Potomac Bancshares Surpasses $1 Billion in Assets and Reports Third Quarter 2026 Results

CHARLES TOWN, W.Va., October 28, 2026 /PRNewswire/ – Potomac Bancshares, Inc. (the "Company") (OTCID: PTBS), the bank holding company of Potomac Bank (the "Bank"), reported net income of $2.6 million, or $0.63 per basic and diluted earnings per common share, for the third quarter of 2026. This represents a 12% increase from the third quarter of 2025. Return on average assets was 1.02% and return on average equity was 11.70% for the quarter.

For the nine months ending September 30, 2026, the Company reported net income of $9.0 million, or $2.16 per share. This represents an increase of $2.4 million, or 36%, compared to the same period in 2025 when net income was $6.6 million, or $1.59 per share.

Quarterly Financial Highlights

(in thousands, except per share data)

	Q3 2026	Q2 2026	Q3 2025
Net income	$2,591	$3,320	$2,322
EPS, basic and diluted	$0.63	$0.80	$0.56
ROA	1.02%	1.32%	0.98%
ROE	11.70%	15.52%	11.62%
Non-GAAP Measures[(1)]:			
Adj. Net income	$ 2,591	$3,320	$2,387
Adj. EPS (basic and diluted)	$0.63	$0.80	$0.58
Adj. ROA	1.02%	1.32%	1.01%
Adj. ROE	11.70%	15.52%	11.94%
Adj. Pre-provision, pre-tax earnings	$3,684	$4,552	$3,275
Adj. Pre-provision, pre-tax ROA	1.46%	1.82%	1.39%
Net interest margin	3.79%	3.76%	3.54%
Efficiency ratio	68.01%	61.16%	67.14%

(1) Non-GAAP financial measures provide additional insight into the Company's core operating performance by excluding certain non-recurring items. See "Non-GAAP Financial Measures" and "Non-GAAP Reconciliations" for additional information and detailed calculations of adjustments.

Alice Frazier, President and CEO of Potomac Bancshares stated, "While net income in the third quarter was lower than the preceding quarter, our second quarter results benefited from several revenue items that were not indicative of our ongoing earnings run rate. In contrast, third quarter performance reflects the strength of our core banking franchise, with continued expansion in net interest margin, strong deposit growth, solid loan production, and favorable asset quality. Reaching the $1 billion asset milestone while delivering a return on assets above 1.00% demonstrates the durability of our earnings and the effectiveness of our long-term growth strategy."

Expansion in New and Existing Markets

During the third quarter, the Bank opened a bank branch location in downtown Winchester, Virginia, which is located in one of Virginia's fastest-growing metro areas. The branch offers comprehensive banking services to individuals and businesses. The expansion into the new market is being led by an experienced market president and branch business development officer.

Strategic Talent Investments

To support its strategic growth objectives, the Bank invested in key leadership additions and organizational enhancements during the third quarter of 2026. These investments included the appointment of a Chief Operations Officer to strengthen operational capabilities and support future growth, and a Director of Digital and Payment Strategy to advance the Bank's digital banking and payments platforms. In addition, the Bank's Chief Information Officer recently transitioned to the Chief Innovation and Strategy Officer, which expanded his leadership role to include enterprise-wide innovation and strategic transformation initiatives. Collectively, these leadership investments are designed to support market expansion, enhance operational efficiency, accelerate digital initiatives, and position the Bank for continued long-term growth.

Refinanced Subordinated Debt

The Company issued $15.0 million of subordinated debt on August 20, 2026, with a fixed interest rate of 6.50% until September 15, 2031, and a maturity date of September 15, 2036. Net proceeds of the issuance were used to fully redeem $10.0 million of subordinated debt, with a floating interest rate of 8.54%, on September 15, 2026. The remainder of the proceeds is available to invest in the Bank's capital to support asset growth or other strategic initiatives.

Third Quarter Highlights

Key highlights of the three-month period ending September 30, 2026, are as follows, with comparisons to the three-month period ending June 30, 2026, unless otherwise noted:

- Total assets surpassed $1.0 billion for the first time
- Net income increased 12% year-over-year
- Net interest margin expanded to 3.79%
- Return on assets was 1.02%
- Return on equity was 11.70%
- Loans increased 3% (annualized) and 6% year-over-year
- Deposits increased 24% (annualized) and 8% year over year
- Book value per share increased to $21.13, or 9% year-over-year

Net Interest Income

Third Quarter 2026 compared to Second Quarter 2026

Net interest income was $9.3 million for the third quarter of 2026, representing an increase of $132 thousand, or 1%, over the second quarter of 2026. Total interest and dividend income increased by $89 thousand, while total interest expense decreased by $43 thousand. Interest income on loans was elevated in the second quarter of 2026 from accelerated loan fee income

totaling $139 thousand from the payoff of a loan prior to its maturity date. If the accelerated fee income were excluded from second quarter results, net interest income would have increased $271 thousand, or 12% annualized, in the third quarter.

The increase in interest and dividend income was attributable to an increase of $86 thousand, or 1%, from interest income and fees on loans and an increase of $41 thousand, or 5%, from interest income on securities. The increases were partially offset by a $38 thousand decrease in other interest and dividend income. The increases resulted from higher yields and balance of the loans and securities portfolios. The decrease in other interest income and dividends was attributable to a decrease in the balance of interest-bearing deposits held in other financial institutions.

The decrease in total interest expense was attributable to a $52 thousand, or 2%, decrease in interest expense on deposits, and a $73 thousand, or 25%, decrease in interest expense on long term borrowings, which were partially offset by an $82 thousand, or 38%, increase in interest expense on subordinated debt. Interest expense on deposits decreased from a lower cost of deposits, while interest expense on long term borrowings decreased from lower borrowed amounts during the third quarter.

The increase in interest expense on subordinated debt resulted primarily from the timing of refinancing activities during the third quarter. The Company issued $15.0 million of subordinated debt on August 20, 2026, and used the proceeds to fully redeem $10.0 million of previously issued subordinated debt on September 15, 2026. Due to the timing of the transactions, there was a period in which the entire $25.0 million was outstanding.

Third Quarter 2026 compared to Third Quarter 2025

Net interest income increased by $1.2 million, or 15%. Total interest and dividend income increased by $868 thousand, or 7%, while total interest expense decreased by $334 thousand, or 8%.

The increase in interest and dividend income was attributable to an increase of $702 thousand, or 7%, from interest income and fees on loans and an increase of $225 thousand, or 32%, from interest income on securities. The increases were partially offset by a decrease of $58 thousand, or 5%, from other interest income and dividends. The increases resulted from higher yields on loans and securities and growth in the loan and securities portfolios. The decrease in other interest income and dividends was attributable to a decrease in interest-bearing deposits held in other financial institutions.

The decrease in total interest expense was primarily attributable to a $381 thousand, or 10%, decrease in interest expense on deposits. The decrease in interest expense was attributable to a lower cost of deposits, which was 1.52% compared to 1.82% for the same period one year ago.

Noninterest Income

Third Quarter 2026 compared to Second Quarter 2026

Noninterest income totaled $2.3 million for the third quarter, which was a 13% decrease from the second quarter of 2026, reflecting a $100 thousand decrease in gains on sales of SBA loans and a $306 thousand decrease in other operating income. Although the Bank continued to originate SBA loans, there were no loans sold during the third quarter. Other operating income was elevated in the second quarter from a $201 thousand loan prepayment penalty and other

income earned from incentives on debit card transactions. The decreases in gains on SBA loans and other operating income were partially offset by increases in service charges on deposit accounts, gains on the sale of mortgage loans, and debit card interchange income.

Third Quarter 2026 compared to Third Quarter 2025

Noninterest income increased by 18%, compared to the same period in the prior year, driven by growth in wealth and investment income, service charges on deposits, and debit card interchange income. Wealth and investment income increased $254 thousand, or 48%, primarily from the implementation of a new client fee schedule in the first quarter of 2026. Service charges on deposit accounts increased $48 thousand, or 22%, from an increase in overdraft activity and debit card interchange fee income increased $35 thousand, or 6%, from an increase in transaction volume.

Noninterest Expense

Third Quarter 2026 compared to Second Quarter 2026

Noninterest expense totaled $7.8 million, which was a 9% increase over the second quarter of 2026. The increase was primarily attributable to a $391 thousand increase in salaries and employee benefits and a $143 thousand increase in other operating expenses. Salaries and employee benefits increased from the addition of employees to support growth initiatives and an increase in incentive expense and commissions. Other operating expenses increased from an increase in losses from fraudulent transactions in customer accounts.

Third Quarter 2026 compared to Third Quarter 2025

Noninterest expense increased $1.1 million, or 16%, compared to the third quarter of 2025. The increase was primarily a result of a $757 thousand increase in salaries and employee benefits, a $96 thousand increase in data processing, a $55 thousand increase in marketing expenses, and a $62 thousand increase in other operating expenses. Salaries and employee benefits increased primarily from the addition of employees to support growth initiatives and an increase in incentive compensation. Data processing expense increased from annual software updates, enhancements to fraud detection software, and network upgrades Marketing expense increased as a result of the Bank's growth and expansion initiatives and other operating expenses increased from an increase in losses from fraudulent transactions in customer accounts.

Asset Quality

Overview

Asset quality metrics remained favorable as of September 30, 2026. Loans past due greater than 30 days and still accruing interest as a percentage of total loans totaled 0.17% on September 30, 2026, compared to 0.43% on June 30, 2026, and 0.09% on September 30, 2025. Nonperforming assets as a percentage of total assets were 0.06% on September 30, 2026, compared to 0.05% on June 30, 2026, and 0.22% on September 30, 2025. Annualized net charge-offs as a percentage of total loans were 0.27% for the third quarter of 2026 and the allowance for credit losses on loans totaled $7.8 million, or 1.00% of total loans.

Provision for Credit Losses

Provision for credit losses totaled $350 thousand for the third quarter of 2026 compared to $250 thousand for the second quarter of 2026 and $200 thousand for the third quarter of 2025. The provision for credit losses was comprised of a $350 thousand provision for loans and no provision for unfunded commitments. The increase in provision for credit losses during the third quarter over prior periods was attributable to an increase in net charge-offs during the period.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans totaled $7.8 million, or 1.00% of total loans on September 30, 2026, compared to 1.03% of total loans on June 30, 2026, and 1.03% of total loans on September 30, 2025.

The following table provides the changes in the allowance for credit losses on loans for the three-month periods ended:

(dollars in thousands)

	Q3 2026	Q2 2026	Q3 2025
Allowance for credit losses on loans, beginning	$7,938	$7,972	$7,359
Net charge-offs	(537)	(244)	(13)
Provision for credit losses on loans	350	210	160
Allowance for credit losses on loans, ending	$7,751	$7,938	$7,506

Allowance for Credit Losses on Unfunded Commitments

The allowance for credit losses on unfunded commitments totaled $477 thousand on September 30, 2026, and $477 thousand on June 30, 2026. There was no provision for credit losses on unfunded commitments in the third quarter, compared to the provision for credit losses on unfunded commitments of $40 thousand for the second quarter of 2026.

Balance Sheet

Assets totaled $1.0 billion on September 30, 2026, which was a 19% increase (annualized) from June 30, 2026, and a 7% increase year-over-year. There was no meaningful change in the Bank's asset composition when comparing balances on September 30, 2026, to balances on June 30, 2026, and September 30, 2025.

Interest-bearing deposits held in other financial institutions increased by $37.1 million during the third quarter and decreased by $3.1 million from one year ago.

Securities available for sale increased $2.3 million, or 9% annualized, during the third quarter, and increased $21.0 million, or 27% from one year ago. Net unrealized losses in the securities portfolio totaled $7.5 million on September 30, 2026, which was an increase of $1.7 million from June 30, 2026, and an increase of $2.5 million from September 30, 2025. The increases were attributable to changes in market rates.

Total (gross) loans increased $6.5 million, or 3% annualized, during the third quarter, which was primarily attributable to an $8.5 million increase in other real estate loans (secured by commercial real estate). The loan growth occurred despite a larger than expected amount of loans that paid off prior to their maturity dates during the quarter. On a year-over-year basis, total loans increased $46.1 million, or 6%.

Total deposits increased $51.6 million, or 24% annualized, during the third quarter, and increased $66.0 million, or 8%, year over year. Noninterest-bearing deposits totaled 23% of total deposits as of September 30, 2026, and June 30, 2026.

Other borrowings decreased to $17.9 million on September 30, 2026, compared to $30.0 million on June 30, 2026, and $32.0 million one year ago. The decrease was attributable to an FHLB advance that matured in the third quarter. On September 30, 2026, other borrowings was comprised of two FHLB advances totaling $14.5 million with a weighted average fixed interest rate of 4.12% and maturity dates ranging from 2027 to 2028.

Shareholders' equity totaled $87.6 million on September 30, 2026, an increase of $665 thousand, or 3% annualized from June 30, 2026, and $7.2 million, or 9%, from one year ago. The increases were attributable to growth in retained earnings. Retained earnings increased $2.0 million, or 10% annualized, quarter-over-quarter, and $9.0 million, or 13%, year-over-year. Accumulated other comprehensive loss increased $1.3 million from the second quarter of 2026 and increased $1.8 million year-over-year from changes in market rates. The Bank remained well-capitalized based on capital ratios at the end of the following quarterly periods:

	Q3 2026	Q2 2026	Q3 2025
Total capital ratio[2]	14.09%	14.06%	13.74%
Tier 1 capital ratio[2]	13.04%	12.97%	12.66%
Common equity Tier 1 capital ratio[2]	13.04%	12.97%	12.66%
Leverage ratio[2]	10.04%	9.85%	9.84%
Tangible common equity to tangible assets[1][3]	8.53%	8.86%	8.35%

Dividends

During the third quarter of 2026, the Company paid a quarterly cash dividend of $0.15 per common share, which was equal to the dividend paid during the second quarter of 2026.

The Company recently announced that a quarterly cash dividend of $0.15 per common share was declared for the fourth quarter of 2026. The dividend was declared for all shareholders of record as of November 5, 2026, and payable on November 12, 2026.

Stock Repurchase Plan

On October 19, 2025, the Company’s board of directors authorized a stock repurchase plan pursuant to which Potomac Bancshares, Inc. may repurchase up to the aggregate of 100,000 shares or $2.0 million of the Company’s outstanding common stock. The plan ends on October 19, 2027, unless the entire amount authorized to be repurchased has been acquired before that date. There were no repurchases of common stock during the first nine months of 2026 or during 2025.

Non-GAAP Financial Measures

In addition to financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company uses certain non-GAAP financial measures that management believes provide useful information for financial and operational decision making, evaluating trends, and comparing financial results to other financial institutions. Non-GAAP financial measures are supplemental and not a substitute for, or more important than, financial measures prepared in accordance with GAAP and may not be comparable to those reported by other financial institutions. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure is included at the end of this release.

About Potomac Bancshares

Potomac Bancshares, Inc. (OTCID: PTBS) is the bank holding company of Potomac Bank, which was founded in 1871 as Bank of Charles Town and renamed Potomac Bank on November 3, 2025. The Bank conducts operations through its ten-branch network and one loan production office serving the Eastern Panhandle of West Virginia, Washington County, Maryland, and Northern Virginia. The Bank offers comprehensive financial solutions through its consumer and commercial banking divisions, Trust and Wealth, and BCT Investments divisions, and its Residential Lending mortgage division. The Bank is also proud to serve its communities as a Small Business Administration (SBA) Preferred Lender. Over the past several years, the Bank has received many awards and recognitions, including American Banker’s “Top Performing Banks” and “Best Banks to Work For,” the Journal-News “Best of the Best” award, and the LoudounNow “Loudoun’s Favorite” award.

The Company's shares are quoted on the OTCID marketplace under the symbol "PTBS." For more information about Potomac Bancshares, Inc., and the Bank, please visit our website at www.potomac.bank.

Forward-Looking Statements

Certain statements made in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations, or beliefs about events or results or otherwise are not statements of historical facts, such as statements about the Company's growth strategy and deployment of capital. Although the Company believes that its expectations with respect to such forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of the Company will not differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ from those discussed in such forward-looking statements include, but are not limited to, the following: (1) general economic conditions, especially in the communities and markets in which the Company conducts its business; (2) credit risk, including risk that negative credit quality trends may lead to a deterioration of asset quality, risk that our allowance for credit losses may not be sufficient to absorb actual losses in the Company's loan portfolio, and risk from concentrations in the Company's loan portfolio; (3) changes in the real estate market, including the value of collateral securing portions of the Company's loan portfolio; (4) changes in the interest rate environment; (5) operational risk, including cybersecurity risk and risk of fraud, data processing system failures, and network breaches; (6) changes in technology and increased competition, including competition from

non-bank financial institutions; (7) changes in consumer preferences, spending and borrowing habits, demand for our products and services, and customers' performance and creditworthiness; (8) difficulty growing loan and deposit balances; (9) the Company's ability to effectively execute its business plan; (10) changes in regulations, laws, taxes, government policies, monetary policies and accounting policies affecting bank holding companies and their subsidiaries, including changes in deposit insurance premiums; (11) deterioration in the financial condition of the U.S. banking system may impact the valuations of investments the Company has made in the securities of other financial institutions; (12) regulatory enforcement actions and adverse legal actions; (13) difficulty attracting and retaining key employees; and (14) other economic, competitive, technological, operational, governmental, regulatory, and market factors affecting the Company's operations. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by applicable law.

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POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)
(unaudited)

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Income Statement					
Interest and dividend income:					
Interest and fees on loans	$ 11,149	$ 11,063	$ 10,447	$ 32,696	$ 29,630
Taxable interest on securities	934	893	709	2,623	2,134
Tax-exempt interest on securities	29	29	30	88	87
Other interest and dividends	1,002	1,040	1,060	2,875	2,723
Total interest and dividend income	$ 13,114	$ 13,025	$ 12,246	$ 38,282	$ 34,574
Interest expense:					
Interest on deposits	$ 3,328	$ 3,380	$ 3,709	$ 9,950	$ 10,146
Interest on short term borrowings	6	6	9	15	9
Interest on long term borrowings	214	287	312	791	934
Interest on subordinated debt	300	218	152	733	433
Total interest expense	$ 3,848	$ 3,891	$ 4,182	$ 11,489	$ 11,522
Net interest income	$ 9,266	$ 9,134	$ 8,064	$ 26,793	$ 23,052
Provision for credit losses	350	250	200	800	675
Net interest income after provision for credit losses	$ 8,916	$ 8,884	$ 7,864	$ 25,993	$ 22,377
Noninterest Income:					
Wealth and investments	$ 779	$ 790	$ 525	$ 2,314	$ 1,528
Service charges on deposit accounts	265	240	217	739	702
Gains / fees on sale of mortgage loans	393	350	408	1,237	1,006
ATM and check card fees	578	563	543	1,640	1,536
Income from bank owned life insurance	104	102	102	307	299
Net loss on disposal of premises & equipment	-	(1)	(1)	(10)	(3)
Net gain on sale of SBA loans	-	100	-	508	-
Other operating income	144	450	120	962	441
Total noninterest income	$ 2,263	$ 2,594	$ 1,914	$ 7,697	$ 5,509
Noninterest expenses:					
Salaries and employee benefits	$ 4,474	$ 4,083	$ 3,717	$ 12,606	$ 10,860
Occupancy	340	321	310	995	964
Equipment	344	301	351	914	1,071
Accounting, audit, and compliance	89	58	72	220	211
Marketing	170	231	115	548	345
Data processing	509	471	413	1,465	1,318
FDIC assessment	113	114	111	335	314
Other professional fees	150	139	208	424	480
Trust professional fees	219	209	190	634	505
Director and committee fees	126	117	93	369	258
Legal fees	37	16	47	70	103
Supplies	85	71	55	245	200
Communications	121	129	119	371	343
ATM and check card expense	291	282	269	846	773
Other operating expenses	777	634	715	2,125	1,740
Total noninterest expenses	$ 7,845	$ 7,176	$ 6,785	$ 22,167	$ 19,485
Income before income tax expense	$ 3,334	$ 4,302	$ 2,993	$ 11,523	$ 8,401
Income tax expense	743	982	671	2,568	1,817
Net income	$ 2,591	$ 3,320	$ 2,322	$ 8,955	$ 6,584

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	As of or For the Three Months Ended			As of or for the Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Common Share and Per Common Share Data					
Earnings per common share, basic	$ 0.63	$ 0.80	$ 0.56	$ 2.16	$ 1.59
Adjusted earnings per common share, basic [1]	$ 0.63	$ 0.80	$ 0.58	$ 2.12	$ 1.62
Weighted average shares, basic	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Earnings per common share, diluted	$ 0.63	$ 0.80	$ 0.56	$ 2.16	$ 1.59
Adjusted earnings per common share, diluted [1]	$ 0.63	$ 0.80	$ 0.58	$ 2.12	$ 1.62
Weighted average shares, diluted	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Shares outstanding at period end	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Tangible book value per share at period end [1]	$ 21.13	$ 20.97	$ 19.39	$ 21.13	$ 19.39
Cash dividends	$ 0.15	$ 0.15	$ 0.13	$ 0.43	$ 0.39
Key Performance Ratios					
Return on average assets	1.02%	1.32%	0.98%	1.21%	0.97%
Adjusted return on average assets [1]	1.02%	1.32%	1.01%	1.18%	0.99%
Return on average equity	11.70%	15.52%	11.62%	13.93%	11.48%
Adjusted return on average equity [1]	11.70%	15.52%	11.94%	13.65%	11.74%
Net interest margin [1]	3.79%	3.76%	3.54%	3.74%	3.52%
Efficiency ratio [1]	68.01%	61.16%	67.14%	64.68%	67.52%
Average Balances					
Average assets	$ 1,003,240	$ 1,005,076	$ 936,572	$ 990,253	$ 906,923
Average earning assets	971,386	973,898	905,307	958,759	875,936
Average shareholders' equity	87,892	85,785	79,290	85,932	76,667
Asset Quality					
Loan charge-offs	$ 543	$ 251	$ 23	$ 816	$ 110
Loan recoveries	6	7	10	19	50
Net charge-offs	537	244	13	797	60
Non-accrual loans	657	500	2,138	657	2,138
Nonperforming assets [5]	657	500	2,138	657	2,138
Loans 30 to 89 days past due, accruing	1,331	3,163	694	1,331	694
Loans over 90 days past due, accruing	15	128	-	15	-
Special mention loans	23,999	21,078	15,635	23,999	15,635
Substandard loans, accruing	1,039	418	1,125	1,039	1,125
Annualized net charge-offs/total loans	0.27%	0.13%	0.01%	0.14%	0.01%
Non performing assets/total assets	0.06%	0.05%	0.22%	0.06%	0.22%
Accruing past due loans/total loans	0.17%	0.43%	0.09%	0.17%	0.09%
Capital Ratios [2]					
Total capital	$ 109,945	$ 108,160	$ 100,914	$ 109,945	$ 100,914
Tier 1 capital	101,716	99,746	92,921	101,716	92,921
Common equity tier 1 capital	101,716	99,746	92,921	101,716	92,921
Total capital to risk-weighted assets	14.09%	14.06%	13.74%	14.09%	13.74%
Tier 1 capital to risk weighted assets	13.04%	12.97%	12.66%	13.04%	12.66%
Common equity Tier 1 capital to risk weighed assets	13.04%	12.97%	12.66%	13.04%	12.66%
Leverage ratio	10.04%	9.85%	9.84%	10.04%	9.84%

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	For the Period Ended				
	September 30, 2026	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
Balance Sheet					
Cash and due from banks	$ 4,031	$ 4,884	$ 6,133	$ 3,603	$ 4,648
Interest-bearing deposits in other financial institutions	112,075	74,980	87,754	76,046	115,174
Cash and cash equivalents	$ 116,106	$ 79,864	$ 93,887	$ 79,649	$ 119,822
Securities available for sale, at fair value	98,915	96,642	92,713	80,905	77,935
Equity securities, at fair value	331	309	280	258	278
Restricted securities	1,410	2,122	1,852	1,932	1,932
Loans held for sale	2,710	3,321	1,771	2,804	2,946
Loans, net of allowance for credit losses	770,441	763,774	750,548	743,808	724,611
Premises and equipment, net	9,168	8,776	8,734	8,759	8,164
Accrued interest receivable	2,741	2,800	2,719	2,309	2,592
Bank owned life insurance	14,207	14,103	14,002	14,378	14,275
Other assets	11,115	9,744	9,340	9,482	9,708
Total assets	$ 1,027,144	$ 981,455	$ 975,846	$ 944,284	$ 962,263
Noninterest-bearing demand deposits	$ 211,123	$ 196,835	$ 187,715	$ 183,461	$ 204,355
Savings and interest-bearing demand deposits	688,257	650,911	657,665	629,568	629,062
Total deposits	$ 899,380	$ 847,746	$ 845,380	$ 813,029	$ 833,417
Short term borrowings	3,423	2,967	2,241	2,451	3,013
Long term borrowings	14,500	27,000	27,000	29,000	29,000
Subordinated debt	14,597	10,000	10,000	10,000	10,000
Accrued interest payable	902	993	936	1,052	1,037
Other liabilities	6,773	5,846	5,652	6,309	5,437
Total liabilities	$ 939,575	$ 894,552	$ 891,209	$ 861,841	$ 881,904
Common stock	$ 4,493	$ 4,493	$ 4,493	$ 4,493	$ 4,493
Surplus	14,547	14,547	14,547	14,547	14,547
Retained Earnings	77,821	75,852	73,154	70,649	68,815
Accumulated other comprehensive (loss), net	(5,798)	(4,495)	(4,063)	(3,752)	(4,002)
	$ 91,063	$ 90,397	$ 88,131	$ 85,937	$ 83,853
Less cost of shares acquired for the treasury	(3,494)	(3,494)	(3,494)	(3,494)	(3,494)
Total shareholders' equity	$ 87,569	$ 86,903	$ 84,637	$ 82,443	$ 80,359
Total liabilities and shareholders' equity	$ 1,027,144	$ 981,455	$ 975,846	$ 944,284	$ 962,263
Loan Data					
Construction and land development	$ 41,982	$ 41,585	$ 37,751	$ 45,537	$ 45,979
Secured by farmland	7,306	7,351	7,435	7,509	7,594
Secured by 1-4 family residential properties	270,257	270,734	270,027	258,467	256,974
Secured by multifamily residential properties	38,400	38,906	38,205	39,280	39,928
Secured by owner-occupied nonfarm nonresidential properties	128,574	122,061	114,770	114,078	117,053
Secured by other nonfarm nonresidential properties	220,067	218,096	217,282	205,548	188,227
Loans to farmers (except secured by real estate)	432	101	109	120	128
Commercial and industrial loans (except those secured by real estate)	62,052	62,967	63,517	72,158	66,965
Consumer installment loans	2,752	2,830	2,859	2,757	2,845
All other loans	6,370	7,081	6,565	6,150	6,424
Total loans	$ 778,192	$ 771,712	$ 758,520	$ 751,604	$ 732,117
Allowance for credit losses	(7,751)	(7,938)	(7,972)	(7,796)	(7,506)
Loans, net	$ 770,441	$ 763,774	$ 750,548	$ 743,808	$ 724,611

POTOMAC BANCSHARES, INC.

Non-GAAP Reconciliations

(in thousands, except share and per share data)

(unaudited)

	As of or for the Three Months Ended			As of or for the Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Adjusted Net Income					
Net income (GAAP)	$ 2,591	$ 3,320	$ 2,322	$ 8,955	$ 6,584
Add: Core system conversion expense	-	-	-	-	85
Add: Renaming expense	-	-	82	-	104
Subtract: BOLI death benefit	-	-	-	(227)	-
Total adjustments	$ -	$ -	$ 82	$ (227)	$ 189
Subtract: Tax effect of adjustment [4]	-	-	(17)	48	(40)
Adjusted net income (non-GAAP)	$ 2,591	$ 3,320	$ 2,387	$ 8,776	$ 6,733
Adjusted Earnings Per Share, Basic					
Weighted average shares, basic	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Basic earnings per share (GAAP)	$ 0.63	$ 0.80	$ 0.56	$ 2.16	$ 1.59
Adjusted earnings per share, basic (Non-GAAP)	$ 0.63	$ 0.80	$ 0.58	$ 2.12	$ 1.62
Adjusted Earnings Per Share, Diluted					
Weighted average shares, diluted	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Diluted earnings per share (GAAP)	$ 0.63	$ 0.80	$ 0.56	$ 2.16	$ 1.59
Adjusted earnings per share, diluted (Non-GAAP)	$ 0.63	$ 0.80	$ 0.58	$ 2.12	$ 1.62
Adjusted Pre-Provision, Pre-tax earnings					
Net interest income	$ 9,266	$ 9,134	$ 8,064	$ 26,793	$ 23,052
Total noninterest income	2,263	2,594	1,914	7,697	5,509
Net revenue	$ 11,529	$ 11,728	$ 9,978	$ 34,490	$ 28,561
Total noninterest expense	7,845	7,176	6,785	22,167	19,485
Pre-provision, pre-tax earnings	$ 3,684	$ 4,552	$ 3,193	$ 12,323	$ 9,076
Add: Core system conversion expense	-	-	-	-	85
Add: Bank renaming expense	-	-	82	-	104
Subtract: BOLI death benefit	-	-	-	(227)	-
Adjusted pre-provision, pre-tax earnings	$ 3,684	$ 4,552	$ 3,275	$ 12,096	$ 9,265
Adjusted Performance Ratios					
Average assets	$ 1,003,240	$ 1,005,076	$ 936,572	$ 990,253	$ 906,923
Return on average assets (GAAP)	1.02%	1.32%	0.98%	1.21%	0.97%
Adjusted return on average assets (Non-GAAP)	1.02%	1.32%	1.01%	1.18%	0.99%
Average shareholders' equity	$ 87,892	$ 85,785	$ 79,290	$ 85,932	$ 76,667
Return on average equity (GAAP)	11.70%	15.52%	11.62%	13.93%	11.48%
Adjusted return on average equity (Non-GAAP)	11.70%	15.52%	11.94%	13.65%	11.74%
Pre-provision, pre-tax return on average assets	1.46%	1.82%	1.35%	1.66%	1.34%
Adjusted pre-provision, pre-tax return on average assets	1.46%	1.82%	1.39%	1.63%	1.37%

POTOMAC BANCSHARES, INC.

Non-GAAP Reconciliations

(in thousands, except share and per share data)

(unaudited)

	As of or for the Three Months Ended			As of or for the Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Net Interest Margin					
Tax-equivalent net interest income	$ 9,272	$ 9,140	$ 8,070	$ 26,811	$ 23,070
Average earning assets	971,386	973,898	905,307	958,759	875,936
Net interest margin	3.79%	3.76%	3.54%	3.74%	3.52%
Efficiency Ratio					
Total noninterest expense	$ 7,845	$ 7,176	$ 6,785	$ 22,167	$ 19,485
Subtract: Core system conversion expense	-	-	-	-	(85)
Subtract: Renaming expense	-	-	(82)	-	(104)
Total noninterest expense subtotal	$ 7,845	$ 7,176	$ 6,703	$ 22,167	$ 19,296
Tax-equivalent net interest income	$ 9,272	$ 9,140	$ 8,070	$ 26,811	$ 23,070
Total noninterest income	$ 2,263	$ 2,594	$ 1,914	$ 7,697	$ 5,509
Add: Net losses on disposal of premises & equipment	-	(1)	(1)	(10)	(3)
Subtract: Bank owned life insurance death benefit	-	-	-	(227)	-
Total noninterest income subtotal	$ 2,263	$ 2,593	$ 1,913	$ 7,460	$ 5,506
Subtotal	$ 11,535	$ 11,733	$ 9,983	$ 34,271	$ 28,576
Efficiency ratio	68.01%	61.16%	67.14%	64.68%	67.52%
Tax-Equivalent Net Interest Income					
GAAP measures:					
Interest income - loans	$ 11,149	$ 11,063	$ 10,447	$ 32,696	$ 29,630
Interest income - investments taxable	934	893	709	2,623	2,134
Interest income - investments tax exempt	29	29	30	88	87
Interest income - other	1,002	1,040	1,060	2,875	2,723
Interest expense - deposits	(3,328)	(3,380)	(3,709)	(9,950)	(10,146)
Interest expense - short term borrowings	(6)	(6)	(9)	(15)	(9)
Interest expense - long term borrowings	(214)	(287)	(312)	(791)	(934)
Interest expense - subordinated debt	(300)	(218)	(152)	(733)	(433)
Net interest income	$ 9,266	$ 9,134	$ 8,064	$ 26,793	$ 23,052
Non-GAAP measures:					
Add: Tax benefit realized on non-taxable interest income - municipal securities [4]	$ 6	$ 6	$ 6	$ 18	$ 18
Tax equivalent net interest income	$ 9,272	$ 9,140	$ 8,070	$ 26,811	$ 23,070
Tangible Book Value Per Share					
Tangible common equity	$ 87,569	$ 86,903	$ 80,359	$ 87,569	$ 80,359
Common shares outstanding, ending	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Tangible book value per share	$ 21.13	$ 20.97	$ 19.39	$ 21.13	$ 19.39

[1] Non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Non-GAAP Reconciliations" for additional information and detailed calculations of adjustments.

[2] Capital ratios are for Potomac Bank.

[3] Capital ratios are for Potomac Bancshares, Inc.

[4] The tax rate utilized in calculating the tax benefit is 21%

[5] Nonperforming assets are comprised of nonaccrual loans. There was no other real estate owned for the periods presented.