

To The Stockholder
Romney Bankshares, Inc.
Romney, WV 26757

If spending most of 2020 in a pandemic was challenging and unusual, then words are hard to find to describe the Bank's year for 2021. The effects of the pandemic grew ever more far reaching. The entire Bank community continued to deal with the sickness, and in some cases the loss, of family and friends. Bank operations were constantly being challenged to operate during quarantines, staff shortages, lobby closures, record mortgage demand, record deposit growth and supply and equipment shortages. But the most discouraging, and most saddening event of 2021 for the Bank, was the sudden passing of our President/CEO, Dean K. Young. Dean would have been proud to once again pen this sentence from the 2020 Annual Report of Condition: "Despite all the disruptions, hurdles, and changes in 2021, the financial performance of Romney Bankshares, Inc. and its subsidiary, The Bank of Romney has been historically positive in a year that has been historically negative. Record high income, asset size, deposit growth, and share price are a few of the historical milestones." It was a job well done by everyone for the Bank.

Financial Results

Record setting net income occurred for the fourth consecutive year during 2021, by a substantial margin over the prior year. The net income recorded was \$5,224,172 or 34.8% over the \$3,876,085 for 2020. The increase in net income can be attributed to a significant increase in our net interest margin and net interest income that increased by \$1,857,333 over 2020. The increase was created by record loan closings boosting interest income and fees. Loans closed during 2021 from a wide variety of loan products totaled \$131,535,246 and represented an over 25 million dollars increase from 2020. Moderate declines in interest expense also occurred from lower funding costs, despite large deposit growth.

The amounts in our balance sheet at year-end 2021, saw record levels in assets, loans, and deposits. Ending net loan balance grew by over 25 million, or 10.8% to \$ 258,703,386 at the end of 2021 compared to the 2020 balance of \$233,496,554. Increases in loan balances can be attributed to a high volume of loan closings during the year as the public continued to take advantage of significantly lower interest rates.

Deposit balances continued to grow unlike any time in recent history, fueled by stimulus check deposits, conservative spending habits of our customers, and the safety and security of funds placed at The Bank of Romney. Total deposits totaled \$ 262,722,399 at the end of 2021, compared to \$ 239,344,484 the prior year for a total increase of \$ 23,377,915 or 9.8%

The growth in deposits triggered an all-time high of asset levels at the end of 2021. Total consolidated asset balances reached \$374,463,880 at year-end and were even higher during parts of 2021. The asset totals increased \$ 37,028,332 or 11.0% compared to the \$ 337,435,548 balance in 2020.

Returns to shareholders was equally impressive during the year 2021. We continued to raise our dividend payout, providing a \$1.44 per share compared to \$1.42 per share in 2020. The stock price was also raised to keep up with the year's positive financial performance. The price was increased five times

to \$68.00 per share compared to the 2020 year-end price of \$63.00 per share. Price increases plus dividend payouts yielded an over 10.2% return for our shareholders during the year.

Operational and Product Improvements

Late in the Summer of 2021, the newly updated Bank of Romney website was released. The bank has received numerous favorable comments from customers who appreciate the modern look and easier to navigate platform. With the circumstances surrounding the push for increased online banking activity, the Bank was thankful to be able to offer this updated service to our customers.

Unfortunately, the increased utilization of online services led to an increase in the amount of cyber criminal activity from all over the world in 2021. Fortunately, the Bank had already begun the long process of strengthening our internal and external networks. Our new network configuration provides multiple layers of defenses, along with multiple avenues for data storage, recovery and failover systems. Protecting the Bank and its customer information from cyber threats has been, and will continue to be, an area of focus and commitment for many years to come.

Community and Social Engagement

After a tough Winter and Spring, dominated by social distancing and mask mandates, the Summer of 2021 seemed to bring some normalcy back to the Bank. There were the usual community events like parades, fairs and even a convention or two. Some folks were fortunate enough to venture out of town to enjoy a summer vacation with family. However, that all changed significantly by the end of September, and once again, our customer appreciation day and employee get togethers were cancelled for the remainder of 2021.

Human Resource Changes

2021 was a year of heartbreak and perseverance. COVID-19 continued to surge. Employees mourned the loss of family and friends. There were times branch lobbies were closed due to lack of staff. Thankfully, employees who tested positive for the virus recovered and, in all but one case, did not share it with other employees.

On a more positive note, William C. Keaton was elected Chairman of the Board by the Romney Bankshares Board of Directors. His predecessor, Thomas Williams, Jr. remains a director, but chose to step down as chairman. In July, changes were made to reinforce the succession plan. David Mayfield was promoted to Executive Vice President; Lisa J. Carl was promoted to Senior Vice President/ COO; Rebecca J. Ward was promoted to Vice President/CFO; and Brittany D. Lewis was promoted to Chief Commercial Lending Officer. No one could have predicted the tragic event that would force the implementation of the succession plan.

In August, the most unexpected of tragedies occurred. Dean K. Young, beloved President/CEO, passed away suddenly. Devoted to the Bank, the community, the customers, and the employees for nearly 19 years, Dean was one of a kind. He was a creative, brilliant man known for his "outside the box" ideas. With generous financial assistance from The Bank of Romney and contributions from our local community, Dean developed a plan that enabled Hampshire High School to install a turf athletic field and synthetic track. Dean participated in the ribbon cutting ceremony of the new facility one month

before he passed. He was one of few individuals who would openly admit, he was born to be a banker, and he loved it. In only 2 short years under Dean's leadership, the Bank experienced record income levels.

The community can expect the same level of customer service and community involvement from David R. Mayfield, newly elected President / Chief Lending Officer. David has been employed with the Bank for 13 years, serving as Vice President of Loans for the last 5 years. He has served in various capacities within the community, including Romney Rotary President, Treasurer for the Hampshire County Economic Development Board and coach to many of our Hampshire County youth. His extensive background in management has proved useful in his role as Vice President of Loans, and it will surely be beneficial in his new role as President.

Before Dean's passing, he nominated Cindy L. Walker, Chief Mortgage Lending Officer/ Assistant Vice President, for the prestigious Robert F. Baronner, Jr. Outstanding Community Banker of the Year award. In the nomination application, he stated, "Her success is not only attributed to her skill as a lender and the extra time she puts in at her office, but runs much deeper. As she has helped hundreds in the local community obtain their own home, business or consumer needs, she has become our all-time loan portfolio balance leader." In September, Cindy was honored as the 2021 recipient. Also prior to Dean's passing, the Bank was asked to participate in the Business View Magazine as a "Top U.S. Community Bank." Dean, Lisa, David and Rebecca contributed to the story. A tribute to Dean was included in the article as it was printed after his passing.

Outlook Perspective

2022 promises to continue to be another year of unprecedented uncertainty. The ongoing pandemic, historical levels of inflation, rising home values, supply chain disruptions, rising interest rates and war are the headlines early in 2022. Political, financial and regulatory issues continue to be unclear. Stimulus payments may have ended, but government spending continues to be strong, and the labor market is more competitive than ever before. Rising home values and interest rates should provide an opportunity for the Bank to increase our net interest margin and profitability which may help to offset the loss of income from the Payroll Protection Program. Rising rates and home values normally tend to restrain housing demand, but mortgage loan volume has remained strong. The lack of new homes constructed over the last 10 to 15 years has only served to fuel demand for existing homes and construction. Higher inflation, interest rates, and cost of goods should indicate a drain on deposit, but that is yet to be seen. With so much uncertainty, it is hard to determine the exact path for our economy and our community's success. The Bank's financial success over the years only helps to strengthen our commitment to provide the financial resources needed by our communities no matter what the year 2022 has in store for us. And, again, thank you for the support and confidence placed in The Bank of Romney the past year and beyond.

William C. Keaton, Chairman of the Board
Romney Bankshares, Inc.

David R. Mayfield, President
Romney Bankshares, Inc.