

**COMPENSATION COMMITTEE CHARTER
OF
BANK OF THE JAMES FINANCIAL GROUP, INC.**

Section I. Compensation Committee Membership

Financial's Compensation Committee shall be comprised of not less than three directors who are (a) independent (as described below); and (b) qualify as “non-employee directors” as defined under Section 16 of the Securities Exchange Act. Members of the Compensation Committee and the Chair of the Compensation Committee shall be appointed by the Board and may be replaced at any time by the Board.

An “independent” director shall be a director who is independent as defined in by Rule 10A-3 of the rules promulgated under the Securities Exchange Act of 1934 and NASDAQ Listing Rule 5605(a)(2) and any other applicable laws, rules and regulations governing independence, as determined by the Board. An independent director may not be associated with a major customer of Financial or any of its subsidiaries. When there is any doubt about independence, the director should recuse himself or herself from any decisions that might be influenced by that relationship.

The Compensation Committee also functions as the Compensation Committee of the Board of Directors of Financial’s subsidiaries, Bank of the James (the “Bank”). References to Financial in this Charter also include the Bank, Pettyjohn, Wood & White, Inc., and all other direct and indirect (if any) subsidiaries of Financial.

The Compensation Committee shall report to the Board. A majority of the members of the Compensation Committee shall constitute a quorum.

Section II. Purpose

The Compensation Committee’s primary purposes and responsibilities are to (1) carry out the responsibilities delegated by the Board relating to review and determination and of executive compensation (2) approve Financial’s compensation and benefit programs, and plans.

Section III. General Responsibilities

The Compensation Committee shall have the following duties and responsibilities:

1. The Compensation Committee must report committee actions to the full Board of Directors and may make appropriate recommendations.

2. The Compensation Committee will meet at least two times each year, more frequently if circumstances make that preferable. The Compensation Committee Chairman has the power to call a committee meeting whenever he or she thinks there is a need. A Compensation Committee member shall not vote on any matter in which he or she is not independent. The Compensation Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from management.

3. Annually review and approve goals and objectives of Financial relevant to compensation, evaluate the Chief Executive Officer's ("CEO") performance in light of these goals and objectives, and based on this evaluation, make a recommendation on the CEO's compensation level to the Board. In evaluating and determining CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act." The CEO shall not be present during voting or Committee deliberations regarding the CEO's compensation.

4. Annually review and approve base salary, incentive compensation and long-term incentive compensation matters for all other executive officers as defined by Regulation O, subject to ratification by the Board of Directors. In evaluating and approving the compensation of the executive officers, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act.

5. Annually review Financial's overall objectives and major components of its compensation programs in seeking to align compensation with business objectives and enable Financial to attract and retain individuals who are contributing to the long-term success to Financial. The Compensation Committee shall report its determinations to the Board. Review employee compensation strategies, benefits and equity-based programs and plans as it deems necessary.

6. In consultation with and based upon the advice of outside counsel, monitor the disclosure regarding compensation matters in Financial's proxy statement and produce the annual Committee Report on executive compensation for inclusion in Financial's proxy statement.

7. Review and approve employment agreements, severance arrangements and change in control agreements and provisions when, and if appropriate, as well as any special supplemental benefits, subject to approval by Board of Directors.

8. Obtain advice and assistance, as needed, from internal or external legal, accounting, search firms, compensation specialists or other advisors, including the retention, termination and negotiation of terms and conditions of the assignment.

9. To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

10. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

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