

## News Release

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For Immediate Release

October 25, 2001

### CARROLLTON BANCORP REPORTS THIRD QUARTER EARNINGS & QUARTERLY DIVIDEND

**BALTIMORE, MARYLAND** - Carrollton Bancorp (NASDAQ: CRRB) announced today that net income for the quarter ended September 30, 2001 increased by 22% to \$545,000, or \$0.20 per share, compared to \$449,000, or \$0.16 per share, for the same period of 2000. Earnings for the nine months ended September 30, 2001 increased 18% to \$1,577,000, or \$0.58 per share, compared to \$1,335,000, or \$0.49 per share, for the same period of 2000.

Robert A. Altieri, President and Chief Executive Officer, noted earnings increased for both the quarter and nine-month periods despite the recognition of a \$254,000 pre-tax loss on the sale of residential mortgage loans during the first quarter of 2001 compared to a gain of \$16,000 in the first quarter of 2000. The decline in the interest rate environment, which had experienced volatile swings over the previous year, was the reason for the Company's decision to sell \$37 million of residential mortgage loans. Mr. Altieri reported that the loan sales were part of the Company's strategic plan to address its exposure to interest rate risk and to provide for future increased earnings. Mr. Altieri emphasized that the Company is primarily focused on increasing its commercial real estate and small business-lending portfolios.

With the current low interest rate environment, Carrollton Bank like other institutions is seeing significant residential loan payoffs as refinancing of fixed rate debts continues. While this trend has had a negative impact on interest rate margins, it is consistent with the Company's plan to reduce exposure to long-term fixed rate assets that create undue interest rate risk.

The proceeds from the loan sale and payoffs of fixed rate residential lending continue to be reinvested in short-term instruments, to provide greater liquidity. The liquidity from short-term investments is being utilized to reduce borrowings and reliance on higher costs funding sources, which has allowed us to maintain our net interest margins in this highly volatile rate environment. Management will continue to assess the profitability of all of its business units and will take the appropriate steps to eliminate unprofitable operations.

The Company declared a quarterly dividend of \$0.09 per share, payable December 3, 2001 to shareholders of record on November 16, 2001. Mr. Altieri stated that the cash dividend rate was based on stable current earnings and future prospects for the Company.

Total assets for the Company were \$365.0 million at September 30, 2001 compared to \$384.4 million at September 30, 2000. The loan portfolio decreased as a result of the loan sale and anticipated loan payoffs due to the rate declines of the first nine months of 2001 to \$227.2 million at September 30, 2001 from \$279.3 million a year earlier.

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 126 ATMs located in Maryland, Virginia, and West Virginia. The Company provides brokerage services through Carrollton Financial Services, Inc., a subsidiary of the Bank.

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