

Company Info

PRESS RELEASE

For Immediate Release

February 12, 2003

CARROLLTON BANCORP REPORTS ANNUAL EARNINGS & QUARTERLY DIVIDEND

BALTIMORE, MARYLAND - Carrollton Bancorp (NASDAQ: CRRB) announced today that net income for the year ended December 31, 2002 decreased by 1% to \$1,917,000, or \$0.68 per share, compared to \$1,933,000, or \$0.68 per share, for 2001. Earnings for the quarter ended December 31, 2002 decreased 33% to \$239,000, or \$0.10 per share, compared to \$356,000, or \$0.13 per share, for the same period of 2001.

The commitment to the Company's business strategies set forth in 2001 continues to show positive balance sheet results, however, the volatile market conditions and ongoing economic uncertainty have had an impact on the Company's ability to transition into an institution that rivals its peers in profitability. Significant balance sheet improvement was recognized in 2002 focusing on commercial lending and less on long-term commodity type asset growth. The historically low interest rates has been the primary factor in the Company's rapid decline in residential real estate loans causing profitability to be below projected earnings set forth in 2001. The Company's business strategies will continue to focus on the business community in the Baltimore Metropolitan area as evident by commercial loans increasing to \$118,110,000 or 22% in 2002 compared to 2001 while residential real estate loans have decreased \$38,100,000 or 32% compared to 2001.

In July of 2002, the Company severed its relationship with Target Department Stores, removing 56 ATM's and gradually deploying 34 of those ATM's into Wal-Marts and Sam's Clubs to increase the Company's association with the large retail chain. The Company projects this move will have a positive impact on fee income over the next two-years. The existing ATM's in the Company's network will be fully depreciated prior to the fourth quarter of 2004.

Noninterest income continues to be a large contributor to the Company's profitability during this transition period. Noninterest income in 2002 was \$7,535,000 compared to \$7,156,000 in 2001, an increase of 5.3%. The Company experienced a one time gain of \$688,000 in 2002 resulting from the sale of its Liberty Road Branch. Results for 2001 included losses of \$257,000 on loan and security sales.

Market conditions adversely affected the profitability of Carrollton Financial Services, Inc in 2002. Carrollton Financial Services, Inc. ended 2002 with fee income of \$671,000 compared to \$1,016,000 in 2001, a 34% decrease. The Company has taken steps to increase brokerage fee income by licensing existing sales associates to market specific products in our Financial Centers in 2003.

The Company is pleased to announce it will reactive its mortgage subsidiary, Carrollton Mortgage Services, Inc., in the first quarter of 2003. Carrollton Mortgage Services, Inc. will be a full service mortgage subsidiary of Carrollton Bank offering mortgage products that will be originated and sold in the secondary market. This reactivation will increase fee income in 2003 without significant interest rate risk as these loans will be sold as originated.

The Company has declared a quarterly dividend of \$0.09 per share, payable March 3, 2003 to shareholders of record on February 13, 2003. President Robert Altieri stated that the cash dividend rate is based on stable current earnings and future prospects for the Company.

Total assets for the Company were \$324.2 million at December 31, 2002 compared to \$356.9 million at December 31, 2001. The loan portfolio decreased as a result of the loan payoffs due to the rate declines of 2002 to \$205.2 million at December 31, 2002 from \$220.5 million a year earlier. The Company is well positioned to continue growth of the commercial loan portfolio without the long term interest rate risk inherent in the previously held residential mortgage portfolio.

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 ten branch offices in central Maryland and a network of 152 ATMs located in Maryland, Virginia, and West Virginia. The Company provides brokerage services through Carrollton Financial Services, Inc., a subsidiary of the Bank.

A summary of financial information follows. For additional information, contact Randall M. Robey, Chief Financial

Officer, (410) 536-7308, or visit the Company's Internet site at www.carrolltonbank.com.

[Top](#)

FDIC

