



Bank of Botetourt

March 25, 2022

Dear Shareholder,

You are cordially invited to participate virtually in the 2022 Annual Meeting of Shareholders of Bank of Botetourt. The meeting will begin at 2:30 p.m. on Wednesday, May 18, 2022. Following two years of virtual shareholder meetings necessitated by the pandemic, your Board of Directors has been encouraged by the flexibility and positive feedback that the virtual meeting format has provided our shareholders. In addition, this format provides a recorded link to the meeting for anyone unable to attend. We have decided that the virtual format makes sense for Bank of Botetourt, and we will keep it this year.

The accompanying notice and Proxy Statement describe the matters to be presented at the meeting. The purpose of this meeting is to elect directors of the Bank, to ratify the appointment of our independent accounting firm, and to transact any other business that properly may come before the meeting. The Board of Directors does not know of any such other business that properly may come before the meeting, other than those specifically set forth in the Notice of Annual Meeting.

Please complete, sign, date, and return the enclosed Proxy form or vote online, as instructed below, as soon as possible. Whether or not you will be able to participate in the Annual Meeting, it is important that your shares be represented, and your vote recorded. This Proxy may be revoked by you at any time before it is voted at the Annual Meeting.

We hope you will participate virtually in our Annual Meeting to discuss the performance of the Bank.

Sincerely,

Tommy L. Moore
Chairman

BANK OF BOTETOURT
19747 Main Street
P.O. Box 339
Buchanan, Virginia 24066-0339

Notice of 2022 Annual Meeting of Shareholders

To be held May 18, 2022

The 2022 Annual Meeting of Shareholders of Bank of Botetourt will be conducted at our Bank's Care Center Banking Room at 19800 Main Street in Buchanan, Virginia but it will be available to our shareholders only virtually, as described below, on Wednesday, May 18, 2022, beginning at 2:30 p.m. for the following purposes:

1. To elect three Directors to serve until the next annual meeting in which the Term and the Class in which each Director expires, as the accompanying Proxy Statement describes.
2. To ratify the appointment of Campbell & Lineberry, PC as the Bank's independent accounting firm.
3. In their discretion, the proxies are authorized to vote upon any other business that properly may come before the annual meeting or any postponements or adjournment.

Shareholders of record at close of business on March 22, 2022, are entitled to notice of and to vote at the annual meeting.

By Order of the Board of Directors



G. Lyn Hayth, III
President & Chief Executive Officer

IMPORTANT NOTICE
PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY FORM IN
THE ACCOMPANYING ENVELOPE OR VOTE ONLINE, SO THAT YOUR SHARES WILL
BE REPRESENTED AT THE MEETING.

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
March 25, 2022

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by and on behalf of the Board of Directors (the “Board”) of the enclosed Proxy to be used at the 2022 Annual Meeting of Shareholders of Bank of Botetourt, (the “Bank”) to begin virtually at 2:30 p.m. on Wednesday, May 18, 2022, and at any adjournments of that meeting, if necessary. The principal executive offices of the Bank are located at 19747 Main Street, Buchanan, Virginia 24066. The approximate mailing date of this Proxy Statement and the accompanying Proxy is April 4, 2022.

All properly executed proxies delivered pursuant to this solicitation will be voted as instructed, and in the absence of instructions will be voted FOR the election of Director nominees and FOR the ratification of the appointment of the independent accounting firm. Due to the virtual format of this meeting, you may not attend in person. Rather, you may vote in advance by proxy or you may vote electronically during the meeting as described below. Because of the vagaries of technology and internet service, we urge you to vote by proxy to be certain that your vote is counted. A shareholder may revoke his or her Proxy at any time before it is exercised (i) by filing written notice with the Secretary of Bank of Botetourt (Secretary, Bank of Botetourt, P.O. Box 339, Buchanan, Virginia 24066-0339); or (ii) by filing a later valid Proxy with the Secretary of Bank of Botetourt by mail or electronically, as provided below; or (iii) by participating in the Annual Meeting or any adjournment, as provided below, and voting electronically. However, any revocation will not affect any vote previously taken. We follow with answers to some common questions about this material and about our Annual Meeting.

The Notice of 2022 Annual Meeting of Shareholders, Proxy Statement, and the 2021 Annual Report to Shareholders are available at the Shareholder Relations section of our website www.bankofbotetourt.com. The direct link to the materials is as follows:

<https://bankofbotetourt.q4ir.com/financials/annual-reports/default.aspx>

How can I make sure that my vote is counted?

Whether or not you plan to participate in the virtual Annual Meeting, you may ensure your representation by voting your Common Shares by one of the following methods:

- by submitting a traditional paper proxy card according to the instructions on the card; or
- by submitting a proxy via the Internet prior to the Annual Meeting according to the instructions on the card; or
- by participating in the Annual Meeting online and voting electronically during the meeting, as you will be instructed.

How do I submit a Proxy via the internet?

You may submit a proxy via the Internet by following the instructions set forth on the proxy card form. If your Common Shares are registered in the name of a broker, financial institution or other nominee (i.e., you hold your Common Shares in “street name”), your

nominee may allow you to submit a proxy via the internet. In that case, the voting form your nominee sent you will provide instructions for submitting your proxy via the internet. For shareholders whose Common Shares are registered in the name of a broker, financial institution or other nominee, please consult the instructions provided by your nominee for information about the deadline for submitting a proxy via the internet.

How do I vote my shares in the virtual Annual Meeting?

If you participate in the live webcast of the virtual Annual Meeting, you will have the opportunity to vote your Common Shares electronically during that live webcast by following the instructions below and any instructions provided prior to or during that meeting.

How to I participate in the virtual annual meeting?

You will login into the meeting website a few minutes before 2:30 p.m. on May 18, 2022, as shown below. If you have not voted in advance, you will enter your Control Number to enter the site. If you have voted in advance, you will enter the site as a Guest.

Meeting Website

meetnow.global/M9Y7ZAP

Who may vote at the meeting?

The Board of Directors of Bank of Botetourt has fixed March 22, 2022, as the record date for shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date will be entitled to vote. Each share of common stock is entitled to one vote on all matters presented at the meeting. This includes shares held directly in your name and shares held for you in an account with a broker, bank or other nominee (shares held in “street name”).

How many shares must be present to hold the meeting?

A majority of Bank of Botetourt’s outstanding shares of common stock as of the record date must be present at the meeting in order to hold the meeting and conduct business. This is called a “quorum.” As of March 22, 2022, we had 1,926,919 shares of common stock outstanding, so 963,461 shares must be present at the meeting, either virtually or by Proxy, to satisfy this quorum requirement. Abstentions and broker non-votes are counted for the purposes of determining whether a quorum has been reached in the meeting, but not considered in determining the number of votes cast with respect to such matters. Abstentions count as “present” at the meeting, but broker non-votes do not count as “present”.

Your vote is especially important, since your broker has no discretion to vote shares held on your behalf with respect to non-routine transactions, such as election of directors. If you hold your shares through a broker and do not provide your broker with voting instructions, that will result in a broker non-vote for each share that you hold. A large number of broker non-votes could affect the ability of the Bank to achieve a quorum at the Annual Meeting.

What proposals will be voted on at the meeting?

The first voting proposal is for the election of the directors. The second voting proposal is for the ratification of the appointment of Campbell & Lineberry, PC as the independent accounting firm.

Who is requesting my vote?

The Board of Directors of the Bank is soliciting proxies on its behalf in the enclosed form. These solicitations will be conducted primarily through the mail. Please mail your completed Proxy in the envelope included with these Proxy materials. In addition to the use of the mail, directors, officers or employees of the Bank may solicit your Proxy by telephone or other means. No director or employee who solicits proxies will receive any additional compensation for that effort, although they may be reimbursed for out-of-pocket expenses. The cost of preparing, assembling, and mailing this Proxy Statement, the Notice of Meeting, and the enclosed Proxy is borne by the Bank.

How many votes are required to approve each proposal?

The approval of the election of directors requires a quorum equaling the vote of at least one-half (50%) of the Bank's outstanding shares of common stock. Votes may be cast "For" or "Withheld" with regard to the election of directors. If a quorum is present, the director nominees receiving the greatest number of affirmative votes cast at the Annual Meeting will be elected directors; therefore, abstentions or votes withheld will have no effect, except to establish the quorum. Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the three nominees for Class I directors receiving the most votes cast at the meeting will be elected as directors, even if one or more does not receive a majority of the votes submitted. If a quorum is present, broker non-votes likewise will have no effect on the election of directors. It should be noted, however, that discretionary voting by brokers in uncontested elections of directors has been eliminated.

The approval of the ratification of the appointment of Campbell & Lineberry, PC as the independent accounting firm requires the vote of more than one-half (50%) of the shares voted, provided that a quorum is reached.

IF SOMEONE ELSE HOLDS YOUR SHARES, WE URGE YOU TO CONTACT THE PERSON OR BROKER RESPONSIBLE FOR YOUR ACCOUNT TODAY AND INSTRUCT THEM TO EXECUTE A PROXY ON YOUR BEHALF FOR THE ANNUAL MEETING.

How do I vote?

You may vote by mail by completing the enclosed Proxy card, signing it, and mailing it in the enclosed return envelope provided. You may vote by submitting a proxy via the Internet prior to the Annual Meeting according to the instructions on the proxy card. If your stock is held in "street name," follow the directions from your broker and return to them your voting instruction card. You can revoke your vote any time prior to the meeting. You may revoke on a paper proxy, but it must be received by the Bank or Transfer Agent before the voting poll closes.

If you wish to vote during the virtual meeting, you will do so by entering the Control Number provided in the mailed proxy package. You can change your vote any time until the voting poll closes, as described in the General Information section of this proxy statement.

Principal Holders of Capital Stock

The following table shows the share ownership as of March 25, 2022, of the stockholders known to the Bank to be the beneficial owner of more than 5% of the Bank's common stock.

<u>NAME AND ADDRESS</u>	<u>AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP</u>	<u>OWNERSHIP AS A PERCENTAGE OF COMMON STOCK</u>
Cutler Capital Management, LLC 306 Main Street Worcester, MA 01608	96,250	5.00%

Specific holdings of the directors and holdings as a group can be found on pages 5-6.

ITEM I - ELECTION OF DIRECTORS

The Bank's Board is divided into three classes (I, II, and III). Class I directors are considered for re-election this year. The terms of office for the three Class I directors will expire at the Annual Meeting and the nominees to serve as Class I directors (Mr. Austin, Mr. Patterson and Mr. Williamson) are set forth below. All nominees currently serve as directors of the Bank. Mr. Austin was appointed as a director of the Bank in 2014. Mr. Patterson was elected as a director of the Bank in 2001. Mr. Williamson was elected as a director of the Bank in 2003.

If elected, the Class I directors will serve until the Annual Meeting of Shareholders held in 2025 or until their respective successors are duly elected and qualified.

The persons named in the enclosed Proxy intend to vote for the election of the three persons named below. Proxies will be voted for the election as directors of the nominees listed below (or, if unexpectedly unavailable, for such substitutes as the Board of Directors may designate). The Board of Directors does not anticipate that any nominees will be unavailable for election. More information about our Board and our nominees is provided below under "Information Regarding Directors and Nominees."

The Board of Directors unanimously recommends that shareholders vote "FOR" the election of the nominees set forth in this Proxy Statement. The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock cast in the election of directors.

ITEM II - RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT ACCOUNTING FIRM

Upon recommendation and selection by the Audit Committee, Campbell & Lineberry, PC ("Campbell & Lineberry") has been appointed as the independent accounting firm to audit the financial statements of the Bank for the year ending December 31, 2021. Campbell & Lineberry has audited the Bank's financial statements for nine years. This appointment is provided for

ratification by the shareholders. A representative of Campbell & Lineberry is expected to be available during the virtual meeting.

INFORMATION CONCERNING DIRECTORS AND NOMINEES

The following information, including principal occupation, is given in connection with the nominees for election to the Board at the Annual Meeting and for the directors who will continue in office after the Annual Meeting.

DIRECTOR NOMINEES

<u>Nominees (Age)</u>	<u>Director Since</u>	<u>Principal Occupation And Directorships</u>	<u>Shares Owned</u>	<u>% of Total</u>
<u>CLASS I (Serving until 2025)</u>				
Terry L. Austin (66)	2014	President of Austin Electric Construction; 19 th District member of the Virginia House of Delegates	9,051.1	*(1)
D. Bruce Patterson (71)	2001	Retired Rockbridge County Clerk of Circuit Court	15,071.9	*(2)
John B. Williamson, III (67)	2003	Chairman of RGC Resources, Inc., a public reporting energy provider	38,083.0	1.98% (3)

DIRECTORS WHO WILL CONTINUE IN OFFICE

CLASS II (Serving until 2023)

G. Lyn Hayth, III (63)	1990	President & CEO of Bank of Botetourt	14,978.3	*(4)
Tommy L. Moore (72)	1982	Botetourt County Clerk of Circuit Court	20,238.8	1.05% (5)
Elizabeth S. Doughty (67)	2020	Retired Executive Director of the Roanoke Regional Partnership	390.5	*(6)

CLASS III (Serving until 2024)

Nicholas C. Conte (59)	2019	Executive Vice President and General Counsel for Carilion Clinic	4,469.0	*(7)
Joyce R. Kessinger (69)	1986	Retired Director of Human Resources, Boxley Materials Company, a construction materials supplier	30,892.6	1.60% (8)

(*) Controls less than 1% of the total shares outstanding. There are no additional shares acquirable within 60 days that are part of any Bank plan.

- (1) Mr. Austin holds 9,051.1 shares in his own name.
- (2) Mr. Patterson holds 15,071.9 shares in his own name.
- (3) Mr. Williamson holds 2,945 shares in his own name; 35,138 shares are held jointly with his spouse and are reported in his total beneficial ownership.
- (4) Mr. Hayth holds 4,593.3 shares in his own name; 10,385 shares are held jointly with his spouse and are reported in his total beneficial ownership.
- (5) Mr. Moore holds 20,238.8 shares in his own name.
- (6) Mrs. Doughty holds 390.5 shares in her own name.
- (7) Mr. Conte holds 2,498.9 shares in his own name; 1,970.1 shares are held jointly with his spouse and are reported in her total beneficial ownership.
- (8) Mrs. Kessinger holds 21,795 shares in her own name; 9,097.6 shares are held solely by her spouse and are reported in her total beneficial ownership.

UNLESS AUTHORITY FOR THE NOMINEES IS WITHHELD, THE SHARES REPRESENTED BY THE ENCLOSED PROXY CARD, IF EXECUTED AND RETURNED, WILL BE VOTED FOR THE ELECTION OF THE NOMINEES PROPOSED BY THE BOARD OF DIRECTORS.

Board Meeting, Committees, Attendance, and Fees

During 2021 there were 12 meetings of the Board of Directors of the Bank. Each director attended at least 75% of all meetings of the Board and committees on which he or she served.

The Board of Directors has an Audit Committee that typically meets about eight times a year, as needed, and a Loan Committee that typically meets once a month.

The Bank has an Executive Committee with responsibilities and oversight of investments, governance and nominations, and other matters as delegated by the Board of Directors. The Bank has an “RTC” Committee with oversight of enterprise risk management, technology, and compliance, including policy review. The Bank has a Marketing Innovation Committee with oversight of marketing and product innovation. These respective committees meet at least quarterly. The Bank also had a Compensation Committee, which meets as needed, typically 1-3 times a year.

In 2021, each member of the Board of the Bank received a retainer of \$15,000 per year and \$250 per assigned committee meeting attended. The Chair of each respective Bank Committees receives a \$500 annual payment for committee leadership duties. The Chairman of the Board of Directors received an additional \$5,000 a year for the leadership responsibilities required of the position. Directors may elect to defer all or a portion of said fees in accordance with a deferred compensation plan.

Shareholder Communications with the Board

The Bank has an informal process for shareholders to communicate with the Board of Directors. If you wish to communicate with the Board or any of its members, you may do so by sending written correspondence to the Board or any member at the Bank’s principal address, Attention: Board of Directors, P.O. Box 339, Buchanan, Virginia 24066-0339.

Interest of Management in Certain Transactions

As of December 31, 2021, the total maximum extensions of credit to policymaking officers, directors, principal stockholders and their associates amounted to \$263,127 or 0.45%, of total year-end capital. The maximum aggregate amount of such indebtedness available in 2021 was \$399,907, or 0.68% of total year-end capital. These loans were made in the ordinary course of the Bank's business, on the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with others, and do not involve more than the normal risks of collectability or present any unfavorable features. None of these loans are past due or on non-accrual status. The Bank expects to have in the future similar banking transactions with officers, directors, principal shareholders and their associates.

Defined Benefit Pension Plan

In 2021, the Bank had a qualified, noncontributory, cash balance pension plan ("Pension Plan"), sponsored by the Virginia Bankers Association, and covered all eligible employees with one year of service who have attained the age of twenty-one. The Bank is permitted to make annual contributions to the Pension Plan. Contribution credits are based on a tier for age and years of service. Interest is credited annually based on a rate tied to the 10-year Treasury rate and is guaranteed to meet the minimum threshold established by the IRS and not less than 3% on an annual basis. Upon retirement, the Pension Plan permits immediate lump sum, lump sum payments over 3, 4, and 5-year terms, and monthly benefit payment options. The Pension Plan's funded status is discussed in Note 11 to the Consolidated Financial Statements.

Deferred Compensation Plan

Funded deferred compensation plans have been adopted for certain members of the Board and Executive employees. Under this plan, directors' fees and executive officer bonuses may be contributed to the plan at the sole discretion of the director or executive officer. This plan is managed by the Virginia Bankers Association. The corresponding assets and liabilities accounts at December 31, 2021, were valued at \$974,279 for the Director Plan. There are no active participants in the Executive Plan, and therefore the corresponding assets and liabilities have a zero balance.

Defined Contribution/Profit Sharing

The Bank provides a qualified defined contribution/profit-sharing plan for employees, including executive officers. Bank contributions to the profit-sharing plan are made at the discretion of the Board of Directors. A profit-sharing declaration of 2% of eligible wages was declared by the board of directors in 2021. The defined contribution plan allows voluntary employee contributions of up to the IRS maximum limit. In 2021, the first 1% of employee contributions was matched 100% by the Bank. The next 5% of employee contributions was matched 50% by the Bank. The total contribution to the defined contribution and profit-sharing components of the plan by the Bank for all employees in 2021 was \$318,637.

Employment and Change of Control Agreements

The Bank has employment agreements with CEO Hayth, EVP Austin, and EVP Honts which includes provisions for noncompete, non-solicit, and change of control. In addition, the Bank has a change of control agreement and a non-solicit agreement with other senior officers of the Bank warranted by the nature of their job responsibilities. We believe all of these agreements protect the Bank and ensure continued service at or below costs borne by comparable community banks. The purposes of these agreements are to provide appropriate incentives to executive management, based on their respective duties. We believe that this aligns their financial interests more deeply with the Bank's performance, while also helping the Bank achieve continuity of direction.

Bank Owned Life Insurance and Split Dollar Life Insurance Agreements

The Bank has Bank Owned Life Insurance with aggregate single premiums totaling \$4,000,000, insuring the lives of 28 select officers and former officers. The Bank entered into an individual pre-retirement split-dollar life insurance agreements with these selected officers in the amount of \$50,000 death benefit. This benefit assists with the objective of recognizing their services as vital to the continued growth and profits of the Bank. In recognition of their past and future service, providing additional benefit to their designee(s), in the event of his or her untimely death while employed at the Bank, provides some measure of financial security to his or her family. This insurance benefits the designee(s) of each respective employee/insured until that employee/insured retires, at which point the Bank becomes the beneficiary of the policy. At March 25, 2022, 20 of the 28 insureds were still employed by the Bank.

Independent Public Accountants

The Bank's Audit Committee appointed Campbell & Lineberry, PC as independent public accountants for the fiscal year ended December 31, 2021. A representative of Campbell & Lineberry, PC will be available during the Annual Meeting and will be given the opportunity to make a statement and respond to appropriate questions from the shareholders.

2023 SHAREHOLDER PROPOSALS

If any shareholder intends to present a proposal to be considered for inclusion in the Bank's Proxy materials in connection with the 2023 Annual Meeting, the proposal must be in proper form and must be received by the Bank's Secretary, at the Bank's principal office in Buchanan, Virginia, on or before December 1, 2022.

OTHER BUSINESS

The Board of Directors does not know of any matters that may be presented for consideration at the meeting other than those specifically set forth in the Notice of Annual Meeting. However, in the event other proper matters are presented at the meeting, it is the intention of the Proxy holders named in the enclosed Proxy to take action that is in accordance with their best judgment with respect to such matters.

Shareholders are urged to specify choices on the enclosed Proxy and to date and return it in the enclosed envelope. Your prompt response and cooperation will be appreciated. We look forward to a future meeting to seeing our shareholders in person.

By Order of the Board of Directors

A handwritten signature in dark ink, appearing to read "G. Lyn Hayth, III", is written over a light gray rectangular background.

G. Lyn Hayth, III
President & Chief Executive Officer

Dated: March 25, 2022

