



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

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POTOMAC BANCSHARES, INC. RELEASES 2016 FIRST QUARTER RESULTS

Charles Town, WV., April 26, 2016/PRNewswire/ -- For the quarter ended March 31, 2016, Potomac Bancshares, Inc. (OTC-QB: PTBS) earned \$488 thousand or 15 cents per share compared to \$559 thousand or 16 cents a share in the quarter ended March 31, 2015. Net income was down compared to the first quarter of last year due to the costs of upgrading customers' EMV Chip Enabled Debit Cards, costs associated with good loan production during the first quarter, and loan loss provision to keep up with the increased loan volume. During 2016, we expect to continue to collect on the principal balance of loans that had been charged off several years ago. This will allow us to continue to build our loan loss reserve and in turn take smaller loan provisions during the remainder of the year "barring" anything unforeseen. Credit quality continues to improve as non-performing assets are less than 1% of outstanding loans.

Given the bank's performance and good capital position, the dividend of 6 cents per share for the second quarter was approved at the April board meeting to all shareholders of record on April 25, 2016. This cash dividend will be paid on May 2, 2016.

Stock was not repurchased during the first quarter of 2016. President and CEO, Robert F. Baronner Jr. said, "We will continue to repurchase our stock from time to time as it is still trading at a substantial discount to book value. In our opinion and in many others, banks that made it through the last recession and survived, offer good value for investors especially common stocks that offer competitive cash dividends."

In June, we will be moving from our existing location in Middleburg, Virginia to a new building, also in Middleburg, that will upgrade our presence in the town and enable us to improve profitability in the market.

Things continue to look bright in the markets we operate in. Based on the dividend we have been paying and the trading price of our stock, the taxable yield has been nearly 3%. Should you need information on PTBS, feel free to contact our President and CEO, Robert F. Baronner, Jr., at 304-728-2431. As always, thank you for your support.

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 or speak to our staff by calling 304-725-8431.

FINANCIAL HIGHLIGHTS

POTOMAC BANCSHARES, INC.

Three Months Ended

(Unaudited - dollars in thousands, except share and per share data)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Earnings Performance		
Interest Income	\$3,387	\$3,101
Interest Expense	<u>424</u>	<u>371</u>
Net Interest Income	2,963	2,730
Provision For Loan Losses	100	32
Non-Interest Income	1,032	1,049
Non-Interest Expense	<u>3,151</u>	<u>2,886</u>
Income Before Income Tax Expense	744	861
Income Tax Expense	<u>256</u>	<u>302</u>
Net Income	<u>\$488</u>	<u>\$559</u>
Annualized Return On Average Equity	6.10%	7.45%
Annualized Return On Average Assets	0.56%	0.70%

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Balance Sheet Highlights		
Total Assets	\$357,219	\$325,825
Investment Securities	29,992	37,832
Loans, Net of allowance of \$2,577 in 2016 and \$2,691 in 2015	293,157	259,373
Deposits And Cash Management Accounts	313,773	283,747
Shareholders' Equity	\$32,212	\$30,522

Three Months Ended

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Shareholders' Value (per share)		
Earnings Per Share, Basic	\$0.15	\$0.16
Earnings Per Share, Diluted	0.15	0.16
Cash Dividends Declared (per share)	0.0600	0.0525
Book Value At Period End (per share)	\$9.63	\$9.00
End of period number of shares outstanding	3,345,001	3,390,178

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Safety and Soundness		
Tier 1 Capital Ratio (Leverage Ratio)*	9.66%	9.99%
Non-Performing Assets As A Percentage Of		
Total Assets Including OREO	0.61%	1.98%
Allowance For Loan Losses As A Percentage Of		
Period End Loans	0.87%	1.03%
Ratio Of Net Charge-Offs Annualized During The Period To		
Average Loans Outstanding During The Period	0.10%	0.01%

* 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.