



**PRESS RELEASE
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POTOMAC BANCSHARES, INC. RELEASES 2016 THIRD QUARTER RESULTS

Potomac Bancshares, Inc. (OTC-QB: PTBS), the one bank holding company for Bank of Charles Town, for the quarter ended September 30, 2016 earned \$485 thousand or 14 cents per share compared to \$685 thousand or 20 cents a share for the quarter ended September 30, 2015. Year to date earnings through September 30, 2016 are \$1.631 million compared to earnings of \$1.828 million for the same period in 2015. This represents a decrease of \$197 thousand or 10.8% compared to the same period last year. Total loans increased from \$273.6 million as of September 30, 2015 to \$317.5 million as of September 30, 2016, an increase of 16.0%. Deposits increased from \$292.1 million to \$331.8 million or 13.6% over the same time period. Volume increases in loans and deposits contributed to the 10.4% increase in net interest income.

The quarter was impacted by the sale of an old parcel of foreclosed property and the additional valuation write-down of a non-performing loan. The combination of these items created a lower than expected net income for the quarter as the net of tax impact from these two items was approximately \$125,000.

President and CEO, Robert F. Baronner, Jr. stated, "We continue to see good growth in all of our markets and across most business lines." As communicated in the prior quarter, the increase in loan volume has required an increase in the provision for loan losses to keep pace with the growth. We expect to continue to collect on the principal balance of loans that had been charged off several years ago. As noted earlier in the year, this will allow us to further build our loan loss reserve "excluding" any unforeseen events. These collection efforts continue to be worked; however, the timing is less predictable. Credit quality is strong as non-performing assets as a percentage of total assets is below the prior year.

Potomac Bancshares' Board of Directors declared a 6.5 cents per share dividend at the October 2016 meeting. The dividend will be available to all shareholders of record on October 25, 2016. The cash dividend will be paid on November 1, 2016.

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.

(<i>Unaudited</i> - dollars in thousands, except share and per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Earnings Performance			
Interest and Dividend Income	\$3,640	\$3,230	\$10,586	\$9,499
Interest Expense	448	364	1,302	1,092
Net Interest Income	3,192	2,866	9,284	8,407
Provision For Loan Losses	261	0	565	97
Non-Interest Income	1,082	1,069	3,253	3,224
Non-Interest Expense	<u>3,281</u>	<u>2,922</u>	<u>9,476</u>	<u>8,771</u>
Income Before Income Tax Expense	732	1,013	2,496	2,763
Income Tax Expense	<u>247</u>	<u>328</u>	<u>865</u>	<u>935</u>
Net Income	<u>\$485</u>	<u>\$685</u>	<u>\$1,631</u>	<u>\$1,828</u>
Annualized Return On Average Equity	5.84%	8.71%	6.68%	7.93%
Annualized Return On Average Assets	0.52%	0.83%	0.60%	0.75%

	September 30, 2016	September 30, 2015
Balance Sheet Highlights		
Total Assets	\$375,314	\$334,728
Investment Securities	26,208	29,397
Loans Held For Sale	8,536	801
Loans, Net of allowance of \$2,944 in 2016 and \$2,691 in 2015	308,994	272,831
Deposits And Cash Management Accounts	331,821	292,127
Shareholders' Equity	\$32,893	\$31,105

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Shareholders' Value (per share)			
Earnings Per Share, Basic	\$0.14	\$0.20	\$0.49	\$0.54
Earnings Per Share, Diluted	0.14	0.20	0.49	0.54
Cash Dividends Declared (per share)	0.0650	0.0525	0.1850	0.1575
Book Value At Period End (per share)	\$9.83	\$9.28	\$9.83	\$9.28
End of period number of shares outstanding	3,345,001	3,352,404	3,345,001	3,352,404

	September 30, 2016	September 30, 2015
Safety and Soundness		
Tier 1 Capital Ratio (Leverage Ratio)*	9.13%	9.81%
Non-Performing Assets As A Percentage Of Total Assets Including OREO	0.53%	1.67%
Allowance For Loan Losses As A Percentage Of Period End Loans	0.94%	0.98%
Ratio Of Net Charge-Offs Annualized During The Period To Average Loans Outstanding During The Period	0.08%	0.04%

* 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.