have accounting or related financial management expertise. No member of the Committee shall be employed or otherwise affiliated with the Corporation's independent accountants.

No member of the Committee may serve simultaneously on the audit committee of more than two other public companies without prior approval of the Board.

In the event that a Committee member faces a potential or actual conflict of interest with respect to a matter before the Committee, that Committee member shall be responsible for alerting the Committee Chairman, and in the case where the Committee Chairman faces a potential or actual conflict of interest, the Committee Chairman shall advise the Chairman of the Board of Directors. In the event that the Committee Chairman, or the Chairman of the Board of Directors, concurs that a potential or actual conflict of interest exists, an independent substitute Director shall be appointed as Committee member until the matter, posing the potential or actual conflict of interest, is resolved.

#### **IV. QUORUM AND MEETINGS**

A quorum of the Committee shall be declared when a majority of the appointed members of the Committee are in attendance. Reports may be received on behalf of the Committee by the Committee Chair and reported to the full Committee at its next scheduled meeting. The Committee shall meet on a quarterly basis. Meetings shall be scheduled at the direction of the Chairman. Except in emergency situations, notice of the meetings shall be provided at least ten days in advance. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.

#### **V. REPORTS**

The Committee will keep minutes of its meetings and will make such minutes available to the full Board for its review. The Committee will report regularly to the full Board regarding the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements, the performance and independence of the independent accountants, and the performance of the internal audit function.

#### **VI. OTHER AUTHORITY**

The Committee is to serve as the Committee for the Corporation and its subsidiaries. The Committee is granted the authority through external and internal audit to investigate any activity of the Corporation or its subsidiaries. The Committee is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility. The Committee also is authorized to seek outside legal or other advice to the extent it deems necessary or appropriate, provided it shall keep the Board advised as to the nature and extent of such outside advice.