

First Community Bankshares, Inc.

Audit, Compliance, and Enterprise Risk Committee Charter

OVERVIEW

The Board of Directors (the “Board”) of First Community Bankshares, Inc. (the “Company”) has constituted and established an Audit, Compliance, and Enterprise Risk (“ACER”) Committee (the “Committee”) with authority, responsibility and specific duties as described in this ACER Committee Charter (the “Charter”).

PURPOSE

This Charter is intended to serve as a component of the governance framework within which the Board, assisted by its committees, directs the affairs of the Company.

GENERAL OBJECTIVES

The general objective of this Charter is to establish and define the ACER Committee’s composition, authority, responsibilities, and meeting requirements.

STATEMENT OF NEED AND DEFINITION

The Committee is chartered to represent and provide assistance to the Board in fulfilling its governance responsibility relating to (i) the integrity of the Company’s financial statements and financial reporting processes; (ii) the systems of internal accounting and financial controls; (iii) compliance with legal and regulatory requirements and the Company’s policies; (iv) the annual independent audits of the Company’s financial statements and internal control over financial reporting; (v) the independent registered public accountant’s qualifications, independence and performance; (vi) the performance of the Company’s Internal Audit function; (vii) the implementation and enforcement of the Company’s risk management policies and procedures, including consumer compliance; and (viii) any other areas as specified by the Board.

SPECIFIC GOALS

Reserved.

CHARTER ELEMENTS

Composition

The Committee composition shall be in accordance with the listing standards of the NASDAQ Stock Market (“NASDAQ”). The Committee shall be comprised of three or more directors (including a chairperson) as appointed annually by the Board, each of whom shall meet the independence and other requirements of NASDAQ and the Securities and Exchange Act of 1934, as amended.

Each member shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment. Each Committee member shall be financially literate, as such qualification is interpreted by the Board in its business judgment, including, at a minimum, having the ability to read and understand financial statements (including the Company’s balance sheet, income statement, and cash flow statement and notes thereto). No member of the Committee shall have participated in the preparation of the financial statements of the Company in the past

three years. At least one member of the Committee shall be an “audit committee financial expert” as the SEC defines that term and as the Board interprets such qualification in its business judgment consistent with such definition. The Board shall have the power at any time to remove any member of the Committee, to change the membership of the Committee and to fill vacancies, subject to the qualification requirements of this Charter.

Authority

The Committee is delegated authority by the Board to investigate matters related to the governance responsibilities set forth in this Charter with full access to all necessary books, records, facilities, and personnel of the Company.

The Committee shall have the authority to engage independent counsel and other advisers, as the Committee determines necessary to carry out its duties. The Company shall provide the Committee with appropriate funding, as determined by the Board, for payment of: (i) compensation to the independent auditors and to any advisors employed by the Committee; and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to those subcommittees such power and authority as the Committee deems appropriate; provided, however, that: (i) no subcommittee shall consist of fewer than two members, and (ii) the Committee shall not delegate to a subcommittee any power or authority required by any law, rule or regulation to be observed and/or exercised by the Committee as a whole.

Responsibilities

The following shall be the principal responsibilities of the ACER Committee in carrying out its governance activities. These responsibilities are set forth with the understanding that the Board may delegate additional duties from time to time without amendment to this Charter.

The ACER Committee shall:

Financial Reporting and Disclosure Matters

1. Review press releases submitted by management in connection with the release of quarterly, annual, or other financial statements in advance of issuing such releases.
2. Review and discuss with management and the independent registered public accountant any of the following, as necessary:
 - a. The Company’s quarterly and annual consolidated financial statements;
 - b. Matters that affect the Company’s consolidated financial statements, including disclosures;

- c. The results of the independent registered public accountant's reviews of the quarterly financial statements, the audit of the annual financial statements, the independent registered public accountant's report, and any other matters required to be communicated to the Committee by the independent registered public accountant, as well as discussions regarding qualitative judgments of the independent registered public accountant about the appropriateness, not just the acceptability, of the Company's accounting principles, and the completeness and clarity of the disclosures in the financial statements;
 - d. Any critical accounting policies and practices to be used; and
 - e. Other material written communications between the independent registered public accountant and management.
3. Recommend to the Board whether the audited financial statements should be included in the Form 10-K.
4. Review:
 - a. Any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and any major issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of any material control deficiencies;
 - b. Analyses prepared by management and/or the independent registered public accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternatives to generally accepted accounting principles on the financial statements;
 - c. The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements; and
 - d. The reports of management and the independent registered public accountants on the Company's internal control over financial reporting required by SEC regulations.
5. Annually prepare a report to shareholders as required by the rules of the SEC for inclusion in the Company's annual proxy statement.
6. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, compliance or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting, compliance or auditing matters.

Independent Registered Public Accountants

7. Be responsible for the appointment, compensation, retention and oversight of the work of an independent registered public accounting firm, including the resolution of disagreements between management and the independent registered public accounting firm if they arise. The independent registered public accounting firm shall report directly to the Committee.
8. Pre-approve the engagement of and the fees to be paid to the independent registered public accountant for all audit and permissible non-audit services to be provided by the independent registered public accountant and consider the possible effect that any non-audit services could have on their independence. The Committee may establish pre-approval policies and procedures, as permitted by applicable law and SEC regulations and consistent with this Charter, for the engagement of the independent registered public accountant to render permissible non-audit services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approvals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.
9. Periodically evaluate the qualifications, independence and performance of the independent registered public accountant. In connection with this evaluation, take, or recommend that the Board take, appropriate action to oversee the independence of the independent registered public accountant.
10. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law and the rotation of any other audit partner whose rotation is required by the regulations of the SEC.
11. Review the audit plan of the independent registered public accountant and any significant changes from the original plan.

Internal Audit Oversight

12. Review and approve the annual internal audit plan and any significant changes to the plan.
13. Review and discuss with internal auditors the scope, progress and results of executing the internal audit plan.
14. Receive reports on the status of significant findings and recommendations, and management's responses.
15. Review the appointment, performance, replacement, or dismissal of the Director of Internal Audit. Decisions regarding the hiring or termination of the Director of Internal Audit require endorsement by the Committee. The chairperson of the Committee will also be responsible for the performance evaluation and compensation decisions related to the Director of Internal Audit, in conjunction with the President of the Company.
16. Review the performance of the internal audit function.

Regulatory Compliance Oversight

17. Review the Company's compliance programs, including legal and regulatory requirements, and review with management its periodic evaluation of the effectiveness of such programs.

18. Receive reports on the status of significant compliance and examination findings and recommendations, and management's responses.

Enterprise Risk Management Oversight

19. Cause to be maintained an appropriate Enterprise Risk Management program and review with management its periodic evaluation of the effectiveness of such program.

20. Discuss the Company's policies on risk assessment and risk management, including the risk of fraud. The Committee shall also discuss the Company's major risk exposures and the steps management has taken to monitor and control such exposures.

21. Receive reports on the Company's risk exposures and actions needed to bring risks to acceptable levels.

Regulatory Examiners

22. Meet with representatives of the applicable regulatory examiners of the institution and discuss matters relating to their review and supervision of the organization.

23. Ensure management has taken appropriate corrective action regarding any significant regulatory matters reported by examiners.

Other Duties

24. Review and reassess the adequacy of this Charter at least annually, and recommend any proposed changes to the Board for its approval. Ensure the publication of this Charter in accordance with SEC regulations.

25. Ensure required certifications are made to NASDAQ: (i) that a formal written charter has been adopted for the Committee and that the Committee has reviewed and reassessed the adequacy of the charter on an annual basis; and (ii) as to the independence of the members of the Committee.

26. Perform any other activities consistent with this Charter, the Company's bylaws or governing law as the Committee or the Board deems necessary or appropriate and perform any other duties and responsibilities delegated to the Committee by the Board from time to time.

Meetings

Meetings of the Committee will be held at least quarterly and at such other times as the chairperson of the Committee, or a majority of the members of the Committee may call a meeting. The provisions of the Company's bylaws regarding Board committees, including committee meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements, shall apply to the Committee.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Committee shall provide for open communication among the independent registered public accountants, financial and senior management, the Internal Audit function, and the Board. In this regard, the Committee may meet separately, periodically, with management, the Director of Internal Audit and/or other members of the Company's Internal Audit function, the independent registered public accountants, the Director of Compliance, the Director of Risk Management, the General Counsel, or others to discuss any matters that the Committee or any of these persons wishes to discuss. The Committee may also meet separately with regulatory examiners.

The Committee shall maintain minutes of meetings and report regularly to the Board on the Committee's activities.

CONCLUSION

This Charter shall establish the authority and govern the actions of the ACER Committee of the Board of Directors pursuant to its responsibility for effective oversight and governance of the Company.

Originally adopted by First Community Bankshares, Inc. Audit Committee: April 25, 2016

Approved by ACER Committee: August 17, 2023

Approved by First Community Bankshares, Inc. Board of Directors: September 26, 2023