



REFLECTIONS



Bank of The James

FINANCIAL GROUP, INC.

2 0 1 9 M E S S A G E T O S H A R E H O L D E R S

IN MEMORIAM 2019

Wanda Evans

Appomattox Office, Employee

Betty Henderson

Boonsboro Office, Employee

Wilma Rucker

Main Street Office, Employee

Muriel Payne

Altavista, Advisory Board

Everyone leaves footprints in your memory, but the ones that leave footprints in your heart are the ones you will truly remember.

- Nicholas Sperling

COVER PHOTO BY CLARK LUPTON

ANNUAL REPORT 2019

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PRESIDENT'S MESSAGE

Dear Shareholders, Customers and Communities, Bank of the James Financial Group, Inc. executed its strategy throughout 2019 to generate balanced, sustainable revenue growth from retail, mortgage and commercial banking, manage interest and noninterest expense, and maintain strong asset quality to drive stable, predictable earnings growth and build shareholder value. We concluded our 20th year of operations with Company-record earnings, net loans, total deposits and total interest and noninterest income.

Our vision to be the financial institution of choice has stood the test of time, fueling steady growth. We have expanded the size and scope of our franchise, established a thriving commercial banking business, and consistently grown shareholder value.

The commitment to superior service and providing personalized financial solutions drove solid commercial loan growth and record residential mortgage originations. These were the two major forces behind Company-record net income in 2019 of \$5.61 million or \$1.28 per diluted share, up from \$5.30 million or \$1.21 per diluted share in 2018.

Achieving record earnings was a meaningful accomplishment in a year that included allocating a portion of earnings to investment in continued growth and the ability to serve a larger customer base. The Company established a presence in the Lexington, Virginia market, opened an office in Rustburg, Virginia to enhance deposit-gathering capabilities in Campbell County, relocated a limited-service office in Charlottesville, Virginia, converting it to a full-service office, and opened a second office in Roanoke, Virginia.

Over the years, making prudent investments in the Company's future has fueled growth and made the Company increasingly valuable to our shareholders. Our core Region 2000 market has provided a strong and growing base for Bank of the James, while the success of our expansion into Charlottesville, Roanoke and Harrisonburg has driven significant growth in both commercial and retail banking.

Strong earnings enabled us to create shareholder value in immediate, tangible ways. During 2019, the Company paid quarterly cash dividends to shareholders, as we have since 2014. The Company also repurchased 21,000 shares of its common stock.

Total stockholders' equity increased to \$61.55 million at December 31, 2019 from \$55.14 million at December 31, 2018. A significant measure of the Company's intrinsic value, tangible book value per share, rose to \$14.13 at December 31, 2019 from \$12.59 at December 31, 2018. Retained earnings increased to \$20.90 million at December 31, 2019, up from \$16.52 million a year earlier.

Our focus in 2020 is to enhance the productivity of our infrastructure and continue expanding banking relationships with customers to earn a greater share of their banking, lending and financial services business.

Lending Activity Drives Growth

Total assets increased to a Company-record \$725.39 million at December 31, 2019, up 7.5% from \$674.90 million a year earlier. Asset growth primarily reflected the growth in retained commercial loans and increased originated and closed residential mortgages available for sale to the secondary market.

Loans, net of allowance for loan losses, increased 8% to \$573.27 million at December 31, 2019, up \$43.26 million from \$530.02 million at December 31, 2018. The Company's allowance for loan losses was \$4.83 million, with a lower year-over-year provision for losses and a significant decline in charge-offs. Strong credit review and monitoring has played an important role in preserving the quality of loans.

Strong residential mortgage originations, which generate loans available for sale to the secondary market, were reflected in loans held-for-sale at December 31, 2019 of \$4.22 million compared with \$1.67 million at December 31, 2018. We retain a select number of residential mortgages. The balance on the retained mortgages increased 3% over 2018.

A successful strategy in the past several years has been to focus on being the purchase mortgage originator of

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PRESIDENT'S MESSAGE

choice, providing superior service and efficient loan processing. By placing the majority of the mortgage loans we make with the secondary market, we improve our interest rate risk profile and eliminate costs related to servicing loans while generating fee income from originations and gains from the sale of quality loans.

Led by commercial lending, the Company's portfolio of retained loans generated balanced performance and year-over-year growth. Commercial real estate loans, both owner-occupied and non-owner-occupied, increased to \$193.80 million at December 31, 2019 from \$182.92 million. Commercial & industrial loans increased 19% to \$84.73 million from \$71.14 million, construction and land loans of \$42.57 million were up 24%, and multi-family mortgages grew 19% to \$55.76 million.

Our commitment to growth while maintaining strong asset quality through careful credit and risk management has enabled us to maintain a high-performing loan portfolio.

Total nonperforming loans were \$1.3 million at December 31, 2019, compared with \$2.9 million a year earlier. The amount of owned foreclosed real estate declined slightly, and total nonperforming assets declined 32% year-over-year. Asset quality ratios reflected the portfolio's continued strength, including a ratio of nonperforming loans to total loans that improved to 0.23% at year-end from 0.55% a year earlier.

We believe the indicators of asset quality, which have been strong and improving during the past several years, demonstrate that consistent credit review and ongoing monitoring practices, coordinated throughout the Company and all served markets, have effectively mitigated credit risk.

To provide an additional buffer against risk, we have maintained strong reserves against potential loan losses. At December 31, 2019, the Company's allowance for loan losses to nonperforming loans stood at 371%. Maintaining safe, secure operations has been a hallmark of our operation.

Focus on Deposit Growth

Deposits, which provide funding for our lending, increased in 2019 to record levels. Reflecting the Company's focus on organic deposit growth, total deposits rose to \$649.46 million at December 31, 2019, compared with \$612.04 million at December 31, 2018.

Lower-cost core deposits (noninterest-bearing demand, NOW, savings and money market accounts) represent our most cost-effective source of funding. They comprised approximately 70% of the Company's total deposits. Interest-bearing demand deposits were \$362.82 million at December 31, 2019 compared with \$331.30 million at December 31, 2018. Noninterest bearing demand deposits, which are frequently tied to commercial banking relationships, grew to \$93.94 million at December 31, 2019 compared with \$91.36 million at December 31, 2018.

In 2019, as in 2018, we were able to fund our lending through deposit growth. Expanding customer relationships that include core deposit business is one of our highest priorities in 2020, as deposits are the lifeblood of any financial institution.

Driving Revenue Growth

Total interest income, driven by lending, was a Company-record \$29.82 million in 2019, up 11% from \$26.97 million in 2018. In 2019, net interest income rose 5.9% to \$24.55 million. The growth of net interest income was lower than that of total interest income due to higher year-over-year interest expense that primarily reflected deposit growth and higher rates on interest-bearing liabilities.

The Company's net interest margin in 2019 was 3.77% compared with 3.75% in 2018. Margin compression has presented a challenge as rate adjustments led to increased cost of liabilities and downward pressure on loan yields. We emphasize managing interest expense by paying competitive but prudent rates on deposits, closely managing costlier time deposits, and focusing on generating lower-cost core deposits.

We were encouraged with the contribution noninterest income made, including gains from the sale of residential mortgages to the secondary market, revenue contributions from BOTJ Investment Services, and fee income from the Bank's line of treasury management services for commercial customers. Noninterest income increased 37% to \$7.19 million in 2019 compared with \$5.24 million in 2018. In 2019, gains on sale of loans held for sale were \$4.25 million, up from \$2.92 million in 2018, reflecting the strength of mortgage originations.

As anticipated, noninterest expense in 2019 increased from the year before, primarily reflecting increased personnel, marketing, and equipment costs related to market expansion as well as increased credit expenses associated with origination of residential mortgage loans.

The Company's efficiency ratio was higher compared to a year earlier, primarily reflecting the addition of personnel and facilities and an increase in variable compensation related to increased production in the mortgage and investment divisions. We anticipate that as productivity increases, we will improve the efficiency ratio and return on average asset and equity ratios.

As previously noted, measures of shareholder value reflected our growth and positive financial performance. Total stockholders' equity, tangible book

value per share and retained earnings all increased in 2019 from the previous year. The Bank's regulatory capital ratios continued to exceed accepted regulatory standards for a well-capitalized institution.

Our mission is to be the preeminent bank in the communities we serve through superior customer service. Through this service, that we take very seriously, we are the best place to do business. We work hard to create a working environment that takes care of our employees and their families. We also strive to be the best community servant we can be by sponsoring numerous events and giving of our volunteer time. We are grateful for the support from our long-time shareholders and welcome the confidence in our prospects demonstrated by newer shareholders. As we enter the Company's third decade, we look forward to continuing our tradition of service, building banking relationships and creating value for you, our shareholders.

Sincerely,



Robert R. Chapman III
President and CEO



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SHAREHOLDERS

Philomena (Mena) Hughes has been a customer of Bank of the James since the Bank opened in 1999. She is also a shareholder of the Bank. She inherited BOTJ stock from her mother and she plans to hold on to her shares to provide for the next generation in her family. She came to Bank of the James because she knew many members of the management team and had complete trust in their direction with this new local bank. She is a big cheerleader of supporting local and this was the bank for her.

"The employees at Bank of the James are knowledgeable, so friendly, and provide the very best of service. They genuinely care about me and go out of their way to meet my needs."

Mena Hughes

Customer and Shareholder

Culinary Assistant Professor
Central Virginia Community College
Lynchburg, Virginia

Reflections to Our Shareholders

Bank of the James is grateful to the investors and shareholders who, throughout the years, have tangibly demonstrated their confidence in our vision and our people through their investments and stock ownership that have funded the Company's operations and financed growth. With a foundation of financial commitments from investors, the Bank opened its doors in 1999 and broadened its shareholder base as it became a public company with shares trading on the OTC Bulletin Board.

Over the years, Bank of the James Financial Group, Inc., the Bank's parent company, has received strong and loyal support from investors and shareholders. In its first decade of operation, the Company grew, built value, and expanded its base of shareholders. It faced the challenges presented by the recession head-on by addressing asset quality, paying down Federal Home Loan Bank debt, and focusing on maintaining safety, security and capital strength to the benefit of all stakeholders.

Demonstrating its commitment to long-term shareholder value, the Company in 2010 paid off debt to the Federal Home Loan Bank and thanked shareholders for their loyalty with a 10% stock dividend.



**MENA
HUGHES**

The Company emerged from the recession with renewed strength and commitment to growth, which included establishing a commercial banking operation and looking to expand into new Virginia markets. In 2012, the Company expanded its scope and appeal to investors when it became a member of the NASDAQ Stock Market which provided improved trading liquidity and exposed the Company's stock to a broader audience of investors.

With strong asset quality and revenue and earnings on the rise, the Company was proud to declare its first quarterly cash dividend on common stock in July 2014. It has continued to pay quarterly cash dividends, with periodic increases reflecting the Company's continued earnings growth.

There are many opportunities to build long-term shareholder value, including prudent reinvestment to position the Company for continued growth and profitability. The Company has made strategic investments in technology to enhance efficiency and ensure security, in people to provide superior service and drive revenue, and in market expansion that has generated new opportunities and consistent earnings growth.

Raymond and James Slaughter have been shareholders of Bank of the James since 1999. Both brothers worked at Parker Hannifin in Lynchburg for over 40 years and both are retired. They are also customers of the Bank and came to Bank of the James because of the Bank's local presence, local decision making, and they knew quite a few of the employees who worked at the bank. While the brothers do look identical, they are not twins.

"We were there when the Bank opened their doors and they have been good to us. We knew that buying shares in a local bank was a good investment and we were right. In fact, we have made several stock purchases throughout the years. The atmosphere at the Bank is welcoming and the employees are nice and helpful."

James and Raymond Slaughter
Customers and Shareholders

Retired
Lynchburg, Virginia



**JAMES and
RAYMOND SLAUGHTER**

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EMPLOYEES

Brandon Farmer is an employee of Bank of the James and joined the Bank in 1998 as an intern. He worked part time at the Bank during his Junior and Senior years at Virginia Tech, and came to work full time in 2001. What started as an internship turned into a promising and fulfilling banking career for Brandon as he is currently a member of the Bank's Executive Team and is head of the Bank's Operations Division. He is also responsible for the opening of all new branches for Bank of the James.

"I am so glad that Jim Hughes called me in 2000 to see if I wanted to come to work full time for the Bank. I said YES and that was 20 years ago. The time has gone by quickly. I have enjoyed being a part of the growth of this organization, working with smart bankers and seeing the difference this bank has made in the communities we serve. Here's to many more years of growth and local banking."

Brandon Farmer

Employee
Bank of the James
Lynchburg, Virginia

Executive Vice President and
Chief Operations Officer

Reflections to Our Employees

The heart of successful community banking is having skilled, dedicated, experienced employees able to provide superior financial solutions. To ensure employees' success, Bank of the James provides the technology, processes, infrastructure, training and compensation to enhance their ability to serve customers and perform effectively.

When the Bank opened for business in 1999, we started with a dozen employees. Today, we have over 150. From our tellers to our financial service representatives to our lenders and managers, each employee is important and essential to the success of our organization.

Our experienced bankers have the market knowledge, expertise and technological tools to go the extra mile. We empower employees to contribute ideas and make recommendations to help them be more productive and help Bank of the James achieve continuous improvement.



**BRANDON
FARMER**

We actively support our employees with a wellness program titled "A Healthier You." Employees are offered incentives for making good health choices such as managing weight, walking and or running, having annual checkups and eating healthily. Employees can earn points for participating and can redeem points for incentive time and prizes throughout the year. The Bank will also pay for entry fees for employees on races and walks that the Bank sponsors throughout the year.

The Bank provides our employees with competitive compensation, opportunities for performance-based compensation, and benefits that support health and well-being. The Bank also offers retirement benefits including a 401(k) program. We recognize the hard work and dedication of our employees and provide employees opportunities for personal and professional growth. Employees participate in a number of training classes and education programs throughout the year.

The success and workplace satisfaction of our employees leads to success for the Company, our customers and for our shareholders.

DESIREE PERKINS



Desiree Perkins joined Bank of the James shortly after the bank opened in 1999. Located at the bank's first branch location on Church Street in downtown Lynchburg, Desiree worked in the Operations Division. One of her responsibilities was to key in and scan checks received at the bank that day and send the actual checks to the Federal Reserve that evening. The year was 2000 and how times have changed. Desiree has worked hard and today is a Vice President and a certified BSA and OFAC Officer for the bank.

"Twenty years ago, I was approached by three of the original Bank of the James employees to come on board and to work for this newly formed local bank. I said "no" three times before finally saying, Ok, I will try it. I am extremely proud of this bank and what we have become. We are known throughout this region as a bank that delivers amazing customer service and believe it or not, we still answer our phones."

Desiree Perkins

*Employee
Bank of the James
Lynchburg, Virginia*

*Vice President
BSA/OFAC Officer*

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CUSTOMERS

Meet the Shepherd Family – Wilson, Carolyn, Sam and Carson. Both Wilson and Carolyn have careers in the insurance industry, Sam is in the 2nd grade and Carson is a first-year college student. A busy family. A busy life. When they needed a bank to purchase investment property, they turned to Bank of the James Mortgage. What they gained was a responsive, experienced team that understood their finances and gave them exactly what they needed. They returned to BOTJ Mortgage again when they were working on a kitchen renovation project and needed financing.

"We cannot say enough about this mortgage team. Over the years, we have worked with both Bianca Allison and Brian Cash who are both knowledgeable, responsive, and professional. Their customer service level is unmatched. Bianca made us feel as if we were her only customer and Brian's level of customer service was exceptional. They gave us invaluable guidance during this process and we highly recommend Bank of the James Mortgage."

Carolyn Shepherd

Mortgage and Bank Customer

*Insurance and Marketing Rep
Optum
Forest, Virginia*

Reflections to Our Customers

From the outset, Bank of the James has maintained a concise, customer-focused vision to be the financial institution of choice.

As the groundwork for the Bank was being laid, a letter to the community from the Bank's founders boldly stated: *"Many of you have encouraged us to bring a new style of hometown banking back to our community. We pledge to offer a new blend of high-tech, old-fashioned banking, where our employees really know the customer and strive to meet each customer's needs."*

We have kept that pledge. During two decades of operation, we have expanded our range of products and services, built a thriving commercial banking business to complement our strength in retail banking, grown our franchise throughout Central Virginia and beyond and utilized the best and latest technologies to provide secure, efficient operation and the most advanced e-banking capabilities for retail and commercial customers. We also offer customers a full line of treasury and insurance products.

As we have grown, expanded our capabilities and product offerings, and incorporated technology, we have recognized that enhancing the financial well-being of the people we serve is paramount.



**WILSON
AND CAROLYN
SHEPHERD
and family**

From enabling people to remotely bank from home or office to providing customized financial and investment/insurance solutions for individuals and business owners, putting the customer's needs first is the best way to attract and retain customers.

Residential mortgage lending has been a cornerstone of the Bank's business for many years. The Bank's reputation for excellence in customer service in mortgage origination has followed the Bank as it expanded beyond Lynchburg into new markets. The Bank's commitment to service, efficient loan processing and personal support from our mortgage bankers combine to support mortgage origination leadership.

Commercial banking for businesses and non-profit organizations requires a special level of expertise and customer commitment. Bank of the James focuses on relationship banking. We partner with customers to create customized financial solutions to enhance their day-to-day efficiency with treasury services, provide deposit options that help manage cash flow, and provide financing for working capital and growth.

Our commitment to customers supports their success, and ours.

WISTAR NELLIGAN



Wistar Nelligan has been a customer of Bank of the James since the Bank opened in 1999. In fact, Wistar was one of the first customers to walk into our branch on Church Street. Before coming to BOTJ, Wistar was banking at one of the big banks in town. He switched immediately to Bank of the James since he personally knew a number of the management team members who were starting the Bank and he knew the new local bank would be in very capable hands. As a small business owner, Wistar needed a bank that he could trust and one that was willing to work with him. He found this at Bank of the James.

"Everyone at BOTJ is knowledgeable and friendly. I needed a bank that could help me both personally and with my business. Bank of the James has been there for us since the very beginning. Our relations with the Bank have been built on trust, friendship and support. I would not hesitate to recommend the Bank to anyone who is looking for a secure, local and community-minded bank. Thank you, Bank of the James."

Wistar Nelligan

Bank Customer

President & Owner
Nelligan Insulation, Inc.
Lynchburg, Virginia

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COMMUNITY

The Jubilee Center was founded in 1999 in response to our community's overwhelming need for a program that would target at-risk youth and offer them programs and services to help develop their academic and social skills. Everyday, Jubilee programs and volunteers are leading young people into futures filled with hopes and goals. They are loved, tutored, mentored, challenged and motivated as they strive to overcome many obstacles. The Jubilee Concept works. It focuses on each child, assessing their needs and teaches them to do for themselves and rise above difficult odds.

"It is good to have a community bank as a partner. Both the Jubilee Center and Bank of the James opened in 1999 and we have been connected ever since. The Bank's support has allowed hundreds of students and their families to have access to programming and resources they would have never had. This access has allowed our kids to go on to college or have a career, and has helped unemployed or underemployed members of our community to have a chance to receive skills training. Both Bank of the James and Jubilee are strong grassroots organizations and are investing in the community by providing a service filled with passion and commitment."

Sterling A. Wilder

Executive Director
Jubilee Family Development Center
Lynchburg, Virginia

Reflections to Our Community

Our commitment to service extends to the communities that make it possible to run a successful, growing banking business. Key elements of our operating philosophy are to be a positive force in the communities we serve, and to give back to the charitable and civic-minded organizations dedicated to service. It is who we are.

At Bank of the James, our commitment to providing excellence in service extends beyond banking. We believe that as a business and an integral part of the community, a bank has a particularly important role to serve and support. Bank of the James contributes to our communities financially and through the generous volunteer service of employees.

Our financial donations and sponsorships have supported the activities of more than 200 organizations throughout our regions to further economic development, education and academic achievement, arts and culture enrichment, and to enhance the community's health and human services.



**JUBILEE FAMILY
DEVELOPMENT
CENTER**

The Bank's Ronald V. Dolan Award annually recognizes and provides cash awards to local high school students who have demonstrated outstanding citizenship and community service. Mr. Dolan, one of our Bank's founders, was dedicated to serving the community throughout his life, and we have been proud to recognize that spirit of commitment to the community in his memory.

Throughout the year, employees provide support for local causes. For example, our employees donate and collect items from backpacks to blankets. They volunteer hundreds of hours of their time and talents to support civic, charitable, educational and cultural organizations. Our regional advisory boards, comprised of community leaders, help us stay in touch with what is important to the individuals, businesses, non-profits and communities we serve.

We believe that giving back to the community is both our duty and our privilege. As we continue to grow, so does the impact we have on our communities.

The National D-Day Memorial is a congressionally approved national war memorial located in Bedford, Virginia. This Memorial was constructed in honor of those who died on June 6, 1944 in one of the most pivotal battles of World War II. In 2019, the National D-Day Memorial commemorated a milestone – the 75th anniversary of D-Day during which 4,414 service members lost their lives. The Memorial exists today to honor their valor, fidelity and sacrifice. On June 6, 2019, over 100 WWII veterans were in attendance at the D-Day Memorial, more than 20 vintage WWII aircraft flew over the Memorial, and a special visit and speech was delivered by the Vice President of the United States. Bank of the James was proud to be a primary sponsor of this event.

"Bank of the James and the National D-Day Memorial have been community partners since the Memorial's inception more than twenty years ago. Not only has the Bank supported the Memorial philanthropically over the years, they have also served as one of our primary banking institutions. Bank of the James made it possible for the Memorial to be built, to grow and to thrive. We are so appreciative for all that Bank of the James has done for the Memorial. The leadership and employees of the Bank truly make this partnership special."

Brandon P. Gregory

Director of Development
National D-Day Memorial
Bedford, Virginia

NATIONAL D-DAY MEMORIAL

BANK OF THE JAMES REFLECTIONS

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A HISTORY OF SERVICE

Bank of the James, a wholly owned subsidiary of Bank of the James Financial Group, Inc. (NASDAQ: BOTJ) serves the greater Lynchburg, Virginia Statistical Metropolitan Area, commonly called Region 2000, and the Charlottesville, Harrisonburg, Lexington and Roanoke, Virginia markets. Its geographical reach covers a region of more than 5,000 square miles with a population of more than 800,000, includes four of Virginia's 10 largest metropolitan areas, and features a diverse range of businesses, educational institutions and not-for-profits.

The Bank opened for business in July 1999 with a commitment to serving the community by providing access to dedicated, experienced professionals, building value for its shareholders, and giving back through community involvement. From a start-up team of 12 employees and 10 directors, the Company has grown to more than 150 employees, a 13-member Board of Directors, and over 40 business and community leaders who comprise its regional advisory boards.

Consistent investment in reaching out to new markets, expanding its team of expert bankers, implementing new technology and enhancing its range of business banking solutions have generated consistent growth and positive financial performance.

With 19 offices and \$725.39 million in assets, Bank of the James is known for our employees, our dedication to our communities, and our ability to provide the highest quality of customer service. The employees who work for Bank of the James are knowledgeable, smart bankers and we are just like you. We are little league coaches, church choir members and PTA members. We are neighbors and serve on local boards throughout our cities and towns. We are family.

The Bank services customers in Virginia from offices located in Altavista, Amherst, Appomattox, Bedford, Blacksburg, Charlottesville, Forest, Harrisonburg, Lexington, Lynchburg, Madison Heights, Roanoke and Rustburg. The Bank offers full investment and insurance services through its BOTJ Investment Services division and BOTJ Insurance, Inc. subsidiary. The Bank provides mortgage loan origination through Bank of the James Mortgage, a division of Bank of the James.

The Bank celebrated its 20th anniversary in July 2019.

LEADERSHIP

EXECUTIVE MANAGEMENT TEAM

Robert R. Chapman III

President and Chief Executive Officer

Brian E. Cash

President, Bank of the James
Mortgage

Brandon P. Farmer

Executive Vice President and
Chief Operations Officer

Angelia R. Johnson

Executive Vice President and
Retail Branch Administrator

J. Todd Scruggs

Executive Vice President and
Chief Financial Officer

Michael A. Syrek

Executive Vice President and
Chief Loan Officer

Harry P. "Chip" Umberger

Executive Vice President and
Chief Credit Officer

REGIONAL MARKET PRESIDENTS

Trevania F. Cottrill

Market President, Lexington

Jared R. Feury

Market President, Charlottesville

Bradford K. Harris

Market President, Roanoke

Thomas D. Rea

Market President, Harrisonburg/
Shenandoah Valley

BOTJ INVESTMENT SERVICES

Kenneth L. Harvey

Senior Vice President

BOARD OF DIRECTORS

The continued support and guidance of our Board of Directors has been critical to the success of Bank of the James. Their collective expertise and experience serves as an exceptional resource, offering insight and a connection to the markets we serve.

Lewis C. Addison

Retired Chief Financial Officer
Centra Health, Inc.

John R. Alford, Jr.

Vice President and Partner
Caskie & Frost, P.C.

William C. Bryant III

President
The Counts Realty and Auction Group

Robert R. Chapman III

President and Chief Executive Officer
Bank of the James
President
Bank of the James Financial Group, Inc.

A. Douglas Dalton III

Operations Manager
English Construction Co., Inc.

James F. Daly

President
Daly Seven, Inc.

Julie P. Doyle

President and Executive Director
The Education & Research
Foundation, Inc.

Watt R. Foster, Jr.

President and Chief Executive Officer
Foster Fuels, Inc.

Phillip C. Jamerson

Retired Co-Owner and Founder
Jamerson-Lewis Construction

Lydia K. Langley

Retired Owner
Langley Rentals

Augustus A. Petticolas, Jr., D.D.S.

Dentist
Vice Chairman, Board of Directors
Bank of the James

Thomas W. Pettyjohn, Jr.

Retired Investment Advisor
Chairman, Board of Directors
Bank of the James

J. Todd Scruggs

Executive Vice President and
Chief Financial Officer
Bank of the James
Secretary-Treasurer
Bank of the James
Financial Group, Inc.

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COMMUNITY ADVISORY BOARDS

The Community Advisory Boards of Bank of the James are comprised of prominent businessmen and businesswomen who live and work in the communities we serve. These board members assist our bank in the development of personal and business relationships within their markets and are community advocates for the bank.

ALTAVISTA ADVISORY BOARD

Rita T. English

Retired Business Owner

Ralph M. Farmer

Retired

Ralph M. Farmer Painting & Wallpaper

Robert L. Jennings

Retired Banker

First National Bank of Altavista

Madeline C. Key

Retired Educator

Campbell County School System

J. Michael Kinlaw

President

Kinlaw Insurance Agency

Walter L. Maddy

Self Employed

Michael E. Mattox

Owner and President

E & S Market

Aubrey J. Rosser, Jr.

Attorney At Law

Aubrey J. Rosser, Jr., Attorney At Law

Evelyn B. Vaden, C.P.A.

Owner

Evelyn Vaden Accounting Services

Donald G. Wilkerson

Apprenticeship Coordinator

Campbell County Schools

AMHERST ADVISORY BOARD

Leif Aagaard, Jr.

Director of Reseller Relationships

BMS Direct

Thomas P. Green

Owner

Sam Green Vault Corp.

Discount Portable Restrooms
and Septic

Calvin M. Kennon, Jr.

President/General Manager

Specialty Exterminating

J. Paul Kilgore, Jr.

Owner, Snap Fitness, Amherst, VA

Ruth E. Martineau

Owner, Community Maps

Co-owner, Martineau, Inc.

Kerry D. Scott

President, Narrow Gate Tack, Inc.

Program Manager,

MAS Labor H-2A, LLC

Managing Partner, Scott Family
Investments, LLC

Rachel E. Thompson

Practice Manager, DT &

Company PLC

Owner, Managing Member, Lily's
Properties, LLC

Harold W. Woody

Retired Banker

BEDFORD ADVISORY BOARD

Anthony D. Bailey, DDS

General Dentist

PeaksView Dental

T. Henry Clarke IV

Retired Attorney

W. Courtney Holdren

Commercial and Personal Insurance
Sales Executive

Bankers Insurance, LLC

Paul H. Lilly, MD, MPH

Col., USAF, Retired

James A. Mercadante

General Manager

Cintas Corporation

Michael C. Moldenhauer

Retired President

Sam Moore Furniture

Michael F. Moorman

Retired Chairman and CEO

Peebles Department Stores, Inc.

Dr. H. Paul Rhodes

Retired Radiologist

Bedford Memorial Hospital

Kevin H. Turner

President

Century 21-All Service

Sue Hillsman Woods

Hillsman Properties

LYNCHBURG ADVISORY BOARD

Joseph D. Aboid

President
JTL, Inc.

Paul R. Denham

President and CEO
Southern Air, Inc.

Robert L. Driskill, MD

President
Oakwood Radiotherapy, PLLC

Robert L. Hiller

President
Commercial Glass & Plastics, Inc.

Terry L. Marsh

Retired President
Lewis Marsh & Associates, Inc.

Edgar J. T. Perrow, Jr., P.E.

President
Perrow Consulting Services, LLC

Daniel R. Taylor

Owner
Kidd's Services

Randall T. Trost

Attorney At Law
Randall J. Trost, P.C.

Edward R. Turner

Agent
New York Life Insurance



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BANKING OFFICES

Altavista

1110 Main Street
Altavista, VA 24517
(434) 369-7300

Amherst

164 S. Main Street
Amherst, VA 24521
(434) 946-9777

Appomattox

1745 Confederate Boulevard
Appomattox, VA 24522
(434) 352-5500

Bedford

1405 Ole Dominion Boulevard
Bedford, VA 24523
(540) 587-8646

Blacksburg – Mortgage

2001 S. Main Street
Suite 107
Blacksburg, VA 24060
(540) 953-7023

CHARLOTTESVILLE

5th Street Station

225 Merchant Walk Avenue
Charlottesville, VA 22902
(434) 202-0424

Water Street

550 E. Water Street, Suite 100
Charlottesville, VA 22902
(434) 995-5423

Westminster Canterbury

250 Pantops Mountain Road
Charlottesville, VA 22911
(434) 972-2844
Open for residents
and employees of
Westminster Canterbury

Forest

17000 Forest Road, Suite A
Forest, VA 24551
(434) 534-8080

Forest – Mortgage

17000 Forest Road, Suite B
Forest, VA 24551
(434) 534-8090

Harrisonburg

1391 South High Street
Harrisonburg, VA 22801
(540) 437-9886

Lexington

158 S. Main Street
Lexington, VA 24450
(540) 707-3144

LYNCHBURG

Boonsboro Office

4935 Boonsboro Road
Lynchburg, VA 24503
(434) 384-8588

Fort Avenue

5204 Fort Avenue
Lynchburg, VA 24502
(434) 237-1144

Main Office

828 Main Street
Lynchburg, VA 24504
(434) 846-2000 or
Toll Free: 1-877-266-0765

Westminster Canterbury

501 VES Road
Lynchburg, VA 24503
(434) 386-3450
Open for residents
and employees of
Westminster Canterbury

Madison Heights

4698 S. Amherst Highway
Madison Heights, VA 24572
(434) 846-8887

ROANOKE

Oak Grove

2101 Electric Road
Roanoke, VA 24018
(540) 900-4223

Promenade Park

3562 Electric Road
Roanoke, VA 24018
(540) 989-2026

Rustburg

13 Village Highway
Rustburg, VA 24588
(434) 455-7690

INSURANCE AND INVESTMENT SERVICES

BOTJ Insurance, Inc.

828 Main Street
Lynchburg, VA 24504
(434) 846-2646
Toll free: 1-888-384-6990

BOTJ Investment Services

828 Main Street
Lynchburg, VA 24504
(434) 846-2279
Toll Free: 1-888-384-6990

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SHAREHOLDER and CORPORATE INFORMATION

CORPORATE HEADQUARTERS

Bank of the James Financial Group, Inc.
828 Main Street
Lynchburg, Virginia 24504
Telephone: 434-846-2000
Toll Free: 1-877-266-0765

INDEPENDENT PUBLIC ACCOUNTANTS

Yount, Hyde & Barbour, P.C.
50 South Cameron Street
Post Office Box 2560
Winchester, Virginia 22601
Telephone: 540-662-3417
www.yhbcpa.com

LEGAL COUNSEL

Woods Rogers, PLC
828 Main Street
Lynchburg, Virginia 24504
Post Office Box 958
Lynchburg, Virginia 24505
Telephone: 434-846-9000
www.woodsrogers.com

STOCK EXCHANGE LISTING

Bank of the James Financial Group, Inc. common stock is listed on the NASDAQ Capital Market under the symbol BOTJ. There were approximately 1,423 active shareholders of record of Bank of the James Financial Group, Inc. on December 31, 2019.

ANNUAL MEETING

Please refer to the proxy materials for information on how to attend. Financial will also provide information on how to attend the meeting on the Bank's website, www.bankofthejames.bank, under Investor Relations.

INVESTOR INQUIRIES

Financial analysts and portfolio managers may contact:
J. Todd Scruggs
Executive Vice President and Chief Financial Officer
Telephone: 434-846-2000 or 1-877-266-0765
tscruggs@bankofthejames.com

News and media representatives should contact:

James T. Davis III
Vice President and Marketing Director
Telephone: 434-846-2000 or 1-877-266-0765
jdavis@bankofthejames.com

Requests for printed materials including annual reports, proxy statements, 10-K and 10-Q reports: visit our investor relations feature under www.bankofthejames.bank or visit www.sec.gov.

STOCK TRANSFER AGENT

Shareholders requesting information on stock transfers, lost certificates, dividends, change of address and other shareholder matters should contact: Broadridge Corporate Issuer Solutions, Inc.
Post Office Box 1342
Brentwood, New York 11717
Telephone: 1-877-830-4936
Email: shareholder@broadridge.com
www.shareholder.broadridge.com

INTERNET ADDRESS

Additional information regarding Bank of the James Financial Group, Inc. and Bank of the James is available on the internet at www.bankofthejames.bank.

ANNUAL REPORT

Bank of the James Financial Group, Inc. files a Form 10-K Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 with the Securities & Exchange Commission each year. The annual report includes the audited consolidated financial statements of Bank of the James Financial Group, Inc. and other information. A copy of the annual report accompanies this Message to Shareholders, and additional copies are available at www.bankofthejames.bank. Management is responsible for the accuracy and reliability of the financial statements presented in the annual report. Management is also responsible for the consistency of all presentations and financial information in that report. Yount, Hyde & Barbour, P.C. audited the Company's 2019 and 2018 year-end financial statements.

EQUAL OPPORTUNITY EMPLOYER

Bank of the James, Bank of the James Financial Group, Inc., BOTJ Investment Services, and BOTJ Insurance, Inc. are Equal Opportunity Employers. All personnel actions, including but not limited to compensation, benefits, training and other terms and conditions of employment will be administered without regard to race, color, religion, sex, national origin, physical

and/or mental disability, genetic information, age, gender identity, sexual orientation, or protected veteran status.

Bank of the James is an Equal Housing Lender.

Bank of the James is a member of the Federal Deposit Insurance Corporation.

Cautionary Statement Regarding Forward-Looking Statements

This document contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "estimate," "expect," "intend," "anticipate," "plan" and similar expressions and variations thereof identify certain of such forward-looking statements which speak only as of the dates on which they were made. Bank of the James Financial Group, Inc. (the "Company") undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Such factors include, but are not limited to, competition, general economic conditions, potential changes in interest rates, and changes in the value of real estate securing loans made by Bank of the James (the "Bank"), a subsidiary of the Company. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the Company's filings with the Securities and Exchange Commission and previously filed by the Bank (as predecessor of the Company) with the Federal Reserve Board.



B A N K O F T H E J A M E S . B A N K