

Queenstown Bancorp of Maryland, Inc. reported its financial results for the six months ended June 30, 2016.

Net income was \$2.6 million, or \$2.04 per share, for the six months ended June 30, 2016, compared to net income of \$2.5 million, or \$1.98 per share for the same six months of 2015. These strong earnings result in a return on average assets of 1.16% and a return on average stockholders' equity of 9.80%.

Stable loan interest income combined with strong nonmaturity deposit growth produced net interest income of \$9 million for the first six months of 2016, compared to \$8.8 million for the same six months of 2015. This net interest income increase occurred despite the temporary reduction of the loan portfolio from payouts of short term commercial loans. Loans outstanding at June 30, 2016 were \$389.6 million compared to \$395.2 million at June 30, 2015.

Nonmaturity deposit growth has been very strong in 2016, with balances growing from \$205.6 million at December 31, 2015, to \$213.1 million at June 30, 2016. This deposit growth combined with strong levels of liquidity and capital position us well for planned conservative loan growth in the second half of 2016.

The provision for loan losses was reduced from \$641 thousand for the first six months of 2015, to \$540 thousand for the first six months of 2016. All nonperforming loan and past due loan balances have continued to decline resulting in the reduction in the loan loss provisions. The allowance for loan losses as a percentage of total loans was 1.54% at June 30, 2016, compared to 1.56% at June 30, 2015.

Noninterest expenses have increased only \$68 thousand, from \$4,749 thousand in the first half of 2015, to \$4,817 thousand for the first half of 2016. Stable net interest income combined with noninterest expense control have resulted in an improved efficiency ratio of 50.30% for the first half of 2016, compared to 51.52% for the first half of 2015. The efficiency ratio measures the cost of producing \$1 of revenue, so our cost is 50 cents to produce \$1 of revenue, which is one of the best efficiency ratios of all independent banks in Maryland.

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

Queenstown Bancorp of Maryland Inc. and Subsidiary			
Financial Performance Summary & Ratios			
at June 30, 2016 and for the six months then ended			
	June 30,	June 30,	%
(Dollars in thousands, except per share data)	2016	2015	change
PROFITABILITY			
Net interest income	\$ 8,964	\$ 8,824	1.59%
Noninterest income	552	560	-1.43%
Securities gains	-	-	
Noninterest expenses	4,817	4,749	1.43%
Income before credit losses, securities gains, other			
real estate expenses & income taxes	4,889	4,802	1.81%
Provisions for loan and other credit losses	540	641	-15.76%
Income before taxes	4,159	3,994	4.13%
Income tax expense	1,593	1,503	5.99%
Net income	2,566	2,491	3.01%
Return on average assets	1.16%	1.14%	
Return on average equity	9.80%	10.06%	
Net interest margin	4.19%	4.33%	
*Efficiency ratio excluding oreo gains (losses)	50.30%	51.52%	
PER SHARE DATA			
Net income	\$ 2.04	1.98	3.03%
Book value	\$ 43.25	40.13	7.77%
BALANCE SHEET			
Loans	\$ 389,651	\$ 395,207	-1.41%
Loan loss reserve	5,998	6,163	-2.68%
Loans, net of loan loss reserve	383,653	389,044	-1.39%
Interest bearing deposits with banks	46,310	19,845	133.36%
Total assets	460,108	440,592	4.43%
Deposits	399,339	388,158	2.88%
Borrowings	-	-	
Stockholders' equity	54,467	50,534	7.78%
Loans / Deposits	97.57%	101.82%	
Loan loss reserve / Loans	1.54%	1.56%	
REGULATORY CAPITAL RATIOS			
QUEENSTOWN BANK -			
Tier I leverage ratio	11.90%	11.45%	
Common equity risk based	15.66%	14.14%	
Tier I risk-based capital ratio	15.66%	14.14%	
Total risk based capital ratio	16.91%	15.40%	
Total risk weighted assets	346,895	356,507	
Total average assets quarter to date	456,441	440,266	
Tier I	\$ 54,337	50,413	
Total capital	\$ 58,673	54,894	