

Company Info

PRESS RELEASE

For Immediate Release

January 30, 2002

CARROLLTON BANCORP REPORTS ANNUAL EARNINGS INCREASE OF 11% & QUARTERLY DIVIDEND

BALTIMORE, MARYLAND - Carrollton Bancorp (NASDAQ: CRRB) announced today that net income for the year ended December 31, 2001 increased by 11% to \$1,933,000, or \$0.71 per share, compared to \$1,747,000, or \$0.64 per share, for 2000. Earnings for the quarter ended December 31, 2001 decreased 14% to \$356,000, or \$0.13 per share, compared to \$413,000, or \$0.16 per share, for the same period of 2000.

Robert A. Altieri, President and Chief Executive Officer, noted earnings increased for the year 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 fourth quarter earnings were negatively impacted by the economic slow down, which had a significant impact on non-interest income associated with its brokerage subsidiary and electronic banking division. 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, which have seen good growth during 2001.

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 the Company to maintain 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 March 1, 2002 to shareholders of record on February 14, 2002. 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 \$357.2 million at December 31, 2001 compared to \$387.9 million at December 31, 2000. The loan portfolio decreased as a result of the loan sale and anticipated loan payoffs due to the rate declines of 2001 to \$220.5 million at December 31, 2001 from \$278.0 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 130 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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