

**CPP ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Carrollton Bancorp

Point of Contact:	Mark Semanie	RSSD: (For Bank Holding Companies)	1469800
UST Sequence Number:	591	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	9,201,000	FDIC Certificate Number: (For Depository Institutions)	12433
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February13,2009	City:	Columbia
Date Repaid <sup>1</sup> :	N/A	State:	Maryland

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

- Increase lending or reduce lending less than otherwise would have occurred.**  
 Gross loans at December 31, 2011 were approximately \$24 million lower than December 31, 2010. While this is a significant decrease, the decrease would have been even greater without the use off the CPP. The Company has remained well capitalized throughout.

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**To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Empty response area for increased lending.

**Increase securities purchased (ABS, MBS, etc.).**

Empty response area for increased securities purchased.

**Make other investments.**

Empty response area for other investments.

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**Increase reserves for non-performing assets.**

**Reduce borrowings.**

**Increase charge-offs.**

Net charge-offs remained elevated in 2011 at \$1.8 million. In addition, the Company had security write-downs of \$750,000. The CPP and balance reductions were critical in maintaining acceptable regulatory capital ratios.

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Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

Without the CPP, the Company would not be well capitalized by Regulatory standards as a result of losses in 2009 and 2010 as well as impairments in the investment portfolio.

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

The most significant action we are able to avoid is short term capital management activities that would have impaired long term profitability. Without the CPP we may have been forced to reduce our loan portfolio and sell investments to realize gains in order to bolster capital ratios. Both of these actions would have impaired future net interest income and profitability. Instead, we are able to focus on repositioning our liability mix and improving net interest margins while continuing to work through asset quality issues.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

We have been able to take the appropriate amount of time to evaluate our strategic options for the future of the Company.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

None.