

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

After a couple of years of excessive excitement in the banking industry, 2024 was pretty much a year of what was expected. The Federal Reserve indicated early in the year they were going to lower rates and in the last quarter they followed through on their word. Maybe not as large of a reduction as originally anticipated, but a reduction, nonetheless. For now, the 100-basis point reduction in the Fed Fund rate has been effective in eliminating any significant increase in the unemployment rate but also slowed progress towards bringing inflation back to that magical two percent number. If there was a single economist who predicted interest rates would rise 575 basis points and then fall 100 basis points, all within a two-and-a-half-year period, without a recession or high unemployment, no one in the media heard them. An inverted yield curve has widely been accepted as one of the best predictors of a recession, but here we are, approximately three years later. The effects of a pandemic have obviously distorted the normal response of the economy to little things like interest rates and yield curves. Either way, Romney Bankshares and its subsidiary, The Bank of Romney, were able to win one for the thumb, once again leading its regional peer group for the fifth consecutive year in Return on Assets, at 1.27%. Our 1.27% Return on Assets compares quite favorably to our regional peer groups' average of .78%.

Financial Results

The net income recorded was \$4,731,961.60 or 11.4% more than our income of \$4,248,486.00 for 2023. Net interest income increased \$487,127.53 compared to 2023. This increase can be attributed to interest income from assets increasing faster than interest expense for liabilities. The Bank also incurred a \$196,250 gain on the sale of a sub-debt bond related to the Signature Bank failure. However, that gain was negated by unanticipated loan charge-offs of \$200,000 in the fourth quarter of 2024. The Bank's continued strong efficiency rating also contributed to higher net income.

Our balance sheet totals at year-end 2024 were relatively flat and in line with management expectations as any growth in loans or deposits could possibly be at the detriment of interest margins and earnings. Ending net loan balances decreased by \$4.2 million to \$261,057,490 compared to the 2023 balance of \$265,296,908. Total deposits equaled \$261,700,059 at the end of 2024, compared to \$261,867,793 in 2023.

Like 2022 and 2023, management and the Board continued the strategy to constrain both loan and investment growth in the current interest rate environment to preserve capital and liquidity. The result was a \$6,608,481 decrease in total assets from \$360,531,549 in 2023 to \$353,923,068 at year-end. Total security investments decreased \$5,049,490, from \$58,024,211 in 2023 to \$52,974,721 at year end 2024. The Bank's capital level increased \$6,256,205, from \$48,580,744 in 2023 to \$54,836,949 at year end 2024. The Bank's capital leverage ratio increased to 15.32% at year-end 2024 compared to 14.1% at year-end 2023. Our capital leverage ratio compares very favorably to our regional peer groups' average of 9.27%.

Our continued strong net income enabled the Bank to raise our 2024 dividend payout once again, providing for a \$1.98 per share compared to a \$1.68 per share in 2023. Despite a decline in total assets, strong earnings and capital levels enabled the Bank to raise its share price an additional ten dollars in

2024 from \$73 to \$83. This year's dividend and stock price gain provided for a 16.4% return for Romney Bankshares stockholders.

Operational and Product Improvements

If you have visited the Bank's website lately, you may have noticed something a little different about the look of our Bank. After more years than anyone can honestly remember, the Board decided it was time to freshen things up a bit. After all, in a survey of current and potential customers, the words "old" or "out of date" seemed to come up with way too much frequency. Our new brandscape, logo and slogan will enable the Bank to create more modern and consistent marketing materials, and the badge is better suited for mobile or digital applications. To reach and attract a broader customer base, the same survey indicated the Bank needed to update its products and services as well. Our current core processing system was sunset a couple years ago and is considered ready for retirement. And since the Bank is not ready to retire, in October management began the process of updating our current core processing system to a more modern system capable of supporting the Bank products and services that many customers demand. The new system will support numerous new services to be implemented over the next six to eight months, including: person-to-person payments, contactless debit cards, mobile tap and pay, automated online account opening, relationship management, conditional interest bearing checking accounts, and enhanced fraud detection. 2024 was the year the Bank did the work to bring all these exciting changes to our customers and communities.

Human Resources Changes

With the deceleration of the 'Great Retirement,' our strategic focus has shifted towards aligning individuals with roles that best correspond to their skills and abilities. This approach ensures mutual prosperity for both the employees and the Bank. To this end, Dustin Swisher, originally hired as Marketing Specialist in 2023, has transitioned to the role of Loan Officer. Emma Shreve, a more recent hire with a degree in Marketing, has transitioned from the role of Teller/ New Accounts Representative to the role of Marketing Specialist. Dustin and Emma have 'hit the ground running' in their new roles.

Stephanie Richardson, with 16 years of loan experience at The Bank of Romney, has returned to resume her position as Chief Consumer Lending Officer.

Effective May 1, 2024, Sarah Light was promoted to Vice President / Loan Operations and Tabitha Bean was promoted to Vice President / Human Resources and Development. Sarah and Tabitha were both promoted to Officer status in March 2015 and now are among the youngest to be promoted to executive officers.

Sarah began her career with the Bank as a teller in 2007. She advanced to Assistant Branch Manager in 2014 and Branch Manager in 2015 at the Springfield Branch. In 2016 she was promoted to Loan Operations Supervisor, managing one of the largest departments in the Bank. In 2023 she was promoted to Assistant Vice President/ Loan Operations Supervisor.

Tabitha began her career with the Bank as a part-time teller in 2004 while attending school. She first worked in Human Resources in 2007 while attending college where she earned a degree in Business Administration with a concentration in Human Resources. After graduating from college, she served as the Training/ Operations Support Specialist. In 2012, she was promoted to Human Resources

Coordinator and has been effectively managing the HR function on her own since January 2013. In May 2019, she was promoted to Assistant Vice President/ Human Resources Officer.

Unfortunately, the Bank experienced a great loss when our beloved co-worker, Tracy Orndorff, passed away after a courageous fight with cancer. Tracy was with the Bank for 36 years and served the last nine years as Branch Manager for the Capon Bridge Branch.

Outlook Perspective

Less than 50 basis points or one half a percent, that is the range of the Treasury yield curve from one month all the way out to twenty years as of this letter. The flatness of the yield curve tells us one thing, there are as many economists who believe it is going to rain as there are who think the sun is going to shine. Much like investing in the stock market, the financial success of the Bank over recent years has left management and the Board climbing the proverbial wall of worry, especially without any clear direction for the economy. Thankfully, the tests and models of the Bank's balance sheet indicate we are well positioned to continue strong earnings in both a rising or falling interest rate scenario. And so far this year, our financial results indicate we are well positioned to operate in a flat interest rate environment as well. In 2024, management began to execute the Board's strategic plan to invest in not only our systems, technologies and products, but also the way the Bank looks and feels. These investments will help secure the bank's continued status as the leading financial institution in our market space. With additional strategic investments planned in the near term, management and the Board anticipate our stockholders will continue to benefit from strong earnings and capital growth. So once again, thank you for the support and confidence placed in The Bank of Romney over the past year and beyond.



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



David R. Mayfield, President
Romney Bankshares, Inc.