

Potomac Bancshares, Inc. Releases 2017 First Quarter Results

CHARLES TOWN, W.Va., May 1, 2017 /PRNewswire/ -- Potomac Bancshares, Inc. (OTC-QB: PTBS), the one bank holding company for Bank of Charles Town (BCT), for the quarter ended March 31, 2017 earned \$1.354 million or 40 cents per share compared to \$488 thousand or 15 cents per share for the quarter ended March 31, 2016. The increase in income is impacted by Bank Owned Life Insurance (BOLI) proceeds of \$670 thousand, net of a beneficiary payment and the related tax benefit on this payment. Excluding this non-recurring income, net income would have been \$684 thousand or 20 cents per share.

The core net income increase is driven by several factors. Increases in loan balances (up 14% over 2016) was the primary factor in interest income improving \$418 thousand over the first quarter 2016. Deposits were up 14% over the first quarter 2016. The net interest income increase of \$382 thousand was reduced by an \$80 thousand increase in loan loss provision related to loan growth and \$138 thousand increase in income tax expense. Approximately \$35 thousand of the increase in income tax expense is related to the expiration of the employee stock option plan.

Given the bank's performance and good capital position, the dividend of 6.5 cents per share for the second quarter was approved at the April board meeting. The dividend will be paid on May 1, 2017 to all shareholders of record on April 24, 2017.

As of March 31, 2017 Potomac Bancshares, Inc. stock was trading at \$11.09. On the same date, book value per share was \$10.27. Should you need information on PTBS, feel free to contact Acting President, Arch A. Moore III at 304-728-2497. 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 convenient offices serving the Eastern Panhandle of West Virginia, Washington County, Maryland and Middleburg, Virginia. For more information, visit our website at www.mybct.com or speak to our staff by calling 304-725-8431.

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**FINANCIAL HIGHLIGHTS
POTOMAC BANCSHARES, INC.**

Three Months Ended

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

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Earnings Performance		
Interest and Divident Income	\$3,805	\$3,387
Interest Expense	<u>460</u>	<u>424</u>
Net Interest Income	3,345	2,963
Provision For Loan Losses	180	100
Non-Interest Income	1,745	1,032
Non-Interest Expense	<u>3,162</u>	<u>3,151</u>
Income Before Income Tax Expense	1,748	744
Income Tax Expense	<u>394</u>	<u>256</u>
Net Income **	<u>\$1,354</u>	<u>\$488</u>
Annualized Return On Average Equity **	10.22%	6.10%
Annualized Return On Average Assets **	0.89%	0.56%

March 31, 2017 March 31, 2016

Balance Sheet Highlights

Total Assets	\$408,798	\$357,219
Investment Securities	23,385	29,992
Loans, Net of allowance of \$3,328 in 2017 and \$2,577 in 2016	338,205	293,157
Deposits And Cash Management Accounts	358,952	313,773
Shareholders' Equity	\$34,337	\$32,212

Three Months Ended

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Shareholders' Value (per share)		
Earnings Per Share, Basic **	\$0.40	\$0.15
Earnings Per Share, Diluted **	0.40	0.15
Cash Dividends Declared (per share)	0.0650	0.0600
Book Value At Period End (per share)	\$10.27	\$9.63
End of period number of shares outstanding	3,345,001	3,345,001

March 31, 2017 March 31, 2016

Safety and Soundness

Tier 1 Capital Ratio (Leverage Ratio)*	9.12%	9.66%
Non-Performing Assets As A Percentage Of		
Total Assets Including OREO	0.41%	0.61%
Allowance For Loan Losses As A Percentage Of		
Period End Loans	0.97%	0.87%
Ratio Of Net Charge-Offs Annualized During The Period To		
Average Loans Outstanding During The Period	0.06%	0.10%

* The capital ratios presented are 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.

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