



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Carrollton Bancorp

Person to be contacted regarding this report:	Mark Semanie	RSSD: (For Bank Holding Companies)	1469800
UST Sequence Number:	591	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	9,201,000	FDIC Certificate Number: (For Depository Institutions)	12433
CPP Funds Repaid to Date:	0	City:	Columbia
Date Funded (first funding):	Feb 13, 2009	State:	Maryland
Date Repaid ¹ :	N/A		

¹If 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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Increased loans outstanding by \$12.9 million, or 4.2%, over outstanding loans as of December 31, 2008.
<input checked="" type="checkbox"/>	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.).	Residential real estate lending increased by \$6.4 million or 8.3%. Construction and development lending increased by \$3.8 million or 12.3%.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Increased investments and liquid assets by \$4.8 million, or 6.0%, over comparable balances as of December 31, 2008.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The CPP capital had no impact on our loan loss provision or our write-downs on other assets because those actions would have occurred regardless of our capital position. The CPP simply allowed us to absorb the impact of those items without having to take other adverse actions.
<input checked="" type="checkbox"/>	Reduce borrowings	Reduced FHLB and other borrowings by \$29.6 million, or 37.3%, as compared to balances as of December 31, 2008.
<input checked="" type="checkbox"/>	Increase charge-offs	The CPP capital had no impact on our loan loss provision or our write-downs on other assets because those actions would have occurred regardless of our capital position. The CPP simply allowed us to absorb the impact of those items without having to take other adverse actions.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Explored acquisition of branches from separate troubled institutions in order to improve the profitability of our own branches while also assisting the selling institution in improving their capital ratios. No transactions were completed due to the distressed nature of sellers branches.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

The receipt of the \$9.2 million under the CPP allowed us to avoid certain actions that may have been required to maintain our status as a "Well Capitalized" institution. These actions most likely would have included:

1. Increasing total risk weighted assets by no more than \$10 million in 2009 as compared to the actual increase of \$64.4 million.
2. Possibly reducing staffing and selling or closing branches to offset declining operating results from shrinking margins, increasing loan loss provisions, write-downs on foreclosed real estate values and write-downs on certain investments.

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

We believe that our response to question 1 adequately addresses this question as well.

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

We have begun to strengthen our senior management team with an eye towards the future opportunities that will emerge when the