



FOR IMMEDIATE RELEASE

Potomac Bancshares Reports 32% Year-Over-Year Increase in Q3 2025 Earnings

CHARLES TOWN, W.Va., Oct. 29, 2025 /PRNewswire/ – Potomac Bancshares, Inc. (the “Company”) (OTCID: PTBS), the bank holding company of Bank of Charles Town (the “Bank”), reported net income of \$2.3 million, or \$0.56 per basic and diluted common share, for the third quarter of 2025.

This reflects a 32% increase in net income and a \$0.14 per share increase compared to the third quarter of 2024 when the Company reported net income of \$1.8 million, or \$0.42 per share.

For the nine months ending September 30, 2025, the Company reported net income of \$6.6 million, or \$1.59 per share. This marks an increase of \$1.7 million, or 36%, compared to the same period in 2024 when net income was \$4.9 million, or \$1.17 per share.

Quarterly Financial Highlights

(in thousands, except per share data)

	Q3 2025	Q2 2025	Q3 2024
Net Income	\$2,322	\$2,074	\$1,761
EPS (basic and diluted)	\$0.56	\$0.50	\$0.42
ROA	0.98%	0.91%	0.79%
ROE	11.62%	10.83%	9.92%
Non-GAAP Measures:			
Adj. Net Income	\$2,322	\$2,141	\$1,761
Adj. EPS (basic and diluted)	\$0.56	\$0.52	\$0.42
Adj. ROA	0.98%	0.94%	0.79%
Adj. ROE	11.62%	11.18%	9.92%
Adj. Pre-Provision, Pre-Tax Earnings	\$3,193	\$2,986	\$2,460
Adj. Pre-Provision, Pre-Tax ROA	1.35%	1.31%	1.12%
Net Interest Margin	3.54%	3.48%	3.24%
Efficiency Ratio	67.95%	68.19%	71.69%

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.

“We are pleased with our strong third-quarter performance,” said Alice Frazier, President and CEO of Potomac Bancshares. “Revenue growth, margin expansion, and disciplined expense management contributed to improved profitability. We continue to see strength in our commercial banking division and an opportunity to gain new clients as an SBA preferred lender.”

Frazier continued, “Our tangible book value per share increased 11% year-over-year, while maintaining strong asset quality and capital levels. Looking ahead, we remain focused on expanding through our business lines and leveraging technology to enhance client experiences and operational efficiencies.”

Third Quarter Highlights

Key highlights of the three-month period ending September 30, 2025, are as follows. Comparisons are to the three-month period ending June 30, 2025, unless otherwise stated:

- Net income increased 12%, and 32% year-over-year
- Return on assets was 0.98%
- Return on equity was 11.62%
- Deposit balances increased 5%, and 11% year-over-year
- Asset quality metrics remained strong with NPAs at 0.22% of total assets
- Tangible book value per share increased 11% year-over-year to \$19.39
- Quarterly cash dividend on common stock remained \$0.13 per share

Net Interest Income

Net interest income increased \$430 thousand, or 6%, to \$8.1 million for the third quarter of 2025, driven by growth in earning assets and a higher net interest margin. Total interest and dividend income rose \$837 thousand, primarily due to a \$765 thousand increase in interest income and fees on loans, reflecting a 20-basis point increase in loan yield to 5.63% and a \$20.2 million increase in average balances. Interest expense increased \$407 thousand, driven by an 8% rise in deposit costs from a 15-basis point increase in the cost of interest-bearing deposits. The total cost of funds was 1.94%, up 13 basis points from the prior quarter.

Noninterest Income

Noninterest income totaled \$1.9 million for the third quarter of 2025, a \$148 thousand, or 8%, increase from Q2 2025. The increase was primarily attributable to higher wealth and investment income, gains and fees on mortgage loan sales, and increased ATM and check card fee income.

Noninterest Expense

Noninterest expenses totaled \$6.8 million for the third quarter, a \$286 thousand, or 4%, increase from the second quarter of 2025. The increase was primarily driven by higher professional fees, trust-related expenses, and other operating costs.

Asset Quality

Overview

Asset quality remained strong during the third quarter. Loans past due greater than 30 days and still accruing interest were 0.09% of total loans as of September 30, 2025. Nonperforming assets as a percentage of total assets were 0.22%. Annualized net charge-offs as a percentage of total loans were 0.01%. The allowance for credit losses on loans totaled \$7.5 million, or 1.03% of total loans.

Provision for Credit Losses

Provision for credit losses totaled \$200 thousand for the third quarter of 2025 compared to \$225 thousand in the second quarter of 2025 and \$202 thousand for the third quarter of 2024. While there were no changes in the specific reserve component of the allowance for credit losses, the general reserve component increased during the third quarter of 2025.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans totaled \$7.5 million on September 30, 2025, \$7.4 million on June 30, 2025, and \$7.1 million on September 30, 2024. Net charge-offs totaled \$13 thousand in the third quarter of 2025, \$45 thousand in the second quarter of 2025, compared to net recoveries of \$37 thousand in the third quarter of 2024. Charge-offs were comprised of deposit overdrafts.

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

(dollars in thousands)

	Q3 2025	Q2 2025	Q3 2024
Allowance for credit losses on loans, beginning	\$7,359	\$7,180	\$6,881
Net (charge-offs) recoveries	(13)	(46)	37
Provision for credit losses on loans	159	225	179
Allowance for credit losses on loans, ending	\$7,505	\$7,359	\$7,097

Allowance for Credit Losses on Unfunded Commitments

The allowance for credit losses on unfunded commitments totaled \$489 thousand on September 30, 2025, \$448 thousand on June 30, 2025, and \$361 thousand on September 30, 2024. The provision for credit losses on unfunded commitments totaled \$40 thousand for the third quarter of 2025, compared to no provision for credit losses on unfunded commitments in the second quarter of 2025, and \$23 thousand in the third quarter of 2024.

Balance Sheet

As of September 30, 2025, total assets were \$962.0 million, an increase of \$41.7 million, or 18% annualized, from June 30, 2025. As noted below, deposits reflect a short-term large deposit of \$25 million which is included in cash.

Loans totaled \$732.1 million, a decrease of \$4.3 million, or 2% annualized, from the prior quarter. However, quarterly average loans rose to \$735.9 million, up \$20.2 million, or 11% annualized, from Q2 2025. The decrease in loans during the third quarter was attributable to loan payoffs that were slightly greater than prior periods. On a year-over-year basis, loans increased \$45.5 million, or 7%.

Deposits grew to \$833.4 million, an increase of \$38.6 million, or 19% annualized, from June 30, 2025. The increase was primarily attributable to a large deposit in a client account that was short term in nature during the third quarter. Quarterly average deposits were \$808.8 million, up \$20.5 million, or 10% annualized, from the prior quarter. Compared to September 30, 2024, total deposits increased \$83.7 million, or 11%.

Securities available for sale totaled \$77.9 million, up \$1.1 million from June 30, 2025, but down \$4.2 million from a year ago. Net unrealized losses on the securities portfolio were \$5.0 million, a decrease of \$1.4 million from the prior quarter and \$736 thousand decrease year-over-year.

Other borrowings totaled \$32.0 million, compared to \$31.8 million on June 30, 2025, and \$34.5 million on September 30, 2024. This included \$29.0 million borrowed from the Federal Home Loan Bank of Pittsburgh, with a weighted average fixed interest rate of 4.21% and maturities ranging from 2026 to 2028.

Shareholders' equity totaled \$80.4 million, an increase of \$2.9 million from June 30, 2025, and \$7.9 million from September 30, 2024. These increases were primarily driven by growth in retained earnings, which rose \$1.8 million quarter-over-quarter and \$6.5 million year-over-year. Accumulated other comprehensive loss decreased \$1.1 million from the prior quarter and \$1.4 million from the prior year.

The following table provides capital ratios at the end of the period:

	Q3 2025	Q2 2025	Q3 2024
Total capital ratio ⁽²⁾	13.74%	13.50%	13.79%
Tier 1 capital ratio ⁽²⁾	12.66%	12.43%	12.69%
Common equity Tier 1 capital ratio ⁽²⁾	12.66%	12.43%	12.69%
Leverage ratio ⁽²⁾	9.84%	9.91%	9.67%
Tangible common equity to tangible assets ⁽¹⁾⁽³⁾	8.35%	8.42%	8.32%

Shareholder Dividend

During the third quarter of 2025, the Company paid a quarterly cash dividend of \$0.13 per common share, unchanged from the second quarter and up \$0.01 per share, or 8%, from the first quarter of 2025.

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.

Potomac Bancshares, Inc. intends to purchase shares periodically through privately negotiated transactions or in the open market. The Company's board of directors authorized the purchase plan to run through October 19, 2027, unless the entire amount authorized to be repurchased has been acquired before that date. Potomac Bancshares, Inc. intends to fund the repurchase plan with a combination of cash on hand and cash generated from ongoing operations.

There is no guarantee as to the exact number of, or value of, shares that will be repurchased by the Company, and Potomac Bancshares, Inc. may discontinue repurchases at any time that management determines additional repurchases are unwarranted. The timing and amount of share repurchases under the stock repurchase plan will depend on a number of factors, including Potomac Bancshares, Inc. stock price performance, ongoing capital planning considerations, and general market conditions.

Bank of Charles Town Announces New Name

On November 3, 2025, Bank of Charles Town will be renamed Potomac Bank. The transition not only reflects the Bank's significant growth and expanding regional presence across the Eastern Panhandle of West Virginia, Washington County, Maryland, and Northern Virginia, it also affirms the foresight of its Board of Directors who established and named its holding company Potomac Bancshares over 30 years ago.

The name Potomac Bank was chosen to symbolize the powerful connection shared among the diverse communities the bank serves, all united by the namesake Potomac River, which has shaped the region's geography, history, and prosperity. This transition is a natural progression that honors the bank's heritage and values while celebrating the shared connection that unites the bank's identity.

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

Potomac Bancshares, Inc. (OTCID: 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 nine 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 2025 Loudoun's Favorite* readers' poll in four categories: Bank, Mortgage Company, Mortgage Broker, and Financial Planner. BCT was voted a "Best of the Best" winner in the 2024 *Martinsburg Journal-News Readers' Choice Awards* in three categories: Bank, Loan Services, and Financial Planning. 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. 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 OTCID 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 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.

Contacts

Alice P. Frazier
President and CEO
304-728-2431
afrrazier@mybct.bank

M. Shane Bell
Executive Vice President and CFO
304-728-2434
sbell@mybct.bank

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, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Income Statement					
Interest and dividend income:					
Interest and fees on loans	\$ 10,447	\$ 9,682	\$ 8,984	\$ 29,630	\$ 25,571
Taxable interest on securities	709	710	678	2,134	2,008
Tax-exempt interest on securities	30	28	29	87	86
Other interest and dividends	1,060	989	1,274	2,723	3,135
Total interest and dividend income	<u>\$ 12,246</u>	<u>\$ 11,409</u>	<u>\$ 10,965</u>	<u>\$ 34,574</u>	<u>\$ 30,800</u>
Interest expense:					
Interest on deposits	\$ 3,717	\$ 3,324	\$ 3,648	\$ 10,146	\$ 10,098
Interest on short term borrowings	1	2	7	9	20
Interest on long term borrowings	312	309	217	934	351
Interest on subordinated debt	152	140	140	433	420
Total interest expense	<u>\$ 4,182</u>	<u>\$ 3,775</u>	<u>\$ 4,012</u>	<u>\$ 11,522</u>	<u>\$ 10,889</u>
Net interest income	<u>\$ 8,064</u>	<u>\$ 7,634</u>	<u>\$ 6,953</u>	<u>\$ 23,052</u>	<u>\$ 19,911</u>
Provision for credit losses	<u>200</u>	<u>225</u>	<u>202</u>	<u>675</u>	<u>511</u>
Net interest income after provision for credit losses	<u>\$ 7,864</u>	<u>\$ 7,409</u>	<u>\$ 6,751</u>	<u>\$ 22,377</u>	<u>\$ 19,400</u>
Noninterest Income:					
Wealth and investments	\$ 525	\$ 498	\$ 514	\$ 1,528	\$ 1,364
Service charges on deposit accounts	217	225	273	702	784
Gains / fees on sale of mortgage loans	408	351	169	1,006	640
ATM and check card fees	543	518	522	1,536	1,535
Income from bank owned life insurance	102	100	98	299	311
Net losses on sale of securities	-	-	-	-	(386)
Net loss on disposal of premises & equipment	(1)	-	(1)	(3)	(1)
Net gain(loss) on sale of SBA loans	-	-	-	-	-
Other operating income	<u>120</u>	<u>74</u>	<u>180</u>	<u>441</u>	<u>481</u>
Total noninterest income	<u>\$ 1,914</u>	<u>\$ 1,766</u>	<u>\$ 1,755</u>	<u>\$ 5,509</u>	<u>\$ 4,728</u>
Noninterest expenses:					
Salaries and employee benefits	\$ 3,732	\$ 3,760	\$ 3,322	\$ 10,860	\$ 9,565
Occupancy	310	310	278	964	820
Equipment	351	344	353	1,071	1,087
Accounting, audit, and compliance	72	70	83	211	191
Advertising and public relations	115	112	103	345	287
Data processing	413	453	485	1,318	1,409
FDIC assessment	111	104	99	314	287
Other professional fees	208	140	206	480	462
Trust professional fees	190	144	119	505	351
Director and committee fees	93	68	75	258	256
Legal fees	47	23	31	103	212
Supplies	55	66	57	200	195
Communications	119	112	99	343	300
ATM and check card expense	269	264	247	773	760
Other operating expenses	<u>700</u>	<u>529</u>	<u>691</u>	<u>1,740</u>	<u>1,700</u>
Total noninterest expenses	<u>\$ 6,785</u>	<u>\$ 6,499</u>	<u>\$ 6,248</u>	<u>\$ 19,485</u>	<u>\$ 17,882</u>
Income before income tax expense	<u>\$ 2,993</u>	<u>\$ 2,676</u>	<u>\$ 2,258</u>	<u>\$ 8,401</u>	<u>\$ 6,246</u>
Income tax expense	<u>671</u>	<u>602</u>	<u>497</u>	<u>1,817</u>	<u>1,389</u>
Net income	<u>\$ 2,322</u>	<u>\$ 2,074</u>	<u>\$ 1,761</u>	<u>\$ 6,584</u>	<u>\$ 4,857</u>

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, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Common Share and Per Common Share Data					
Earnings per common share, basic	\$ 0.56	\$ 0.50	\$ 0.42	\$ 1.59	\$ 1.17
Adjusted earnings per common share, basic ⁽¹⁾	\$ 0.56	\$ 0.52	\$ 0.42	\$ 1.61	\$ 1.25
Weighted average shares, basic	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Earnings per common share, diluted	\$ 0.56	\$ 0.50	\$ 0.42	\$ 1.59	\$ 1.17
Adjusted earnings per common share, diluted ⁽¹⁾	\$ 0.56	\$ 0.52	\$ 0.42	\$ 1.61	\$ 1.25
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⁾	\$ 19.39	\$ 18.70	\$ 17.49	\$ 19.39	\$ 17.49
Cash dividends	\$ 0.13	\$ 0.13	\$ 0.12	\$ 0.38	\$ 0.34
Key Performance Ratios					
Return on average assets	0.98%	0.91%	0.79%	0.97%	0.76%
Adjusted return on average assets ⁽¹⁾	0.98%	0.94%	0.79%	0.98%	0.81%
Return on average equity	11.62%	10.83%	9.92%	11.44%	9.45%
Adjusted return on average equity ⁽¹⁾	11.62%	11.18%	9.92%	11.56%	10.04%
Net interest margin ⁽¹⁾	3.54%	3.48%	3.24%	3.51%	3.23%
Efficiency ratio ⁽¹⁾	67.95%	68.19%	71.69%	67.87%	71.40%
Average Balances					
Average assets	\$ 936,572	\$ 912,253	\$ 884,167	\$ 910,244	\$ 852,667
Average earning assets	905,307	881,485	853,386	879,144	822,962
Average shareholders' equity	79,290	76,808	70,637	76,947	68,676
Asset Quality					
Loan charge-offs	\$ 23	\$ 58	\$ 22	\$ 103	\$ 158
Loan recoveries	10	13	59	43	128
Net charge-offs	13	45	(37)	60	30
Non-accrual loans	2,138	2,245	2,638	2,138	2,638
Other real estate owned, net	-	-	-	-	-
Nonperforming assets ⁽⁵⁾	2,138	2,245	2,638	2,138	2,638
Loans 30 to 89 days past due, accruing	694	726	60	694	60
Loans over 90 days past due, accruing	-	151	-	-	-
Special mention loans	15,635	15,711	14,055	15,635	14,055
Substandard loans, accruing	1,125	1,150	1,463	1,125	1,463
NPA/Total Assets	0.22%	0.24%	0.30%	0.22%	0.30%
PD/Total Loans	0.09%	0.10%	0.01%	0.09%	0.01%
Capital Ratios ⁽²⁾					
Total capital	\$ 100,875	\$ 99,097	\$ 93,943	\$ 100,875	\$ 93,943
Tier 1 capital	92,921	91,290	86,485	92,921	86,485
Common equity tier 1 capital	92,921	91,290	86,485	92,921	86,485
Total capital to risk-weighted assets	13.74%	13.50%	13.79%	13.82%	13.79%
Tier 1 capital to risk weighted assets	12.66%	12.43%	12.69%	12.73%	12.69%
Common equity Tier 1 capital to risk weighted assets	12.66%	12.43%	12.69%	12.73%	12.69%
Leverage ratio	9.84%	9.91%	9.67%	9.84%	9.67%

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	For the Period Ended				
	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Balance Sheet					
Cash and due from banks	\$ 4,648	\$ 4,638	\$ 4,673	\$ 5,143	\$ 5,014
Interest-bearing deposits in other financial institutions	115,174	67,636	66,844	59,621	67,337
Cash and cash equivalents	\$ 119,822	\$ 72,274	\$ 71,517	\$ 64,764	\$ 72,351
Securities available for sale, at fair value	77,935	76,787	76,763	77,385	82,146
Equity securities, at fair value	278	246	243	241	223
Restricted securities	1,932	2,037	2,023	2,103	2,328
Loans held for sale	2,946	5,682	2,234	1,506	1,219
Loans, net of allowance for credit losses	724,611	729,065	709,160	697,132	679,558
Premises and equipment, net	8,164	8,107	8,240	8,099	7,832
Accrued interest receivable	2,592	2,439	2,478	2,283	2,382
Bank owned life insurance	14,275	14,174	14,074	13,977	13,878
Other assets	9,456	9,528	8,851	9,859	9,414
Total assets	\$ 962,011	\$ 920,339	\$ 895,583	\$ 877,349	\$ 871,331
Noninterest-bearing demand deposits	\$ 204,355	\$ 176,708	\$ 186,182	\$ 171,681	\$ 172,941
Savings and interest-bearing demand deposits	629,062	618,155	586,200	582,677	576,809
Total deposits	\$ 833,417	\$ 794,863	\$ 772,382	\$ 754,358	\$ 749,750
Short term borrowings	3,013	2,793	3,052	3,170	3,503
Long term borrowings	29,000	29,000	29,000	31,000	31,000
Subordinated debt	10,000	9,989	9,973	9,958	9,942
Accrued interest payable	1,037	1,148	987	1,266	1,041
Other liabilities	5,185	5,056	4,140	4,181	3,586
Total liabilities	\$ 881,652	\$ 842,849	\$ 819,534	\$ 803,933	\$ 798,822
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	68,815	67,032	65,497	63,806	62,331
Accumulated other comprehensive (loss), net	(4,002)	(5,088)	(4,994)	(5,936)	(5,368)
	\$ 83,853	\$ 80,984	\$ 79,543	\$ 76,910	\$ 76,003
Less cost of shares acquired for the treasury	(3,494)	(3,494)	(3,494)	(3,494)	(3,494)
Total shareholders' equity	\$ 80,359	\$ 77,490	\$ 76,049	\$ 73,416	\$ 72,509
Total liabilities and shareholders' equity	\$ 962,011	\$ 920,339	\$ 895,583	\$ 877,349	\$ 871,331
Loan Data					
Construction and land development	\$ 45,979	\$ 46,882	\$ 42,954	\$ 39,404	\$ 35,260
Secured by farmland	7,594	6,732	6,707	6,769	6,820
Secured by 1-4 family residential loans	256,973	253,798	250,436	247,299	244,125
Other real estate loans	345,208	355,690	344,953	345,904	340,027
Loans to farmers (except secured by real estate)	128	118	237	190	195
Commercial and industrial loans (except those secured by real estate)	66,965	63,763	61,348	54,205	49,972
Consumer installment loans	2,845	2,860	2,910	2,910	2,994
Deposit overdraft	122	103	85	518	74
All other loans	6,302	6,478	6,710	6,910	7,188
Total loans	\$ 732,116	\$ 736,424	\$ 716,340	\$ 704,109	\$ 686,655
Allowance for credit losses	(7,505)	(7,359)	(7,180)	(6,977)	(7,097)
Loans, net	\$ 724,611	\$ 729,065	\$ 709,160	\$ 697,132	\$ 679,558

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, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Adjusted Net Income					
Net income (GAAP)	\$ 2,322	\$ 2,074	\$ 1,761	\$ 6,584	\$ 4,857
Add: Loss on sale of securities	-	-	-	-	386
Add: Core system conversion expense	-	85	-	85	-
Total adjustments	\$ -	\$ 85	\$ -	\$ 85	\$ 386
Subtract: Tax effect of adjustment ⁽¹⁴⁾	-	(18)	-	(18)	(81)
Adjusted net income (non-GAAP)	<u>\$ 2,322</u>	<u>\$ 2,141</u>	<u>\$ 1,761</u>	<u>\$ 6,651</u>	<u>\$ 5,162</u>
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)	\$ 0.56	\$ 0.50	\$ 0.42	\$ 1.59	\$ 1.17
Adjusted earnings per share, basic (Non-GAAP)	\$ 0.56	\$ 0.52	\$ 0.42	\$ 1.61	\$ 1.25
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)	\$ 0.56	\$ 0.50	\$ 0.42	\$ 1.59	\$ 1.17
Adjusted earnings per share, diluted (Non-GAAP)	\$ 0.56	\$ 0.52	\$ 0.42	\$ 1.61	\$ 1.25
Adjusted Pre-Provision, Pre-tax earnings					
Net interest income	\$ 8,064	\$ 7,634	\$ 6,953	\$ 23,052	\$ 19,911
Total noninterest income	1,914	1,766	1,755	5,509	4,728
Net revenue	\$ 9,978	\$ 9,400	\$ 8,708	\$ 28,561	\$ 24,639
Total noninterest expense	6,785	6,499	6,248	19,485	17,882
Pre-provision, pre-tax earnings	\$ 3,193	\$ 2,901	\$ 2,460	\$ 9,076	\$ 6,757
Add: Loss on sale of securities	-	-	-	-	386
Add: Core system conversion expense	-	85	-	85	-
Adjusted pre-provision, pre-tax earnings	<u>\$ 3,193</u>	<u>\$ 2,986</u>	<u>\$ 2,460</u>	<u>\$ 9,161</u>	<u>\$ 7,143</u>
Adjusted Performance Ratios					
Average assets	\$ 936,572	\$ 912,253	\$ 884,167	\$ 910,244	\$ 852,667
Return on average assets (GAAP)	0.98%	0.91%	0.79%	0.97%	0.76%
Adjusted return on average assets (Non-GAAP)	0.98%	0.94%	0.79%	0.98%	0.81%
Average shareholders' equity	\$ 79,290	\$ 76,808	\$ 70,637	\$ 76,947	\$ 68,676
Return on average equity (GAAP)	11.62%	10.83%	9.92%	11.44%	9.45%
Adjusted return on average equity (Non-GAAP)	11.62%	11.18%	9.92%	11.56%	10.04%
Pre-provision, pre-tax return on average assets	1.35%	1.28%	1.12%	1.33%	1.06%
Adjusted pre-provision, pre-tax return on average assets	1.35%	1.31%	1.12%	1.35%	1.12%

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, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net Interest Margin					
Tax-equivalent net interest income	\$ 8,070	\$ 7,640	\$ 6,959	\$ 23,070	\$ 19,929
Average earning assets	905,307	881,485	853,386	879,144	822,962
Net interest margin	3.54%	3.48%	3.24%	3.51%	3.23%
Efficiency Ratio					
Total noninterest expense	\$ 6,785	\$ 6,499	\$ 6,248	\$ 19,485	\$ 17,882
Subtract: Core system conversion expense	-	(85)	-	(85)	-
Total noninterest expense subtotal	\$ 6,785	\$ 6,414	\$ 6,248	\$ 19,400	\$ 17,882
Tax-equivalent net interest income	\$ 8,070	\$ 7,640	\$ 6,959	\$ 23,070	\$ 19,929
Total noninterest income	\$ 1,914	\$ 1,766	\$ 1,755	\$ 5,509	\$ 4,728
Add: Net losses on disposal of premises & equipment	1	-	1	3	1
Add: Net losses on sale of investment securities, AFS	-	-	-	-	386
Total noninterest income subtotal	1,915	1,766	1,756	5,512	5,115
Subtotal	\$ 9,985	\$ 9,406	\$ 8,715	\$ 28,582	\$ 25,044
Efficiency ratio	67.95%	68.19%	71.69%	67.87%	71.40%
Tax-Equivalent Net Interest Income					
GAAP measures:					
Interest income - loans	\$ 10,447	\$ 9,682	\$ 8,984	\$ 29,630	\$ 25,571
Interest income - investments taxable	709	710	678	2,134	2,008
Interest income - investments tax exempt	30	29	29	87	86
Interest income - other	1,060	989	1,274	2,723	3,135
Interest expense - deposits	(3,717)	(3,324)	(3,648)	(10,146)	(10,098)
Interest expense - short term borrowings	(1)	(2)	(7)	(9)	(20)
Interest expense - long term borrowings	(312)	(309)	(217)	(934)	(351)
Interest expense - subordinated debt	(152)	(141)	(140)	(433)	(420)
Net interest income	\$ 8,064	\$ 7,634	\$ 6,953	\$ 23,052	\$ 19,911
Non-GAAP measures:					
Add: Tax benefit realized on non-taxable interest income -					
municipal securities ⁽⁴⁾	\$ 6	\$ 6	\$ 6	\$ 18	\$ 18
Tax benefit realized on non-taxable interest income	\$ 6	\$ 6	\$ 6	\$ 18	\$ 18
Tax equivalent net interest income	\$ 8,070	\$ 7,640	\$ 6,959	\$ 23,070	\$ 19,929
Tangible Book Value Per Share					
Tangible common equity	\$ 80,359	\$ 77,490	\$ 72,509	\$ 80,359	\$ 72,509
Common shares outstanding, ending	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Tangible book value per share	\$ 19.39	\$ 18.70	\$ 17.49	\$ 19.39	\$ 17.49

⁽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 comprised of nonaccrual loans and other real estate owned.