FOR IMMEDIATE RELEASE

POTOMAC BANCSHARES, INC. REPORTS FOURTH QUARTER AND FULL YEAR RESULTS

CHARLES TOWN, W.Va., Jan. 31, 2025 /PRNewswire/ – Potomac Bancshares, Inc. (the "Company") (OTCPK: PTBS), the bank holding company of Bank of Charles Town (the "Bank" or "BCT"), reported unaudited consolidated net income of $2.0 million and basic and diluted earnings per common share of $0.48 for the fourth quarter of 2024 and adjusted net income[(1)] of $2.3 million and adjusted basic and diluted earnings per common share[(1)] of $0.55.

Net income was $6.8 million and basic and diluted earnings per common share was $1.65 for the year ended December 31, 2024, and adjusted net income[(1)] was $7.4 million and adjusted basic and diluted earnings per common share[(1)] was $1.80 for the year ended December 31, 2024.

	Three Months Ended		
	December 31, 2024	**September 30, 2024**	**December 31, 2023**
Net income	$1,972	$1,761	$1,710
Basic and diluted earnings per share	$0.48	$0.42	$0.41
Return on average assets	0.89%	0.79%	0.81%
Return on average equity	10.81%	9.92%	10.66%
Non-GAAP Measures:			
Adjusted net income	$2,286	$1,761	$1,832
Adjusted basic and diluted earnings per share	$0.55	$0.42	$0.44
Adjusted return on average assets	1.04%	0.79%	0.87%
Adjusted return on average equity	12.53%	9.92%	11.41%
Adjusted pre-provision, pre-tax earnings	$2,951	$2,460	$2,343
Adjusted pre-provision, pre-tax return on average assets	1.34%	1.11%	1.11%
Net interest margin	3.37%	3.24%	3.34%
Efficiency ratio	67.98%	71.69%	72.23%

NOTE: See "Non-GAAP Financial Measures" and "Non-GAAP Reconciliations" for additional information and detailed calculations of adjustments.

"We are pleased to report a strong finish to the year with all business lines contributing to another successful year. During the fourth quarter, the Company improved our net interest margin thanks to disciplined loan and deposit pricing," stated Alice P. Frazier, President and CEO. "We also benefited from a 13% increase in wealth management revenue driven by growth in assets under management and a 110% increase in secondary market mortgage revenue. In addition, we are encouraged that our strategic initiatives have resulted in an adjusted return on average assets of 1.04% for the same period."

Frazier continued, "In keeping with our commitment to expand and continually improve client experiences, we recently renovated our Martinsburg, West Virginia, branch and will move our Leesburg, Virginia, lending office to a beautiful facility in Ashburn, Virginia, in early 2025. These results are from the earnest efforts of the dedicated team at BCT. I am thankful for their daily commitment to our clients and the communities we serve."

FOURTH QUARTER HIGHLIGHTS

Key highlights of the three-month period ending December 31, 2024, are as follows. Comparisons are to the three-month period ending September 30, 2024, unless otherwise stated:

- Adjusted ROA and ROE[(1)] of 1.04% and 12.53%, respectively
- Net interest margin[(1)] improved 13 basis points to 3.37%
- Loan balances increased by 10%, annualized
- Secondary market mortgage revenue increased by 110%
- Wealth management revenue increased 13%
- Tangible book value per share[(1)] increased to $17.71 from $16.14 one year ago
- Loan production office relocating in northern Virginia with capacity for growth

LOAN PRODUCTION OFFICE RELOCATING WITH CAPACITY FOR GROWTH

In support of the Company's strategic plan, which includes market expansion and continued growth, the Bank will open a new lending office in Ashburn, Virginia, located within Loudoun County, in early 2025. The new office will house professional bankers who offer both commercial loans and residential real estate loans. These employees currently report to an office in Leesburg, Virginia, which is also in Loudoun County. The new Ashburn office will provide capacity for growth.

NET INTEREST INCOME

Net interest income increased $211 thousand, or 3%, to $7.2 million for the fourth quarter of 2024 compared to the third quarter of 2024. Although total interest and dividend income decreased by $73 thousand, or 1%, it was offset by a $284 thousand, or 7%, decrease in total interest expense. The net interest margin[(1)] increased to 3.37%, which was up 13-basis points from 3.24% for the third quarter.

Total interest and dividend income decreased $73 thousand and was primarily attributable to a $367 thousand decrease in interest income on deposits in other financial institutions, which was partially offset by a $302 thousand increase in interest income on loans. The decrease in interest income on deposits in other financial institutions was attributable to an $18.6 million decrease in average balances and a 66-basis point decrease in yield. The increase in interest and fees on loans was attributable to a 6-basis point increase in the yield and a $14.4 million increase in average balances. The yield on total earning assets increased to 5.12% in the fourth quarter from 5.11% in the third quarter.

Total interest expense decreased $284 thousand and was primarily attributable to a $410 thousand, or 11%, decrease in interest expense on deposits, which was partially offset by a $125 thousand increase in interest expense on other borrowings. The decrease in interest expense on deposits resulted from a $22.1 million decrease in average balances and a 19-basis point decrease in the cost of deposits. The increase in interest expense on other borrowings was attributable to a higher average balance of other borrowings in the fourth quarter compared to the third quarter. The total cost of funds was 1.85% for the fourth quarter, which was an 11-basis point decrease compared to the third quarter.

NONINTEREST INCOME

Total noninterest income, excluding net losses on sales of securities, totaled $2.1 million for the fourth quarter of 2024, which was a $312 thousand, or 18%, increase from the third quarter of 2024. The increase was primarily a result of a significant increase in secondary market loan income and an increase in wealth and investment revenue. Secondary market loan income increased $186 thousand, or 110%, and was attributable to a new mortgage team who recently joined the Bank combined with an increase in client demand for mortgage loans. Wealth and investment income increased $69 thousand, or 13%, and was attributable to several new sizeable relationships and the addition to existing client assets under management .

Net losses on the sale of securities available for sale totaled $397 thousand during the fourth quarter of 2024 and resulted from the decision to reposition the investment portfolio by selling lower yielding securities and reinvesting proceeds in higher yielding securities. The securities transactions lessoned the risk of reduced earnings in falling interest rate environments and are expected to increase the yield on securities in future periods.

NONINTEREST EXPENSE

Total noninterest expenses totaled $6.3 million for the fourth quarter of 2024, which was a $32 thousand, or 1%, increase from the third quarter of 2024. The increase was primarily attributable to a $94 thousand increase in salaries and employee benefits and an $84 thousand increase in trust professional fees. The increases were partially offset by a $167 thousand decrease in other operating expenses, which was attributable to losses on fraudulent checks in the third quarter of 2024.

ASSET QUALITY

Overview

There was not a meaningful change in asset quality during the fourth quarter. Loans that were past due greater than 30 days and still accruing interest as a percentage of total loans were 0.07% on December 31, 2024, 0.04% on September 30, 2024, and 0.11% on December 31, 2023. Nonperforming assets (“NPAs”) as a percentage of total assets were 0.31% on December 31, 2024, compared to 0.30% on September 30, 2024, and 0.32% on December 31, 2023. Annualized net

charge-offs as a percentage of total loans were 0.04% for the fourth quarter of 2024, compared to annualized net recoveries of 0.02% for the third quarter of 2024, and annualized net charge offs of 0.05% for the fourth quarter of 2023. The allowance for credit losses on loans totaled $7.0 million, or 0.99% of total loans on December 31, 2024, $7.1 million, or 1.03% of total loans on September 30, 2024, and $6.7 million, or 1.02% of total loans on December 31, 2023.

Provision for Credit Losses

The Bank did not record a provision for credit losses for the fourth quarter of 2024, compared to $202 thousand for the third quarter of 2024, and no provision for credit losses in for the fourth quarter of 2023. There were no significant changes in the general reserve or specific reserve components of the allowance for credit losses on loans during the period. The impact of loan growth during the fourth quarter was offset by changes to qualitative factors in the general reserve component. Qualitative factors related to economic conditions and the operating environment were upgraded and qualitative factors related to loan growth and asset quality were downgraded.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans totaled $7.0 million on December 31, 2024, $7.1 million on September 30, 2024, and $6.7 million on December 31, 2023. There was no notable change in the general or specific reserve components of the allowance during the fourth quarter of 2024. Net charge-offs totaled $79 thousand in the fourth quarter and were primarily comprised of commercial and industrial loans.

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

	Three Months Ended		
	December 31, 2024	**September 30, 2024**	**December 31, 2023**
Allowance for credit losses on loans, beginning of period	$7,097	$6,881	$6,768
Net (charge-offs) recoveries	(79)	37	(75)
Provision for (recovery of) credit losses on loans	(41)	179	(20)
Allowance for credit losses on loans, end of period	$6,977	$7,097	$6,673

The allowance for credit losses on loans as a percentage of total loans totaled 0.99% on December 31, 2024, 1.03% on September 30, 2024, and 1.02% on December 31, 2023.

Allowance for Credit Losses on Unfunded Commitments

The allowance for credit losses on unfunded commitments totaled $402 thousand on December 31, 2024, $361 thousand on September 30, 2024, and $304 thousand on December 31, 2023. There was a $41 thousand provision for credit losses on unfunded commitments in the fourth quarter of

2024, a $23 thousand provision for credit losses on unfunded commitments in the third quarter of 2024, and a $20 thousand provision for credit losses on unfunded commitments in the fourth quarter of 2023.

BALANCE SHEET

Assets totaled $877.3 million on December 31, 2024, which was an increase of $6.0 million, or 3% (annualized), from September 30, 2024, and a $46.6 million, or 6%, increase from December 31, 2023. The increase in total assets from the third quarter of 2024 was primarily due to a $17.6 million increase in loans, net of allowance for credit losses, which was partially offset by a $7.7 million decrease in interest-bearing deposits in other banks and a $4.8 million decrease in securities, available for sale. Total assets increased from December 31, 2023, primarily from a $52.4 million, or 8%, increase in loans, net of the allowance for credit losses, which was partially offset by a $5.6 million decrease in the interest-bearing deposit in other financial institutions and a $6.5 million decrease in securities, available for sale.

On December 31, 2024, loans totaled $704.1, an increase of $17.4 million or 10% (annualized) from $686.7 million, on September 30, 2024. Quarterly average loans totaled $690.2 million, an increase of $14.4 million or 8% (annualized) from the third quarter of 2024. On December 31, 2024, loans increased $52.7 million, or 8%, from one year ago, and quarterly average loans increased $39.8 million, or 6%, when comparing the fourth quarter of 2024 to the same period in 2023.

On December 31, 2024, securities available for sale totaled $77.4 million, a decrease of $4.8 million from September 30, 2024, and a decrease of $6.5 million from December 31, 2023. On December 31, 2024, net unrealized losses on the securities portfolio totaled $7.6 million, an increase of $1.8 million from net unrealized losses on securities available for sale that totaled $5.8 million on September 30, 2024.

On December 31, 2024, total deposits were $754.4 million, an increase of $4.6 million or 2% (annualized) from September 30, 2024. Quarterly average deposits decreased from the third quarter of 2024 by $20.0 million. Total deposits increased $14.7 million, or 2%, from December 31, 2023, and quarterly average deposits for the fourth quarter of 2024 increased $7.9 million from the fourth quarter of 2023.

On December 31, 2024, and September 30, 2024, other borrowings totaled $34.2 million and $34.5 million, respectively, and included $31.0 million of funds borrowed from the Federal Home Loan Bank of Pittsburgh (“FHLB”). On December 31, 2024, borrowings from FHLB had a weighted average fixed interest rate of 4.25% with maturity dates ranging from January 2025 to August 2027.

The following table provides capital ratios at the period ended:

	December 31, 2024	Three Months Ended September 30, 2024	December 31, 2023
Total capital ratio[2]	13.57%	13.79%	13.97%
Tier 1 capital ratio[2]	12.52%	12.69%	12.89%
Common equity Tier 1 capital ratio[2]	12.52%	12.69%	12.89%
Leverage ratio[2]	9.92%	9.67%	9.77%
Tangible common equity to tangible assets[1][3]	8.37%	8.32%	8.05%

During the fourth quarter of 2024, the Company declared and paid cash dividends of $0.12 per common share, which was consistent with the third quarter of 2024, and an increase from $0.10 per share paid during the fourth quarter of 2023.

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 the Company's management believes provide useful information for financial and operational decision making, evaluating trends, and comparing financial results to other financial institutions. The non-GAAP financial measures presented in this document include adjusted net income, adjusted basic and diluted earnings per share, adjusted return on average assets, adjusted return on average equity, pre-provision pre-tax earnings, adjusted pre-provision pre-tax earnings, fully taxable equivalent interest income, the net interest margin, the efficiency ratio, tangible book value per share, and tangible common equity to tangible assets.

The Company believes certain non-GAAP financial measures enhance the understanding of its business, performance, and financial position. 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, INC.

Potomac Bancshares, Inc. (OTCPK: PTBS) is the bank holding company of Bank of Charles Town, which was founded in 1871. The Bank also does business under the names BCT and The Community's Bank. The Bank conducts operations through its main office, an additional eight branch offices, and two loan production offices. The Bank's offices are in Jefferson and Berkeley Counties (WV), Washington County (MD), and Loudoun and Stafford Counties (VA). The Bank offers commercial lines and term loans, residential and commercial construction loans, commercial real estate loans, agricultural loans, and government contractor loans. The Bank is also a Small Business Administration (SBA) Preferred Lender. The Residential Lending division offers secondary

market and portfolio mortgage loans, one-time close construction to permanent loans, as well as home equity loans and lines of credit. For over 70 years, BCT Wealth Advisors has provided caring and personalized trust services, growing into a premier financial management, investments, and estate services provider. The Bank also provides convenient online and mobile banking for individuals, businesses, and local governments plus free access to over 55,000 ATMs through the Allpoint® network plus another approximately 675 free access ATMs through another partnership. BCT was voted WINNER in the *LoudounNow* 2024 Loudoun's Favorites readers' poll in four categories: Bank, Mortgage Company, Banker, and Financial Planner. In 2023, *American Banker* selected BCT as a "Top 200 Community Bank," an annual listing of the best performing banks in the United States with assets under $2 billion. BCT was voted a "Best of the Best" winner in the 2024 *Journal-News* Readers' Choice Awards in three categories: Bank, Loan Services, and Financial Planning. The Bank was named a "Best Bank to Work For" by *American Banker* five of the last six years.

The Company's shares are quoted on the OTC Pink Sheet marketplace under the symbol "PTBS." For more information about Potomac Bancshares, Inc. and the Bank, please visit our website at www.mybct.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 5 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)

	As of or For the Three Months Ended			As of or For the Twelve Months Ended	
	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Income Statement					
Interest and dividend income:					
Interest and fees on loans	$ 9,287	$ 8,985	$ 8,205	$ 34,858	$ 31,145
Taxable interest on securities	647	678	609	2,656	2,162
Tax-exempt interest on securities	29	29	29	114	114
Other interest and dividends	929	1,273	984	4,064	2,162
Total interest and dividend income	$ 10,892	$ 10,965	$ 9,827	$ 41,692	$ 35,583
Interest expense:					
Interest on deposits	$ 3,238	$ 3,648	$ 2,819	$ 13,336	$ 8,676
Interest on short term borrowings	9	7	8	30	84
Interest on long term borrowings	340	217	68	691	250
Interest on subordinated debt	141	140	139	560	557
Total interest expense	$ 3,728	$ 4,012	$ 3,034	$ 14,617	$ 9,567
Net interest income	$ 7,164	$ 6,953	$ 6,793	$ 27,075	$ 26,016
Provision for credit losses	-	202	-	511	222
Net interest income after provision for credit losses	$ 7,164	$ 6,751	$ 6,793	$ 26,564	$ 25,794
Noninterest Income:					
Wealth and investments	$ 584	$ 515	$ 471	$ 1,948	$ 1,740
Service charges on deposit accounts	273	273	254	1,057	1,015
Secondary market income	355	169	140	994	678
Net losses on sale of securities	(397)	-	(154)	(783)	(428)
ATM and check card fees	530	522	506	2,065	2,028
Income from bank owned life insurance	99	98	85	410	322
Other operating income	226	178	203	706	595
Total noninterest income	$ 1,670	$ 1,755	$ 1,505	$ 6,397	$ 5,950
Noninterest expenses:					
Salaries and employee benefits	$ 3,427	$ 3,333	$ 3,350	$ 13,003	$ 12,362
Occupancy	308	278	256	1,128	1,030
Equipment	352	353	341	1,439	1,393
Accounting, audit, and compliance	70	83	56	261	254
Advertising and public relations	104	103	91	391	396
Computer services and online banking	385	393	388	1,572	1,450
FDIC assessment	100	99	80	387	361
Other professional fees	185	206	214	648	518
Trust professional fees	203	119	86	554	359
Director and committee fees	100	75	90	356	353
Legal fees	34	31	55	246	155
Supplies	55	57	50	249	255
Communications	114	99	97	414	384
ATM and check card expenses	238	247	258	998	1,003
Other operating expenses	605	772	697	2,515	2,118
Total noninterest expenses	$ 6,280	$ 6,248	$ 6,109	$ 24,161	$ 22,391
Income before income tax expense	$ 2,554	$ 2,258	$ 2,189	$ 8,800	$ 9,353
Income tax expense	582	497	479	1,971	2,089
Net income	$ 1,972	$ 1,761	$ 1,710	$ 6,829	$ 7,264

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	For the Three Months Ended			As of or For the Twelve Months Ended	
	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Common Share and Per Common Share Data					
Earnings per common share, basic	$ 0.48	$ 0.42	$ 0.41	$ 1.65	$ 1.75
Adjusted earnings per common share, basic [1]	$ 0.55	$ 0.42	$ 0.44	$ 1.80	$ 1.83
Weighted average shares, basic	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Earnings per common share, diluted	$ 0.48	$ 0.42	$ 0.41	$ 1.65	$ 1.75
Adjusted earnings per common share, diluted [1]	$ 0.55	$ 0.42	$ 0.44	$ 1.80	$ 1.83
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]	$ 17.71	$ 17.49	$ 16.14	$ 17.71	$ 16.14
Cash Dividends	$ 0.12	$ 0.12	$ 0.10	$ 0.46	$ 0.38
Key Performance Ratios					
Return on average assets	0.89%	0.79%	0.81%	0.80%	0.91%
Adjusted return on average assets [1]	1.04%	0.79%	0.87%	0.87%	0.95%
Return on average equity	10.81%	9.92%	10.66%	9.80%	11.59%
Adjusted return on average equity [1]	12.53%	9.92%	11.41%	10.69%	12.13%
Net interest margin [1]	3.37%	3.24%	3.34%	3.27%	3.39%
Efficiency ratio [1]	67.98%	71.69%	72.23%	70.48%	69.07%
Average Balances					
Average assets	$ 877,813	$ 884,167	$ 835,807	$ 858,988	$ 796,673
Average earning assets	847,248	853,527	807,129	829,174	768,728
Average shareholders' equity	72,588	70,637	63,663	69,659	62,690
Asset Quality					
Loan charge-offs	$ 101	$ 22	$ 114	$ 260	$ 265
Loan recoveries	22	59	39	150	216
Net charge-offs (recoveries)	79	(37)	75	110	49
Non-accrual loans	2,738	2,638	2,695	2,738	2,695
Other real estate owned, net	-	-	-	-	-
Nonperforming assets [5]	2,738	2,638	2,695	2,738	2,695
Loans 30 to 89 days past due, accruing	474	299	739	474	739
Loans over 90 days past due, accruing	-	1	-	-	-
Special mention loans	10,627	2,267	9,964	10,627	9,964
Substandard loans, accruing	4,238	4,391	3,571	4,238	3,571
Capital Ratios [2]					
Total capital	$ 95,449	$ 93,943	$ 90,139	$ 95,449	$ 90,139
Tier 1 capital	88,070	86,485	83,160	88,070	83,160
Common equity tier 1 capital	88,070	86,485	83,160	88,070	83,160
Total capital to risk-weighted assets	13.57%	13.79%	13.97%	13.73%	13.97%
Tier 1 capital to risk weighted assets	12.52%	12.69%	12.89%	12.65%	12.89%
Common equity Tier 1 capital to risk wtd. assets	12.52%	12.69%	12.89%	12.65%	12.89%
Leverage ratio	9.92%	9.67%	9.77%	9.91%	9.77%

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	For the Period Ended				
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Balance Sheet					
Cash and due from banks	$ 5,143	$ 5,014	$ 4,061	$ 3,662	$ 3,521
Interest-bearing deposits in other financial institutions	59,621	67,337	51,167	82,816	65,181
Cash and cash equivalents	$ 64,764	$ 72,351	$ 55,228	$ 86,478	$ 68,702
Securities available for sale, at fair value	77,385	82,146	83,276	84,768	83,929
Equity securities, at fair value	241	223	200	205	198
Loans held for sale	1,506	1,219	1,395	2,210	678
Loans, net of allowance for credit losses	697,132	679,558	657,188	648,804	644,687
Premises and equipment, net	8,099	7,832	7,806	5,882	5,965
Accrued interest receivable	2,283	2,382	2,413	2,309	2,003
Bank owned life insurance	13,977	13,878	13,780	13,683	13,566
FHLB of Pittsburgh stock	2,103	2,328	1,419	1,481	1,571
Other assets	9,859	9,414	9,875	9,151	9,415
Total assets	$ 877,349	$ 871,331	$ 832,580	$ 854,971	$ 830,714
Noninterest-bearing demand deposits	$ 171,681	$ 172,941	$ 169,262	$ 170,933	$ 161,622
Savings and interest-bearing demand deposits	582,677	576,809	570,834	591,994	578,058
Total deposits	$ 754,358	$ 749,750	$ 740,096	$ 762,927	$ 739,680
Short term borrowings	5,170	5,503	5,031	5,657	2,839
Long term borrowings	29,000	29,000	4,000	4,000	6,000
Subordinated debt	9,958	9,942	9,927	9,912	9,897
Accrued interest payable	1,266	1,041	875	658	763
Other liabilities	4,181	3,586	3,347	4,057	4,661
Total liabilities	$ 803,933	$ 798,822	$ 763,276	$ 787,211	$ 763,840
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	63,806	62,331	61,068	60,145	58,884
Accumulated other comprehensive (loss), net	(5,936)	(5,368)	(7,310)	(7,931)	(7,556)
	$ 76,910	$ 76,003	$ 72,798	$ 71,254	$ 70,368
Less cost of shares acquired for the treasury	(3,494)	(3,494)	(3,494)	(3,494)	(3,494)
Total shareholders' equity	73,416	72,509	69,304	67,760	66,874
Total liabilities and shareholders' equity	$ 877,349	$ 871,331	$ 832,580	$ 854,971	$ 830,714
Loan Data					
Construction and land development	$ 39,404	$ 35,260	$ 28,936	$ 27,437	$ 27,653
Secured by farmland	6,769	6,820	6,814	6,915	7,019
Secured by 1-4 family resident	247,299	244,125	240,053	235,861	238,298
Other real estate loans	345,904	340,027	335,888	340,289	332,029
Loans to farmers (not secured by real estate)	190	195	198	195	195
Commercial and industrial loans (not secured by real estate)	54,205	49,972	41,431	33,791	34,548
Consumer installment loans	2,910	2,994	3,287	3,359	3,689
Deposit overdraft	518	74	71	132	92
All other loans	6,910	7,188	7,391	7,657	7,837
Total loans	$ 704,109	$ 686,655	$ 664,069	$ 655,636	$ 651,360
Allowance for credit losses	(6,977)	(7,097)	(6,881)	(6,832)	(6,673)
Loans, net	$ 697,132	$ 679,558	$ 657,188	$ 648,804	$ 644,687

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 Twelve Months Ended	
	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Adjusted Net Income					
Net income (GAAP)	$ 1,972	$ 1,761	$ 1,710	$ 6,829	$ 7,264
Add: Loss on sale of securities	397	-	154	783	428
Subtract: Tax effect of adjustment [4]	(83)	-	(32)	(164)	(90)
Adjusted net income (non-GAAP)	$ 2,286	$ 1,761	$ 1,832	$ 7,448	$ 7,602
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)	$ 0.48	$ 0.42	$ 0.41	$ 1.65	$ 1.75
Adjusted earnings per share, basic (Non-GAAP)	$ 0.55	$ 0.42	$ 0.44	$ 1.80	$ 1.83
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)	$ 0.48	$ 0.42	$ 0.41	$ 1.65	$ 1.75
Adjusted earnings per share, diluted (Non-GAAP)	$ 0.55	$ 0.42	$ 0.44	$ 1.80	$ 1.83
Adjusted Pre-Provision, Pre-tax earnings					
Net interest income	$ 7,164	$ 6,953	$ 6,793	$ 27,075	$ 26,016
Total noninterest income	1,670	1,755	1,505	6,397	5,950
Net revenue	$ 8,834	$ 8,708	$ 8,298	$ 33,472	$ 31,966
Total noninterest expense	6,280	6,248	6,109	24,161	22,391
Pre-provision, pre-tax earnings	$ 2,554	$ 2,460	$ 2,189	$ 9,311	$ 9,575
Add: Loss on sale of securities	397	-	154	783	428
Adjusted pre-provision, pre-tax earnings	$ 2,951	$ 2,460	$ 2,343	$ 10,094	$ 10,003
Adjusted Performance Ratios					
Average assets	$ 877,813	$ 884,167	$ 835,807	$ 858,988	$ 796,673
Return on average assets (GAAP)	0.89%	0.79%	0.81%	0.80%	0.91%
Adjusted return on average assets (Non-GAAP)	1.04%	0.79%	0.87%	0.87%	0.95%
Average shareholders' equity	$ 72,588	$ 70,637	$ 63,663	$ 69,659	$ 62,690
Return on average equity (GAAP)	10.81%	9.92%	10.66%	9.80%	11.59%
Adjusted return on average equity (Non-GAAP)	12.53%	9.92%	11.41%	10.69%	12.13%
Pre-provision, pre-tax return on average assets	1.16%	1.11%	1.04%	1.08%	1.20%
Adjusted pre-provision, pre-tax return on average assets	1.34%	1.11%	1.11%	1.18%	1.26%
Net Interest Margin					
Tax-equivalent net interest income	$ 7,170	$ 6,959	$ 6,799	$ 27,099	$ 26,040
Average earning assets	847,248	853,527	807,129	829,174	768,728
Net interest margin	3.37%	3.24%	3.34%	3.27%	3.39%

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 Twelve Months Ended	
	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Efficiency Ratio					
Total noninterest expense	$ 6,280	$ 6,248	$ 6,109	$ 24,161	$ 22,391
Tax-equivalent net interest income	$ 7,170	$ 6,959	$ 6,799	$ 27,099	$ 26,040
Total noninterest income	$ 1,670	$ 1,755	$ 1,505	$ 6,397	$ 5,950
Add: Loss on disposal of property and equipment	1	1	-	2	-
Add: Loss on sale of investment securities, AFS	397	-	154	783	428
Total noninterest income subtotal	2,068	1,756	1,659	7,182	6,378
Subtotal	$ 9,238	$ 8,715	$ 8,458	$ 34,281	$ 32,418
Efficiency ratio	67.98%	71.69%	72.23%	70.48%	69.07%
Tax-Equivalent Net Interest Income					
GAAP measures:					
Interest income - loans	$ 9,287	$ 8,985	$ 8,205	$ 34,858	$ 31,145
Interest income - investments taxable	647	678	609	2,656	2,162
Interest income - investments tax exempt	29	29	29	114	114
Interest income - other	929	1,273	984	4,064	2,162
Interest expense - deposits	(3,238)	(3,648)	(2,819)	(13,336)	(8,676)
Interest expense - short term borrowings	(9)	(7)	(8)	(30)	(84)
Interest expense - long term borrowings	(340)	(217)	(68)	(691)	(250)
Interest expense - subordinated debt	(141)	(140)	(139)	(560)	(557)
Net interest income	$ 7,164	$ 6,953	$ 6,793	$ 27,075	$ 26,016
Non-GAAP measures:					
Add: Tax benefit realized on non-taxable interest income - municipal securities [4]	$ 6	$ 6	$ 6	$ 24	$ 24
Tax benefit realized on non-taxable interest income	$ 6	$ 6	$ 6	$ 24	$ 24
Tax equivalent net interest income	$ 7,170	$ 6,959	$ 6,799	$ 27,099	$ 26,040
Tangible Book Value Per Share					
Tangible common equity	$ 73,417	$ 72,509	$ 66,874	$ 73,417	$ 66,874
Common shares outstanding, ending	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Tangible book value per share	$ 17.71	$ 17.49	$ 16.14	$ 17.71	$ 16.14

[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 Bank of Charles Town.

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

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

[5] Nonperforming assets are comprized of nonaccrual loans and other real estate owned.