



We are excited to update you about the progress we are making in our efforts to bring Carrollton Bank and Bay Bank together to form a stronger community bank serving your needs.

As announced on April 8, 2012, Carrollton Bank and Bay Bank signed an Agreement and Plan of Merger to combine the strengths of the two banks in serving the local market. Upon receiving all of the necessary shareholder and regulatory approvals, the two entities will merge and adopt the Bay Bank name while continuing to serve your needs from the current Bay Bank and Carrollton Bank locations. Bay Bank will be owned by Carrollton Bancorp, a publicly traded holding company listed on NASDAQ ("CRRB").

On August 23, 2012, the Carrollton Bank shareholders approved the Agreement and Plan of Merger. We have filed all of the necessary applications with the federal banking regulators and we are eagerly awaiting their approval to close on the merger and bring the two organizations together. In conjunction with the closing, all of the branch locations will be re-branded as Bay Bank. We anticipate a closing date prior to the end of the year and will contact all customers once the transaction has been approved and a closing date is scheduled.

While we continue to address all of the operational questions that arise in bringing the two banks together, we are expecting minimal customer impact during this process. What can you expect? The Carrollton locations will have a new name, Bay Bank, but you will continue to be served by the current staff who will deliver the products and services that you have come to expect from your bank. We have already begun to develop new and exciting products that will expand what we can do for you to make your banking easier.

We look forward to continuing to serve you, our customers, with the highest level of professionalism, knowledge and reliability. Our mission is to consistently deliver exceptional personal service, individualized financial solutions and state of the art banking products. That will not change.

Please know that we value each of our customers and we anticipate a transition and merger process that will have minimal impact on you, our customer. If you have any questions regarding the merger process, please don't hesitate to contact either of us directly or visit your local branch office.

We thank you for your continued patronage and look forward to continuing to service your financial needs in the future.

Sincerely,

Kevin B. Cashen
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