POTOMAC BANCSHARES

Subordinated Notes Offering Investor Presentation

August/September 2020



Disclaimer

Forward-Looking Statements

In addition to historical information, this presentation may contain certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others: (1) statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Potomac Bancshares, Inc. (the "Company") and its wholly-owned bank subsidiary, Bank of Charles Town (the "Bank"); and (2) statements preceded by, followed by or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," or similar expressions.

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Terms of Proposed Offering

Issuer	Potomac Bancshares, Inc. (OTCPK:PTBS)
Security	Subordinated Notes
Amount	$7.5 Million
Sub Debt Rating	Unrated
Structure	Fixed-to-Floating Rate
Issuance Type	Regulation D Private Placement
Term	10 years
Call Date	5 Years
Use of Proceeds	General corporate purposes, organic growth and to support bank regulatory capital ratios
Sole Placement Agent	Piper Sandler & Co.

POTOMAC BANCSHARES

I. Overview of Potomac Bancshares

Experienced Leadership Team

Proven Leadership



Alice P. Frazier joined Potomac Bancshares Inc. in 2017 as President & Chief Executive Officer. She has 29 years of banking experience. Prior to Potomac Bancshares Inc., she served as Executive Vice President and Chief Operating Officer of Cardinal Financial Corporation, which had 30 banking offices serving the Washington, DC Metro area. During her tenure, Cardinal grew from $1.8 billion to over $4.0 billion in assets and originated $4 billion in mortgages annually. Before Cardinal, Ms. Frazier began her banking career with Middleburg Financial Corporation in 1991, first serving as Chief Financial Officer and culminating as Chief Operating Officer as the bank grew from $110 million to $841 million in assets when she left in 2007. Prior to that, she worked four years in public accounting with both a national and regional firm. Ms. Frazier currently serves as Secretary for Independent Community Bankers Association. She is a past Chairperson of the Virginia Association of Community Banks.



Dean Cognetti is the Executive Vice President & Chief Financial Officer of Potomac Bancshares Inc. and Bank of Charles Town, having joined the Company in July 2011. Mr. Cognetti serves as Secretary and Treasurer at Potomac Bancshares Inc. He has over 25 years financial services experience including Senior VP/Mergers & Acquisitions Manager with BB&T in Winston-Salem, North Carolina, Manager of Financial Analysis with One Valley Bank (acquired by BB&T) in Charleston, West Virginia and Comptroller with One Valley Bank of Clarksburg, Clarksburg, West Virginia. Mr. Cognetti is a graduate of Marquette University and is a Certified Public Accountant.



Raymond F. Goodrich joined Bank of Charles Town as Executive Vice President and Chief Lending Officer in April 2018. Goodrich, formerly Executive Vice President and Chief Lending Officer with Chain Bridge Bank, N.A. in McLean, Virginia, and Senior Vice President at M & T Bank (formerly Provident Bank), brings over 33 years of financial services experience to his new position. He began his banking career in First Virginia Bank's management training program. Raymond has expertise in lending at all levels with a solid foundation in commercial lending.



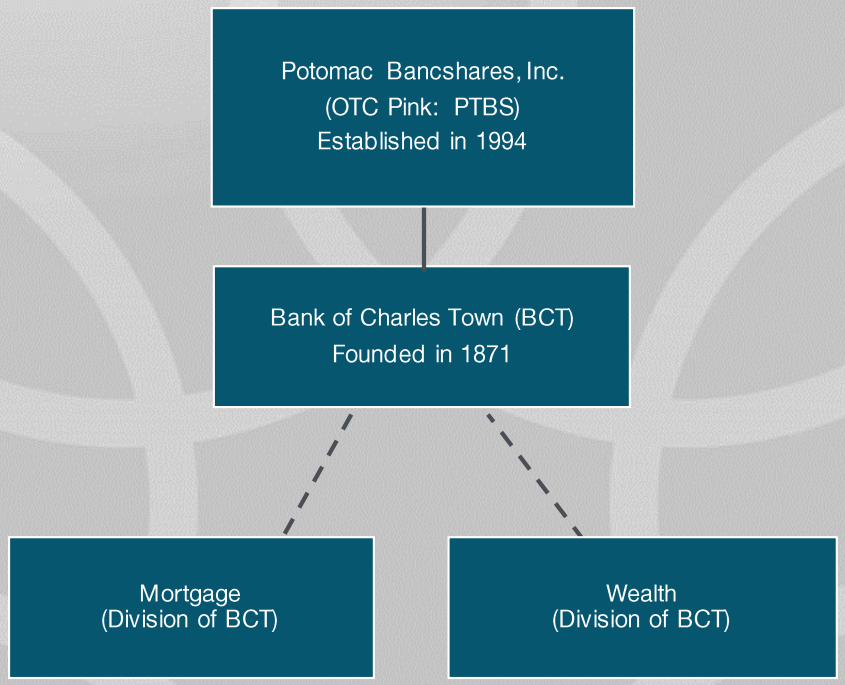
Tim Lewis joined Bank of Charles Town in 2002 and is currently Executive Vice President – Information Technology and Retail Operations Manager. Tim began his banking career in 1978 as a teller working his way up to Branch Manager, Retail Lender, City Executive and Branch Area Operations Manager for South Berkeley, One Valley Bank and then BB&T following the purchase of One Valley Bank. During his career, Tim has led multiple merger conversion teams for One Valley Bank. Tim currently serves on the Berkeley County Planning Commission and volunteers with Horses with Hearts.



Matt Stickel is the Senior Vice President & Senior Credit Officer. He has been in banking for more than 14 years, all of which have been at Bank of Charles Town. He helped establish the foundation of the Credit Administration department of the bank during the Great Recession and has been tasked with overseeing the underwriting and loan review areas for more than 10 years. He is a graduate of the Barret School of Banking, RMA Commercial Lending School, and ABA Graduate Commercial Lending School. He earned his Credit Risk Certification (CRC) through the Risk Management Associates and currently serves on the Board of Directors for the Community Bankers of West Virginia.

Overview of Potomac Bancshares

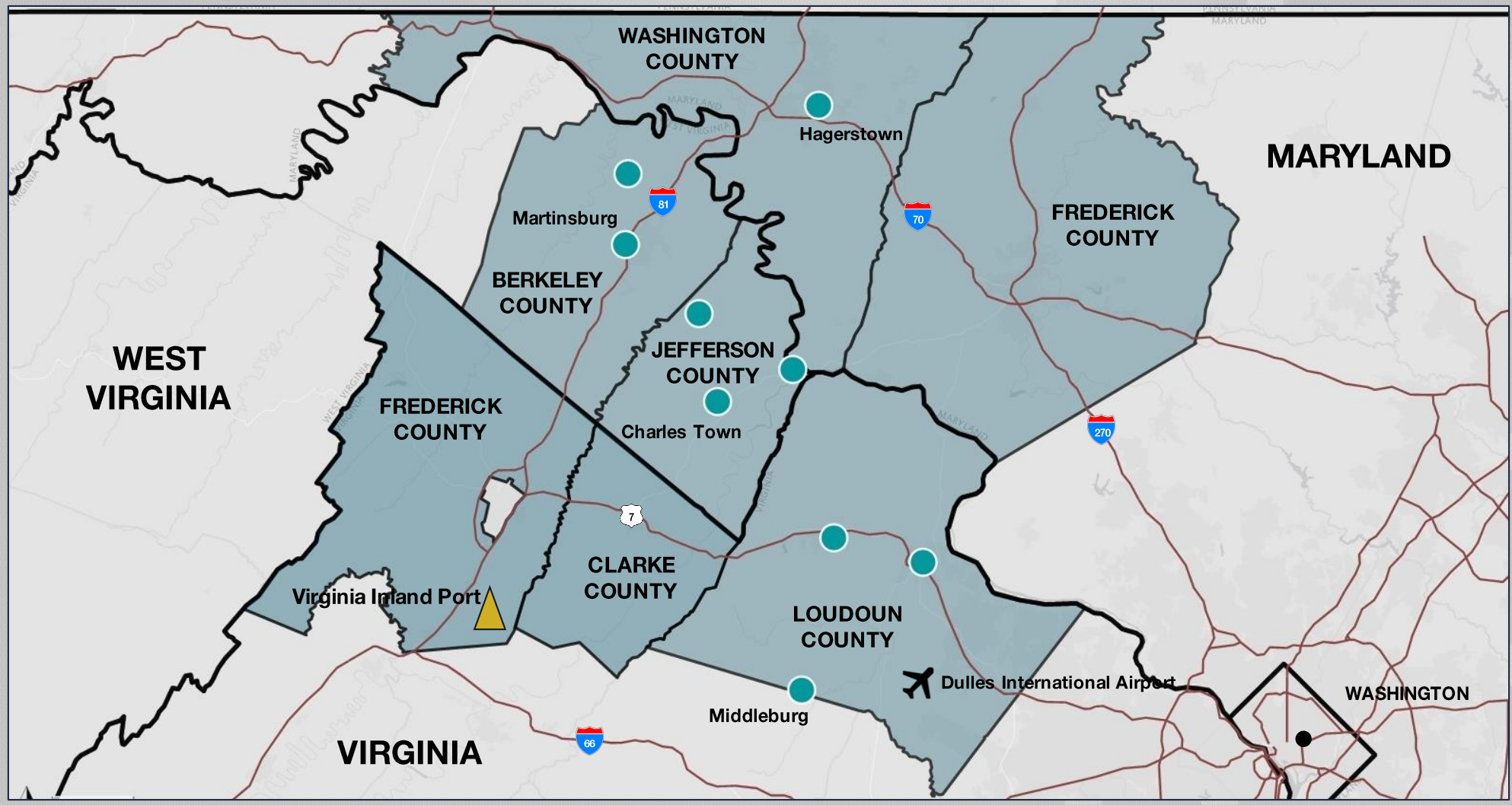
($ in thousands)	2018Y	2019Y	6/30/2020
Balance Sheet			
Total Assets	$484,550	$515,786	$606,951
Total Loans	363,957	412,460	475,712
PPP Loans	-	-	53,124
Total Deposits	424,127	449,880	534,653
Shareholders' Equity	49,524	51,922	53,602
TCE/TA	10.22%	10.07%	8.83%
Profitability Metrics			
ROAA	0.75%	0.64%	0.56%
ROATCE	8.40%	6.32%	5.85%
Net Interest Margin[1]	3.43%	3.38%	3.26%
Non-Int. income/Ave. Assets	1.04%	1.09%	0.96%
Efficiency Ratio	75.71%	78.64%	74.01%
Provision Expense	$312	$474	$991
Asset Quality			
NPAs/Assets	0.20%	0.27%	0.15%
Reserves/Loans[2]	0.90%	0.90%	1.12%
Other Metrics			
Wealth Division AUM	$114,862	$126,787	$119,476



1) The metrics presented are for the Bank of Charles Town
2) June 30, 2020 Reserves/Loans excludes PPP loans in the denominator
Note: Financial information is as of or for the six months ended June 30, 2020 (annualized where appropriate)

Well Positioned in Outstanding Markets

- Nine banking offices and one LPO serving four adjoining counties in three states
- Loudoun County, VA and Jefferson County, WV are included in the Washington DC MSA
- Loudoun County, VA is the 25th fastest growing county in the USA with the highest median income
- Interstate 81 drives economic growth through Berkeley County, WV and Washington County, MD with major company distribution centers (Amazon, Macys, Clorox, Fed Ex and Procter & Gamble)



Focused Growth Strategy – Investing into the Future

- **Increased non-interest income through expansion of mortgage banking in all markets served**
  - April 2018 – hired a top producing Director of Mortgage Banking with 20 years experience in mortgage banking (Loudoun County) and 30 years experience in financial services
  - Improved secondary market platform for improved closing times and better pricing flexibility
- **Expansion of commercial and small business lending services to increase growth in business loans and non-interest bearing deposits**
  - April 2018 – hired a seasoned Chief Lending Officer with extensive experience including SBA lending, Government Contracting and Treasury Services
  - Hired seasoned commercial bankers in 2018, 2019 and 2020
  - Built Cash Management Sales Support Team
- **Expansion into Virginia through Loudoun County**
  - Opened full service micro-branches in Purcellville (July 2018) and Leesburg (April 2019)
  - Opened Loan Production Office in Leesburg (August 2018)
- **Bolstered Technology and Training areas for growth**
  - Hired seasoned Chief Technology Officer (September 2019)
  - Developed training support function (2018)
- **Increased capital to support growth plan**
  - Community based common equity raise of $12 million completed in September 2018

Positioning PTBS For Future Success

Provide a Differentiated Customer Experience

- Ensure a consistent Amazing Customer Experience (ACE) at every interaction with the ACE Playbook
- Must be equally present in the physical and digital environment
- Provide a values based culture in which employees thrive

Enhance Overall Profitability

- Attract, expand and retain profitable commercial relationships
- Increase non-interest bearing deposits as % of overall deposits
- Continue expansion in Northern Virginia

Digital Transformation

- Deploy digital banking strategy with enhanced online/mobile banking services to unleash the geographic limitations
- Deploy interactive website with broad SEO and data analytics
- Partnership with fintech to develop enterprise reporting for broad customer intelligence

Deposit Market Share

2019 Rank	Local Rank	Company Name	# of Branches	June 30, 2019 Total Deposits In Market ($000)	Total Market Share (%)
		Jefferson County, WV			
1	**1**	**Potomac Bancshares Inc. (WV)**	**3**	**$280,490**	**32.75**
2		Truist Financial Corp. (NC)	2	187,584	21.90
3	2	Jefferson Security Bank (WV)	3	171,940	20.07
4	3	United Bankshares Inc. (WV)	2	113,492	13.25
5	4	City Holding Co. (WV)	2	65,794	7.68
6	5	Summit Financial Group Inc. (WV)	1	37,205	4.34
		Total For Institutions In Market	**13**	**$856,505**	**100.00**
		Loudoun County, VA			
1		Truist Financial Corp. (NC)	20	$1,483,542	21.27
2		Wells Fargo & Co. (CA)	11	1,037,089	14.87
3		Bank of America Corporation (NC)	8	1,000,901	14.35
4	1	Capital One Financial Corp. (VA)	6	812,657	11.65
5	2	Atlantic Union Bkshs Corp. (VA)	5	658,800	9.44
6	3	United Bankshares Inc. (WV)	6	466,927	6.69
7		PNC Financial Services Group (PA)	11	425,157	6.10
8	4	John Marshall Bancorp Inc. (WV)	1	169,449	2.43
9	5	Eagle Financial Services Inc. (VA)	3	140,390	2.01
10	6	Eagle Bancorp Inc. (MD)	1	124,636	1.79
11	7	Southern National Bncp of VA (VA)	3	108,618	1.56
12	8	Sandy Spring Bancorp Inc. (MD)	3	106,274	1.52
13		M&T bank Corp. (NY)	3	92,988	1.33
14		Toronto-Dominion Bank	1	87,722	1.26
15	9	FVCBankcorp Inc. (VA)	1	67,716	0.97
16	**10**	**Potomac Bancshares Inc. (WV)**	**3**	**64,134**	**0.92**
17	11	Summit Financial Group Inc. (WV)	1	42,045	0.60
18	12	MainStreet Bcshs (VA)	1	31,432	0.45
19		First Citizens BancShares Inc. (NC)	1	23,732	0.34
20	13	MVB Financial Corp (WV)	1	15,850	0.23
21	14	Presidential Holdings Inc. (VA)	1	13,633	0.20
22		Woodforest Financial Grp Inc. (TX)	1	1,514	0.02
23		JPMorgan Chase & Co. (NY)	1	0	0.00
		Total For Institutions In Market	**93**	**$6,975,206**	**100.00**

2019 Rank	Local Rank	Company Name	# of Branches	June 30, 2019 Total Deposits In Market ($000)	Total Market Share (%)
		Berkeley County, WV			
1		Truist Financial Corp. (NC)	5	$363,788	26.49
2	1	United Bankshares Inc. (WV)	4	271,572	19.77
3	2	City Holding Co. (WV)	4	181,794	13.24
4	3	Summit Financial Group Inc. (WV)	3	166,986	12.16
5	4	First United Corp. (MD)	3	129,971	9.46
6	5	Jefferson Security Bank (WV)	2	92,272	6.72
7	6	CNB Financial Services Inc. (WV)	3	84,089	6.12
8	**7**	**Potomac Bancshares Inc. (WV)**	**2**	**81,282**	**5.92**
9		Woodforest Financial Grp Inc. (TX	1	1,652	0.12
		Total For Institutions In Market	**27**	**$1,373,406**	**100.00**
		Washington County, MD			
1		Truist Financial Corp. (NC)	8	$598,407	25.41
2		Fulton Financial Corp. (PA)	8	506,424	21.50
3		M&T bank Corp. (NY)	10	452,123	19.20
4	1	PNC Financial Services Group (PA)	3	265,924	11.29
5	2	Community Heritage Finl Inc. (MD)	3	203,490	8.64
6	3	First United Corp. (MD)	4	99,593	4.23
7	4	CNB Financial Services Inc. (WV)	3	90,453	3.84
8	5	United Bankshares Inc. (WV)	2	67,581	2.87
9	6	Orrstown Financial Services (PA)	1	37,792	1.60
10	**7**	**Potomac Bancshares Inc. (WV)**	**1**	**20,203**	**0.86**
11	8	Jefferson Security Bank (WV)	1	7,875	0.33
12	9	AmeriServ Financial Inc. (PA)	1	5,398	0.23
		Total For Institutions In Market	**45**	**$2,355,263**	**100.00**

NOTE: FDIC data as of June 30, 2019, adjusted for all M&A activity since that date.

POTOMAC BANCSHARES

II. Covid-19 Pandemic Response

COVID-19 Priorities: Protect our Employees Support our Clients and Communities

Employees Provide a safe environment	■ Implement a work-from-home strategy for those whose jobs can be performed remotely, 50% capability to work remotely ■ Alternative schedules and geographic relocation for retail and operations teams whose job is performed onsite ■ Commitment to full compensation through pandemic ■ Closed lobbies to public from March 18 to July 7, open now for appointment only and limited in branch services ■ Effective use of video teleconferencing company wide
Clients Meet the needs of our customers	■ Full payment deferrals for 90 days for consumer and mortgage loans with maturities extended ■ Interest only or payment deferrals for commercial loans with maturities extended ■ Waive early withdrawal penalties on CD and overdrafts ■ Paycheck Protection Program ■ Mobile and Online Banking training via call center
Communities Neighbors helping Neighbors	■ BCTCares for The Hungry provided $25,000 in charitable support for meals on wheels, backpack and food bank programs ■ Webpages designed to provide information on governmental programs and support ■ Educational podcasts and radio events

Paycheck Protection Program Loans Originated

Data as of August 5, 2020

Loan Size	# of PPP loans	% of PPP loans	Total PPP Loans	Average Size of Loans
$0-$150,000	471	85%	$15,752,029	$33,444
$150,000 - $350,000	45	8%	8,968,686	199,304
$350,000 - $2.0 million	38	7%	23,436,189	616,742
> $2.0 million	3	1%	6,826,500	2,275,500
Total	557	100%	$54,983,404	$98,713

Gross fees from PPP: $1.99 million, including $1.39 million of net deferred fees remaining as of July 31, 2020

Through ICBA ThinkTech program developed relationships with two fintechs to deploy Online PPP Application and Forgiveness Portal

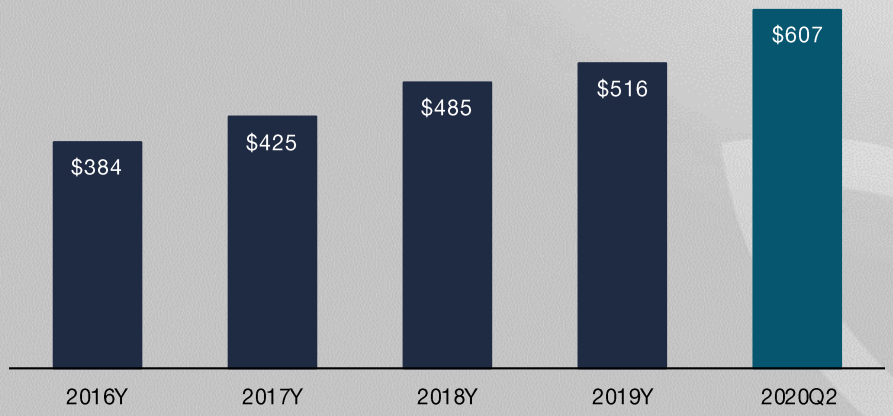
POTOMAC BANCSHARES

III. Financial Overview

Consistent Balance Sheet Growth

Total Assets

(Dollars in millions)



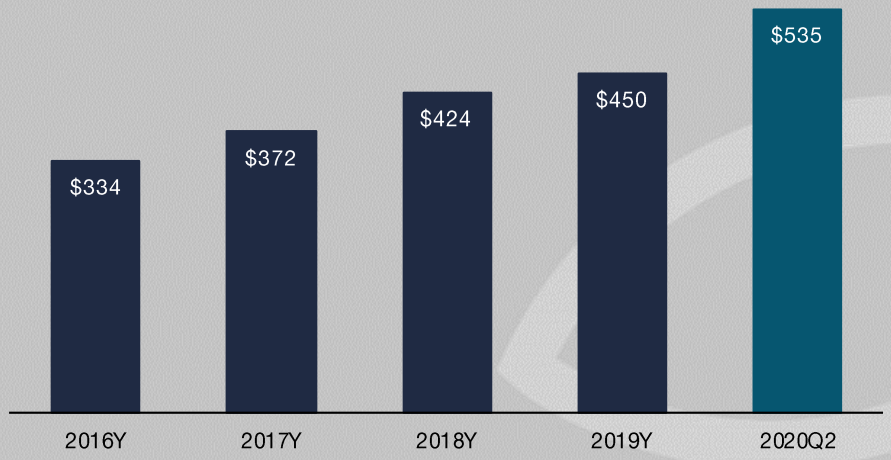
Total Loans[1]

(Dollars in millions)



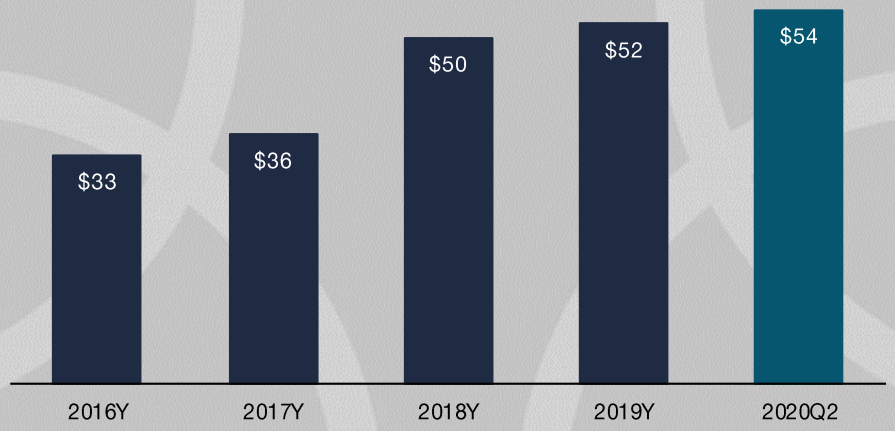
Total Deposits

(Dollars in millions)



Total Shareholders' Equity

(Dollars in millions)



1) Lighter shading of total loans represents the $53 million of PPP loans

Second Quarter Financial Highlights

($ in thousands except EPS data)	2Q19	1Q20	2Q20
Earnings			
Net Interest Income	$4,074	$4,244	$4,403
Pre-Provision Net Revenue	$1,157	$1,368	$1,569
Net Income	$818	$719	$826
EPS	$0.20	$0.17	$0.20
Provision Expense	$110	$466	$525
Profitability Ratios			
ROAA	0.66%	0.56%	0.57%
ROAE	6.48%	5.51%	6.21%
Net Interest Margin[1]	3.41%	3.40%	3.14%
Efficiency Ratio	78.76%	75.27%	72.80%
NCOs/Average Loans	(0.01)%	(0.01)%	(0.01)%
Capitalization Ratios			
Tangible Common Equity	9.99%	9.77%	8.83%
Tier 1 Leverage[1]	10.56%	10.42%	9.38%
Total Capital[1]	15.84%	14.84%	15.12%
Dividend Payout	35.00%	41.18%	35.00%

- Surpassed $600 million in assets during Q2 2020
- Total assets increased $96.4 million, or 19% over June 30, 2019
- Total loans increased $85.9 million, or 22% over June 30, 2019
- Excluding PPP loans, growth was $32.7 million, or an 8.4% increase
- Pre-provision, pre-tax earnings for the first six months of 2020 increased $0.8 million to $2.9 million, or a 40% increase over Q2 2019
- Net recoveries for the quarter were approximately 0.01% of average loans
- Positive operating trends reflect the continued execution on strategic initiatives

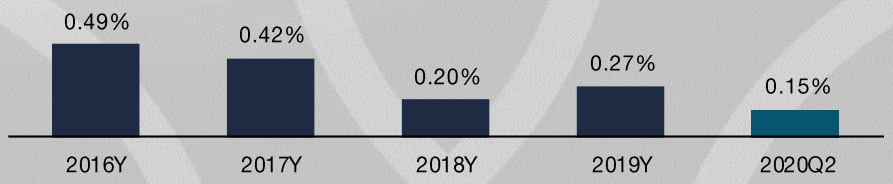
1) Data presented is for the Bank of Charles Town

Prudent Credit Culture Drives Asset Quality

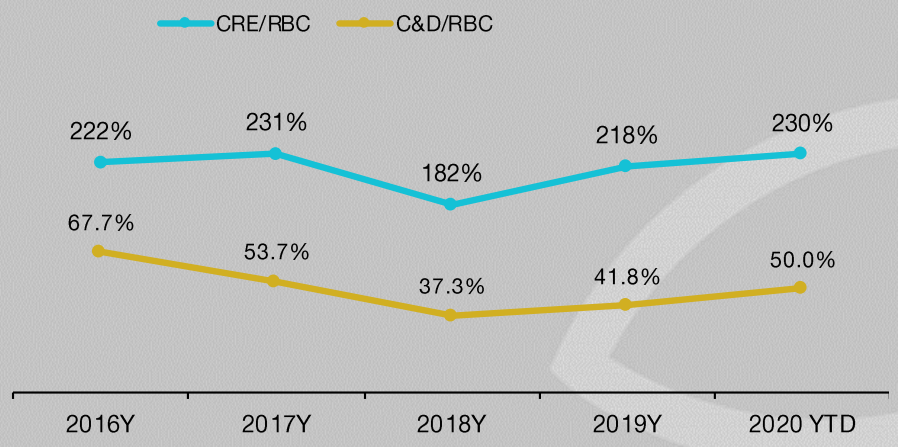
Improved Underwriting Guidelines

- Early 2018, strengthened credit culture and underwriting guidelines
- Semi-annual credit score monitoring of consumer portfolios
- Focused commercial business development efforts with prudent credit culture in mind
- Established maximum concentrations of credit in hotel industry in June 2019
- Early 2020, tightened underwriting criteria for consumer lending

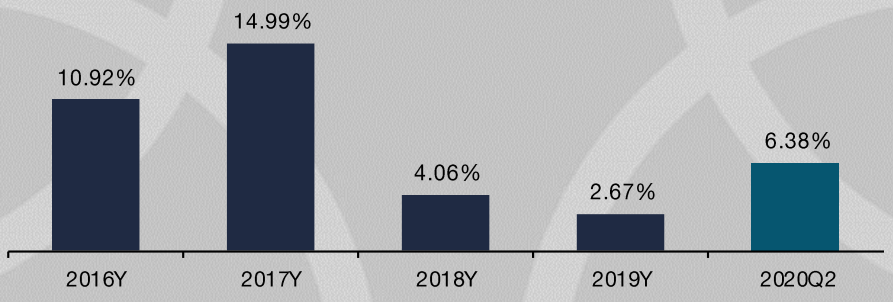
NPAs / Total Assets



CRE and ADC Concentration Ratios

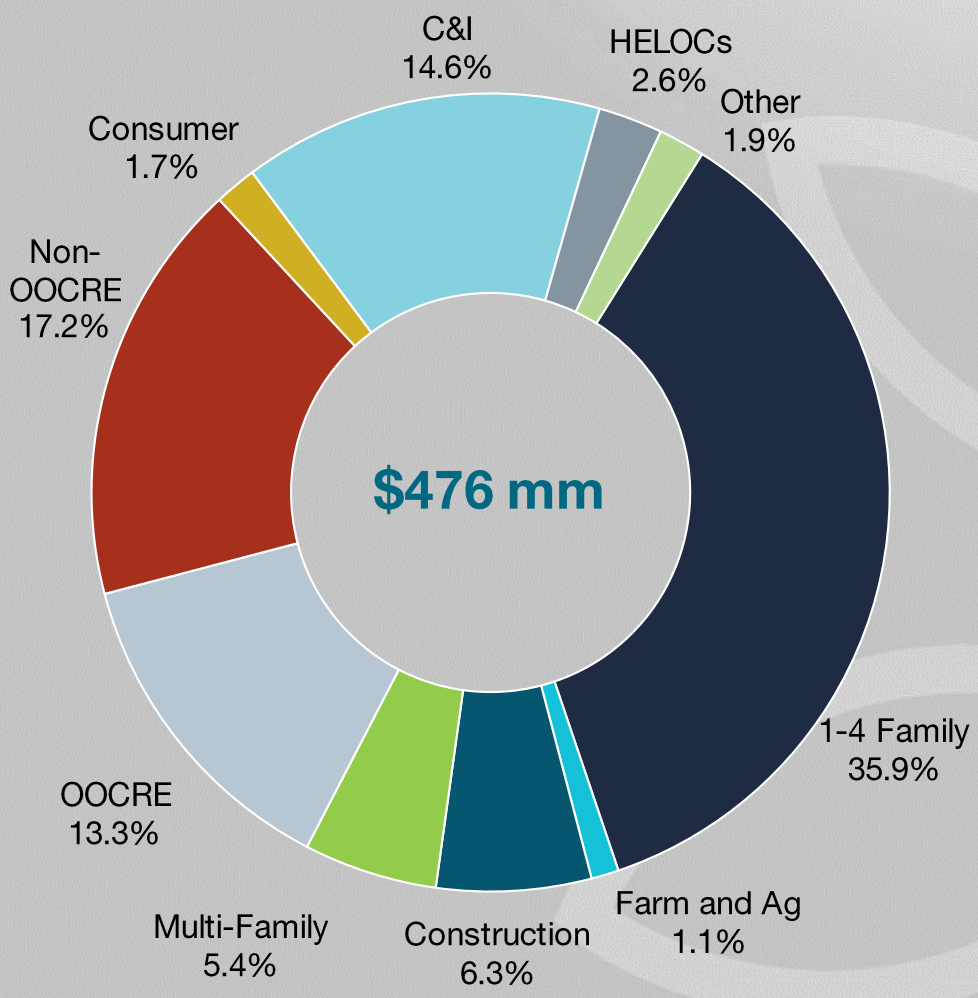


Classified Loans / Tier 1 Capital



Diversified Loan Portfolio — June 30, 2020

Loan Portfolio Breakdown



Industry Monitoring by NAICS Codes

Dollar Values in Thousands	June 30, 2020	
Largest Loan Types by NAICS Code	Balance	% of Loans
Real Estate:	**$111,715**	**23%**
Lessors of CRE	62,491	13%
Lessors of Residential RE	44,364	9%
Storage Units	2,901	1%
Lessors of Other Real Estate	1,959	0%
Doctor, Dentists & Other Health:	**21,587**	**5%**
Dentists	8,730	2%
Physicians	5,923	1%
Freestanding Emergency Ctrs	3,585	1%
Diagnostic Imaging Centers	2,630	1%
Other Health Practitioners	719	0%
Hotels	**25,185**	**5%**
Construction	**9,820**	**2%**
Land Subdivision	**9,386**	**2%**

Credit Quality Metrics

Dollar values in thousands	12/31/2019	6/30/2020
Nonaccrual Loans	$952	$923
90+ Days Delinquent Accruing	387	0
Other Real Estate Owned	53	0
Nonperforming Assets	**$1,392**	**$923**
Restructured Loans	$1,594	$1,380
Loan Loss Reserve	$3,716	$4,732
Asset Quality Ratios (%)		
NPAs / Assets	0.27%	0.15%
Reserves / Loans HFI[1]	0.90%	1.12%
Reserves / NPLs	278%	513%
NCOs / Avg. Loans	0.01%	(0.01%)

1) June 30, 2020 Reserves/Loans HFI excludes PPP loans in the denominator

Balance Sheet: Providing Relief to our Customers

Loans with COVID-19 Related Modifications as of July 31, 2020

Type of Loan	Loan Balance	% of Portfolio Type
Consumer, Mortgages and HELOCs	$5,282,315	3.25%
C&I, Commerical Real Estate	32,077,915	12.49%
Total	$37,360,231	8.91%

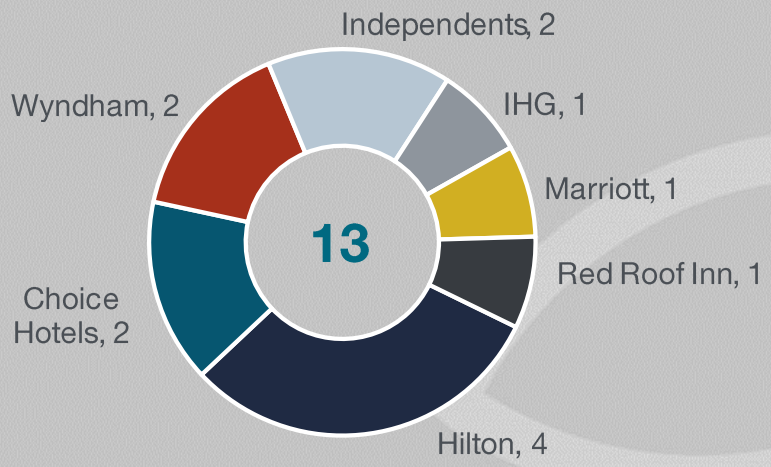
- Active deferral status is down to 6.76% of Total Loans as of 8/24/20
- Mortgage is now at 1.07%
  - Streamlined modification process
- All consumer (mortgage plus retail) is at 1.21%
- 10 customers in the consumer portfolio have a second 90-day deferral

Commercial Loans Modifications by Industry	
Hotel	$14,284,728
Residential Investment	3,006,645
Restaurant	2,919,922
Education	2,849,543
Misc.	2,677,432
Non Owner Occ. CRE - retail/restaurant	1,990,689
Medical / Dentist	1,738,258
Agriculture/Equestrian	1,288,527
Church	1,130,137
Non Owner Occ. CRE - medical	192,034
Non-Owner Occ Office	0
Total Commercial Deferrals	**$32,077,915**

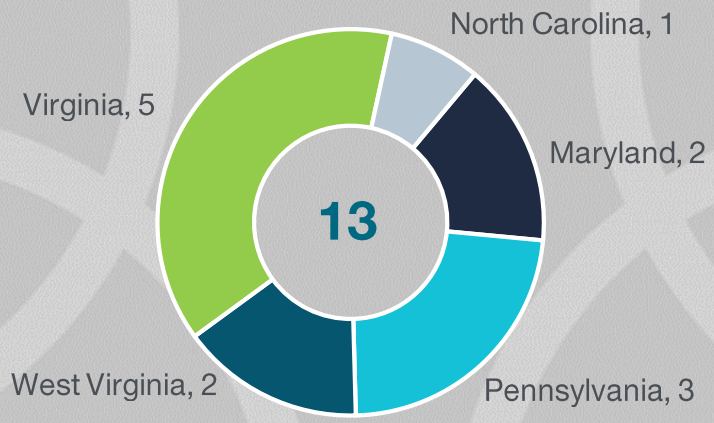
Hotel Lending Exposure

- June 30, 2020 balance of portfolio is $25.5 million with another $4.4 million unfunded for construction projects
- 13 total relationships; six borrowers have continued to make payments with no deferrals
- Roughly $14.2 million are currently in payment deferrals
- Credit quality metrics (LTV, DSCR, Sponsor) were strong entering pandemic
- LTV ranged from 39% - 77%. Supported by conservative cap rates; lowest was 7.4% and average was 8.8%
- High-level analysis suggested that Net Operating Incomes (NOIs) could drop by ~30% and most properties would still have positive cash flow

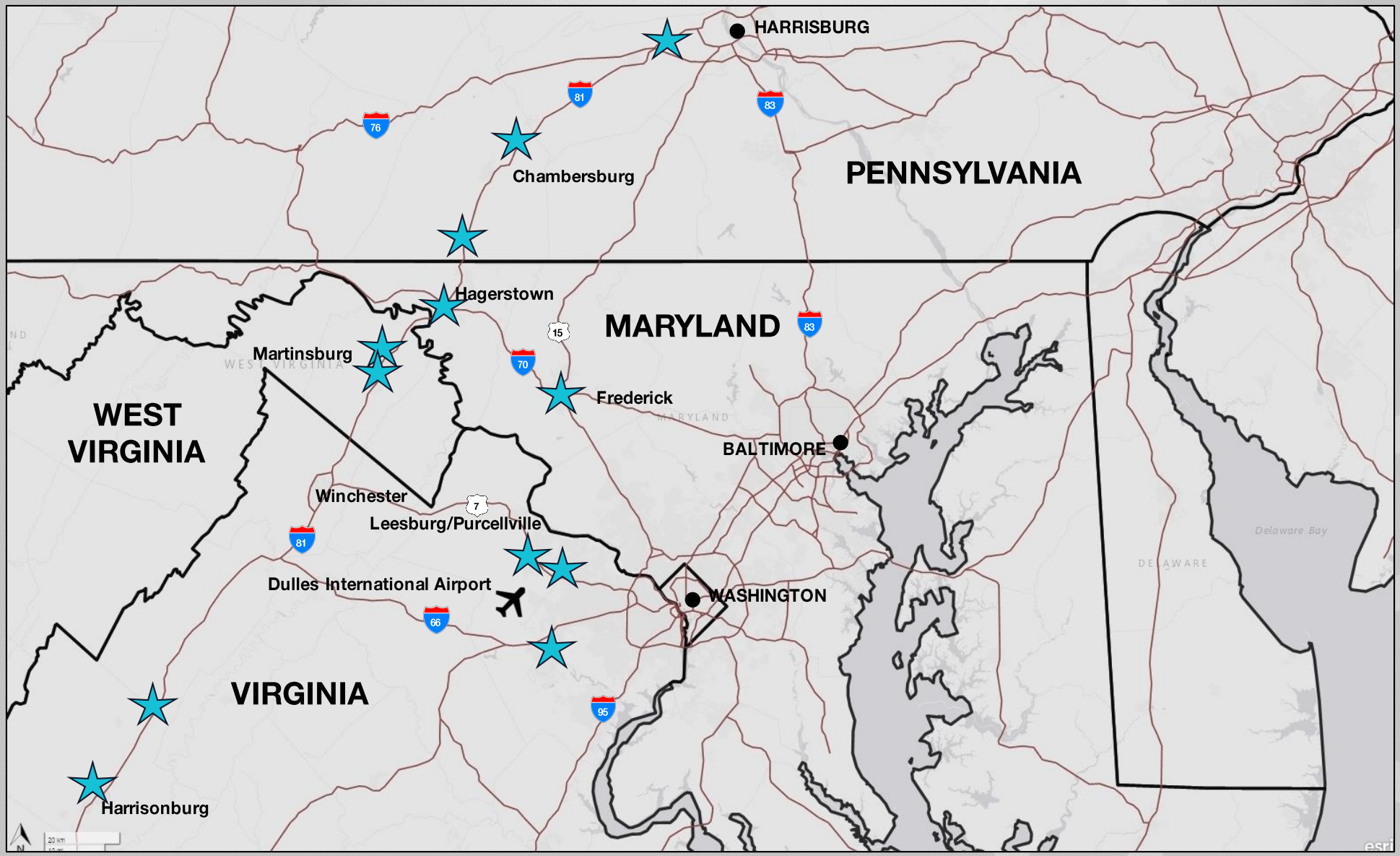
Hotel by Flag



Hotel by Geography



Map of Hotel Loans



Note: one hotel relationship (#13) not shown represents one out of market loan with an outstanding balance less than $100,000

Hotel and Restaurant Loan Details

	Brand Name	6/30/2020 Balance	LTV	State	Active Deferral?	Payment Notes
1	Major Flag	$5,487,512	65.94%	WV	Yes	Active Deferral
2	Major Flag	1,012,859	75.03%	WV	Yes	Active Deferral
3	Major Flag	1,704,690	38.74%	MD	Yes	Active Deferral
4	Independent	1,195,187	50.86%	MD	No	Paying per Original Terms
5	Major Flag	4,500,000	76.66%	VA	No	Previously on Deferral/Payments Resumed
6	Major Flag	2,499,485	60.46%	VA	No	Paying per Original Terms
7	Major Flag[1]	1,427,025	75.00%	VA	No	Paying per Original Terms
8	Major Flag	1,037,444	40.68%	VA	No	Paying per Original Terms
9	Major Flag[1]	160,669	75.00%	VA	No	Paying per Original Terms
10	Major Flag	2,843,218	64.02%	PA	Yes	Active Deferral
11	Major Flag	1,623,034	46.71%	PA	Yes	Active Deferral
12	Major Flag	1,561,669	65.07%	PA	Yes	Active Deferral
13	Independent	80,131	NM	NC	No	Paying per Original Terms
	GRAND TOTAL	**$25,132,924**	**63.24%**			

Restaurant Style	# of Locations	6/30/2020 Balance
White Table Dining	1	$2,433,604
Restaurant Group	8	1,462,083
Family Restaurant	1	57,028
Dairy Queens	4	1,400,811
Dunkin Donuts	3	206,323
Jersey Mike's Subs	2	43,921
Food Trucks	2	82,686
Pizza	1	128,088
Tacos	1	0
GRAND TOTAL	**23**	**$5,814,544**
Average Size		$646,060
Median Size		$128,088

1) Under Construction

Non-Owner Occupied Retail Real Estate as of June 30, 2020

- 29 loans with $29.6 million outstanding or 7% of the loan portfolio (excluding PPP)
- Granular portfolio with median loan size of $667 thousand
- 52% average LTV
- Only two loans over $2.5 million; largest credit is $4.7 million secured by a shopping center with Food Lion as the anchor tenant
- 3 shopping centers anchored by Dollar General for $6 million in aggregate balances
- 3 shopping centers anchored by Dunkin Donuts for $2.1 million in aggregate balances

Key Anchor Tenants

DOLLAR GENERAL

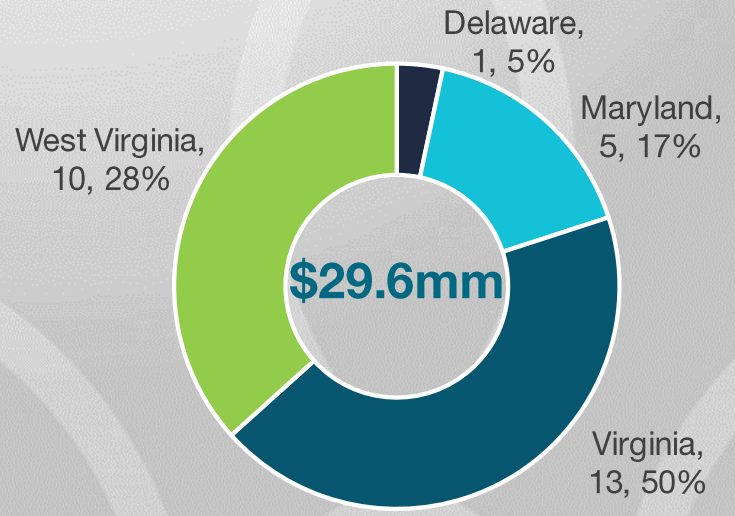
FOOD LION

DUNKIN'

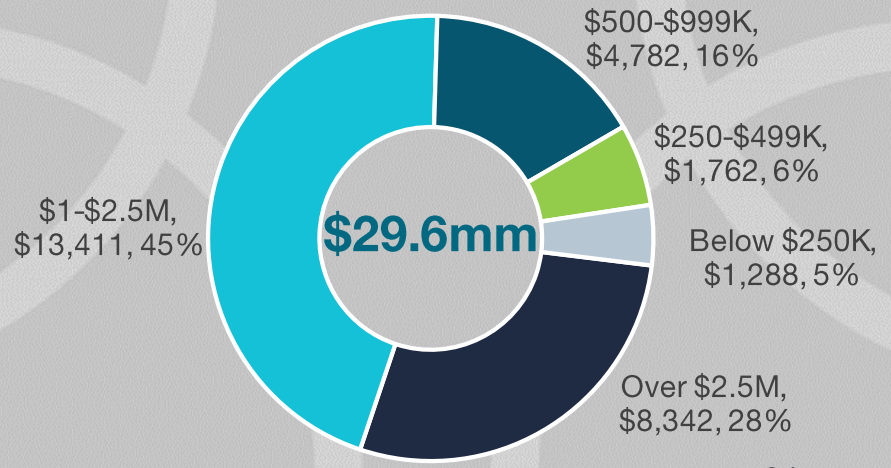
CAVA

Wendy's

Retail Exposure by State

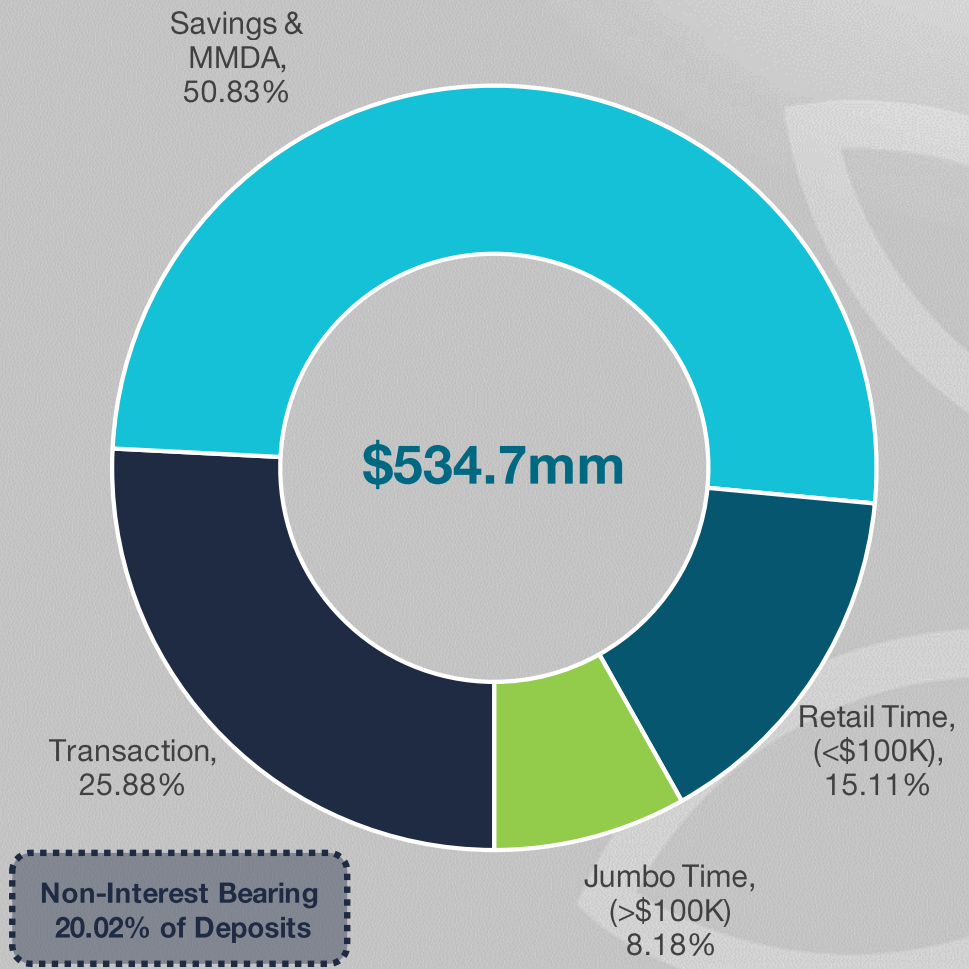


Retail Exposure by Loan Size



Review of Deposit Portfolio as of June 30, 2020

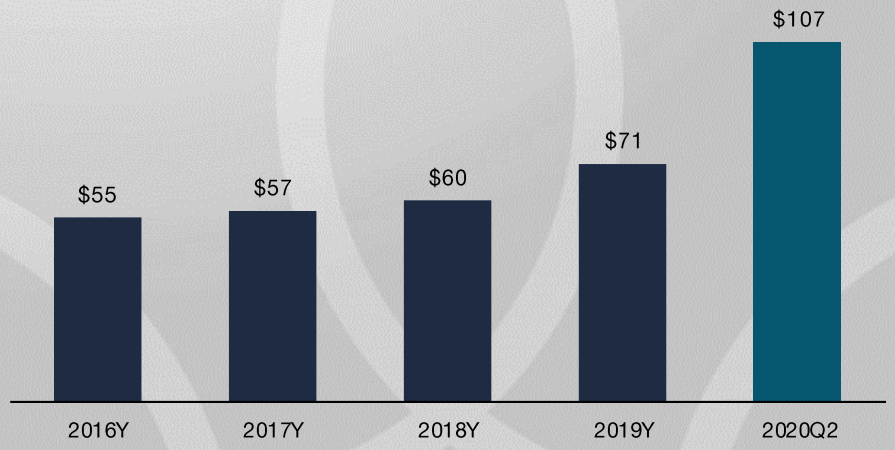
Stable, Low Cost Core Deposits



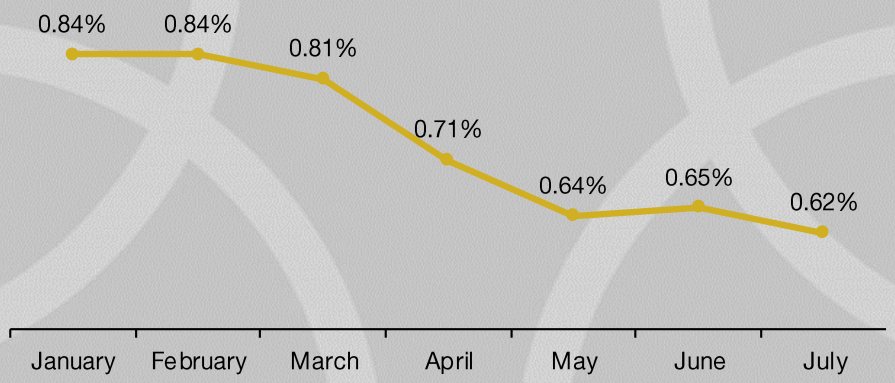
Non-Interest Bearing 20.02% of Deposits

Non-Interest Bearing Deposit Growth

(Dollars in millions)



Low Cost of Deposits (2020)

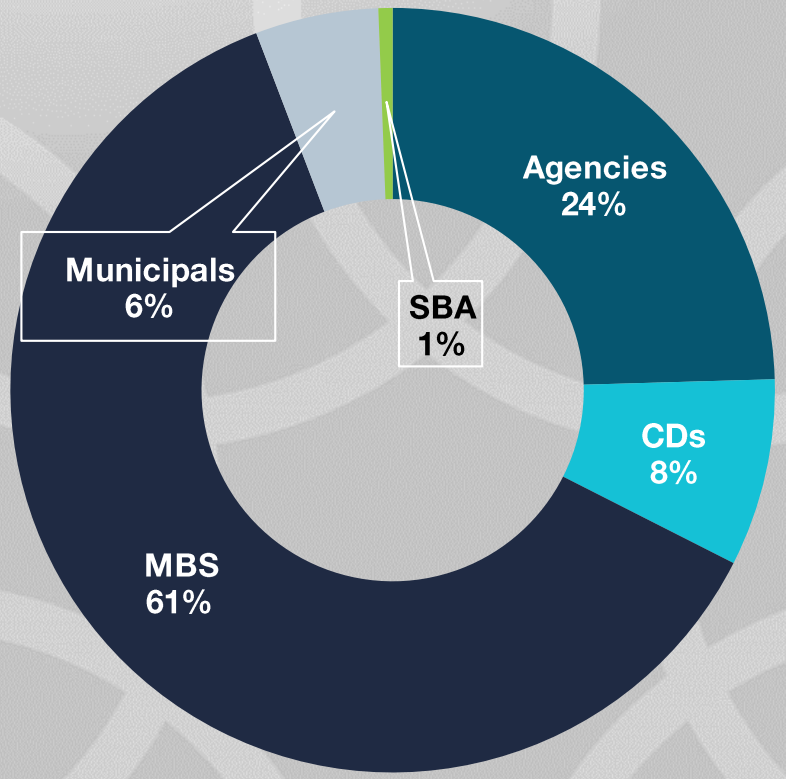


Securities Portfolio and Liquidity as of June 30, 2020

Securities

Dollar Values in Thousands Investment Portfolio	Book Value	Unrealized Gains	Unrealized Losses	Fair Value
Oblig of US Govt Spons Agencies	$12,328	$260	($11)	$12,577
Mortgage-Backed Securities	31,955	1,184	(2)	33,137
State & Muni Obligations	2,878	82	0	2,960
Equity Securities	111	0	0	111
Total	**$47,272**	**$1,526**	**($13)**	**$48,785**

Investment Portfolio

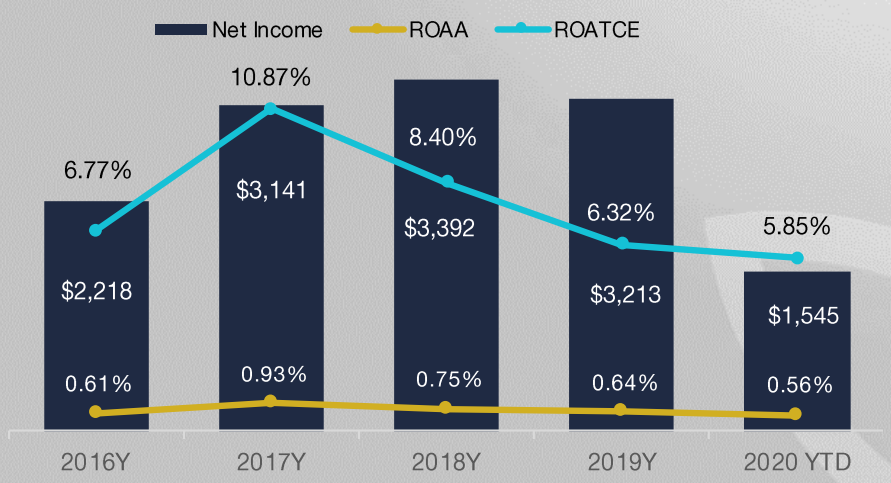


Sources of Liquidity

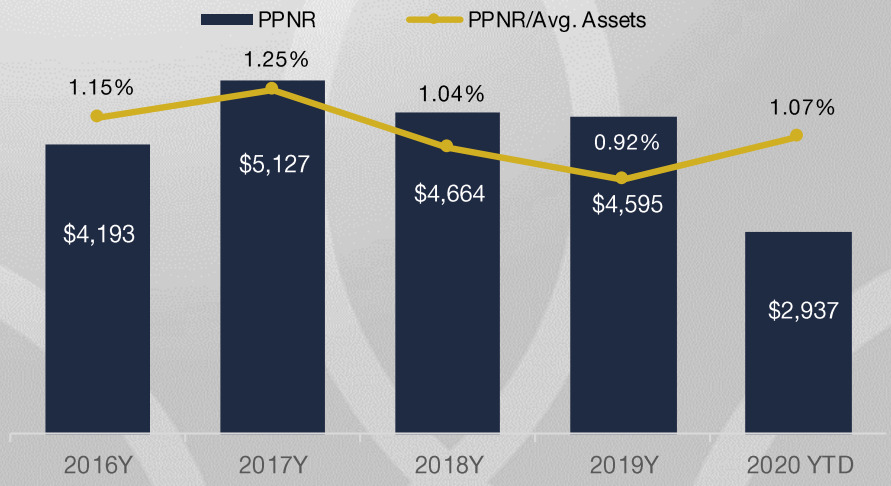
- $140 million of available credit from the FHLB
- $23.7 Fed Discount Window availability
- Two Correspondent Bank LOCs totaling $10 million
- $42.7 million of unpledged securities
- Approved for PPPLF, if necessary

Strong Earnings Power

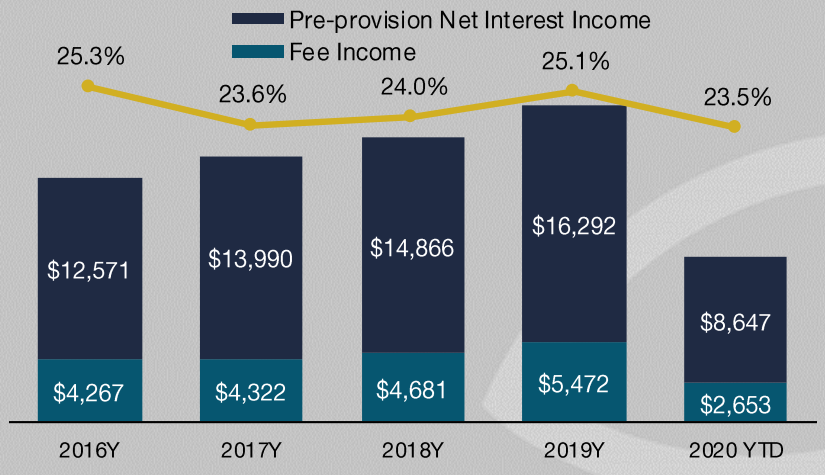
Net Income, ROAA and ROATCE



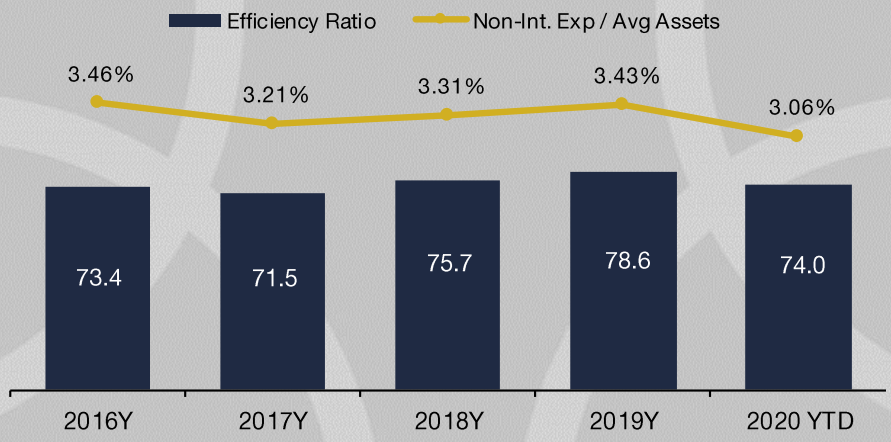
Pre-Provision Net Revenue / Avg. Assets



Fee Income / Op. Revenue



Efficiency Ratio and NIE / Average Assets



Note: Financial data as of June 30, unless otherwise noted; 2017Y net income excludes BOLI proceeds

Pro Forma Capitalization: Illustrative for HoldCo

- PTBS does not report holding company capital ratios; the below calculation is for illustrative purposes only
- Assumes proceeds contain a 20% risk-weighting

(Dollars in thousands)	Actual 6/30/2020	Adjustments	Pro Forma 6/30/2020
Regulatory Capital			
Common Equity Tier 1 Capital	$55,182		$55,182
Tier 1 Capital	55,182		55,182
ALLL	4,732		4,732
Sub Debt	**--**	**$7,500**	**7,500**
Tier 2 Capital	4,732	7,500	12,232
Total Capital	59,914	7,500	67,414
Total Assets for Regulatory Ratios			
Risk-Weighted Assets	394,751	1,500	396,251
Total Assets For Leverage Ratio	586,108	7,500	593,608
TCE / TA			
Tangible Common Equity	53,602		53,602
Tangible Assets	606,951	7,500	614,451
Capital Ratios			
TCE / TA	8.83%		8.72%
Leverage Ratio	9.41		9.30
Tier 1 Ratio	13.98		13.93
Total Capital Ratio	15.18		17.01

Pro Forma Capitalization: Bank Level

- Assumes $4 million of the net proceeds is initially down-streamed to the Bank
- Assumes proceeds contain a 20% risk weighting

(Dollars in thousands)	Actual 6/30/2020	Adjustments	Pro Forma 6/30/2020
Regulatory Capital			
Common Equity Tier 1 Capital	**$54,969**	**$4,000**	**$58,969**
Tier 1 Capital	54,969	4,000	58,969
ALLL	4,732	--	4,732
Sub Debt	--	--	--
Tier 2 Capital	4,732	--	4,732
Total Capital	59,701	4,000	63,701
Total Assets for Regulatory Ratios			
Risk-Weighted Assets	394,751	800	395,551
Total Assets For Leverage Ratio	586,108	4,000	590,108
Capital Ratios			
Leverage Ratio	9.38%		9.99%
Tier 1 Ratio	13.93		14.91
Total Capital Ratio	15.12		16.10

Double Leverage and Interest Coverage

$ in thousands

Assumptions	
Interest Rate	6.00%

	For the Twelve Months Ended				Six Months Ended
	12/31/2016	12/31/2017	12/31/2018	12/31/2019	6/30/2020
Double Leverage					
Investments in Subsidiaries	$31,982	$35,378	$49,015	$51,736	$53,389
Consolidated Equity	33,183	35,819	49,524	51,922	53,602
Double Leverage Ratio	96.4%	98.8%	99.0%	99.6%	99.6%
Proposed Subordinated Debt Offering Downstreamed to Bank					$4,000
Pro Forma Bank-Level Equity Assuming 53% Downstreamed to Bank					$57,389
Pro Forma Double Leverage Ratio					107.1%
Illustrative Pro Forma Double Leverage if Company Downstreamed All Proceeds					113.6%
Interest Coverage					
Total Deposit Interest	$1,619	$1,890	$2,522	$3,655	$1,799
Other Borrowing Interest	144	225	177	128	71
Total Interest Expense	1,763	2,115	2,699	3,783	1,870
Pre-tax Income	3,386	5,919	4,346	4,114	1,946
Interest Coverage (including deposit expense)	2.92x	3.80x	2.61x	2.09x	2.04x
Interest Coverage (excluding deposit expense)	24.51x	27.31x	25.55x	33.14x	28.39x
New Holding Company Subordinated Debt Expense (6.00%)					$225
Pro Forma Interest Coverage (including deposit expense)					1.82x
Pro Forma Interest Coverage (excluding deposit expense)					6.81x

POTOMAC BANCSHARES

Appendix

Historical Balance Sheet

Dollar Values in Thousands

	2016	2017	2018	2019	6/30/2020
Assets					
Cash and Cash Equivalents	$11,477	$33,070	$56,421	$32,506	$63,852
Available for Sale Securities	23,411	31,316	48,463	50,471	48,674
Held to Maturity Securities	–	–	–	–	–
Other Securities	–	–	132	133	111
Total Cash & Securities	34,888	64,386	105,016	83,110	112,637
Loans Held for Sale	–	–	323	2,034	770
Gross Loans Held for Investment	332,599	346,768	363,957	412,460	475,712
Loan Loss Reserve	(3,202)	(3,590)	(3,269)	(3,716)	(4,732)
Total Net Loans Held for Investment	329,397	343,178	360,688	408,744	470,980
Other Real Estate Owned	656	220	170	53	–
Accrued Interest Receivable	832	963	1,053	1,178	1,797
Bank Owned Life Insurance	7,993	7,279	7,457	7,641	7,732
Federal Home Loan Bank Stock	594	854	645	727	1,063
Other Assets	9,346	8,614	9,198	12,299	11,973
Total Assets	**$383,706**	**$425,494**	**$484,550**	**$515,786**	**$606,951**
Liabilities					
Non-Interest Bearing	$54,928	$54,684	$58,449	$70,023	$105,270
Interest Bearing	278,943	317,475	365,678	379,857	429,413
Total Deposits	333,871	372,159	424,127	449,880	534,683
Short Term Borrowings	6,112	3,825	3,287	3,910	1,809
Long Term Borrowings	7,545	11,538	5,516	5,000	10,000
Subordinated Debt	0	0	0	0	0
Accrued Interest Payable	182	219	355	337	314
Other Liabilities	2,813	1,934	1,741	4,737	6,543
Total Liabilities	350,523	389,675	435,026	463,864	553,349
Equity					
Total Equity	33,183	35,819	49,524	51,922	53,602
Total Liabilities & Shareholders' Equity	**$383,706**	**$425,494**	**$484,550**	**$515,786**	**$606,951**

Historical Income Statements

Dollar Values in Thousands Except EPS Data	2016	2017	2018	2019	YTD 6/30/2020
Interest Income	$14,334	$16,105	$17,565	$20,075	$10,517
Interest Expense	1,763	2,115	2,699	3,783	1,870
Net Interest Income	12,571	13,990	14,866	16,292	8,648
Provision for Loan Losses	928	180	312	474	991
Trust and Financial Services	1,173	1,153	1,217	1,334	553
Service Charges on Deposits	1,159	1,121	1,129	1,173	429
Secondary Market Income	363	307	453	1,050	663
Interchange Fees	1,066	1,192	1,319	1,384	690
Earnings on BOLI	203	896	178	184	90
Gain/(Loss) on Sale of AFS Securities	121	302	(6)	(7)	–
Other Operating Income	303	323	385	347	227
Total Noninterest Income	4,388	5,294	4,675	5,465	2,652
Salaries and Employee Benefits	6,455	6,881	7,735	9,070	4,840
Occupancy Expenses	693	681	864	1,136	517
Furniture and Equipment Expenses	1,205	1,174	1,403	1,628	679
Other Operating Expenses	4,292	4,449	4,881	5,335	2,326
Total Noninterest Expense	12,645	13,185	14,883	17,169	8,363
Net Income before Taxes	3,386	5,919	4,346	4,114	1,946
Provision for Taxes	1,168	2,108	954	901	401
Net Income Available to Common	**$2,218**	**$3,811**	**$3,392**	**$3,213**	**$1,545**
EPS after Extra ($)	**$0.66**	**$1.14**	**$0.94**	**$0.78**	**$0.37**
Profitability Metrics (%)					
ROAA	0.61	0.93	0.75	0.64	0.56
ROAE	6.56	10.93	8.24	6.32	5.85
NIM (FTE)	3.60	3.52	3.46	3.36	3.26[(1)]
Effiency Ratio (FTE)	73.43	71.46	75.71	78.64	74.01

1) The net interest margin presented is for the Bank of Charles Town

Diversified Board of Directors

In addition to its top notch management team, the Company is extremely proud of its board of directors and believes that it serves a critical role in formulating strategy while exemplifying sound corporate governance. The board is very diverse in terms of backgrounds, perspectives and tenures, which both enhances the quality of decision making and signifies a collective that is truly representative of the communities and customers that the Company serves. The board features an independent chair and lead director, both elected annually. The Company also employs director age limits to ensure an appropriate amount of turnover and vitality among the board.

Name	Role	Age	Begin Year	Biography
Dr. Keith B. Berkeley	Chairman of the Board	61	2008	President and owner of Valley Equine Associates PLLC
J. Scott Boyd	Board Director/ Lead Director	64	1999	Pharmacist and President/Owner of Jefferson Pharmacy,inc.
Kristina Bouweiri	Board Director	58	2019	Owner, President and CEO of Reston Limousines
Norman M. Casagrande	Board Director	60	2013	Retired, former owner Code Plus Components LLC.
Margaret M. Cogswell	Board Director	62	2003	Chief Executive Officer of Hospice of the Panhandle
Alice P. Frazier	President/CEO/Director	55	2017	President and CEO, PTBS and BCT
Dr. Mitesh Kothari	Board Director	51	2019	Physician, Partner Capital Women's Care
Barbara H. Pichot	Board Director	72	2004	Retired local CPA
Barbara L. Scott	Board Director	72	2012	Former owner, Chief Executive Officer of Summit Point Raceway Associates Inc. (SPRA) and BSR Inc.
Andrew C. Skinner	Board Director	50	2017	Attorney/Owner at Skinner Law Firm in Charles Town, WV
C. Larry Togans	Board Director	74	2004	Retired Chief of Human Resources and Management Support and Deputy Branch Chief of Human Resources.
Anthony "Tony" Zelenka	Board Director	67	2015	Retired president and CEO of WVU Medicine-East.