



**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

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**POTOMAC BANCSHARES, INC. RELEASES 2015 THIRD QUARTER RESULTS, DECLARES  
DIVIDEND, EXECUTES ON REPURCHASE OF STOCK, AND ANNOUNCES SUBSEQUENT EVENTS**

For the quarter ended September 30, 2015, Potomac Bancshares, Inc. (OTC-QB: PTBS), the one bank holding company for Bank of Charles Town, earned \$685,000 or 20 cents per share compared to \$556,000 or 16 cents a share for the quarter ended September 30, 2014. Overall earnings through September 30, 2015 were \$1.828 million compared to earnings for the same period last year of \$1.551 million, an improvement of \$277,000 or 18%. Loans and deposits, respectively, for the quarter ended September 30, 2015 were \$272.8 million and \$292.1 million compared to loans and deposits as of September 30, 2014 of \$245.9 million and \$268.9 million, also respectively.

There are a number of reasons for the improvement in earnings compared to last year which includes a reduction in the loan loss provision due to improving credit conditions within the bank and increased loan production based on our expansion into the Hagerstown, Maryland and Middleburg, Virginia markets. President and CEO Robert F. Baronner stated, "Part of the bank's expansion strategy is to selectively pick markets where there is bank merger activity that tends to confuse customers and gives them the opportunity to look for another bank like BCT. In addition, with demographic trends in the banking business and customers using more electronic avenues to conduct business, the days of large capital investments in physical locations are quickly passing. Our objective is to expand economically, hire good quality people in new markets and begin to make a profit on the expansion within two years of opening a new location."

Based on the performance above, the Board of Directors at its October meeting declared a 5.25 cents dividend per share, payable on November 2, 2015 to all shareholders of record on October 26, 2015. Based on the most recent trade of PTBS stock, the dividend yield is currently a competitive 2.75% on an annual basis.

In the third quarter, Potomac Bancshares, Inc. repurchased 37,774 shares of Potomac Bancshares, Inc. stock. This decision was based upon a decline in the market price of the stock

during the first six months of the year. Baronner said, “With the stock currently trading at approximately 82% of book value, management feels the repurchase of stock is a good utilization of internal capital and very affordable. For existing shareholders who retain their stock, each internal repurchase will increase their percentage of ownership in the company. We will continue to repurchase stock from time to time as it becomes available.”

If you wish to view purchases of the company’s stock by directors, executive officers and employees, as a group, visit our website at [www.mybct.com](http://www.mybct.com) and click on the “Investor Relations” page, under the “About Us” tab.

As previously communicated, to further demonstrate the Board of Directors’ and insiders’ commitment to stock ownership, a policy was established that all **current** members of the Board must own 5,000 shares of Potomac Bancshares, Inc. stock by the April 2018 shareholders meeting. **Newly** elected directors must own 5,000 shares of stock within three years of selection to the Board. Current or newly elected directors not owning 5,000 shares within the respective time lines will be automatically removed as a director.

**Subsequent Event(s)** Subsequent to the end of the third quarter, the bank received payment on a non-performing loan totaling nearly \$2.95 million. This event along with a reduction in non-performing assets in the third quarter are projected to have a positive effect on our net income and credit quality ratios in the fourth quarter of 2015.

Bank of Charles Town, a wholly owned subsidiary of Potomac Bancshares, Inc., is a locally owned community bank with seven offices serving the Eastern Panhandle of West Virginia, Washington County, Maryland and Middleburg, Virginia. For more information, visit us online at [www.mybct.com](http://www.mybct.com) or speak to our staff by calling 304-725-8431.

## FINANCIAL HIGHLIGHTS POTOMAC BANCSHARES, INC.

	Three Months Ended		Nine Months Ended	
<i>(Unaudited - dollars in thousands, except share and per share data)</i>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
<b>Earnings Performance</b>				
Interest Income	\$3,230	\$3,024	\$9,499	\$8,989
Interest Expense	<u>364</u>	<u>330</u>	<u>1,092</u>	<u>905</u>
Net Interest Income	2,866	2,694	8,407	8,084
Provision For Loan Losses	0	223	97	753
Non-Interest Income	1,069	1,154	3,224	3,355
Non-Interest Expense	<u>2,922</u>	<u>2,796</u>	<u>8,771</u>	<u>8,398</u>
Income Before Income Tax Expense	1,013	829	2,763	2,288
Income Tax Expense	<u>328</u>	<u>273</u>	<u>935</u>	<u>737</u>
Net Income	<u>\$685</u>	<u>\$556</u>	<u>\$1,828</u>	<u>\$1,551</u>
Annualized Return On Average Equity	8.71%	7.17%	7.93%	6.82%
Annualized Return On Average Assets	0.83%	0.71%	0.75%	0.69%

September 30, 2015    September 30, 2014

### Balance Sheet Highlights

Total Assets	\$334,728	\$310,188
Investment Securities	29,397	32,175
Loans, Net of allowance of \$2,691 in 2015 and \$3,610 in 2014	272,831	245,870
Deposits And Cash Management Accounts	292,127	268,938
Shareholders' Equity	\$31,105	\$30,769

	Three Months Ended		Nine Months Ended	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
<b>Shareholders' Value (per share)</b>				
Earnings Per Share, Basic	\$0.20	\$0.16	\$0.54	\$0.46
Earnings Per Share, Diluted	0.20	0.16	0.54	0.46
Cash Dividends Declared (per share)	0.0525	0.0425	0.1575	0.1275
Book Value At Period End (per share)	\$9.28	\$9.08	\$9.28	\$9.08
End of period number of shares outstanding	3,352,404	3,390,178	3,352,404	3,390,178

September 30, 2015    September 30, 2014

### Safety and Soundness

Tier 1 Capital Ratio (Leverage Ratio)*	10.06%	10.14%
Non-Performing Assets As A Percentage Of		
Total Assets Including OREO	1.67%	2.97%
Allowance For Loan Losses As A Percentage Of		
Period End Loans	0.98%	1.45%
Ratio Of Net Charge-Offs Annualized During The Period To		
Average Loans Outstanding During The Period	0.04%	0.15%

\* When computing capital ratios, the net of unrealized holding gains (losses) on securities available for sale and the unfunded liability for pension and other post-retirement benefits, all computed net of tax, are added back to these shareholders' equity figures. Capital ratios are preliminary.