

Company Info

PRESS RELEASE

For Immediate Release

February 1, 2005

CARROLLTON BANCORP REPORTS QUARTERLY DIVIDEND, & YEAR-END EARNINGS Quarter

BALTIMORE, MARYLAND - Carrollton Bancorp (NASDAQ: CRRB) announced today a quarterly dividend of \$0.10 per share, payable March 1, 2005 to shareholders of record on February 16, 2005. Robert A. Altieri, President & CEO, stated that the cash dividend rate was based on stable core earnings and future prospects for the Company.

Net income for the year ended December 31, 2004 was \$888,000, or \$0.31 per share, compared to \$925,000, or \$0.33 per share for the same period of 2003. During the last quarter of 2004, the Company took a \$497,000 write-down on its security portfolio to reflect what Management considered to be an other-than-temporary impairment of its investment in Federal Home Loan Mortgage Corporation ("FHLMC") preferred stock. The net effect of this write-down was a decrease of \$305,000 in net income. Core earnings (earnings before the effect of investment security transactions) for the year were \$1,122,000, a 79% increase over 2003 core earnings of \$626,000.

The commitment to the Company's business strategies, to focus upon and increase the commercial lending portfolio, continues to show positive results. Commercial real estate and business loans at December 31, 2004 were \$153 million compared to \$140 million at the same time last year. This represents an increase of 9%. For the same period mentioned above, total loans increased 14%. The great majority of new loans carry a term of less than five years. The strategy is to remain short to be able to react more favorably to interest rate fluctuations.

The Company continues to show growth in its deposit base, increasing from \$207.1 million in 2003 to \$225.8 million in 2004, a 9% increase. In January 2005, the Company opened its first branch in Harford County, Maryland and will continue its expansion of branches and deposits in strategically located areas within the Baltimore Metropolitan area.

The Company's net interest margin improved to 3.81% compared to 3.36% for the same period last year. The increased NIM primarily was a result of the Company (1) increasing its non-interest bearing deposits (26% over prior year); (2) increasing the Company's commercial real estate and loan portfolio; and, (3) the repricing in the last quarter of 2004 of approximately \$31.4 million in high funding cost of certificate of deposits.

Noninterest income continues to be a large contributor to the Company's profitability. Noninterest income for the year ended December 31, 2004 was \$8,284,000 compared to \$8,269,000 in 2003. The majority of the Company's noninterest income is derived from its electronic banking activities and the income generated by two subsidiaries, Carrollton Mortgage Services, Inc. and Carrollton Financial Services, Inc.

Improved market conditions brings improved profitability for Carrollton Financial Services, Inc. CFS recognized fee income from brokerage activities of \$624,000 in 2004 compared to \$597,000 for the comparable period of 2003, a 5% increase. The Company's efforts to increase brokerage fee income by licensing existing sales associates to market specific products in our Financial Centers has proven successful.

Mr. Altieri stated that management and the Board of Directors believe that earnings will continue to improve based on monthly results and economic forecasts. We believe the direction and approach we are taking for the future is the proven approach for a more profitable commercial bank. We have informed our shareholders of our course of action as well as the fact that it is a multi-year transformation, and we believe that our shareholders see the value in the long-term prospects for the Company, and will bear with us in the process.

Carrollton Bancorp is the parent company of Carrollton Bank, a commercial bank serving the deposit and financing needs of both consumers and businesses through a system of eleven branch offices in central Maryland and a network of 155 ATMs located in Maryland, Virginia, and West Virginia. The Company provides brokerage services through Carrollton Financial Services, Inc., and mortgage services through Carrollton Mortgage Services, Inc., subsidiaries of the Bank.

This release contains forward-looking statements within the meaning of and pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A forward-looking statement encompasses any estimate, prediction, opinion or statement of belief contained in this release and the underlying management

assumptions. Forward-looking statements are based on current expectations and assessments of potential developments affecting market conditions, interest rates and other economic conditions, and results may ultimately vary from the statements made in this release.

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