



**POTOMAC  
BANCSHARES**

**Shareholder Meeting  
April 26, 2022**

ROOTED IN TRADITION

*Growing  
Our  
Communities*

**150** Years of Service



# Forward Looking Statements

## A Warning about Forward-Looking Information

This presentation contains statements that are based on other than historical data and that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others: (1) Statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of the Company and its subsidiaries (collectively “we,” “our,” or “us”); and (2) Statements preceded by, followed by or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing the Company’s or the Bank’s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied. Factors that might cause such differences include, but are not limited to: (1) The ability of the Company and the Bank to successfully execute its business plans, manage its risks, and achieve its objectives; (2) Changes in local, national and international political and economic conditions; (3) Changes in financial market conditions, either internationally, nationally or locally in areas in which the Company conducts its operations, including without limitation reduced rates of business formation and growth, commercial and residential real estate development and real estate prices; (4) Changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition; (5) Changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees; (6) Continuing consolidation in the financial services industry; (7) Legal claims against the Company; (8) Increased competitive challenges and expanding product and pricing pressures among financial institutions; (9) The ability of the Company and the Bank to develop new banking products, the cost of such development, the acceptance of such new products by the Company’s and Bank’s clientele and the impact of these new product’s on the Company’s and Bank’s profitability; (10) Technological changes and the Company’s implementation of new technologies, including how the cost of implementation impacts the Company’s profitability; (11) The Company’s ability to develop and maintain secure and reliable information technology systems; (12) Legislation or regulatory changes which adversely affect the Company’s operations or business; (13) The Company’s ability to comply with applicable laws and regulations, and the cost of such compliance; and (14) Disruptions in operations from system security risks, data protection breaches, cyberattacks, extreme weather conditions, medical epidemics or pandemics such as the COVID-19 pandemic, and other natural or manmade disasters or catastrophic events. Except to the extent required by law, the Company specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

# April 4, 1871 – Our Story is Your Story





"BCT is our family's bank. From our SBA loan to our operations accounts, they're approachable, easy to reach, easy to talk to, ready to help – and always offer great advice."

Katy Orr-Dove  
& Don Dove  
General Managers

## ORR'S FARM MARKET MARTINSBURG, WV

Upon entering Orr's Farm Market, you can't help but appreciate the opportunity to buy fresh fruits and vegetables at their very source. It's a welcomed step back in time. Since the day George S. Orr, Jr., started a 60-acre orchard in 1954, farming has been the Orr's family business. Today, third-generation family members oversee a thriving 550-acre farm. They produce fruit including apples, peaches, and pears, plus garden vegetables such as sweet corn, green beans, and heirloom tomatoes, and "Pick Your Own" apples and berries. The Orrs feel that the shared experience of working the land and overcoming challenges creates a stronger family bond. [orrsfarmmarket.com](http://orrsfarmmarket.com)



2021 ANNUAL REPORT



## CRAWFORD LAW GROUP CHARLES TOWN, WV

James B. Crawford III graduated from Washington and Lee University School of Law in 1972 and came to Charles Town, WV to practice law, opening offices in Charles Town (1981), Martinsburg (1994), and Winchester (2020). The Crawford Law Group specializes in commercial and residential real estate, wills, and trusts. His daughter, E. Adelaide Crawford, a Charles Town native, graduated from the University of Baltimore School of Law in 2016 and joined the firm as a partner the same year. Jim speaks of his relationship with his daughter with pride, "Addie is a pleasure to work with. I enjoy mentoring her. She gets the benefit of my mentoring, and I get the reward of watching her grow in her profession." [clgpllc.com](http://clgpllc.com)



"I started banking with BCT over 50 years ago. They're always quick to respond, and receptive to my needs. Whether it's my business loan, business or personal accounts, or escrow accounts, BCT offers what you're looking for."

James B. Crawford III  
& E. Adelaide Crawford  
Partners

2021 ANNUAL REPORT

# Neighbors Helping Neighbors

- Support 8 Non-Profits focused on assisting those who are Food Insecure
- 2021 Pack the 'Pack program raising \$43,000 to fill 8,600 backpacks
- Established
- Since Fall 2019, raised and contributed over \$101,000 towards caring for the hungry



# Commitment to our Communities



- Innovative One of Kind Program
- Co-founded with 3 local community banks to serve 11 counties
- Response to 2019 Federal Reserve Minority Owned Firm Study
- As of March 31, 2022, funded \$544,000 of the collective commitment of \$1,000,000



# Strategic Priorities

## Provide a Differentiated Customer Experience

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

## Grow and Enhance Overall Profitability

- Attract, expand and retain profitable commercial relationships
- Industry specific niche banking products to expand geography
- Increase non-interest bearing deposits as % of overall deposits
- Continue expansion in Northern Virginia, banker first model

## Leverage Technology for Customer Experience, Expansion and Efficiency

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

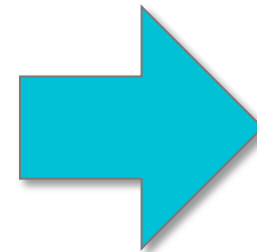
# The Experience Culture Drives Success

AMERICAN BANKER.

**2021 Best Banks to Work For**

AMERICAN BANKER.  
2020 Best Banks to Work For

AMERICAN BANKER.  
BEST BANKS TO WORK FOR 2019




**Why BCT?**  
*"BCT is like a small family - very nice people, very caring, very helpful - and nothing is as important to me as family."*  
 - Ruben Yeppez  
 Homeowner

**FIRST-TIME HOMEBUYER**  
 Gainesville, VA




**Why BCT?**  
*"The capital and, more importantly, personal service provided by BCT for our Beallaire project in the Eastern Panhandle were key to our successful completion of these award-winning homes."*  
 - Robert Wormald, Jr.  
 Partner

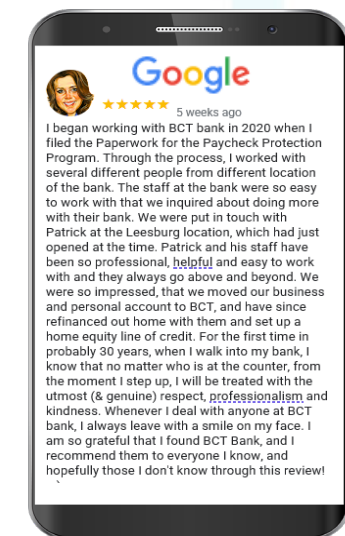
**WORMALD COMPANIES**  
 Frederick, MD



**Why BCT?**  
*"What sets us apart is customer service, and that's what sets apart as well. They're exactly what a community bank should be."*  
 - Kenny Unger  
 Owner

**CLEARBROOK FEED & SUPPLY**  
 Clearbrook, VA





# Leading Small Business Initiative

- Highly experienced Small Business Banker Team
- Opened LPO in Fredericksburg located in UMW Center for Economic Development
- Achieved Preferred Lender status in October 2021
  - First WV Chartered Bank
- Relationships with local SBDC
- Flexibility to generate fee income



# Strengthened BCT Investments

- Aligned with Sterling Financial Management, Inc.
- Expanded the team with experienced advisors
- Collaborates with BCT Wealth to provide amazing experience
- Greater efficiency and responsiveness
- Improved profitability



Dave Neterer | Program Manager



Ken Smith | Private Wealth Manager



Evan Vink | Private Wealth Manager



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Securities and insurance offered through LPL or its affiliates are:

Not Insured by FDIC or Any Other Government Agency	Not Bank Guaranteed
Not Bank Deposits or Obligations	May Lose Value

# DIGITAL – Investments for the future

- Adds value to the client
  - Simplifies the financial life
  - Ease of use
  - Saves client money
- Streamlines process for cost savings
- Enterprise-wide dashboard
- Outsourced AI



# Future of Fintech Investing

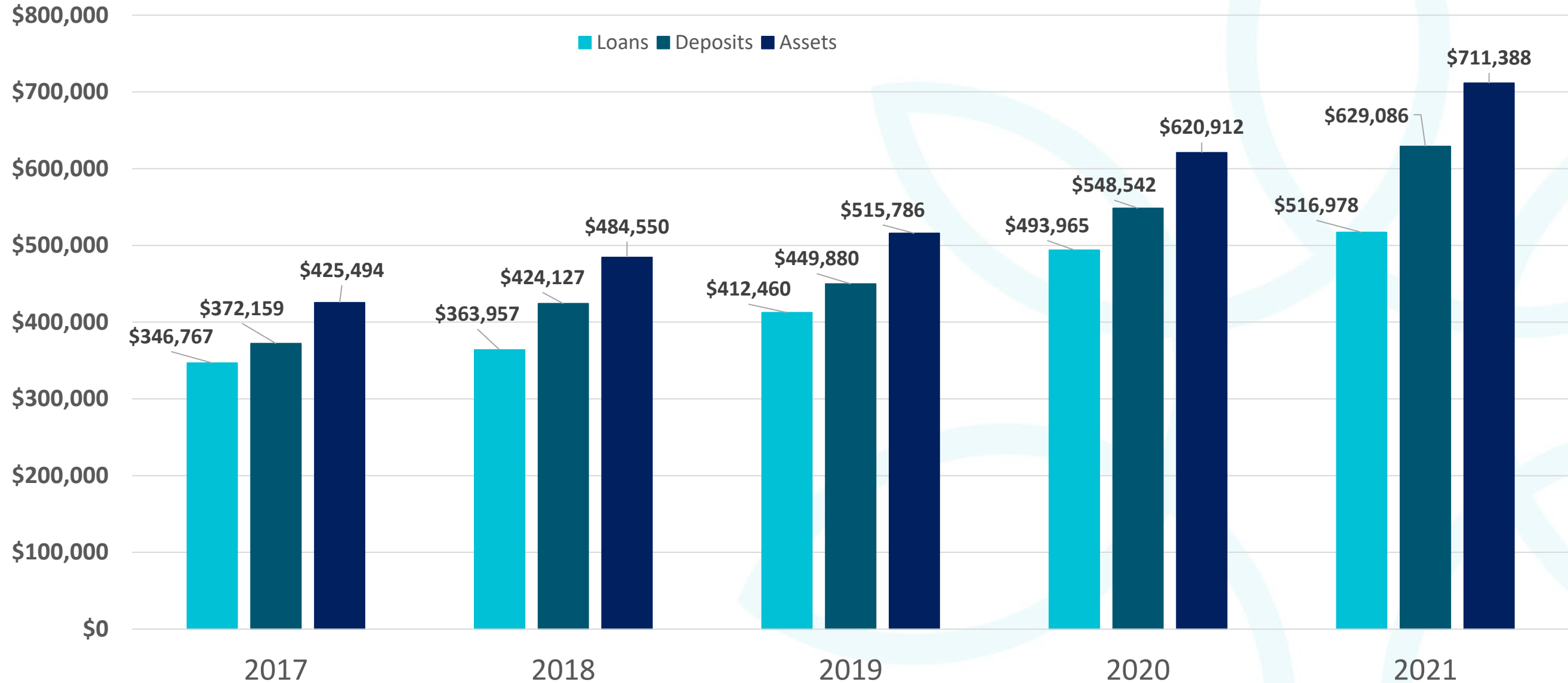
- Four year involvement in the ICBA ThinkTech program
  - Selection Committee exposure
  - In-depth demos/coaching
- Anchor investment in BankTech Venture Fund
  - Fintech ecosystem



# 2021 Results

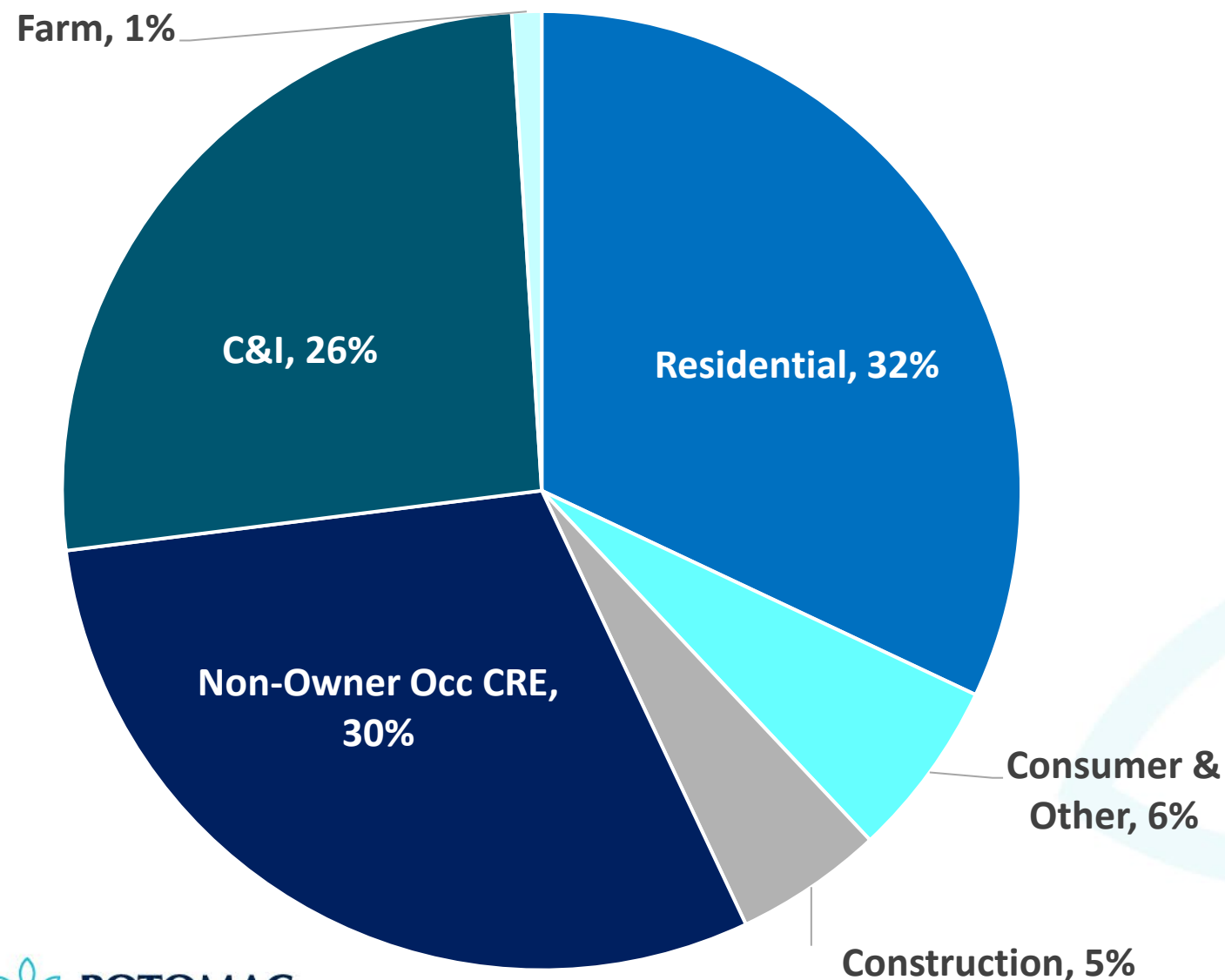
# Balance Sheet Growth ('000's)

Compound Annual Growth Rate of Assets = 13.71%



# Diversified Loan Portfolio

## Loan Portfolio as of 12/31/2021

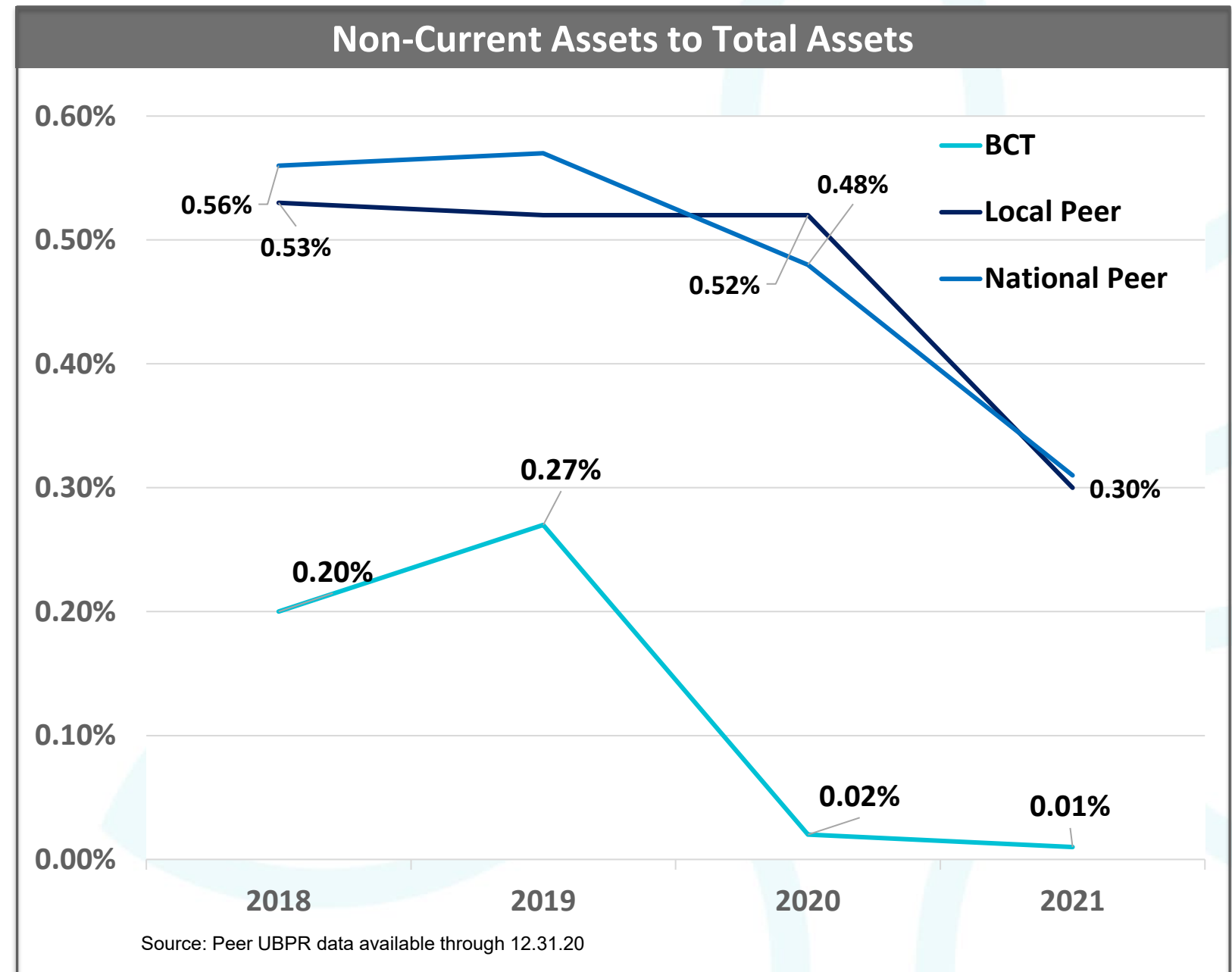


## Concentrations of Credit

- Well below regulatory guidelines:
  - Construction & Land = 38.2%
  - Commercial RE = 244.5%
- Capped Hotel Lending in 3Q2019
  - Current O/S balances = \$28.2 million
- Office building exposure is all performing and primarily owner-occupied

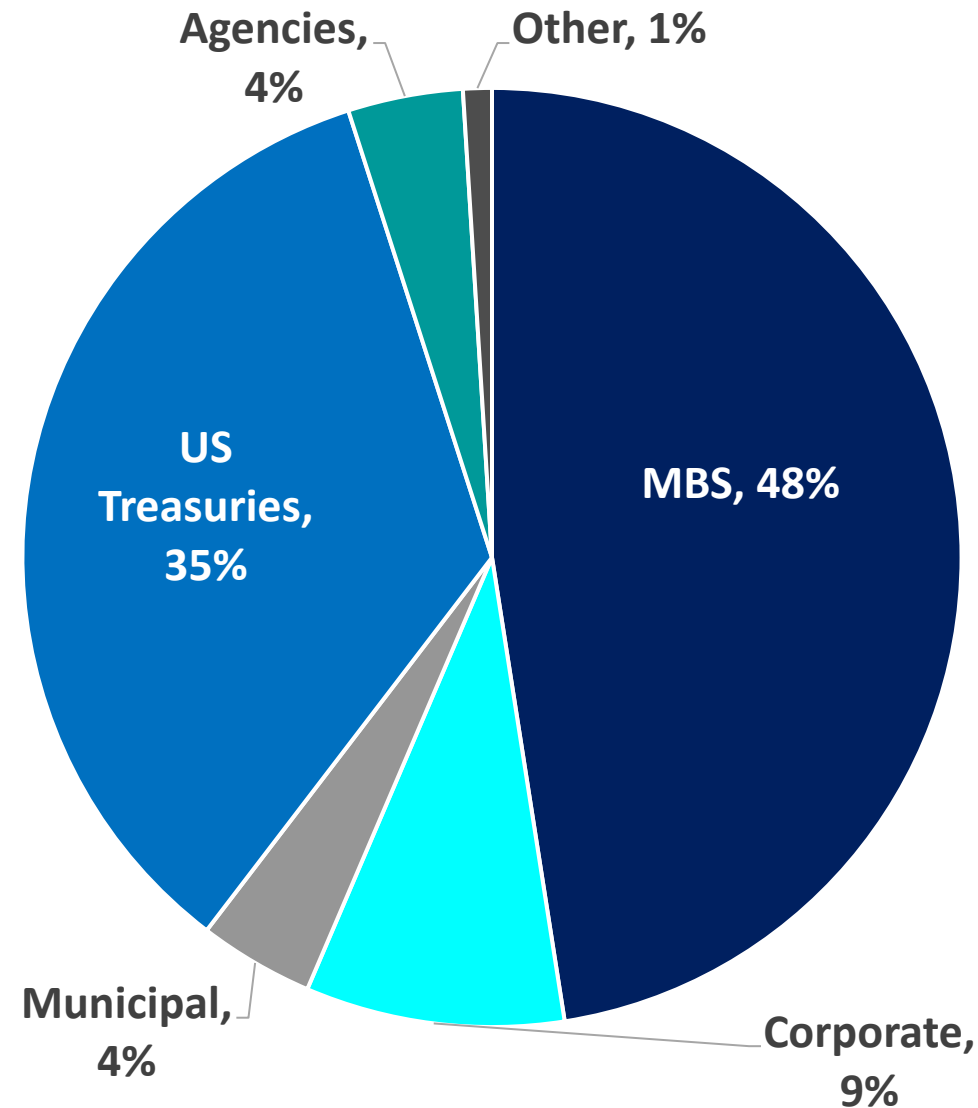
# Prudent Credit Culture Drives Asset Quality

- Strong credit culture and underwriting guidelines
- Strong monitoring practices of concentrations, trends
- Semi-annual credit score monitoring of consumer portfolios
- Fall 2019, require PMI on portfolio mortgages over 80% LTV
- Early 2020, proactively adjusted underwriting criteria for consumer lending
- Focused business development efforts



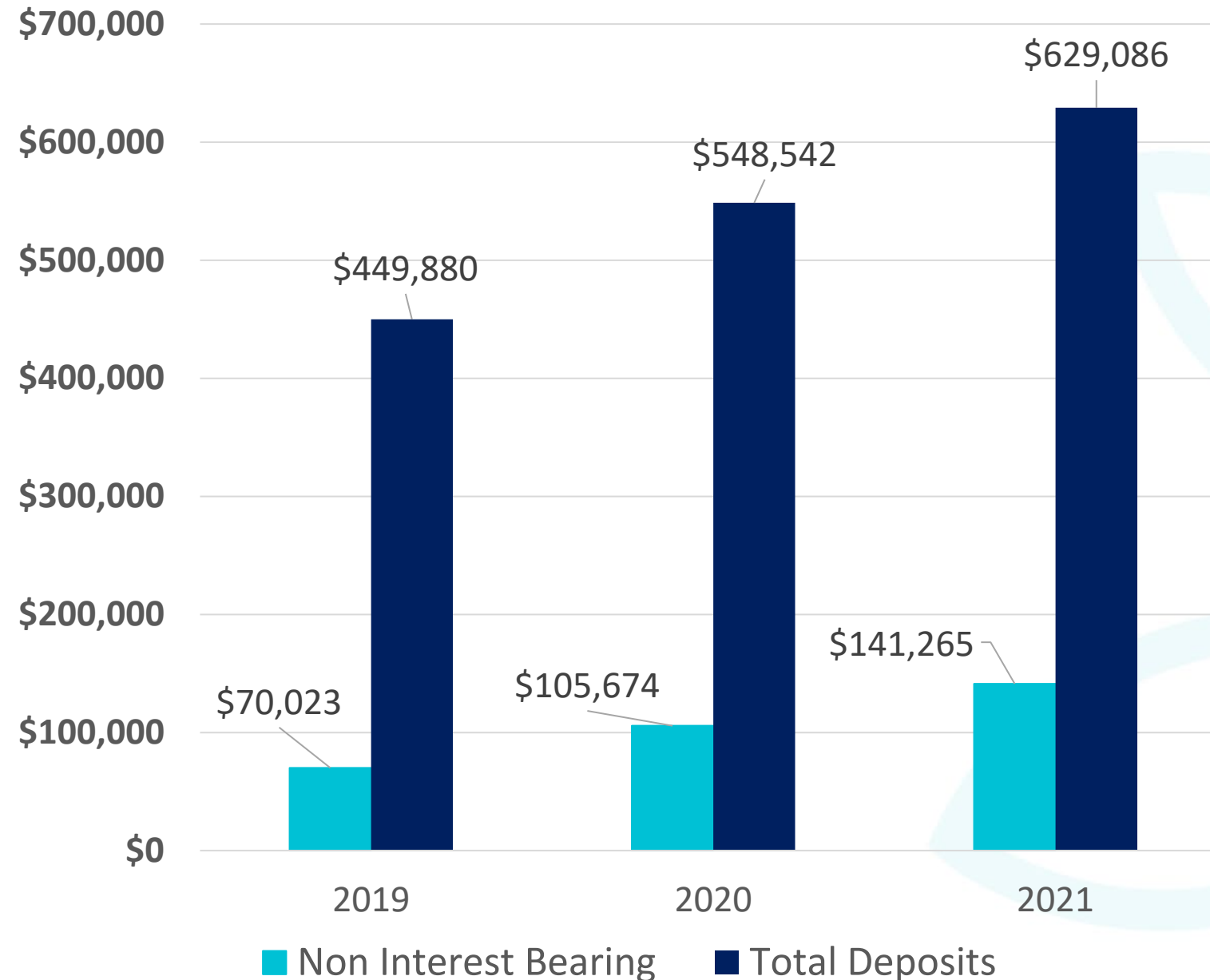
# Conservative Investment Portfolio & AOCI

March 31, 2022



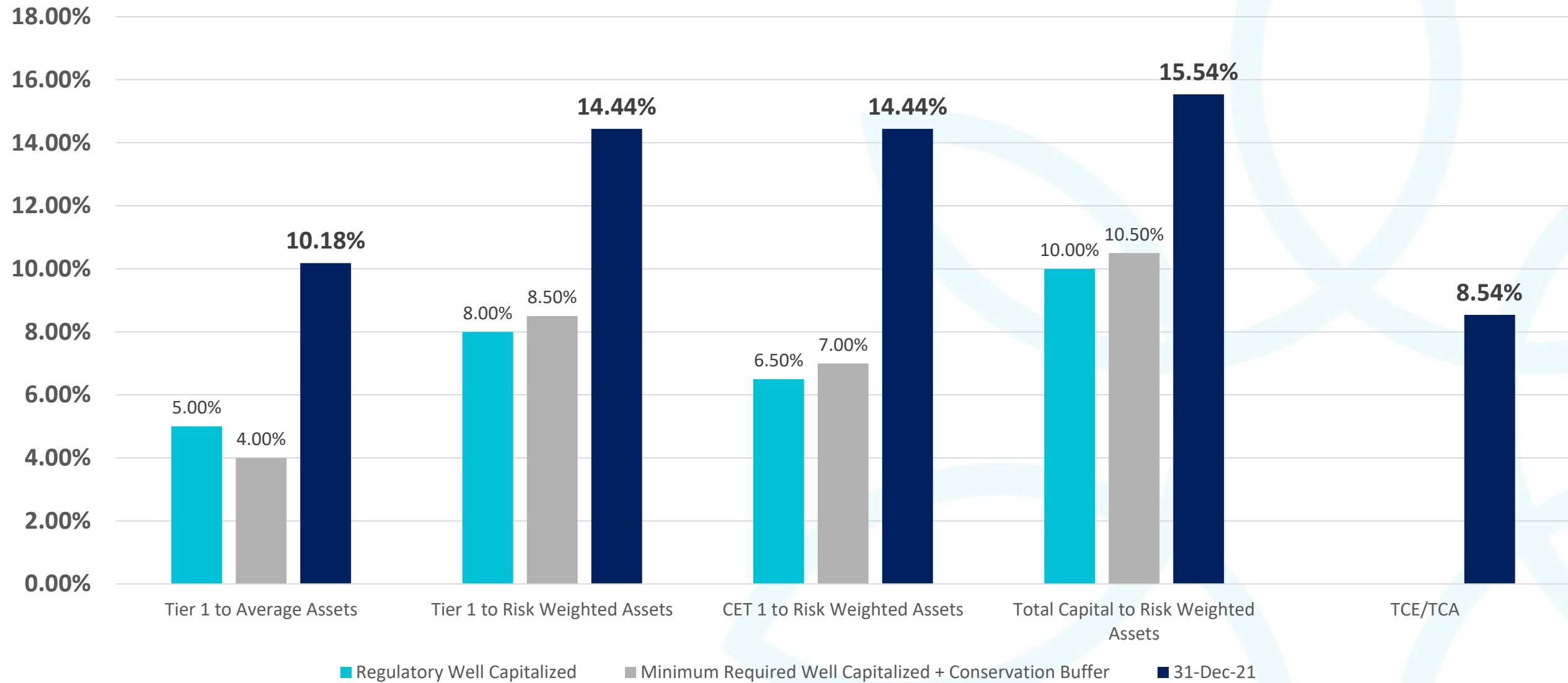
- Conservative, high-quality portfolio
- Average duration = 3.87 years
- Taxable equivalent yield = 1.51%
- Unrealized loss at 3/31/22 = \$4,958,500

# Non-Interest Bearing Deposit Growth ('000s)



- Strategic initiative to grow non-interest bearing deposits as % of total deposits
  - December 31, 2021 = 22.5%
- Specifically designed products for targeted businesses
- Enhanced Cash Management Online Platform & Support Team
- Cost of deposits for 4Q2021 = 0.28%

# Strong Capital Position as of December 31, 2021

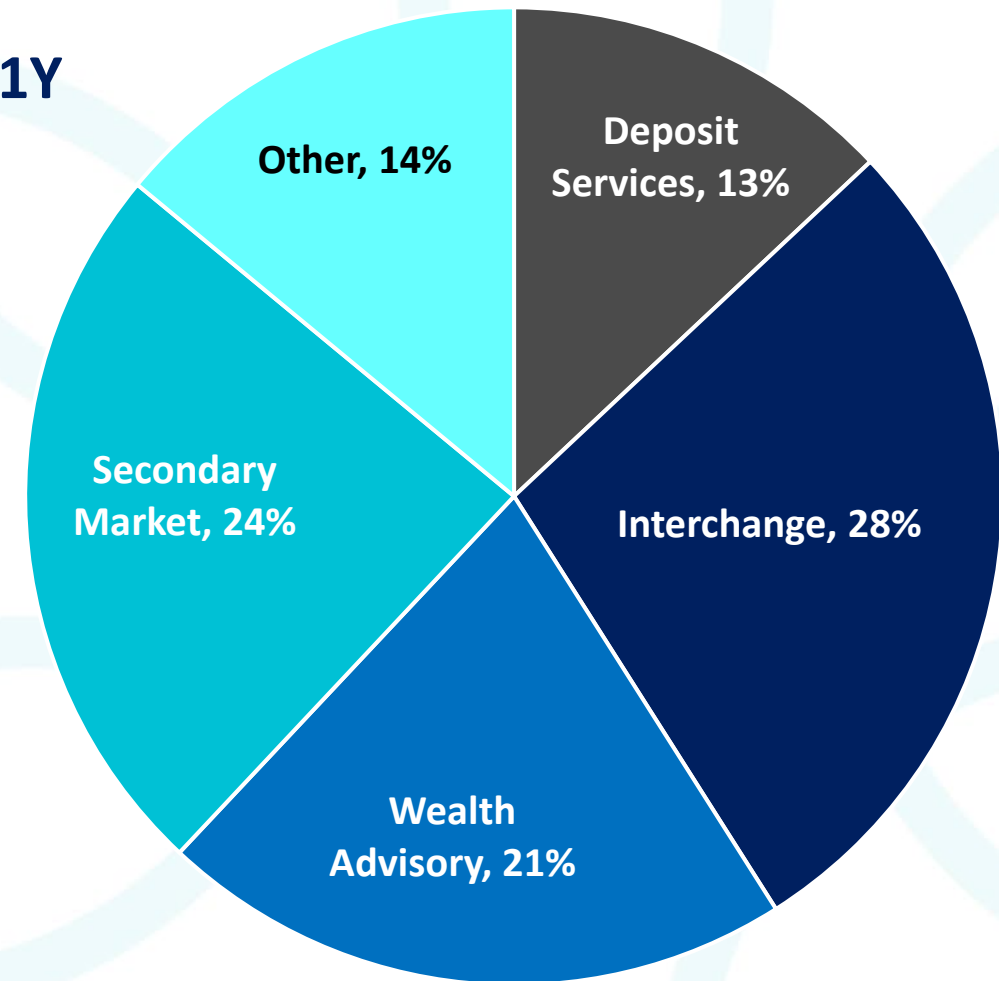


NOTE: Regulatory Capital Ratios are for BCT only

# Well Diversified Non-Interest Income

- Non-Interest Income to Average Assets
  - PTBS/BCT = 1%
  - Local Peer Group = 0.75%
  - National Peer Group = 0.70%
- Increased 19% over 2020 to \$6.8 million
- Wealth AUM increased 20% to \$218 million
- 2021 Top Lender in West Virginia
  - Tammy Miller

2021Y



OTC: PTBS

# Record Year of Earnings

Strategic expansion initiatives began July 2018



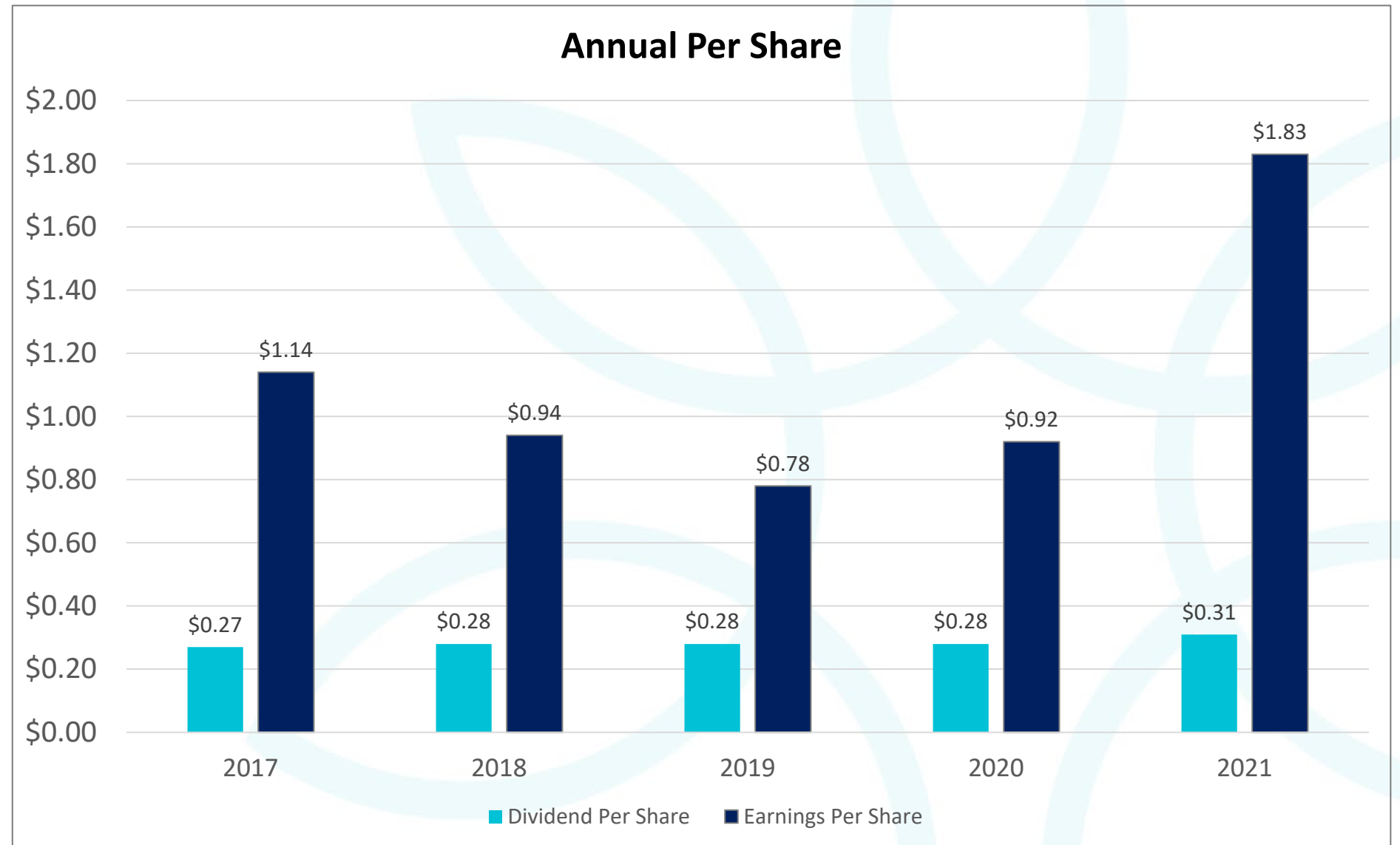
# Rewarding Shareholders with Dividends and Total Return

**Total Return  
since  
July 1, 2017  
89.51%**

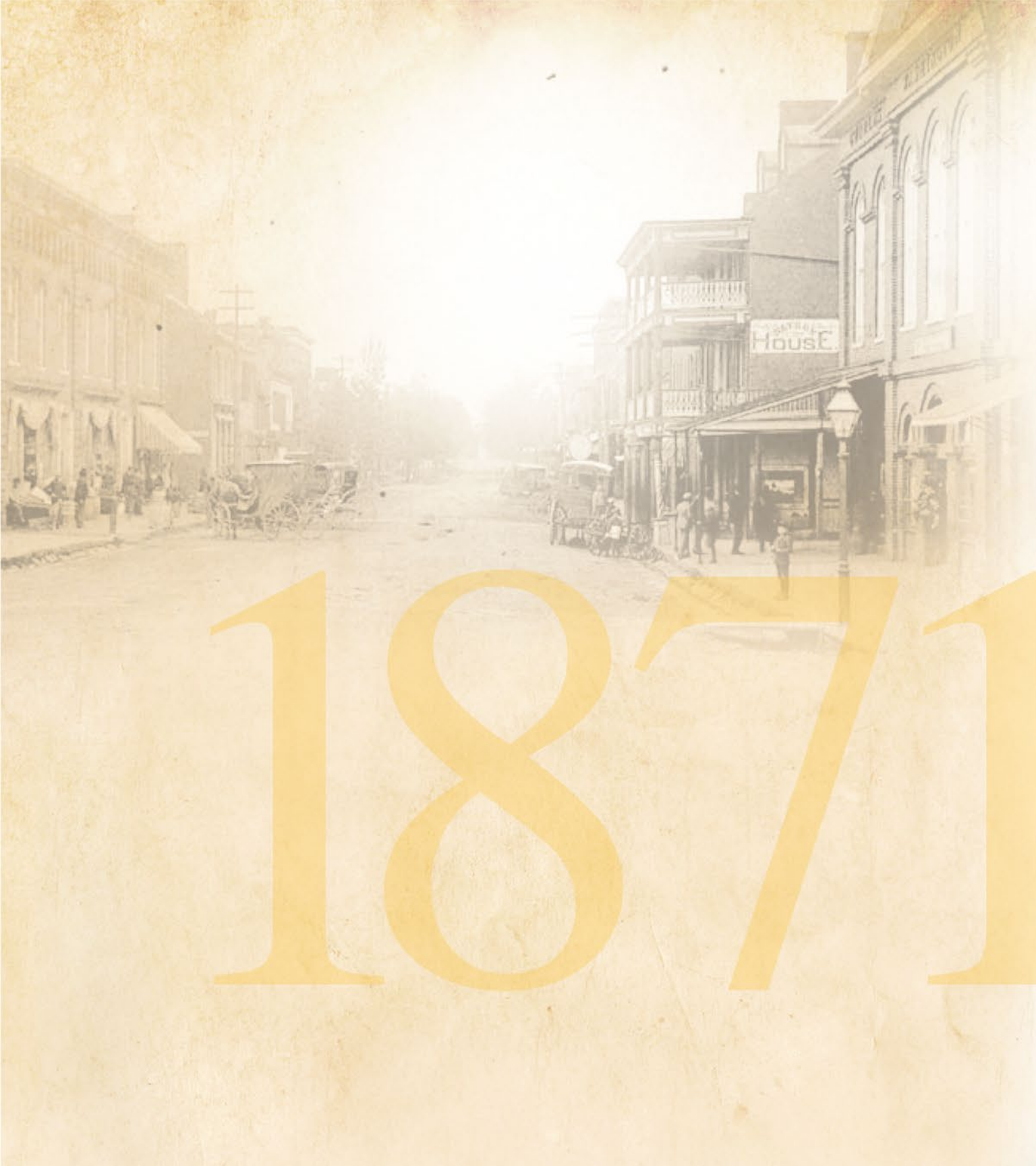
12.5% increase to dividend to \$.09 per share for shareholders of record May 3, 2022, payable May 10, 2022

Quarterly assessment of capital with stress test

Target payout of 20-25%



# Thank You For Your Continued Support



1871

2021

