



POTOMAC BANCSHARES

Boenning & Scattergood Investor Day

September 27, 2021



Disclaimer

Forward-Looking Statements

In addition to historical information, this presentation may contain certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others: (1) statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Potomac Bancshares, Inc. (the “Company”) and its wholly-owned bank subsidiary, Bank of Charles Town (the “Bank”); and (2) statements preceded by, followed by or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing the Company’s or the Bank’s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied. Factors that might cause such differences include, but are not limited to: (1) the ability of the Company and the Bank to successfully execute its business plans, manage its risks, and achieve its objectives; (2) changes in local, national and international political and economic conditions; (3) changes in financial market conditions, either internationally, nationally or locally in areas in which the Company conducts its operations, including without limitation reduced rates of business formation and growth, commercial and residential real estate development and real estate prices; (4) changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition; (5) changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees; (6) continuing consolidation in the financial services industry; (7) legal claims against the Company; (8) increased competitive challenges and expanding product and pricing pressures among financial institutions; (9) the ability of the Company and the Bank to develop new banking products, the cost of such development, the acceptance of such new products by the Company’s and Bank’s clientele and the impact of these new product’s on the Company’s and Bank’s profitability; (10) technological changes and the Company’s implementation of new technologies, including how the cost of implementation impacts the Company’s profitability; (11) the Company’s ability to develop and maintain secure and reliable information technology systems; (12) legislation or regulatory changes which adversely affect the Company’s operations or business; (13) the Company’s ability to comply with applicable laws and regulations, and the cost of such compliance; and (14) the impacts of the ongoing COVID-19 pandemic, including the impact of actions taken by governmental and regulatory authorities in response to such pandemic. Except to the extent required by law, the Company specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

Certain of the information contained in this presentation may be derived from information provided by industry sources. The Company believes that such information is accurate and that the sources from which it has been obtained are reliable. The Company cannot guarantee the accuracy of such information, however, and has not independently verified such information.

Except where information is provided as of a specified date, this presentation speaks as of the date hereof. The delivery of this presentation will not, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date of this presentation. The Company is not making any implied or express representation or warranty as to the accuracy or completeness of the information summarized herein or made available in connection with any further investigation of the Company. The Company expressly disclaims any and all liability which may be based on such information, errors therein or omissions therefrom.

This investor presentation is not an offer to sell securities and it is not soliciting an offer to buy securities in any state where the offer or sale is not permitted. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of the securities of the Company or passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense.

I. Overview of Potomac Bancshares

Experienced Leadership Team

Proven Leadership



Alice P. Frazier joined Potomac Bancshares Inc. in 2017 as President & Chief Executive Officer. She has 30 years of banking experience. Prior to Potomac Bancshares Inc., she served as Executive Vice President and Chief Operating Officer of Cardinal Financial Corporation, which had 30 banking offices serving the Washington, DC Metro area. During her tenure, Cardinal grew from \$1.8 billion to over \$4.0 billion in assets and originated \$4 billion in mortgages annually. Before Cardinal, Ms. Frazier began her banking career with Middleburg Financial Corporation in 1991, first serving as Chief Financial Officer and culminating as Chief Operating Officer as the bank grew from \$110 million to \$841 million in assets when she left in 2007. Prior to that, she worked four years in public accounting with both a national and regional firm. Ms. Frazier currently serves as Secretary for Independent Community Bankers Association. She is a past Chairperson of the Virginia Association of Community Banks.



Dean Cognetti is the Executive Vice President & Chief Financial Officer of Potomac Bancshares Inc. and Bank of Charles Town, having joined the Company in July 2011. Mr. Cognetti serves as Secretary and Treasurer at Potomac Bancshares Inc. He has over 26 years financial services experience including Senior VP/Mergers & Acquisitions Manager with BB&T in Winston-Salem, North Carolina, Manager of Financial Analysis with One Valley Bank (acquired by BB&T) in Charleston, West Virginia and Comptroller with One Valley Bank of Clarksburg, Clarksburg, West Virginia. Mr. Cognetti is a graduate of Marquette University and is a Certified Public Accountant.



Raymond F. Goodrich joined Bank of Charles Town as Executive Vice President and Chief Lending Officer in April 2018. Goodrich, formerly Executive Vice President and Chief Lending Officer with Chain Bridge Bank, N.A. in McLean, Virginia, and Senior Vice President at M & T Bank (formerly Provident Bank), brings over 34 years of financial services experience to his new position. He began his banking career in First Virginia Bank's management training program. Raymond has expertise in lending at all levels with a solid foundation in commercial lending.



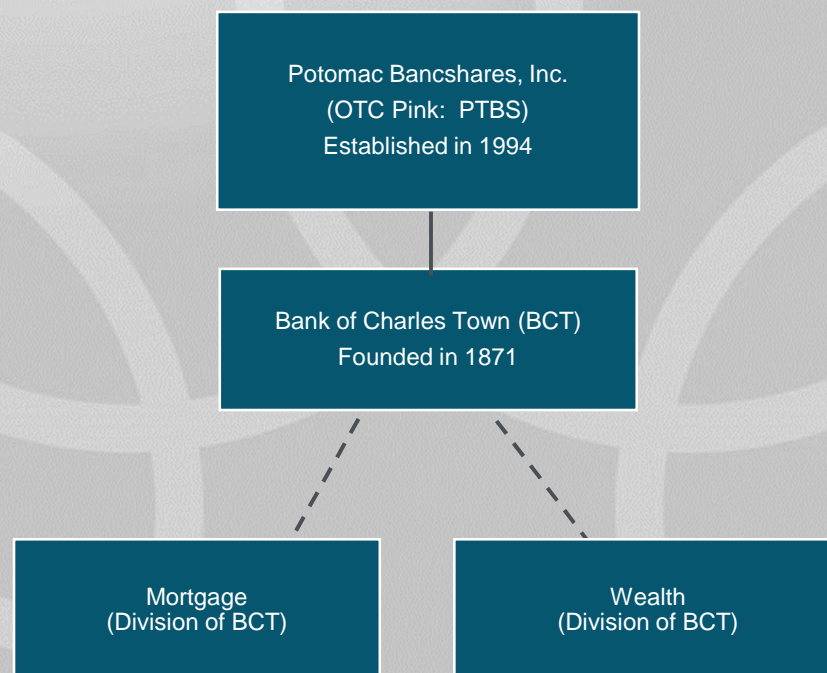
Tim Lewis joined Bank of Charles Town in 2002 and is currently Executive Vice President – Information Technology and Retail Operations Manager. Tim began his banking career in 1978 as a teller working his way up to Branch Manager, Retail Lender, City Executive and Branch Area Operations Manager for South Berkeley, One Valley Bank and then BB&T following the purchase of One Valley Bank. During his career, Tim has led multiple merger conversion teams for One Valley Bank. Tim currently serves on the Berkeley County Planning Commission and volunteers with Horses with Hearts.



Matt Stickel is the Senior Vice President & Senior Credit Officer. He has been in banking for more than 15 years, all of which have been at Bank of Charles Town. He helped establish the foundation of the Credit Administration department of the bank during the Great Recession and has been tasked with overseeing the underwriting and loan review areas for more than 10 years. He is a graduate of the Barret School of Banking, RMA Commercial Lending School, and ABA Graduate Commercial Lending School. He earned his Credit Risk Certification (CRC) through the Risk Management Associates and currently serves on the Board of Directors for the Community Bankers of West Virginia.

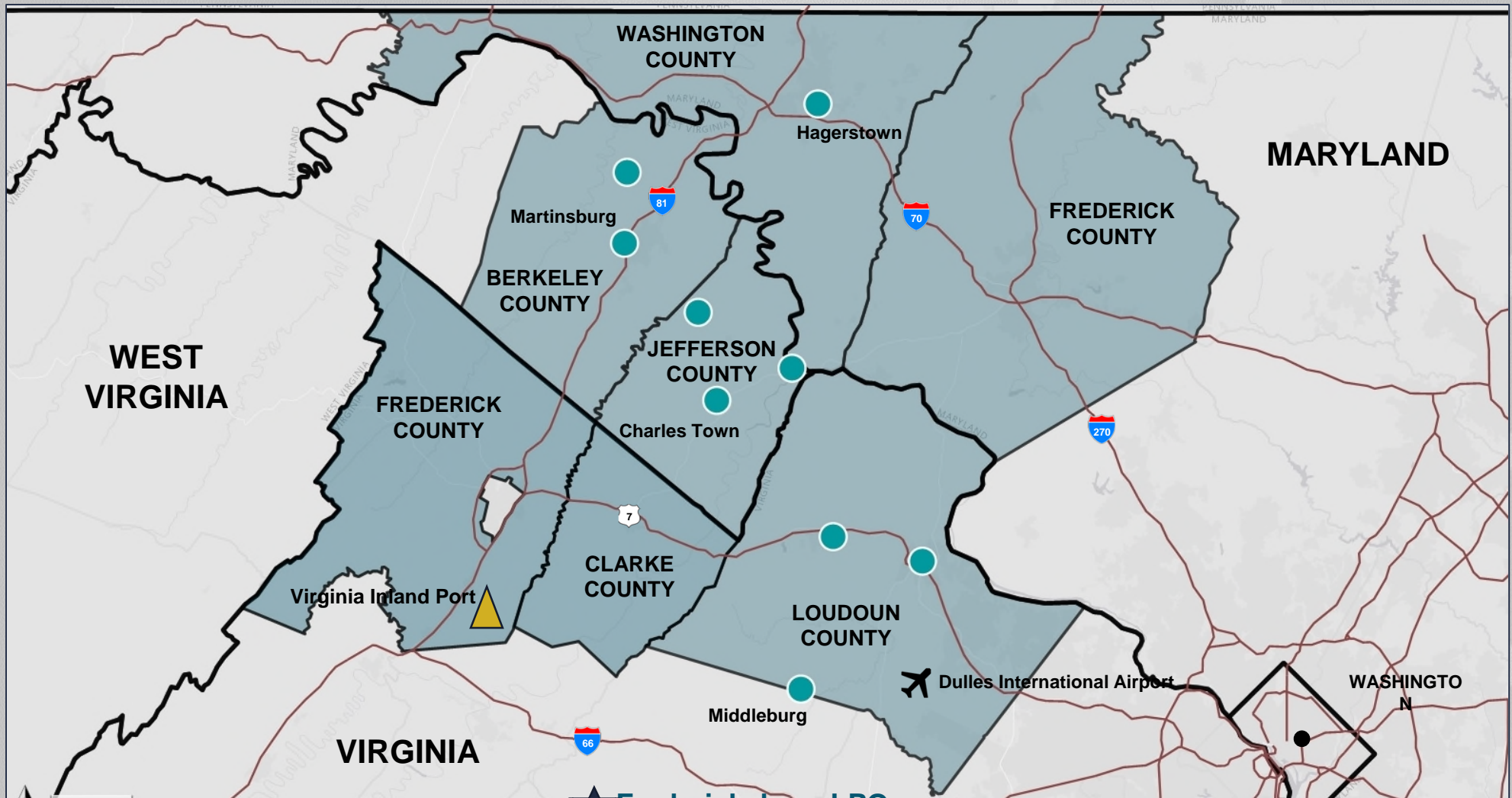
Overview of Potomac Bancshares

(\$ in thousands)	2019Y	2020Y	6/30/2021
Balance Sheet			
Total Assets	\$515,786	\$620,912	\$671,994
Total Loans	412,460	493,965	516,155
PPP Loans	-	46,579	37,555
Total Deposits	449,880	548,542	597,572
Shareholders' Equity	51,922	54,812	56,887
TCE/TA	10.07%	8.83%	8.47%
Profitability Metrics			
ROAA	0.64%	0.64%	1.08%
ROATCE	6.30%	7.04%	12.62%
Net Interest Margin	3.39%	3.14%	3.17%
Non-Int. income/Ave. Assets	1.09%	0.98%	1.00%
Efficiency Ratio	78.64%	73.67%	66.71%
Provision Expense	\$474	\$1,441	-0-
Asset Quality			
NPAs/Assets	0.27%	0.02%	0.02%
Reserves/Loans	0.90%	1.09%	1.05%
Other Metrics			
Wealth Division AUM	\$126,787	\$132,618	\$144,333



Well Positioned in Outstanding Markets

- Nine banking offices in four adjoining counties in three states
- Loan production offices in Loudoun County, VA and Fredericksburg, VA
- Loudoun County, VA and Jefferson County, WV are included in the Washington DC MSA
- Interstate 81 drives economic growth through Berkeley County, WV and Washington County, MD with major company distribution centers (Amazon, Macys, Clorox, Fed Ex and Procter & Gamble)



Focused Growth Strategy – Investing into the Future

- **Increased non-interest income through expansion of mortgage banking in all markets served**
 - April 2018 – hired a top producing Director of Mortgage Banking with 20 years experience in mortgage banking (Loudoun County) and 30 years experience in financial services
 - Improved secondary market platform for improved closing times and better pricing flexibility
- **Expansion of commercial and small business lending services to increase growth in business loans and non-interest bearing deposits**
 - April 2018 – hired a seasoned Chief Lending Officer with extensive experience including SBA lending, Government Contracting and Treasury Services
 - Hired seasoned commercial bankers in 2018, 2019 and 2020 (**Prince William County focus**)
 - **SBA Team Lift Out of three seasoned bankers (May 2021). Intend to achieve 7(a) PLP status by early 4Q**
 - Established Cash Management Sales Support Team
- **Expansion into Virginia beginning with Loudoun County**
 - Opened full service micro-branches in Purcellville (July 2018) and Leesburg (April 2019)
 - Opened Loan Production Office in Leesburg (August 2018)
 - **Opened Loan Production Office in Fredericksburg (May 2021)**
- **Bolstered Technology and Training areas for growth**
 - Hired seasoned Chief Technology Officer (September 2019)
 - Developed training team to support customer experience and digital champions (2018)
 - **Converted digital banking systems to NCR/Digital Insight (October 2020)**
 - **Developing enterprise dashboard reporting system with 3rd Party using Microsoft Power BI (2020/2021)**
- **Increased capital to support growth plan**
 - Community based common equity raise of \$12 million completed in September 2018
 - **Subordinated Debt Issuance of \$10 million completed in September 2020**

Positioning PTBS For Future Success

Provide a Differentiated Customer Experience

- Ensure a consistent Amazing Customer Experience (ACE) at every interaction with the ACE Playbook
- Must be equally present in the physical and digital environment
- Provide a values based culture in which employees thrive

Grow and Enhance Overall Profitability

- Attract, expand and retain profitable commercial relationships
- Industry specific niche banking products to expand geography
- Increase non-interest bearing deposits as % of overall deposits
- Continue expansion in Northern Virginia, banker first model

Digital Transformation

- Deploy digital banking strategy with enhanced online/mobile/digital wallet banking services to unleash the geographic limitations
- Use interactive website with broad SEO and data analytics to remarket and grow
- Partnership with fintech to develop enterprise reporting for broad customer intelligence and analytics

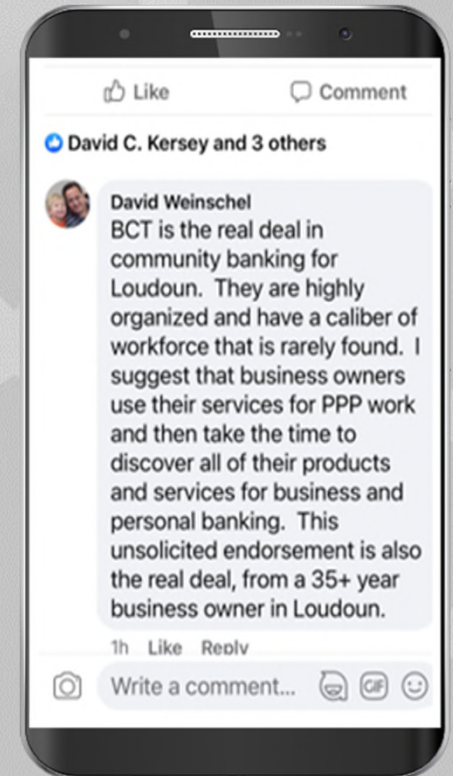
The Experience Culture

AMERICAN BANKER
**BEST BANKS
 TO WORK FOR
 2019**



"It's a family affair. Over the last two decades BCT helped our multi-generational business double in size. They're clearly our bank of choice."
 - Mark Roper

**MARK ROPER
 CONSTRUCTION**
 Charles Town, WV



AMERICAN BANKER
**2020
 Best
 Banks to
 Work For**

"It can't be emphasized enough how BCT's personal attention and tailored services provided the financial resources needed for our strategic growth while we maintained our focus on patient care."
 - Mary Beth Tamasy
 CEO

**LOUDOUN MEDICAL GROUP
 (LMG)**
 Leesburg, VA

Transformative Digital Banking Initiatives

Consumer Digital Enrollment	↑	16%
Business Digital Enrollment	↑	35%
Bill Pay Enrollment	↑	31%
E-Statement Enrollment	↑	20%
Commercial Remote Deposit	↑	28%

Q3 2020

- New enhanced website with latest SEO, analytic functionality and .bank security

Q4 2020

- Completed online/mobile banking platform upgrade with NCR as our strategic digital partner
- Implemented embedded Personal Financial Management suite within online banking – **37% adoption rate as of 8/21**
- Enabled debit cards for Apple Pay - **27% of Apple Phone users are enrolled/active**

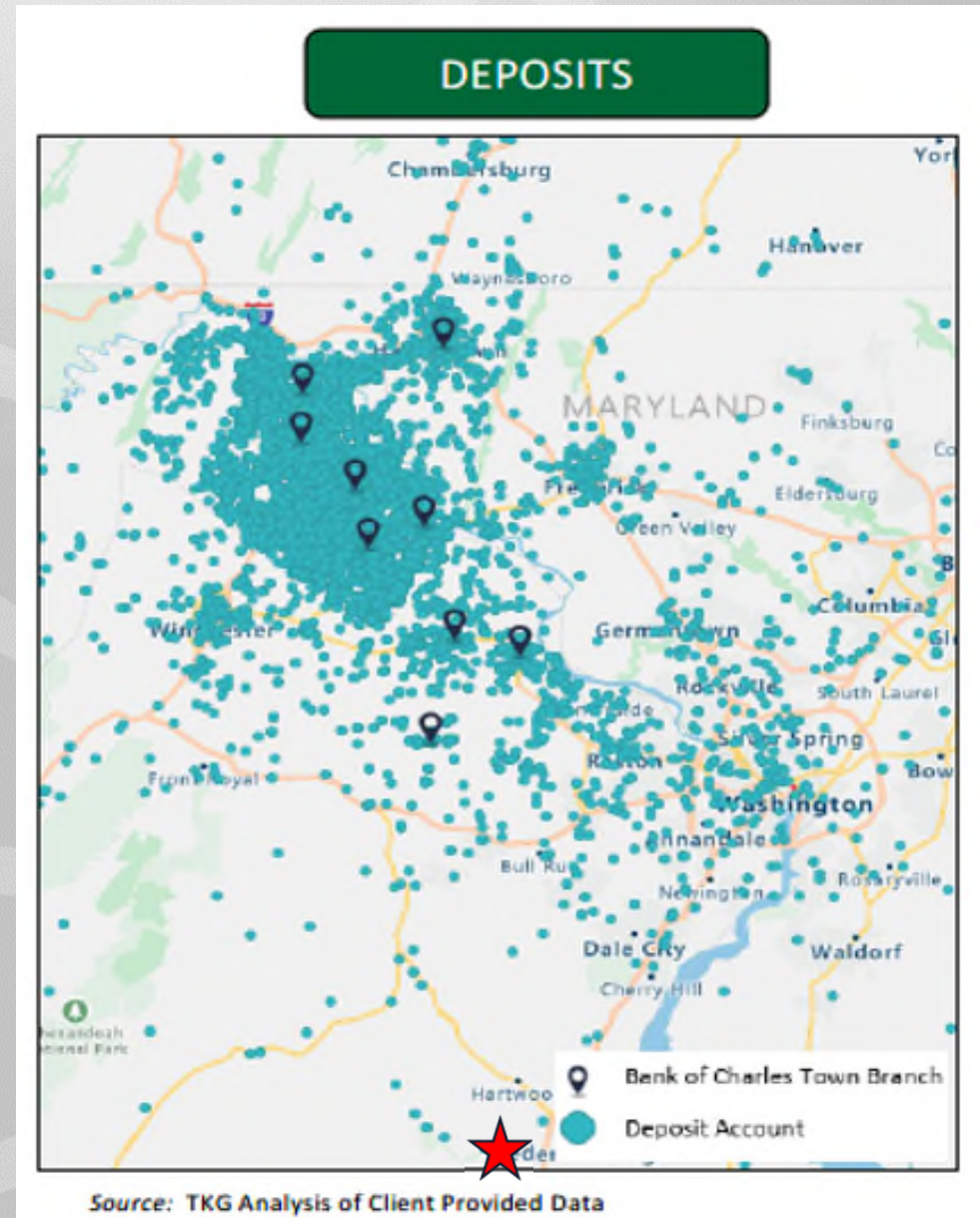
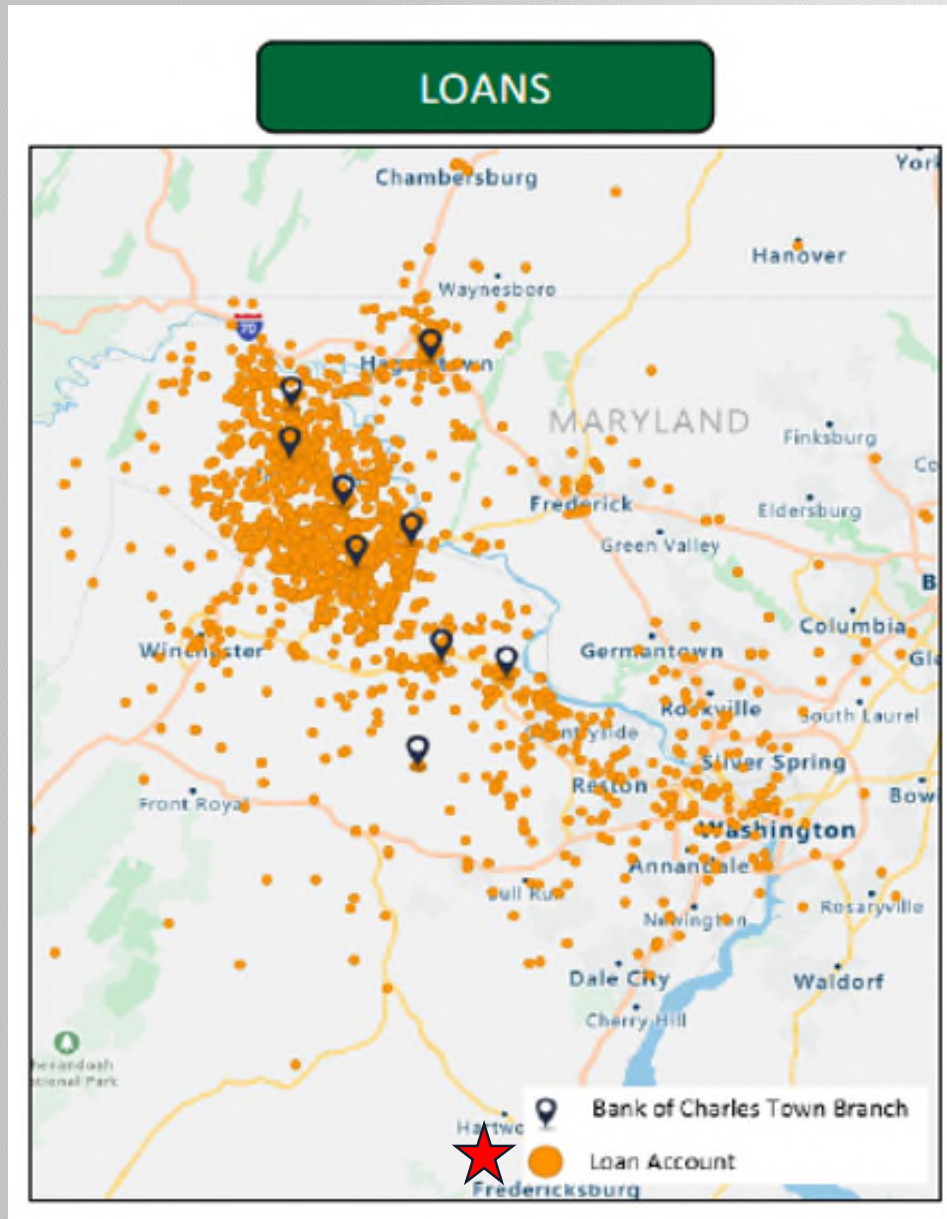
Q2 2021

- Completed upgrade to new and easier to navigate online account opening platform – **7% of new accounts opened online in 8/21**

Q3 2021

- Enabled debit cards for Samsung and Google Pay
- Selected new loan origination system to take fully integrated loan applications online

Unleashing Geographic Boundaries



Deposit Market Share

Institution (ST)	2021 Rank	2020 Rank	2021		
			Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)
Jefferson, WV					
Potomac Bancshares Inc. (WV)	1	1	3	373,291	34.73
Jefferson Security Bank (WV)	2	3	3	232,121	21.59
Truist Financial Corp. (NC)	3	2	2	202,533	18.84
United Bankshares Inc. (WV)	4	4	2	145,349	13.52
City Holding Co. (WV)	5	5	2	87,027	8.10
Summit Financial Group Inc. (WV)	6	6	1	34,651	3.22
Total For Institutions In Market			13	1,074,972	

Institution (ST)	2021 Rank	2020 Rank	2021		
			Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)
Berkeley, WV					
United Bankshares Inc. (WV)	1	2	4	499,460	27.35
Truist Financial Corp. (NC)	2	1	5	390,925	21.41
City Holding Co. (WV)	3	3	4	235,820	12.91
Summit Financial Group Inc. (WV)	4	4	3	173,190	9.48
First United Corp. (MD)	5	5	3	163,830	8.97
Jefferson Security Bank (WV)	6	6	2	138,992	7.61
CNB Financial Services Inc. (WV)	7	7	3	116,057	6.36
Potomac Bancshares Inc. (WV)	8	8	2	103,649	5.68
Woodforest Financial Grp Inc. (TX)	9	9	1	4,201	0.23
Total For Institutions In Market			27	1,826,124	

Institution (ST)	2021 Rank	2020 Rank	2021		
			Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)
Loudoun, VA					
Wells Fargo & Co. (CA)	1	3	11	6,575,708	45.63
Truist Financial Corp. (NC)	2	1	19	1,608,296	11.16
Bank of America Corporation (NC)	3	2	8	1,483,105	10.29
Capital One Financial Corp. (VA)	4	4	4	1,051,081	7.29
Atlantic Union Bkshs Corp. (VA)	5	5	5	924,266	6.41
The PNC Finl Svcs Grp (PA)	6	7	11	589,063	4.09
United Bankshares Inc. (WV)	7	6	6	587,306	4.08
Eagle Financial Services Inc. (VA)	8	8	3	267,164	1.85
Eagle Bancorp Inc (MD)	9	9	0	232,262	1.61
John Marshall Bancorp Inc. (VA)	10	10	1	228,695	1.59
The Toronto-Dominion Bank	11	13	1	157,535	1.09
M&T Bank Corp. (NY)	12	11	3	155,895	1.08
Sandy Spring Bancorp Inc. (MD)	13	12	2	124,952	0.87
Potomac Bancshares Inc. (WV)	14	15	3	97,250	0.67
Summit Financial Group Inc. (WV)	15	16	1	68,304	0.47
Primis Financial Corp. (VA)	16	14	2	65,476	0.45
MainStreet Bcshs (VA)	17	19	1	51,820	0.36
First Citizens BancShares Inc. (NC)	18	18	1	45,618	0.32
JPMorgan Chase & Co. (NY)	19	22	1	45,134	0.31
Presidential Holdings Inc. (VA)	20	21	1	30,198	0.21
Total For Institutions In Market			86	14,410,235	

Institution (ST)	2021 Rank	2020 Rank	2021		
			Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)
Washington, MD					
Truist Financial Corp. (NC)	1	1	8	794,694	24.37
Fulton Financial Corp. (PA)	2	2	8	664,385	20.37
M&T Bank Corp. (NY)	3	3	9	580,986	17.82
Community Heritage Finl Inc (MD)	4	4	3	365,363	11.20
The PNC Finl Svcs Grp (PA)	5	5	3	353,049	10.83
United Bankshares Inc. (WV)	6	8	2	144,172	4.42
First United Corp. (MD)	7	6	4	139,754	4.29
CNB Financial Services Inc. (WV)	8	7	3	117,882	3.61
Orrstown Financial Services (PA)	9	9	1	48,550	1.49
Potomac Bancshares Inc. (WV)	10	10	1	24,268	0.74
AmeriServ Financial Inc. (PA)	11	11	1	19,651	0.60
Jefferson Security Bank (WV)	12	12	1	8,194	0.25
Total For Institutions In Market			44	3,260,948	

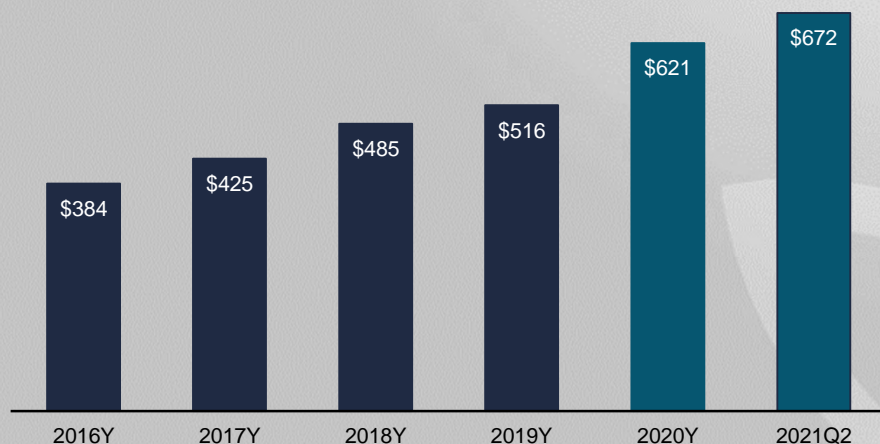
NOTE: FDIC data as of June 30, 2021, adjusted for all M&A activity since that date.

III. Financial Overview

Consistent Balance Sheet Growth

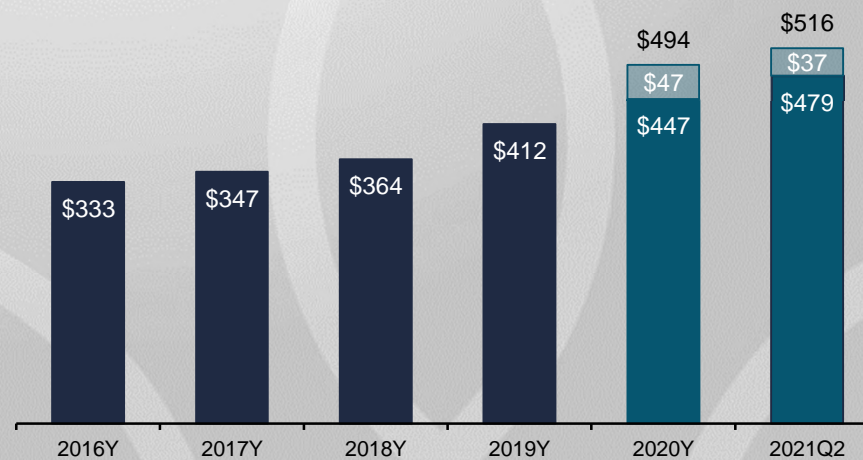
Total Assets

(Dollars in millions)



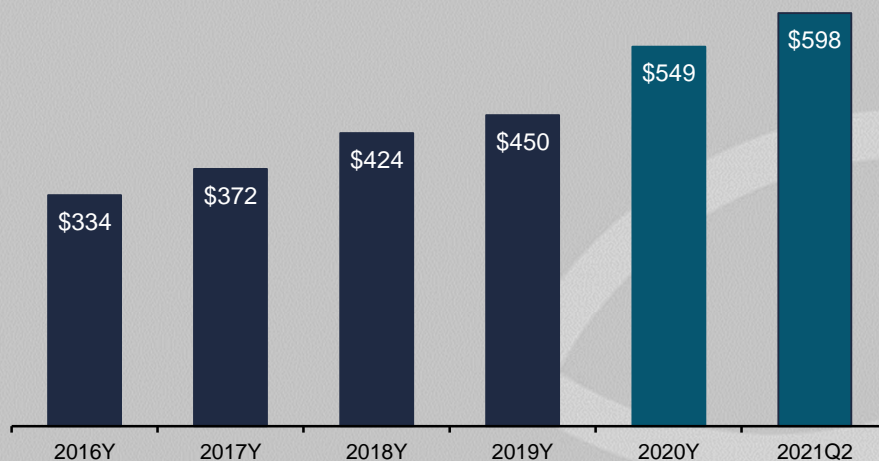
Total Loans¹

(Dollars in millions)



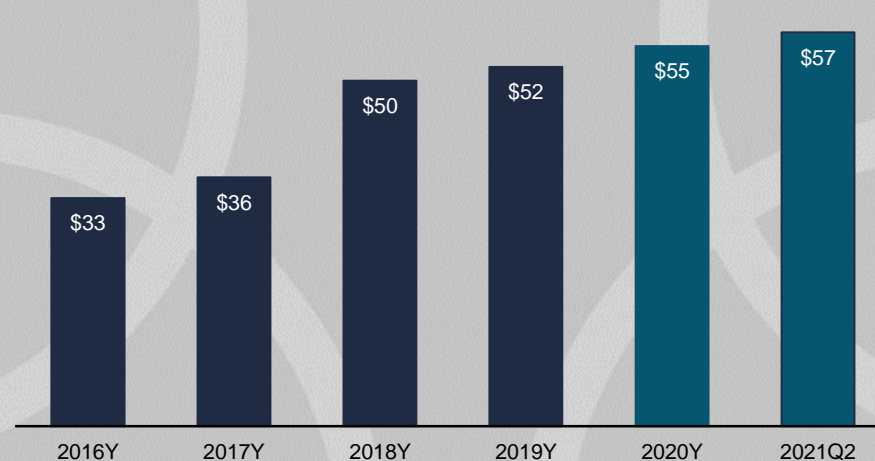
Total Deposits

(Dollars in millions)



Total Shareholders' Equity

(Dollars in millions)



1) Lighter shading of total loans represents the \$47 million of PPP loans as of 12/31/2020 and \$37 million as of 6/30/2021

Second Quarter Financial Highlights

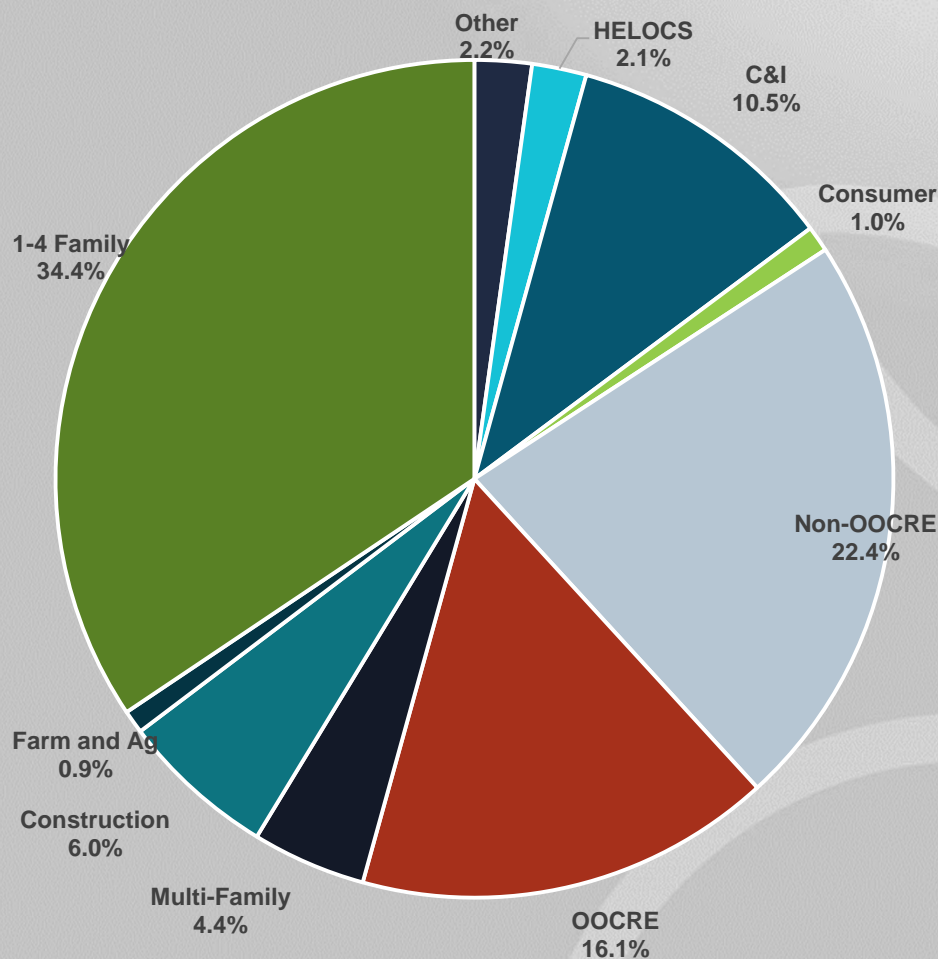
(\$ in thousands except EPS data)	2Q20	1Q21	2Q21
Earnings			
Net Interest Income	\$4,403	\$4,957	\$5,048
Pre-Provision Net Revenue	\$1,569	\$2,289	\$2,237
Net Income	\$826	\$1,778	\$1,732
EPS	\$0.20	\$0.43	\$0.42
Provision Expense	\$525	\$0	\$0
Profitability Ratios			
ROAA	0.57%	1.12%	1.04%
ROAE	6.21%	12.97%	12.28%
Net Interest Margin	3.14%	3.22%	3.12%
Efficiency Ratio	73.01%	65.89%	67.51%
NCOs/Average Loans	(0.01)%	(0.02)%	(0.02)%
Capitalization Ratios			
Tangible Common Equity	8.83%	8.40%	8.47%
Tier 1 Leverage ¹	9.38%	10.31%	10.20%
Total Capital ¹	15.12%	16.78%	15.92%
Dividend Payout	35.00%	16.28%	19.05%

- Surpassed \$670 million in assets during Q2 2021
- Total assets increased \$65.0 million, or 10.7% over June 30, 2020
- Total loans increased \$40.4 million, or 8.5% over June 30, 2020
- Excluding PPP loans, growth was \$56.0 million, or a 13.3% increase
- Pre-provision, pre-tax earnings for Q2 2021 increased \$.668 million, or a 42.6% increase over Q2 2020
- Net recoveries for the quarter were approximately 0.02% of average loans
- Positive operating trends reflect the continued execution on strategic initiatives
- Increased dividend 14.3% in 2021 to \$.08 per share

1) Data presented is for the Bank of Charles Town

Diversified Loan Portfolio — June 30, 2021

Loan Portfolio Breakdown



Industry Monitoring by NAICS Codes

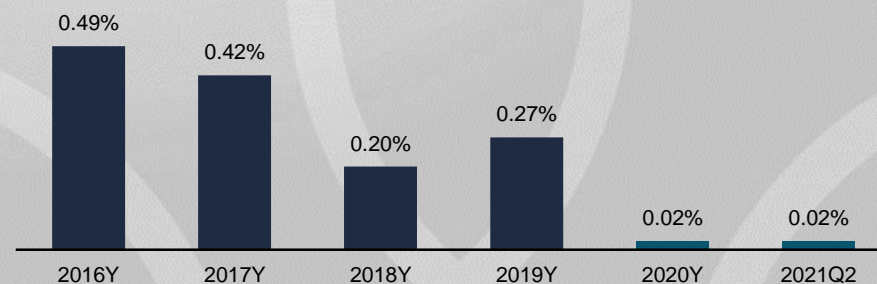
Largest Loan Types by NAICS Code	June 30, 2021	
	Balance	% of Loans
Real Estate:	\$140,196	27%
Lessors of CRE	89,892	17%
Lessors of Residential RE	45,368	9%
Storage Units	4,336	1%
Lessors of Other Real Estate	600	0%
Doctor, Dentists & Other Health:	25,121	5%
Dentists	7,896	2%
Physicians	12,080	2%
Freestanding Emergency Ctrs	3,612	1%
Other Health Practitioners	1,533	0%
Hotels	28,574	6%
Construction	7,259	1%
Land Subdivision	6,717	1%

Prudent Credit Culture Drives Asset Quality

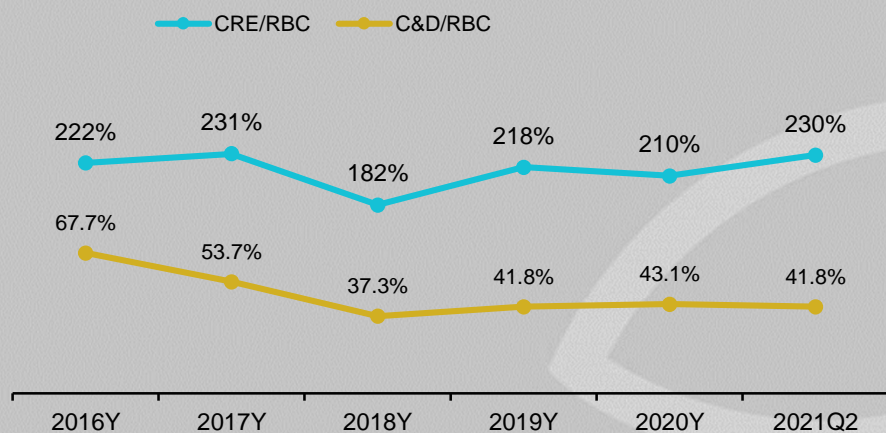
Proactive Underwriting Culture

- Early 2018, strengthened credit culture and underwriting guidelines
- Semi-annual credit score monitoring of consumer portfolios
- Focused commercial business development efforts with prudent credit culture in mind
- Established maximum concentrations of credit in hotel industry in June 2019
- Fall 2019, require PMI on portfolio mortgages over 80% LTV
- Early 2020, proactively adjusted underwriting criteria for consumer lending

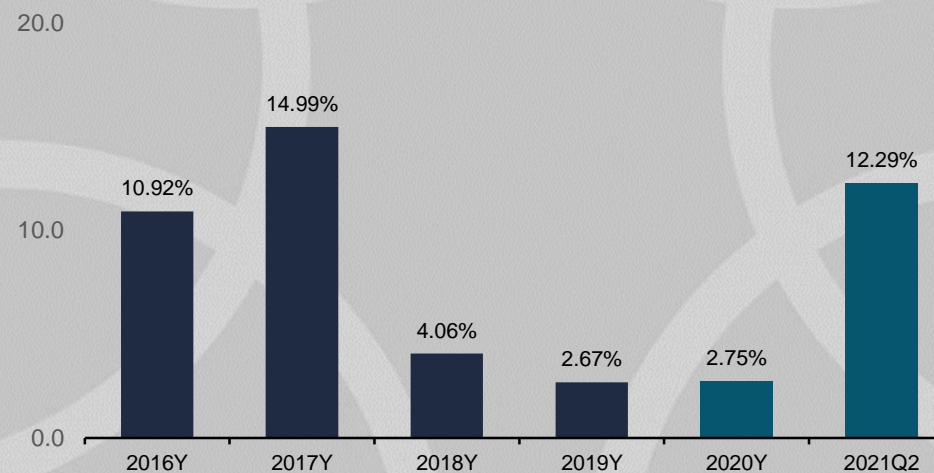
NPAs / Total Assets



CRE and ADC Concentration Ratios



Classified Loans / Tier 1 Capital



Credit Quality Metrics

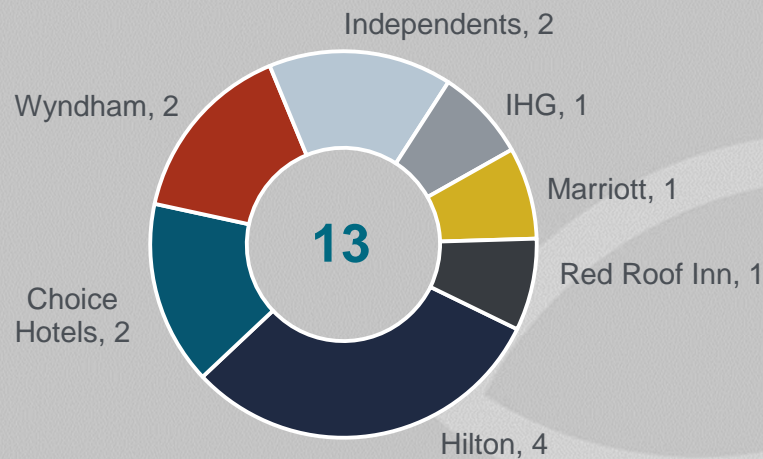
	12/31/2020	6/30/2021
Nonaccrual Loans	\$154	\$142
90+ Days Delinquent Accruing	0	0
Other Real Estate Owned	0	0
Nonperforming Assets	\$154	\$142
Restructured Loans	\$1,000	\$818
Loan Loss Reserve	\$5,385	\$5,428
Asset Quality Ratios (%)		
NPAs / Assets	0.02%	0.02%
Reserves / Loans HFI ¹	1.20%	1.13%
NCOs (Recoveries)/ Avg. Loans	(0.05%)	(0.02%)

1) Reserves/Loans HFI excludes PPP loans in the denominator

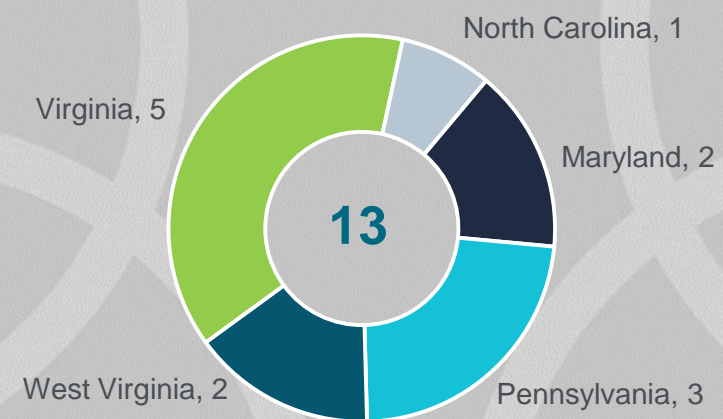
Hotel Lending Exposure

- June 30, 2021 balance of portfolio is \$28.5 million with another \$773 thousand unfunded for construction projects
- 13 total relationships; six borrowers continued to make payments with no deferrals
- All deferral periods now over
- Monthly monitoring continues via STR reports and financial statements
- Credit quality metrics (LTV, DSCR, Sponsor) were strong entering pandemic
- LTV ranged from 39% - 77%. Supported by conservative cap rates; lowest was 7.4% and average was 8.8%
- High-level analysis suggested that Net Operating Incomes (NOIs) could drop by ~30% and most properties would still have positive cash flow

Hotel by Flag



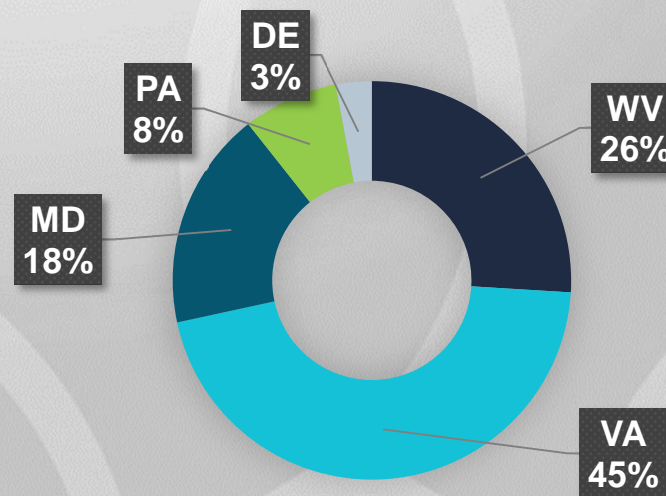
Hotel by Geography



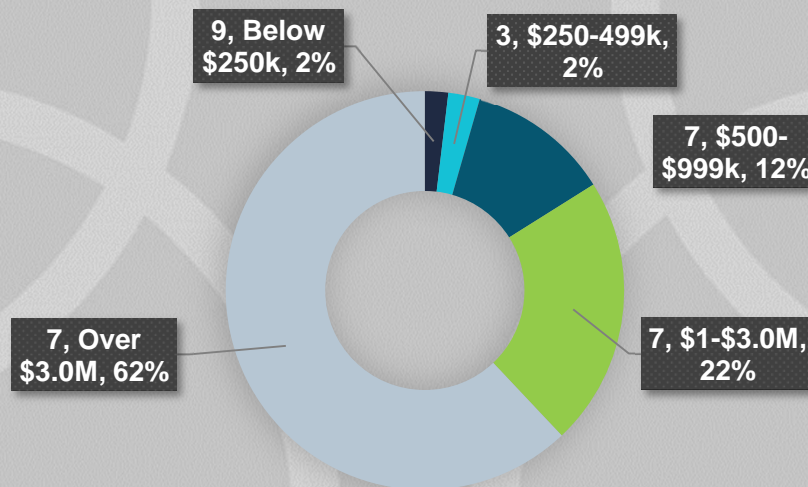
Non-Owner Occupied Retail Real Estate as of June 30, 2021

- 33 loans with \$48.2 million outstanding or ~9% of the loan portfolio (excluding PPP)
- Granular portfolio with median loan size of \$832 thousand
- 52% average LTV
- 5 loans secured shopping centers anchored by Dollar General for \$7 million in aggregate balances
- 3 shopping centers anchored by Dunkin Donuts for \$2 million in aggregate balances

Retail Exposure by State



Retail Exposure by Loan Size

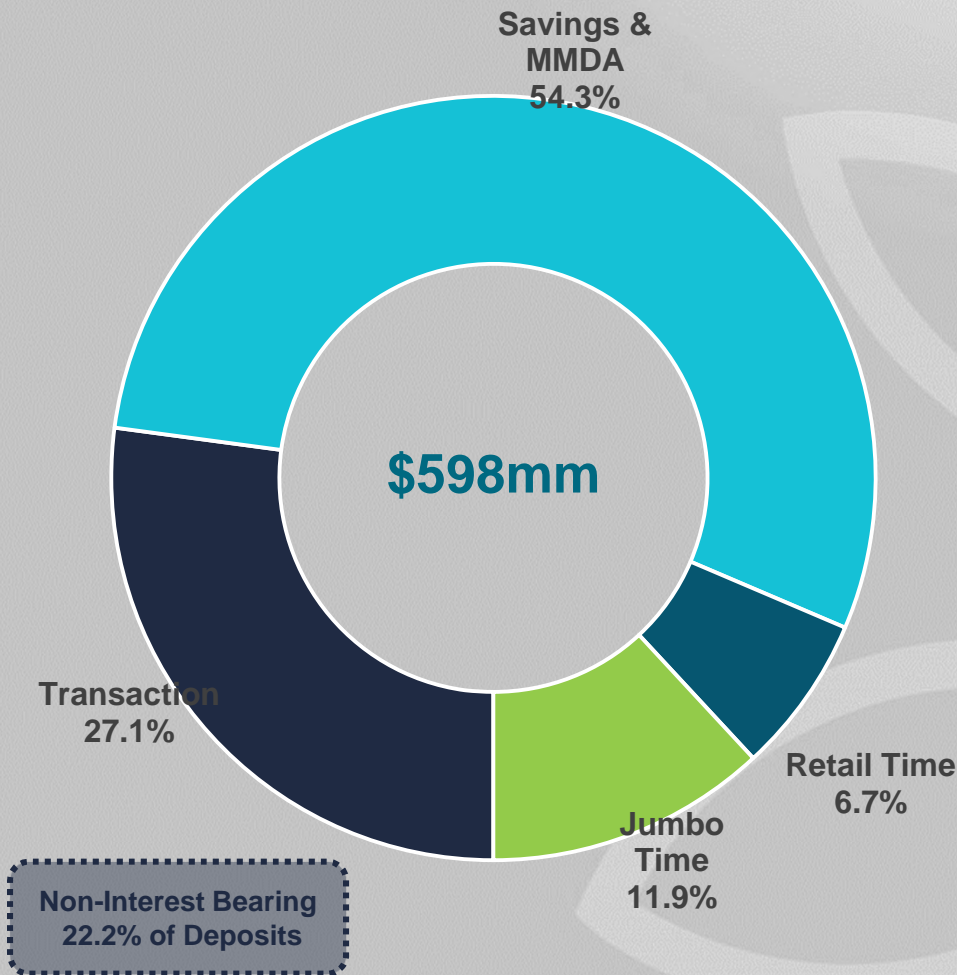


Key Anchor Tenants



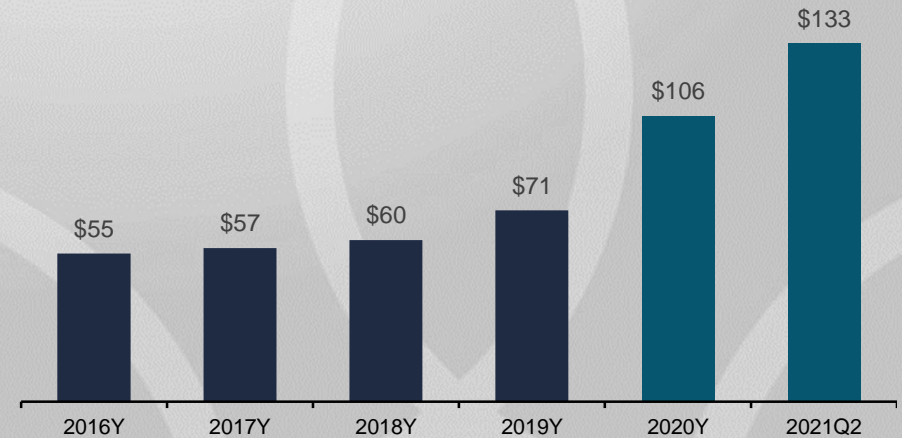
Review of Deposit Portfolio as of June 30, 2021

Stable, Low Cost Core Deposits



Non-Interest Bearing Deposit Growth

(Dollars in millions)



Low Cost of Deposits (2021)



Securities Portfolio and Liquidity as of June 30, 2021

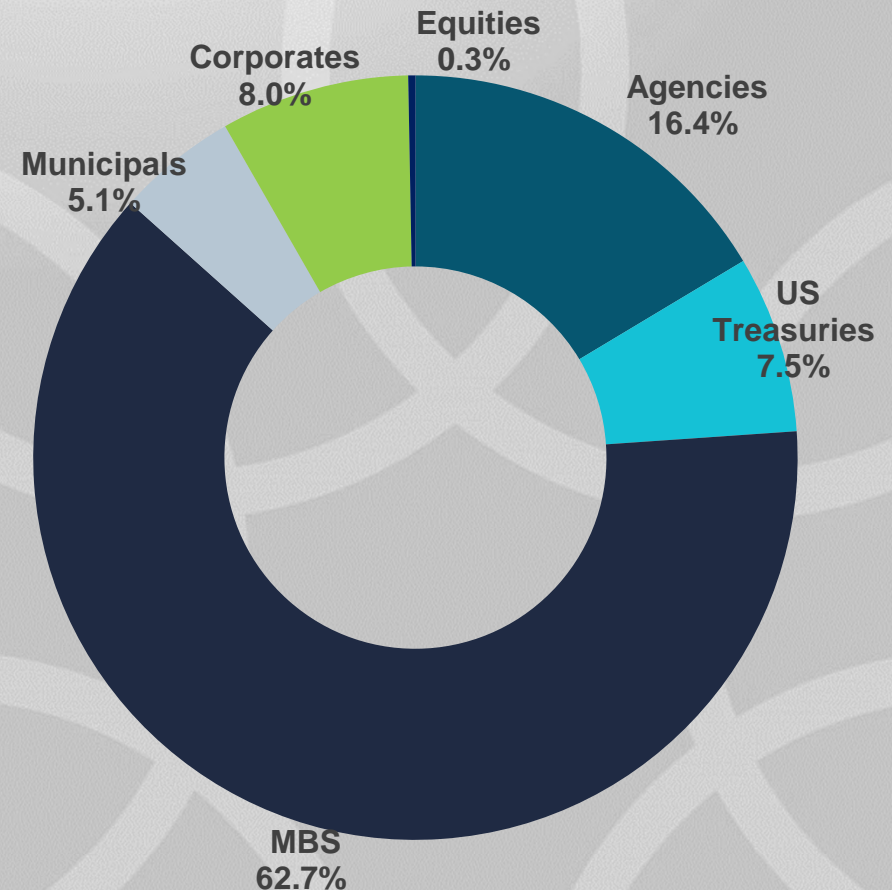
IRR

- Larger earning asset base over prior year
- Current rate environment will continue to put pressure on asset yields
- In rising rate environment NII is projected to trend upward
- In a falling rate environment NII is projected to trend roughly in-line

Sources of Liquidity

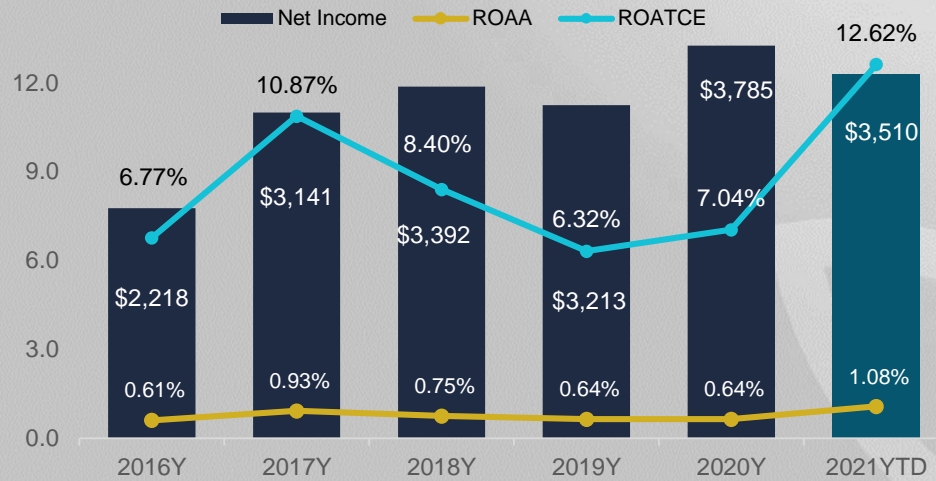
- \$185 million of available credit from the FHLB
- \$17.6 Fed Discount Window availability
- Two Correspondent Bank LOCs totaling \$10 million
- \$73.5 million of unpledged securities

Investment Portfolio

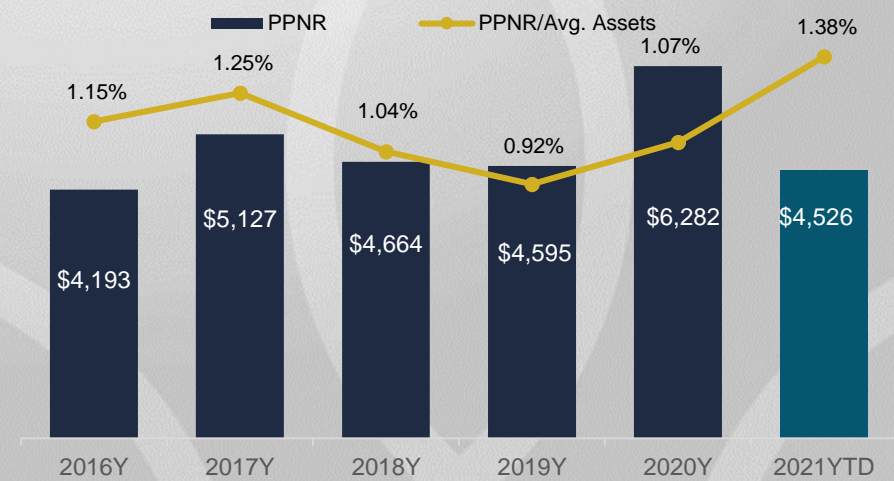


Strong Earnings Power

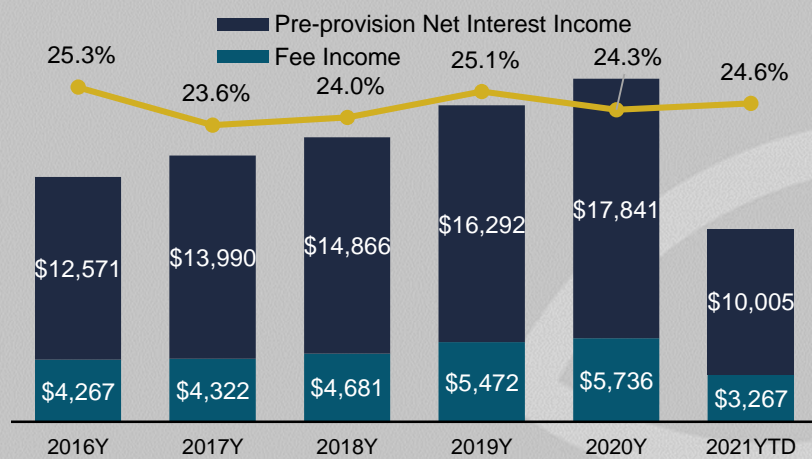
Net Income, ROAA and ROATCE



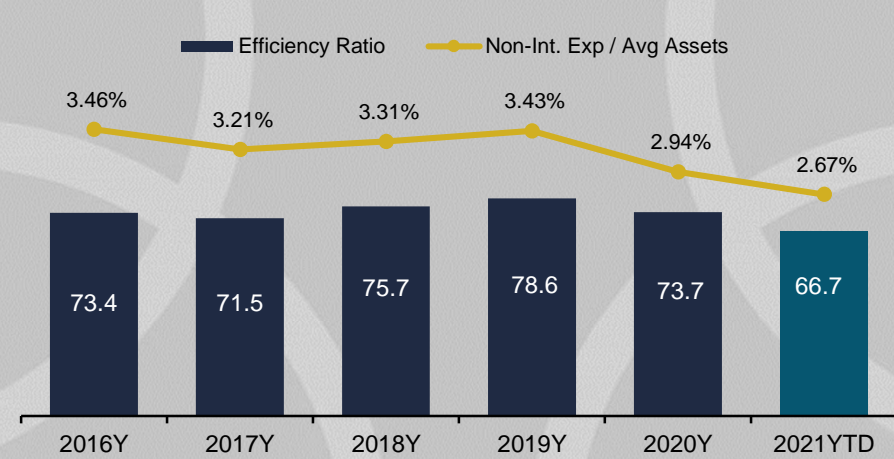
Pre-Provision Net Revenue / Avg. Assets



Fee Income / Op. Revenue



Efficiency Ratio and NIE / Average Assets



Note: Financial data as of June 30, unless otherwise noted; 2017Y net income excludes BOLI proceeds



Appendix

Diversified Board of Directors

In addition to its top notch management team, the Company is extremely proud of its board of directors and believes that it serves a critical role in formulating strategy while exemplifying sound corporate governance. The board is very diverse in terms of backgrounds, perspectives and tenures, which both enhances the quality of decision making and signifies a collective that is truly representative of the communities and customers that the Company serves. The board features an independent chair and lead director, both elected annually. The Company also employs director age limits to ensure an appropriate amount of turnover and vitality among the board.

Name	Role	Age	Begin Year	Biography
Dr. Keith B. Berkeley	Chairman of the Board	61	2008	President and owner of Valley Equine Associates PLLC
J. Scott Boyd	Board Director/ Lead Director	64	1999	Pharmacist and President/Owner of Jefferson Pharmacy,inc.
Kristina Bouweiri	Board Director	58	2019	Owner, President and CEO of Reston Limousines
Norman M. Casagrande	Board Director	60	2013	Retired, former owner Code Plus Components LLC.
Margaret M. Cogswell	Board Director	62	2003	Chief Executive Officer of Hospice of the Panhandle
Alice P. Frazier	President/CEO/Director	55	2017	President and CEO, PTBS and BCT
Dr. Mitesh Kothari	Board Director	51	2019	Physician, Partner Capital Women’s Care
Barbara H. Pichot	Board Director	72	2004	Retired local CPA
Andrew C. Skinner	Board Director	50	2017	Attorney/Owner at Skinner Law Firm in Charles Town, WV
William White	Board Director	64	2020	Retired CFO & Corporate Secretary, First Bauxite Corp.
Anthony “Tony” Zelenka	Board Director	67	2015	Retired president and CEO of WVU Medicine-East.