Potomac Bancshares Reports Fourth Quarter and Record Full-Year 2025 Results

CHARLES TOWN, W.Va., January 29, 2026 /PRNewswire/ – Potomac Bancshares, Inc. (the "Company") (OTCID: PTBS), the bank holding company of Potomac Bank (the "Bank"), reported net income of $2.4 million, or $0.57 per basic and diluted common share, for the fourth quarter of 2025. This reflects a 2% increase from the third quarter of 2025 and a 20% increase from the fourth quarter of 2024. Return on average assets was 0.97% and return on average equity was 11.51% for the quarter.

For the twelve months ending December 31, 2025, the Company reported net income of $9.0 million, or $2.16 per share. This represents an increase of $2.1 million, or 31%, compared to the same period in 2024 when net income was $6.8 million, or $1.65 per share.

Quarterly Financial Highlights

(in thousands, except per share data)

	Q4 2025	Q3 2025	Q4 2024
Net Income	$2,372	$2,322	$1,972
EPS (basic and diluted)	$0.57	$0.56	$0.48
ROA	0.97%	0.98%	0.89%
ROE	11.51%	11.62%	10.81%
Non-GAAP Measures[1]:			
Adj. Net Income	$2,174	$2,387	$2,286
Adj. EPS (basic and diluted)	$0.52	$0.58	$0.55
Adj. ROA	0.89%	1.01%	1.04%
Adj. ROE	10.55%	11.94%	12.53%
Adj. Pre-Provision, Pre-Tax Earnings	$3,086	$3,275	$2,951
Adj. Pre-Provision, Pre-Tax ROA	1.26%	1.39%	1.34%
Net Interest Margin	3.55%	3.54%	3.37%
Efficiency Ratio	70.29%	67.13%	67.98%

[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.

"This was an especially meaningful quarter as we completed our renaming to Potomac Bank ," stated Alice Frazier, President and CEO. "Our new name reflects the Bank's growth, our deep roots across the Potomac River region, and our commitment to serving clients with strength, stability, and clarity. Our fourth-quarter results demonstrate the momentum we've built across our

franchise. Growth in loans, improved margin performance, and expanded client relationships all underscore the progress we're making in executing on our long-term strategic plan."

Fourth Quarter Highlights

Key highlights of the three-month period ending December 31, 2025, are as follows. Comparisons are to the three-month period ending September 30, 2025, unless otherwise noted:

- Net income increased 2%, and 31% year-over-year
- Return on assets was 0.97%
- Return on equity was 11.51%
- Loan balances increased 3% during the quarter, and increased 7% year-over-year
- Deposit balances decreased 2% as expected, but increased 8% year-over-year
- Asset quality metrics improved with nonperforming assets decreasing to zero
- Tangible book value per share increased 12% year-over-year to $19.88
- Quarterly cash dividend on common stock remained $0.13 per share

Net Interest Income

Net interest income was $8.8 million for the fourth quarter of 2025, up 9% from the third quarter of 2025, and was attributable to an increase in average earning assets, an increase in net interest margin, and the recognition of interest income from the payoff of nonaccrual loans during the period. Net interest income was higher as total interest income increased by $527 thousand and total interest expense decreased by $193 thousand.

The increase in interest income was primarily the result of $405 thousand of interest income recognized from prior periods on nonaccrual loans that were paid off during the fourth quarter, as well as an increase in other interest and dividend income. Higher average balances of interest-bearing deposits in other financial institutions resulted in an increase in other interest and dividend income. The decrease in interest expense was attributable to a decrease in the Bank's cost of deposits during the period.

The net interest margin, excluding the recognition of interest income on nonaccrual loans attributable to prior periods, increased slightly to 3.55% for the period, up from 3.54% for the third quarter of 2025.

Noninterest Income

Noninterest income totaled $2.0 million for the fourth quarter, up 7% from the third quarter of 2025, reflecting higher wealth and investment income, gains and fees on mortgage loan sales, and increased service charges on deposits. Gains on the sale of mortgage loans totaled $443 thousand, which was up 9% over the third quarter of 2025 and totaled $1.4 million for the year, which was a 46% increase over the prior year.

Noninterest Expense

Noninterest expense totaled $7.5 million for the fourth quarter, up 10% from the third quarter of 2025, with the linked-quarter increase primarily driven by higher salaries and employee benefits, marketing, other professional fees, and other operating costs. The increase in salaries and employee benefits was attributable to the addition of new employee positions and additional incentives related to exceeding performance goals. Incentive expense increased by $365 thousand in the fourth quarter compared to the third quarter of 2025. Marketing expenses, other professional fees, and other operating costs increased over the third quarter of 2025 and were impacted by expenses related to the Bank's renaming initiative. Renaming expenses totaled $154 thousand for the quarter compared to $82 thousand for the third quarter of 2025.

Asset Quality

Overview

Loans 30 to 89 days past due decreased slightly to $677 thousand, while loans over 90 days past due increased slightly from zero to $18 thousand at quarter end. Substandard loans decreased from $1.1 million to $455 thousand. Nonperforming assets decreased to zero during the fourth quarter.

Provision for Credit Losses

Provision for credit losses totaled $250 thousand for the fourth quarter of 2025 compared to $200 thousand in the third quarter of 2025. Net charge-offs remained low at $18 thousand for the quarter, compared to $13 thousand in the third quarter of 2025. While there were no changes in the specific reserve component of the allowance for credit losses and remained at zero, the general reserve component increased during the fourth quarter of 2025 primarily from growth of the loan portfolio.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans totaled $7.8 million, or 1.04% of total loans on December 31, 2025, compared to $7.5 million, or 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)

	Q4 2025	Q3 2025	Q4 2024
Allowance for credit losses on loans, beginning	$7,505	$7,359	$7,097
Net (charge-offs) recoveries	(18)	(13)	(79)
Provision for (recovery of) credit losses on loans	309	159	(41)
Allowance for credit losses on loans, ending	$7,796	$7,505	$6,977

Allowance for Credit Losses on Unfunded Commitments

The allowance for credit losses on unfunded commitments totaled $430 thousand on December 31, 2025, and $489 thousand on September 30, 2025. The recovery of credit losses on unfunded commitments was $59 thousand, compared to the provision for credit losses on unfunded commitments that totaled $40 thousand for the third quarter of 2025.

Balance Sheet

Total assets were $944.1 million on December 31, 2025, compared to $962.0 million on September 30, 2025, and $877.3 million year-over-year. Total loans (gross) were $751.6 million, up 3% from the prior quarter and 7% year-over-year. Deposits totaled $813.0 million, down 2% for the linked quarter and up 8% year-over-year.

Total (gross) loans increased $19.5 million, or 11% annualized, from the third quarter of 2025, while quarterly average loans decreased $4.0 million. The increase in loans was primarily attributable to a $13.7 million increase in other real estate loans (CRE) and a $5.2 million increase in commercial and industrial loans. On a year-over-year basis, total loans increased $47.5 million, or 7%.

Deposits decreased $20.4 million from the third quarter of 2025. The decrease was primarily attributable to noninterest-bearing deposits from one client's short-term escrow deposit made during the third quarter. Average total deposits totaled $837.3 million for the quarter, up $28.5 million from the third quarter of 2025. Compared to December 31, 2024, total deposits increased $58.7 million, or 8%.

Securities available for sale totaled $80.9 million, up $3.0 million from September 30, 2025, and up $3.5 million year-over-year. Net unrealized losses on the securities portfolio totaled $4.8 million, which was a decrease of $268 thousand from the third quarter of 2025 and a decrease of $2.8 million year-over-year.

Other borrowings totaled $31.5 million, compared to $32.0 million on September 30, 2025, and $34.2 million on December 31, 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.

Total shareholders' equity totaled $82.4 million, an increase of $2.0 million, or 10%, annualized from September 30, 2025, and $9.0 million, or 12%, from December 31, 2024. These increases were primarily driven by growth in retained earnings, which increased $1.8 million quarter-over-quarter and $6.8 million year-over-year. Accumulated other comprehensive loss decreased by $194 thousand from the prior quarter and $2.1 million from the prior year.

Capital ratios remained strong at the end of the quarterly periods:

	Q4 2025	Q3 2025	Q4 2024
Total capital ratio [2]	13.74%	13.74%	13.57%
Tier 1 capital ratio [2]	12.64%	12.66%	12.52%
Common equity Tier 1 capital ratio [2]	12.64%	12.66%	12.52%
Leverage ratio [2]	9.71%	9.84%	9.92%
Tangible common equity to tangible assets [1][3]	8.73%	8.42%	8.37%

Dividends

During the fourth quarter of 2025, the Company paid a quarterly cash dividend of $0.13 per common share, unchanged from the third 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. 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 fourth quarter of 2025.

Renaming Initiative

On November 3, 2025, Bank of Charles Town was renamed Potomac Bank, reflecting the Bank's growth and expanding regional presence across the Potomac River region, while also better aligning its brand with the holding company. The transition was a natural progression that honored the Bank's heritage and values while celebrating the shared connection that unites the Bank's identity with its clients, employees, communities, and shareholders.

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, Inc., which was founded in 1871 as Bank of Charles Town and renamed Potomac Bank on November 3, 2025. The Bank conducts operations through its nine-branch network and two loan production

offices 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, 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 200 Community 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 Twelve Months Ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Income Statement					
Interest and dividend income:					
Interest and fees on loans	$ 10,727	$ 10,447	$ 9,287	$ 40,357	$ 34,858
Taxable interest on securities	732	709	647	2,866	2,656
Tax-exempt interest on securities	29	30	29	116	114
Other interest and dividends	1,285	1,060	929	4,008	4,064
Total interest and dividend income	$ 12,773	$ 12,246	$ 10,892	$ 47,347	$ 41,692
Interest expense:					
Interest on deposits	$ 3,445	$ 3,709	$ 3,238	$ 13,599	$ 13,336
Interest on short term borrowings	8	9	9	9	30
Interest on long term borrowings	312	312	340	1,246	691
Interest on subordinated debt	224	152	141	657	560
Total interest expense	$ 3,989	$ 4,182	$ 3,728	$ 15,511	$ 14,617
Net interest income	$ 8,784	$ 8,064	$ 7,164	$ 31,836	$ 27,075
Provision for credit losses	250	200	-	925	511
Net interest income after provision for credit losses	$ 8,534	$ 7,864	$ 7,164	$ 30,911	$ 26,564
Noninterest Income:					
Wealth and investments	$ 536	$ 525	$ 584	$ 2,064	$ 1,948
Service charges on deposit accounts	228	217	273	930	1,057
Gains / fees on sale of mortgage loans	443	408	355	1,449	994
ATM and check card fees	549	543	530	2,085	2,065
Income from bank owned life insurance	102	102	99	401	410
Net losses on sale of securities	-	-	(397)	-	(783)
Net loss on disposal of premises & equipment	(9)	(1)	(1)	(12)	(2)
Net gain on sale of SBA loans	-	-	102	-	102
Other operating income	197	120	125	638	606
Total noninterest income	$ 2,046	$ 1,914	$ 1,670	$ 7,555	$ 6,397
Noninterest expenses:					
Salaries and employee benefits	$ 4,143	$ 3,717	$ 3,406	$ 14,952	$ 12,927
Occupancy	339	310	308	1,303	1,128
Equipment	294	351	352	1,365	1,439
Accounting, audit, and compliance	72	72	70	283	261
Marketing	182	115	104	527	391
Data processing	442	413	452	1,760	1,860
FDIC assessment	107	111	100	421	387
Other professional fees	313	208	185	793	648
Trust professional fees	180	190	203	685	554
Director and committee fees	120	93	100	378	356
Legal fees	32	47	34	135	246
Supplies	61	55	55	261	249
Communications	120	119	114	463	414
ATM and check card expense	282	269	238	1,055	998
Other operating expenses	806	715	559	2,597	2,303
Total noninterest expenses	$ 7,493	$ 6,785	$ 6,280	$ 26,978	$ 24,161
Income before income tax expense	$ 3,087	$ 2,993	$ 2,554	$ 11,488	$ 8,800
Income tax expense	715	671	582	2,532	1,971
Net income	$ 2,372	$ 2,322	$ 1,972	$ 8,956	$ 6,829

POTOMAC BANCSHARES, INC.

Performance Summary

(in thousands, except share and per share data)

(unaudited)

	For the Period Ended				
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Balance Sheet					
Cash and due from banks	$ 3,603	$ 4,648	$ 4,638	$ 4,673	$ 5,143
Interest-bearing deposits in other financial institutions	76,046	115,174	67,636	66,844	59,621
Cash and cash equivalents	$ 79,649	$ 119,822	$ 72,274	$ 71,517	$ 64,764
Securities available for sale, at fair value	80,905	77,935	76,787	76,763	77,385
Equity securities, at fair value	258	278	246	243	241
Restricted securities	1,932	1,932	2,037	2,023	2,103
Loans held for sale	2,804	2,946	5,682	2,234	1,506
Loans, net of allowance for credit losses	743,808	724,611	729,065	709,160	697,132
Premises and equipment, net	8,759	8,164	8,107	8,240	8,099
Accrued interest receivable	2,309	2,592	2,439	2,478	2,283
Bank owned life insurance	14,378	14,275	14,174	14,074	13,976
Other assets	9,324	9,456	9,528	8,851	9,860
Total assets	$ 944,126	$ 962,011	$ 920,339	$ 895,583	$ 877,349
Noninterest-bearing demand deposits	$ 183,461	$ 204,355	$ 176,708	$ 186,182	$ 172,387
Savings and interest-bearing demand deposits	629,568	629,062	618,155	586,200	581,971
Total deposits	$ 813,029	$ 833,417	$ 794,863	$ 772,382	$ 754,358
Short term borrowings	2,451	3,013	2,793	3,052	3,170
Long term borrowings	29,000	29,000	29,000	29,000	31,000
Subordinated debt	10,000	10,000	9,989	9,973	9,958
Accrued interest payable	1,052	1,037	1,148	987	1,266
Other liabilities	6,207	5,185	5,056	4,140	4,181
Total liabilities	$ 861,739	$ 881,652	$ 842,849	$ 819,534	$ 803,933
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	70,649	68,815	67,032	65,497	63,806
Accumulated other comprehensive (loss), net	(3,808)	(4,002)	(5,088)	(4,994)	(5,936)
	$ 85,881	$ 83,853	$ 80,984	$ 79,543	$ 76,910
Less cost of shares acquired for the treasury	(3,494)	(3,494)	(3,494)	(3,494)	(3,494)
Total shareholders' equity	$ 82,387	$ 80,359	$ 77,490	$ 76,049	$ 73,416
Total liabilities and shareholders' equity	$ 944,126	$ 962,011	$ 920,339	$ 895,583	$ 877,349
Loan Data					
Construction and land development	$ 45,537	$ 45,979	$ 46,882	$ 42,954	$ 39,404
Secured by farmland	7,509	7,594	6,732	6,707	6,769
Secured by 1-4 family residential loans	258,467	256,973	253,798	250,436	247,299
Other real estate loans	358,906	345,208	355,690	344,953	345,904
Loans to farmers (except secured by real estate)	120	128	118	237	190
Commercial and industrial loans (except those secured by real estate)	72,158	66,965	63,763	61,348	54,205
Consumer installment loans	2,757	2,845	2,860	2,910	2,910
Deposit overdraft	-	-	-	-	-
All other loans	6,150	6,424	6,581	6,795	7,428
Total loans	$ 751,604	$ 732,116	$ 736,424	$ 716,340	$ 704,109
Allowance for credit losses	(7,796)	(7,505)	(7,359)	(7,180)	(6,977)
Loans, net	$ 743,808	$ 724,611	$ 729,065	$ 709,160	$ 697,132

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	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Common Share and Per Common Share Data					
Earnings per common share, basic	$ 0.57	$ 0.56	$ 0.48	$ 2.16	$ 1.65
Adjusted earnings per common share, basic [1]	$ 0.52	$ 0.58	$ 0.55	$ 2.17	$ 1.80
Weighted average shares, basic	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Earnings per common share, diluted	$ 0.57	$ 0.56	$ 0.48	$ 2.16	$ 1.65
Adjusted earnings per common share, diluted [1]	$ 0.52	$ 0.58	$ 0.55	$ 2.17	$ 1.80
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]	$ 19.88	$ 19.39	$ 17.71	$ 19.88	$ 17.71
Cash dividends	$ 0.13	$ 0.13	$ 0.12	$ 0.51	$ 0.46
Key Performance Ratios					
Return on average assets	0.97%	0.98%	0.89%	0.97%	0.80%
Adjusted return on average assets [1]	0.89%	1.01%	1.04%	0.97%	0.87%
Return on average equity	11.51%	11.62%	10.81%	11.46%	9.80%
Adjusted return on average equity [1]	10.55%	11.94%	12.53%	11.51%	10.69%
Net interest margin [1]	3.55%	3.54%	3.37%	3.53%	3.27%
Efficiency ratio [1]	70.29%	67.13%	67.98%	68.05%	70.48%
Average Balances					
Average assets	$ 968,056	$ 936,572	$ 877,813	$ 924,816	$ 858,988
Average earning assets	937,335	905,307	847,248	893,811	829,174
Average shareholders' equity	81,782	79,290	72,588	78,166	69,659
Asset Quality					
Loan charge-offs	$ 22	$ 23	$ 101	$ 125	$ 260
Loan recoveries	4	10	22	48	150
Net charge-offs	18	13	79	77	110
Non-accrual loans	-	2,138	2,738	-	2,738
Nonperforming assets [5]	-	2,138	2,738	-	2,738
Loans 30 to 89 days past due, accruing	677	694	474	677	474
Loans over 90 days past due, accruing	18	-	-	18	-
Substandard loans, accruing	455	1,125	4,238	455	4,238
Non performing assets/total assets	0.00%	0.22%	0.31%	0.00%	0.31%
Past due loans/total loans	0.09%	0.39%	0.46%	0.09%	0.46%
Capital Ratios [2]					
Total capital	$ 102,887	$ 100,915	$ 95,449	$ 102,887	$ 95,449
Tier 1 capital	94,662	92,921	88,070	94,662	88,070
Common equity tier 1 capital	94,662	92,921	88,070	94,662	88,070
Total capital to risk-weighted assets	13.74%	13.74%	13.57%	13.74%	13.57%
Tier 1 capital to risk weighted assets	12.64%	12.66%	12.52%	12.64%	12.52%
Common equity Tier 1 capital to risk weighed assets	12.64%	12.66%	12.52%	12.64%	12.52%
Leverage ratio	9.71%	9.84%	9.92%	9.71%	9.92%

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	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted Net Income					
Net income (GAAP)	$ 2,372	$ 2,322	$ 1,972	$ 8,956	$ 6,829
Add: Loss on sale of securities	-	-	397	-	783
Add: Core system conversion expense	-	-	-	85	-
Add: Renaming expense	154	82	-	258	-
Subtract: Interest income recognized on nonaccrual loans from prior periods	(405)	-	-	(289)	-
Total adjustments	$ (251)	$ 82	$ 397	$ 54	$ 783
Subtract: Tax effect of adjustment [4]	53	(17)	(83)	(11)	(164)
Adjusted net income (non-GAAP)	$ 2,174	$ 2,387	$ 2,286	$ 8,999	$ 7,448
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)	$ 0.57	$ 0.56	$ 0.48	$ 2.16	$ 1.65
Adjusted earnings per share, basic (Non-GAAP)	$ 0.52	$ 0.58	$ 0.55	$ 2.17	$ 1.80
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)	$ 0.57	$ 0.56	$ 0.48	$ 2.16	$ 1.65
Adjusted earnings per share, diluted (Non-GAAP)	$ 0.52	$ 0.58	$ 0.55	$ 2.17	$ 1.80
Adjusted Pre-Provision, Pre-tax earnings					
Net interest income	$ 8,784	$ 8,064	$ 7,164	$ 31,836	$ 27,075
Total noninterest income	2,046	1,914	1,670	7,555	6,397
Net revenue	$ 10,830	$ 9,978	$ 8,834	$ 39,391	$ 33,472
Total noninterest expense	7,493	6,785	6,280	26,978	24,161
Pre-provision, pre-tax earnings	$ 3,337	$ 3,193	$ 2,554	$ 12,413	$ 9,311
Add: Loss on sale of securities	-	-	397	-	783
Add: Core system conversion expense	-	-	-	85	-
Add: Bank renaming expense	154	82	-	258	-
Subtract: Interest income recognized on nonaccrual loans from prior periods	(405)	-	-	(289)	-
Adjusted pre-provision, pre-tax earnings	$ 3,086	$ 3,275	$ 2,951	$ 12,467	$ 10,094
Adjusted Performance Ratios					
Average assets	$ 968,056	$ 936,572	$ 877,813	$ 924,816	$ 858,988
Return on average assets (GAAP)	0.97%	0.98%	0.89%	0.97%	0.80%
Adjusted return on average assets (Non-GAAP)	0.89%	1.01%	1.04%	0.97%	0.87%
Average shareholders' equity	$ 81,782	$ 79,290	$ 72,588	$ 78,166	$ 69,659
Return on average equity (GAAP)	11.51%	11.62%	10.81%	11.46%	9.80%
Adjusted return on average equity (Non-GAAP)	10.55%	11.94%	12.53%	11.51%	10.69%
Pre-provision, pre-tax return on average assets	1.37%	1.35%	1.16%	1.34%	1.08%
Adjusted pre-provision, pre-tax return on average assets	1.26%	1.39%	1.34%	1.35%	1.18%
Net Interest Margin					
Tax-equivalent net interest income	$ 8,385	$ 8,070	$ 7,170	$ 31,571	$ 27,099
Average earning assets	937,335	905,307	847,248	893,811	829,174
Net interest margin	3.55%	3.54%	3.37%	3.53%	3.27%

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	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Efficiency Ratio					
Total noninterest expense	$ 7,493	$ 6,785	$ 6,280	$ 26,978	$ 24,161
Subtract: Core system conversion expense	-	-	-	(85)	-
Subtract: Renaming expense	(154)	(82)	-	(258)	-
Total noninterest expense subtotal	$ 7,339	$ 6,703	$ 6,280	$ 26,635	$ 24,161
Tax-equivalent net interest income adjusted	$ 8,385	$ 8,070	$ 7,170	$ 31,571	$ 27,099
Total noninterest income	$ 2,046	$ 1,914	$ 1,670	$ 7,555	$ 6,397
Add: Net losses on sale of investment securities, AFS	-	-	397	-	783
Add: Net losses on disposal of premises & equipment	10	1	1	12	2
Total noninterest income subtotal	$ 2,056	$ 1,915	$ 2,068	$ 7,567	$ 7,182
Subtotal	$ 10,441	$ 9,985	$ 9,238	$ 39,138	$ 34,281
Efficiency ratio	70.29%	67.13%	67.98%	68.05%	70.48%
Tax-Equivalent Net Interest Income					
GAAP measures:					
Interest income - loans	$ 10,727	$ 10,447	$ 9,287	$ 40,357	$ 34,858
Interest income - investments taxable	732	709	647	2,866	2,656
Interest income - investments tax exempt	29	30	29	116	114
Interest income - other	1,285	1,060	929	4,008	4,064
Interest expense - deposits	(3,453)	(3,717)	(3,238)	(13,599)	(13,336)
Interest expense - short term borrowings	-	(1)	(9)	(9)	(30)
Interest expense - long term borrowings	(312)	(312)	(340)	(1,246)	(691)
Interest expense - subordinated debt	(224)	(152)	(141)	(657)	(560)
Net interest income	$ 8,784	$ 8,064	$ 7,164	$ 31,836	$ 27,075
Non-GAAP measures:					
Subtract: Interest income recognized on non-accrual loans from prior periods	(405)	-	-	(289)	-
Add: Tax benefit realized on non-taxable interest income - municipal securities [4]	$ 6	$ 6	$ 6	$ 24	$ 24
Tax equivalent net interest income	$ 8,385	$ 8,070	$ 7,170	$ 31,571	$ 27,099
Tangible Book Value Per Share					
Tangible common equity	$ 82,387	$ 80,359	$ 73,417	$ 82,387	$ 73,417
Common shares outstanding, ending	4,144,561	4,144,561	4,144,561	4,144,561	4,144,561
Tangible book value per share	$ 19.88	$ 19.39	$ 17.71	$ 19.88	$ 17.71

[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.