

Reviewed and approved by the Board on January 23, 2019 with no changes.

F & M Bank Corp. Audit Committee Charter

Control Objectives: To outline the purpose, duties, and responsibilities of the Audit Committee of F & M Bank Corp.

1. Purpose

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility by: reviewing the financial reports and other financial information provided by the organization; assessing the systems of internal controls; and monitoring the organization's auditing, accounting, financial reporting and loan review functions. Consistent with this function, the Audit Committee should encourage continuous improvement in and should foster adherence to, the organization's policies, procedures, and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor the organization's financial reporting process and internal control system.

Review and appraise the audit efforts of the organization's independent accountants and internal auditing firm.

Review and approve the loan review function as conducted by the organizations loan review officer(s) or loan review firm.

Provide an open avenue of communication among the independent accountants, senior management, the internal auditing firm, and the Board of Directors.

II. Composition

The Audit Committee shall be composed of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. A Director will be considered independent if, he or she:

Has not been employed by the Corporation or its affiliates in the current or past five years;

Receives no significant compensation from the bank, other than Directors fees.

Does not have an immediate family member who is, or has been in the past five years, employed by the Corporation or its affiliates as an executive officer;

Has not been a partner, controlling shareholder or an executive officer of any for-profit business to which the Corporation made, or from which it received, payments (other than those which arise solely from investments in the Corporation's securities) for providing major services to the bank, holding company or affiliates in any of the past five years; or

Has not been employed as an executive of another entity where any of the Corporation's executives serve on that entity's compensation committee.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with the independent accountants to discuss any matters that the Committee believes should be discussed privately.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

Review and update this Charter periodically, at least annually, as conditions dictate.

Review quarterly financial information prior to filing with Securities & Exchange Commission.

Review the organization's audited financial statements with Management and the independent auditors.

Recommend to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K.

Review the regular internal audit reports prepared by the internal auditing firm as well as Management's responses.

Review the regular internal loan review reports prepared by the loan review officer(s) or loan review firm as well as management's responses.

Recommend to the Board the selection of the independent accountants and the internal audit firm, considering independence and effectiveness, and approve the fees and other compensation to be paid to these firm(s).

On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the organization to determine the accountants' independence.

Review the performance of the independent accounting firm(s) and approve any proposed discharge of the independent accountants when circumstances warrant.

Periodically consult with the independent accounting firm(s) out of the presence of Management about internal controls and the fairness and accuracy of the organization's financial statements.

At its discretion, the Committee may obtain independent legal counsel to advise on specific issues.

The Committee may also conduct independent investigations related to audit findings or other areas that it deems to be of concern.

Periodically consult with internal loan review officer(s) or loan review firm out of the presence of management about loan policies, procedures and credit administration practices.

Consider and approve, if appropriate, major changes to the organization's auditing and accounting principles and practices as suggested by the independent accounting firm(s), Management, or the internal auditing firm.

Discuss with the independent auditors the "Matters Required To Be Discussed" by the Auditing Standards No. 16 relating to the conduct of the audit.

Review activities, organizational structure, and qualifications of the internal audit firm.

Perform any other activities consistent with this Charter, the organization's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

Consistent with guidance contained in the Sarbanes Oxley Act, Section 301, the Committee will establish whistleblower procedures to allow employees to confidentially report concerns about fraud or other irregularities.