

Press Release

Queenstown Bancorp of Maryland, Inc. Third Quarter Financial Results

Net income increased \$241 thousand to \$4.1 million for the nine months ended September 30, 2017 from the same period in 2016. Net interest income remained steady at \$13.5 million for the first nine months of 2016 and 2017. Continued improvement in credit performance and conditions resulted in a decrease in provisions for loan losses from \$810 thousand for the first nine months of 2016, compared to \$450 thousand for the first nine months of 2017. The Bank continues to maintain a very attractive Efficiency Ratio, the industry standard for effective expense control, at 51%. Stockholders' equity at September 30, 2017 increased by \$2.9 million to \$59 million from September 30, 2016. The Bank remains very well capitalized with the ratio of common equity to assets increasing from 11.86% at September 30, 2016 to 12.04% at September 30, 2017. Book value per share was \$47.50 at September 30, 2017, up \$3.21 from September 30, 2016, representing an increase of 7.3%. The basic earnings per share increased from \$3.08 per share to \$3.28 per share. For the twelve months from October 1, 2016 to September 30, 2017, the Company has returned \$2.5 million of capital to stockholders as dividends and stock repurchases.

“We continue to be pleased with our financial performance and are happy to release our financial results for the nine months ending September 30, 2017. We show continued improvement in our asset quality which has enabled the Bank to reduce its provision in 2017. The market on the Eastern Shore is very competitive with both local and national banks and we have seen pressure on loan rates but have been able to maintain loan yields. Our capital ratios remain very high and provide an exciting opportunity to seek growth in the market. The Bank has increased its Stockholders' Equity by over 5% and seen improvement in both Return on Average Assets and Return on Average Equity”, stated Kevin B. Cashen, President and Chief Executive Officer. “The Bank's performance is driven by its excellent reputation in the market for serving its community and providing unparalleled customer service. The Bank maintains its dominant market share of deposits in Queen Anne's County with 37.4% of the market. We continue to be excited about the future of the Bank.”

About Queenstown Bank of Maryland: Founded in 1899, Queenstown Bank is a full-service community bank offering a wide array of personal and commercial banking loan and deposit products. The Bank is active in both the residential and commercial mortgage lending markets and has developed a robust on-line banking suite of products for both individuals and businesses. The Bank has total assets of \$484 million and eight branches located in Queenstown, Easton, Grasonville, Chester, Stevensville, Centreville, Church Hill and Ridgely, Maryland. The Bank is well known for its outstanding customer service and responsiveness to its community. For more information on the Bank or if you are interested in buying or selling stock, please visit us at www.queenstownbank.com or contact us at 410-827-8881.

Forward Looking Statements

In addition to the historical information contained herein, this press release may contain forward-looking statements that involve risks and uncertainties that may be affected by various factors that may cause actual results to differ materially from those in any forward-looking statements.

Queenstown Bancorp of Maryland Inc. and Subsidiary			
Financial Performance Summary & Ratios			
at September 30, 2017 and 2016 and for the nine months then ended			
	September 30,	September 30,	%
(Dollars in thousands, except per share data)	2017	2016	change
PROFITABILITY			
Net interest income	\$ 13,471	\$ 13,493	-0.16%
Noninterest income	975	827	17.90%
Noninterest expenses	7,315	7,214	1.40%
Provisions for loan losses	450	810	-44.44%
Income before taxes	6,681	6,296	6.11%
Income tax expense	2,560	2,416	5.96%
Net income	4,121	3,880	6.21%
Return on average assets	1.15%	1.12%	
Return on average equity	9.56%	9.44%	
Net interest margin	3.90%	4.13%	
Efficiency ratio excluding other real estate owned gains (losses)	50.93%	49.95%	
PER SHARE DATA			
Net income	\$ 3.28	3.08	6.49%
Book value	\$ 47.50	44.29	7.25%
Shares outstanding	1,234,616	1,259,330	
BALANCE SHEET			
Loans	\$ 382,000	\$ 388,489	-1.67%
Loan loss reserve	5,695	5,990	-4.92%
Loans, net of loan loss reserve	376,305	382,499	-1.62%
Interest bearing deposits with banks	74,533	55,629	33.98%
Total assets	484,129	469,557	3.10%
Deposits	423,068	411,828	2.73%
Stockholders' equity	58,646	55,776	5.15%
Loans / Deposits	90.29%	94.33%	
Loan loss reserve / Loans	1.49%	1.54%	
REGULATORY CAPITAL RATIOS			
QUEENSTOWN BANK -			
Tier I leverage ratio	12.04%	11.86%	
Common equity risk based	17.41%	16.05%	
Tier I risk-based capital ratio	17.41%	16.05%	
Total risk based capital ratio	18.66%	17.30%	
Total risk weighted assets	336,659	346,819	
Total average assets quarter to date	486,706	469,100	
Tier I	\$ 58,605	55,650	
Total capital	\$ 62,833	60,008	