

Queenstown Bank

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Queenstown Bancorp of Maryland, Inc. reported its financial results for the quarter ended March 31, 2016.

Net income was \$1,277,000, or \$ 1.01 per share, for the quarter ended March 31, 2016, compared to \$1,213,000, or \$.96 per share, for the quarter ended March 31, 2015. The strong earnings produced in 2015 continued through the first quarter of 2016. Our return on average assets of 1.15% for the quarter ended March 31, 2016 improved slightly over the return on average assets of 1.14% produced for the quarter ended March 31, 2015. Our efficiency ratio, the cost of producing \$1 of revenue, also improved slightly from \$.51 for the first quarter of 2015, compared to \$.50 for the first quarter of 2016. Stable loan interest income combined with continued lower funding costs resulted in an increase in net interest income of \$94 thousand for the first quarter of 2016, compared to the first quarter of 2015. Loan income was stable despite the payoff of roughly \$7 million in construction loans early in the first quarter of 2016. Loans outstanding at March 31, 2016 were \$389.2 million compared to \$390.2 million at March 31, 2015. Deposit growth was very strong during the first quarter of 2016, growing from \$393.5 million at year end 2015 to \$399.3 million at March 31, 2016. Deposits were \$385.4 million at March 31, 2015.

President and CEO J. Thomas Rhodes, Jr. stated, "The deposit growth combined with continued strong earnings performance achieved during the first quarter of 2016 provide ample fuel for future loan growth ahead in 2016. Loan growth will depend on improved economic and real estate market conditions which are still suffering the after effects of the slow recovery from the great recession."

Stock is available for purchase. Recent prices that we are aware of range from \$28-\$31 per share. Please contact us if interested in purchasing available shares of stock.

Queenstown Bank has eight mid-shore offices, including the main office in Queenstown and branches in Chester, Benton's Crossing, Grasonville, Centreville, Easton, Ridgely and Church Hill.

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Queenstown Bancorp of Maryland Inc. and Subsidiary			
Financial Performance Summary & Ratios			
at March 31, 2016 and for the quarter then ended			
	March 31,	March 31,	%
(Dollars in thousands, except per share data)	2016	2015	change
PROFITABILITY			
Net interest income	\$ 4,446	\$ 4,353	2.14%
Noninterest income	271	272	-0.37%
Securities gains	-	-	
Noninterest expenses	2,374	2,365	0.38%
Income before credit losses, securities gains, other real estate expenses & income taxes	2,409	2,319	3.88%
Provisions for loan and other credit losses	270	310	-12.90%
Income before taxes	2,073	1,950	6.31%
Income tax expense	796	737	8.01%
Net income	1,277	1,213	5.28%
Return on average assets	1.15%	1.14%	
Return on average equity	9.74%	10.08%	
Net interest margin	4.21%	4.35%	
*Efficiency ratio excluding oreo gains (losses)	50.14%	50.51%	
BALANCE SHEET			
Loans	\$ 389,292	\$ 390,238	-0.24%
Loan loss reserve	6,114	6,130	-0.26%
Loans, net of loan loss reserve	383,178	384,108	-0.24%
Interest bearing deposits with banks	41,823	20,222	106.82%
Total assets	455,102	437,028	4.14%
Deposits	399,339	385,426	3.61%
Borrowings	-	-	
Stockholders' equity	53,134	49,296	7.79%
Loans / Deposits	97.48%	101.25%	
Loan loss reserve / Loans	1.57%	1.57%	
REGULATORY CAPITAL RATIOS			
QUEENSTOWN BANK -			
Tier I leverage ratio	11.90%	11.37%	
Common equity risk based	15.45%	13.85%	
Tier I risk-based capital ratio	15.45%	13.85%	
Total risk based capital ratio	16.71%	15.11%	
Total risk weighted assets	343,390	354,673	
Total average assets quarter to date	445,800	432,072	
Tier I	\$ 53,047	49,135	
Total capital	\$ 57,365	53,592	