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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

POTOMAC BANCSHARES, INC. RELEASES 2016 SECOND QUARTER RESULTS

For the quarter ended June 30, 2016, Potomac Bancshares, Inc. (OTC-QB: PTBS) earned \$658 thousand or 20 cents per share compared to \$584 thousand or 17 cents a share in the quarter ended June 30, 2015. Overall earnings through June 30, 2016 were \$1.146 million compared to earnings for the same period last year of \$1.143 million. Loans for the quarter were \$309.3 million which is an increase from \$262.7 million as of June 30, 2015. Deposits and cash management accounts were \$324.0 million compared to \$279.7 million for the same period last year. These are increases of 18% and 16%, respectively. The 10% improvement in net interest income for the first six months of the year compared to the same period in 2015 is due to volume increases in both loans and deposits. We have seen loan growth along all business lines and this increase in loan volume has required an increase in the provision for loan losses to keep pace with the growth. In addition, several new mortgage products were introduced to focus on meeting opportunities in our markets.

Looking ahead to the remainder of 2016, additional attention will be directed to growing non-interest revenue and to a reduction in non-interest expense areas. President and CEO, Robert F. Baronner, Jr. stated, "With the continued challenges to grow net interest margin we feel other areas need added attention to increase future earnings."

At the July Board meeting, based on the bank's performance and good capital position, a dividend of 6.5 cents per share was approved to all shareholders of record on July 25, 2016. This cash dividend will be paid on August 1, 2016 and is an 8.3% increase over the 6 cents dividend paid on May 2, 2016.

To better serve the residents and businesses in Middleburg and Loudoun County, Virginia, we relocated our Middleburg Office from The Noble House on Washington Street, which we have occupied since 2013, to a brand new building at 115 The Plains Road. Our new branch, which opened on July 1, 2016, is within walking distance of downtown Middleburg and offers expanded services to not only include residential and commercial lending, but personal and business banking as well. We are excited about our new location and the opportunity to continue to serve Middleburg and the surrounding communities.

The performance in many areas of our bank is very promising. The dividend has been increased and continues to yield close to 3%. Should you need information on PTBS, feel free to contact 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 at our newly designed website www.mybct.com or speak to our staff by calling 304-725-8431.

FINANCIAL HIGHLIGHTS POTOMAC BANCSHARES, INC.

(Unaudited - dollars in thousands, except share and per share data)	Three Months Ended		Six Months Ended	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Earnings Performance			
Interest Income	\$3,559	\$3,168	\$6,946	\$6,269
Interest Expense	430	357	854	728
Net Interest Income	3,129	2,811	6,092	5,541
Provision For Loan Losses	204	65	304	97
Non-Interest Income	1,139	1,106	2,171	2,155
Non-Interest Expense	<u>3,044</u>	<u>2,963</u>	<u>6,195</u>	<u>5,849</u>
Income Before Income Tax Expense	1,020	889	1,764	1,750
Income Tax Expense	<u>362</u>	<u>305</u>	<u>618</u>	<u>607</u>
Net Income	<u>\$658</u>	<u>\$584</u>	<u>\$1,146</u>	<u>\$1,143</u>
Annualized Return On Average Equity	8.11%	7.59%	7.11%	7.52%
Annualized Return On Average Assets	0.73%	0.72%	0.64%	0.71%

Balance Sheet Highlights

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total Assets	\$370,590	\$323,888
Investment Securities	28,362	35,108
Loans, Net of allowance of \$2,725 in 2016 and \$2,650 in 2015	309,297	262,698
Deposits And Cash Management Accounts	324,047	279,645
Shareholders' Equity	\$32,674	\$30,871

	Three Months Ended		Six Months Ended	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Shareholders' Value (per share)			
Earnings Per Share, Basic	\$0.20	\$0.17	\$0.34	\$0.33
Earnings Per Share, Diluted	0.20	0.17	0.34	0.33
Cash Dividends Declared (per share)	0.06	0.0525	0.12	0.105
Book Value At Period End (per share)	\$9.77	\$9.11	\$9.77	\$9.11
End of period number of shares outstanding	3,345,001	3,390,178	3,345,001	3,390,178

Safety and Soundness

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Tier 1 Capital Ratio (Leverage Ratio)*	9.28%	9.79%
Non-Performing Assets As A Percentage Of Total Assets Including OREO	0.44%	1.87%
Allowance For Loan Losses As A Percentage Of Period End Loans	0.87%	1.00%
Ratio Of Net Charge-Offs Annualized During The Period To Average Loans Outstanding During The Period	0.09%	0.09%

* The capital ratio presented is for Bank of Charles Town. 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. The capital ratio is preliminary.