

F & M Bank Corp. Audit Committee Charter

Control Objectives: To outline the purpose, duties, and responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of F & M Bank Corp. (the “Company”).

I. Purpose

The primary purpose of the 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 Company, assessing the systems of internal controls, and monitoring the Company’s auditing, accounting, financial reporting and loan review functions. Consistent with this function, the Committee should encourage continuous improvement in and should foster adherence to, the Company’s policies, procedures, and practices at all levels.

II. Composition

The 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 Company or its affiliates in the current or past five years;

Receives no significant compensation from the Company or any of its subsidiaries, other than Directors fees;

Does not have an immediate family member who is, or has been in the past five years, employed by the Company 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 Company made, or from which it received, payments (other than those which arise solely from investments in the Company’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 Company’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 Company 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. The Board may remove any member from the Committee at any time with or without cause.

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 auditors out of the presence of management to discuss any matters that the Committee believes should be discussed privately, including regarding internal controls and the fairness and accuracy of the Company's financial statements.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

Review and update this Charter at least annually and recommend any proposed changes to the Board for approval.

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

Review the Company's audited financial statements with management and the independent auditors.

Recommend to the Board 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.

Select the independent auditors and the internal audit firm, considering independence and effectiveness, oversee the work done by these firm(s), and approve the fees and other compensation to be paid to these firm(s).

Approve all audit engagement fees and terms; pre-approve all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors or other registered public accounting firms on an ongoing basis.

On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Company to determine the auditors' independence.

Review the performance of the independent auditors and the internal audit firm and approve any proposed discharge of these firm(s) when circumstances warrant.

At its discretion, the Committee may obtain independent legal counsel and retain such other advisors as it deems necessary to advise on specific issues. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Company's independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

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

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

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 Company's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal auditing firm.

Review and discuss with the Company's independent auditors (1) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditors' risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit.

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

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

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

Consistent with guidance contained in the Sarbanes-Oxley Act, Section 301, the Committee will establish and oversee whistleblower procedures to allow employees to confidentially report concerns about fraud or other irregularities regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company or its subsidiaries regarding questionable accounting or auditing matters.