

FIRST MARINER BANCORP
Form 10-Q
May 10, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended **March 31, 2005**.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from

Commission file number: **0-21815**

FIRST MARINER BANCORP

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

52-1834860
(I.R.S. Employer Identification Number)

3301 Boston Street, Baltimore, MD
(Address of principal executive offices)

21224
(Zip Code)

410-342-2600
(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such report, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

Yes No

The number of shares of common stock outstanding as of May 5, 2005 is 6,244,002 shares.

FIRST MARINER BANCORP
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First Mariner Bancorp and Subsidiaries

Consolidated Statements of Financial Condition

| (Dollars in thousands, except per share data) | March 31, | December 31, |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| | 2005 (unaudited) | 2004 |
| ASSETS | | |
| Cash and due from banks | \$ 29,502 | \$ 29,765 |
| Federal funds sold and interest-bearing deposits | 7,253 | 5,682 |
| Available-for-sale securities, at fair value | 306,683 | 322,965 |
| Loans held for sale | 75,923 | 79,955 |
| Loans receivable | 768,258 | 746,146 |
| Allowance for loan losses | (9,714) | (9,580) |
| Loans, net | 758,544 | 736,566 |
| Other real estate owned | 931 | 65 |
| Restricted stock investments | 11,960 | 11,886 |
| Property and equipment, net | 37,535 | 17,445 |
| Accrued interest receivable | 6,660 | 6,417 |
| Deferred income taxes | 4,497 | 2,976 |
| Bank owned life insurance | 26,595 | 26,338 |
| Prepaid expenses and other assets | 12,321 | 10,471 |
| Total assets | \$ 1,278,404 | \$ 1,250,531 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Deposits: | | |
| Noninterest-bearing | \$ 172,129 | \$ 160,538 |
| Interest-bearing | 680,827 | 664,879 |
| Total deposits | 852,956 | 825,417 |
| Borrowings | 282,779 | 271,661 |
| Repurchase agreements | 15,000 | 25,000 |
| Junior subordinated deferrable interest debentures | 58,249 | 58,249 |
| Accrued expenses and other liabilities | 6,171 | 5,890 |
| Total liabilities | 1,215,155 | 1,186,217 |
| Stockholders' equity: | | |
| Common stock, \$.05 par value; 20,000,000 shares authorized; 5,832,760 and 5,826,011 shares issued and outstanding, respectively | 292 | 291 |
| Additional paid-in capital | 51,769 | 51,792 |
| Retained earnings | 13,738 | 12,363 |
| Accumulated other comprehensive loss | (2,550) | (132) |
| Total stockholders' equity | 63,249 | 64,314 |
| Total liabilities and stockholders' equity | \$ 1,278,404 | \$ 1,250,531 |

See accompanying notes to the consolidated financial statements

First Mariner Bancorp and Subsidiaries

Consolidated Statements of Operations (Unaudited)

| | Three Months Ended | |
|--------------------------------------------------------|-----------------------------------------|-----------|
| | 2005 | 2004 |
| | March 31, | |
| | (dollars in thousands except per share) | |
| Interest income: | | |
| Loans | \$ 14,672 | \$ 12,104 |
| Investment securities and interest-bearing deposits | 3,487 | 3,037 |
| Total interest income | 18,159 | 15,141 |
| Interest expense: | | |
| Deposits | 3,508 | 3,110 |
| Borrowed funds and repurchase agreements | 3,407 | 2,110 |
| Total interest expense | 6,915 | 5,220 |
| Net interest income | 11,244 | 9,921 |
| Provision for loan losses | 414 | 300 |
| Net interest income after provision for loan losses | 10,830 | 9,621 |
| Noninterest income: | | |
| Gain on sale of loans | 760 | 945 |
| Other mortgage banking fees | 358 | 315 |
| ATM Fees | 719 | 624 |
| Service fees on deposits | 1,671 | 1,548 |
| Gain on sales of investment securities | - | 340 |
| Commissions on sales of nondeposit investment products | 125 | 238 |
| Income from bank owned life insurance | 257 | 233 |
| Commissions on sales of other insurance products | 413 | 283 |
| Other | 223 | 164 |
| Total noninterest income | 4,526 | 4,690 |
| Noninterest expenses: | | |
| Salaries and employee benefits | 7,145 | 6,539 |
| Net occupancy | 1,645 | 1,535 |
| Furniture, fixtures and equipment | 756 | 719 |
| Professional services | 333 | 191 |
| Advertising | 450 | 356 |
| Data processing | 521 | 515 |
| Other | 2,638 | 2,643 |
| Total noninterest expenses | 13,488 | 12,498 |
| Income before taxes | 1,868 | 1,813 |
| Provision for income taxes | 493 | 506 |
| Net income | \$ 1,375 | \$ 1,307 |
| Net income per common share: | | |
| Basic | \$ 0.24 | \$ 0.23 |
| Diluted | 0.22 | 0.21 |

See accompanying notes to the consolidated financial statements.

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First Mariner Bancorp and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)

For the three months ended March 31,

| | 2005 | (dollars in thousands) | | 2004 |
|-------------------------------------------------------------------------------|------|------------------------|----|-----------|
| Cash flows from operating activities: | | | | |
| Net income | \$ | 1,375 | \$ | 1,307 |
| Adjustments to reconcile net income to net cash used by operating activities: | | | | |
| Depreciation and amortization | | 856 | | 805 |
| Amortization of unearned loan fees and costs, net | | (262) | | (266) |
| Amortization of premiums and discounts on loans | | (183) | | (185) |
| Amortization of premiums and discounts on mortgage-backed securities, net | | (93) | | 42 |
| Gain on available for sale securities | | | | (340) |
| Gain on other real estate owned | | | | (27) |
| Gain on sale of loans | | (760) | | (945) |
| Valuation allowance of other real estate owned | | | | 2 |
| Increase in accrued interest receivable | | (243) | | (368) |
| Provision for loan losses | | 414 | | 300 |
| Proceeds from sales of mortgage loans held-for-sale | | 260,064 | | 206,845 |
| Origination of mortgage loans held-for-sale | | (255,272) | | (197,886) |
| Increase in cash surrender value of bank owned life insurance | | (257) | | (232) |
| Net increase (decrease) in accrued expenses and other liabilities | | 281 | | (53) |
| Net (increase) decrease in prepaids and other assets | | (1,851) | | 4,579 |
| Net cash provided by operating activities | | 4,069 | | 13,578 |
| Cash flows from investing activities: | | | | |
| Loan disbursements, net of principal repayments | | (22,813) | | (20,541) |
| Purchases of property and equipment | | (20,946) | | (425) |
| (Purchase) sale of restricted stock investments | | (74) | | 2,450 |
| Activity in available for sale securities: | | | | |
| Sales | | - | | 14,961 |
| Maturities, prepayments and calls | | 14,541 | | 110,276 |
| Purchases | | (2,103) | | (136,972) |
| Proceeds from sales of other real estate owned | | | | 277 |
| Purchase of bank owned life insurance | | | | (10,000) |
| Net cash used by investing activities | | (31,395) | | (39,974) |
| Cash flows from financing activities: | | | | |
| Net increase in deposits | | 27,539 | | 63,102 |
| Net increase (decrease) in borrowings | | 11,118 | | (29,942) |
| Repayment of repurchase agreements | | (10,000) | | |
| Proceeds from stock issuance, net | | 158 | | 361 |
| Repurchase of common stock, net of costs | | (181) | | |
| Net cash provided by financing activities | | 28,634 | | 33,521 |
| Increase in cash and cash equivalents | | 1,308 | | 7,125 |
| Cash and cash equivalents at beginning of period | | 35,447 | | 46,679 |
| Cash and cash equivalents at end of period | \$ | 36,755 | \$ | 53,804 |
| Supplemental information: | | | | |
| Interest paid on deposits and borrowed funds | \$ | 6,759 | \$ | 5,254 |
| Income taxes paid | | | | 145 |

See accompanying notes to consolidated financial statements.

FIRST MARINER BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The foregoing consolidated financial statements of First Mariner Bancorp (the Company) are unaudited; however, in the opinion of management, all adjustments (comprising only normal recurring accruals) necessary for a fair presentation of the results of interim periods have been included. The balances as of December 31, 2004 have been derived from audited financial statements. There have been no significant changes to the Company's accounting policies as disclosed in the 2004 annual report. These statements should be read in conjunction with the financial statements and accompanying notes included in First Mariner Bancorp's Annual Report on Form 10-K for the year ended December 31, 2004. The results shown in this interim report are not necessarily indicative of results to be expected for the full year.

Consolidation of financial information has resulted in the elimination of all significant intercompany accounts and transactions. Certain reclassifications have been made to amounts previously reported to conform with the classifications made in 2005. All figures for the periods ended March 31, 2005 and March 31, 2004 are unaudited amounts.

NOTE 2 COMPREHENSIVE INCOME

| (Unaudited) | Three months ended | |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|----------|
| | March 31, | |
| | 2005 | 2004 |
| (dollars in thousands) | | |
| Net income | \$ 1,375 | \$ 1,307 |
| Other comprehensive income items: | | |
| Unrealized holding (losses) gains arising during the period (net of tax expense of (\$1,521) and \$709, respectively) | (2,418) | 995 |
| Less: reclassification adjustment for gains (net of taxes of \$0 and \$131, respectively) included in net income | | (209) |
| Total other comprehensive (loss) income | (2,418) | 1,204 |
| Total comprehensive (loss) income | \$ (1,043) | \$ 2,511 |

NOTE 3 PER SHARE DATA

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Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings per share is computed after adjusting the denominator of the basic earnings per share computation for the effects of all dilutive potential common shares outstanding during the period. The dilutive effects of options, warrants and their equivalents are computed using the treasury stock method. For the period ended March 31, 2005 and 2004 there were 48,450 and 0 shares respectively which were antidilutive and excluded from the computation.

Information relating to the calculation of earnings per common share is summarized as follows:

| (Unaudited) (dollars in thousands) | Three Months Ended | |
|-------------------------------------------------------|--------------------|----------------|
| | March 31, 2005 | March 31, 2004 |
| Net income-basic and diluted | \$ 1,375 | \$ 1,307 |
| Weighted-average shares outstanding-basic | 5,828,580 | 5,713,462 |
| Dilutive securities-options and warrants | 562,187 | 647,644 |
| Adjusted weighted-average shares outstanding-dilutive | 6,390,767 | 6,361,106 |

NOTE 4 - STOCK BASED COMPENSATION

We apply the intrinsic value method to account for stock-based employee compensation plans. Under this method, compensation cost is recognized for awards of shares of common stock to employees only if the quoted market price of the stock at the grant date (or other measurement date, if later) is greater than the amount the employee must pay to acquire the stock.

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The option price is equal to the market price of the common stock at the date of grant for all of our options granted in 2005 and 2004 and, accordingly, we do not record compensation expense related to options granted. If we had applied the fair value-based method to recognize compensation cost for the options granted, our net income and net income per share would have been changed to the following pro forma amounts for the three months ended March 31:

| (Unaudited) (dollars in thousands except per share data) | For three months ended | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|----------|
| | 2005 | March 31, | 2004 |
| Net earnings, as reported | \$ | 1,375 | \$ 1,307 |
| Deduct: Total stock-based employee compensation expense determined using the fair value based method for all awards, net of related tax effects | | (457) | (436) |
| Pro forma net earnings | \$ | 918 | \$ 871 |
| Earnings per share: | | | |
| Basic - as reported | \$ | 0.24 | \$ 0.23 |
| Basic - pro forma | \$ | 0.16 | \$ 0.15 |
| Diluted - as reported | \$ | 0.22 | \$ 0.21 |
| Diluted - pro forma | \$ | 0.14 | \$ 0.14 |

NOTE 5 SEGMENT INFORMATION

The Company is in the business of providing financial services, and operates in three business segments commercial and consumer banking, consumer finance and mortgage banking. Commercial and consumer banking is conducted through First Mariner Bank (the Bank) and involves delivering a broad range of financial services, including lending and deposit taking, to individuals and commercial enterprises. This segment also includes the Company's treasury and administrative functions. Mortgage banking is conducted through First Mariner Mortgage, a division of the Bank, and involves originating residential single family mortgages for sale in the secondary market and to the Bank. Consumer finance is conducted through Finance Maryland, and involves originating small direct consumer loans and the purchase of retail installment sales contracts.

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The following table presents certain information regarding the Company's business segments:

For the quarter ended March 31, 2005 (unaudited):

| (dollars in thousands) | Commercial and | Consumer | Mortgage | Total |
|-----------------------------------------------------|------------------|-----------|-----------|--------------|
| | Consumer Banking | Finance | Banking | |
| Interest income | \$ 15,046 | \$ 2,351 | \$ 762 | \$ 18,159 |
| Interest expense | 6,149 | 376 | 390 | 6,915 |
| Net interest income | 8,897 | 1,975 | 372 | 11,244 |
| Provision for loan losses | 50 | 364 | | 414 |
| Net interest income after provision for loan losses | 8,847 | 1,611 | 372 | 10,830 |
| Noninterest income | 3,041 | 430 | 1,055 | 4,526 |
| Noninterest expense | 9,572 | 1,801 | 2,115 | 13,488 |
| Net intersegment income | (44) | | 44 | |
| Income before income taxes | \$ 2,272 | \$ 240 | \$ (644) | \$ 1,868 |
| Total assets | \$ 1,165,815 | \$ 36,666 | \$ 75,923 | \$ 1,278,404 |

For the quarter ended March 31, 2004 (unaudited):

| (dollars in thousands) | Commercial and | Consumer | Mortgage | Total |
|-----------------------------------------------------|------------------|-----------|-----------|--------------|
| | Consumer Banking | Finance | Banking | |
| Interest income | \$ 13,026 | \$ 1,629 | \$ 486 | \$ 15,141 |
| Interest expense | 4,754 | 234 | 232 | 5,220 |
| Net interest income | 8,272 | 1,395 | 254 | 9,921 |
| Provision for loan losses | 50 | 250 | | 300 |
| Net interest income after provision for loan losses | 8,222 | 1,145 | 254 | 9,621 |
| Noninterest income | 3,201 | 292 | 1,197 | 4,690 |
| Noninterest expense | 8,996 | 1,314 | 2,188 | 12,498 |
| Net intersegment income | 96 | | (96) | |
| Income before income taxes | \$ 2,523 | \$ 123 | \$ (833) | \$ 1,813 |
| Total assets | \$ 1,018,319 | \$ 24,742 | \$ 51,041 | \$ 1,093,832 |

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read and reviewed in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Portions of this 10-Q may contain forward-looking language within the meaning of The Private Securities Litigation Reform Act of 1995. Statements may include expressions about the Company's confidence, policies, and strategies, provisions and allowance for loan losses, adequacy of capital levels, and liquidity. Such forward looking statements involve certain risks and uncertainties, including general economic conditions, competition in the geographic and business areas in which the Company operates, inflation, fluctuations in interest rates, legislation and government regulation. For a more complete discussion of risks and uncertainties that could cause actual results to differ materially from

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those contained in the forward looking statements, see Risk Factors filed as Exhibit 99 to the Company's Form 10-K for the year ended December 31, 2004. The Company assumes no obligation to update forward-looking statements at any time.

The Company

The Company is a financial holding company incorporated under the laws of Maryland and registered under the Federal Bank Holding Company Act of 1956, as amended. The Company was organized in 1994 and changed its name to First Mariner Bancorp in May 1995. Since 1995, the Company's strategy has involved building a network of banking branches, ATMs and other financial services outlets to capture market share and build a community franchise for stockholders, customers and employees. The Company is currently focused on growing assets and earnings by capitalizing on the broad network of bank branches, mortgage offices, consumer finance offices, and ATMs established during its infrastructure expansion phase.

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The Company's business is conducted primarily through its wholly-owned subsidiaries, First Mariner Bank (the "Bank"), Finance Maryland LLC ("Finance Maryland"), and FM Appraisals, LLC ("FM Appraisals"). First Mariner Bank is the largest operating subsidiary of the Company with assets exceeding \$1.204 billion as of March 31, 2005. The Bank was formed in 1995 through the merger of several small financial institutions. The Bank's primary market area for its core banking operations, which consist of traditional commercial and consumer lending, as well as retail and commercial deposit operations, is central Maryland as well as portions of Maryland's eastern shore. The Bank's mortgage division, First Mariner Mortgage, primarily serves the same core market area as the Bank, while several sourcing units of First Mariner Mortgage operate on a regional and even national basis. In 2004, approximately 70% of First Mariner Mortgage's loan production came from the core Bank's market area. First Mariner Bank is an independent community bank, and its deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is engaged in the general commercial banking business, with particular attention and emphasis on the needs of individuals and small to mid-sized businesses, and delivers a wide range of financial products and services that are offered by many larger competitors. Products and services include traditional deposit products, a variety of consumer and commercial loans, residential and commercial mortgage and construction loans, wire transfer services, non-deposit investment products, and Internet banking and similar services. Most importantly, the Bank provides customers with access to local Bank officers who are empowered to act with flexibility to meet customers' needs in an effort to foster and develop long-term loan and deposit relationships.

Finance Maryland was formed in July 2002, and engages in traditional consumer finance activities, making small direct cash loans to individuals, the purchase of installment loan sales contracts from local merchants and retail dealers of consumer goods, and loans to individuals via direct mail solicitations. Finance Maryland currently operates 13 branches in the State of Maryland and four branches in the state of Delaware, which operate under the trade name "Finance Delaware". Finance Maryland had total assets of \$36.7 million as of March 31, 2005.

FM Appraisals, which commenced operations in the fourth quarter of 2003, is an appraisal management company that is headquartered in Baltimore City. FM Appraisals offers appraisal management services for residential real estate lenders, including the compliance oversight of sub-contracted appraisers, appraisal ordering and administration, and appraisal review services. FM Appraisals currently provides these services to First Mariner Mortgage, but will begin to market appraisal management services to outside lenders in 2005.

Financial Condition

The Company's total assets were \$1.278 billion at March 31, 2005, compared to \$1.251 billion at December 31, 2004, increasing \$27.873 million or 2.2% for the first three months of 2005. Earning assets increased \$3.000 million or 0.3% to \$1.170 billion from \$1.167 billion. The growth in assets was primarily due to growth in loans outstanding (+\$22.112 million), and was offset by a decrease in the Company's investment portfolio (-\$16.282 million), and higher short-term investments (+\$1.571 million). Loans held for sale decreased by \$4.032 million. Property and equipment increased \$20.090 million during the quarter due to the purchase of the Company's headquarters building. Growth in total assets was funded by an increased level of customer deposits of \$27.539 million and borrowed funds and repurchase agreements increased by \$1.118 million.

Total investment securities declined \$16.282 million due to normal principal payments on mortgage-backed securities, scheduled maturities of other investments, and a decline in market values. At March 31, 2005, the Company's unrealized loss on securities classified as available for sale totaled \$4.155 million, compared to \$219 thousand at December 31, 2004. Management considers the decline in market values to be temporary and does not expect to realize losses on any of the securities currently in the investment portfolio. There were no securities sold during the quarter ended March 31, 2005, and purchase activity was minimal. The investment portfolio composition is as follows:

| | March 31, 2005 | December 31, 2004 |
|-------------------------------------------|-------------------|----------------------|
| (dollars in thousands) | | |
| Investment securities-available for sale: | | |

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| | | | | |
|-------------------------------------------------|----|---------|----|---------|
| Mortgage-backed securities | \$ | 190,576 | \$ | 200,708 |
| Trust preferred securities | | 31,241 | | 31,507 |
| US Government agency notes | | 73,239 | | 78,949 |
| US Treasury securities | | 989 | | 1,000 |
| Obligations of state and municipal subdivisions | | 2,948 | | 2,973 |
| Equity securities | | 1,381 | | 1,531 |
| Foreign Government Bonds | | 1,400 | | 1,400 |
| Other investment securities | | 4,909 | | 4,897 |
| Total investment securities-available-for-sale | \$ | 306,683 | \$ | 322,965 |

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Total loans increased \$22.112 million during the first three months of 2005. Significant growth was realized in the Company's commercial construction loan portfolio (+\$19.967 million) and second mortgages on real estate (+\$5.285 million). The total loan portfolio was comprised of the following:

| | March 31, | | December 31, | |
|--------------------------------------------------|------------------------|---------|--------------|---------|
| | 2005 | | 2004 | |
| | (dollars in thousands) | | | |
| Loans secured by first mortgages on real estate: | | | | |
| Residential | \$ | 42,289 | \$ | 41,558 |
| Commercial | | 315,827 | | 316,363 |
| Consumer residential construction | | 130,898 | | 135,820 |
| Construction, net of undisbursed principal | | 84,509 | | 64,542 |
| | | 573,523 | | 558,283 |
| Commercial | | 60,489 | | 60,854 |
| Loans secured by second mortgages on real estate | | 85,056 | | 79,771 |
| Consumer loans | | 49,198 | | 47,389 |
| Loan secured by deposits and other | | 1,197 | | 1,068 |
| Total loans | | 769,463 | | 747,365 |
| Unamortized loan premiums | | (229) | | (273) |
| Unearned loan fees, net | | (976) | | (946) |
| | \$ | 768,258 | \$ | 746,146 |

Credit Risk Management

The Company attempts to manage the risk characteristics of its loan portfolio through various control processes, such as credit evaluation of borrowers, establishment of lending limits and application of lending procedures, including the holding of adequate collateral and the maintenance of compensating balances. However, the Company seeks to rely primarily on the cash flow of its borrowers as the principal source of repayment. Although credit policies are designed to minimize risk, management recognizes that loan losses will occur and the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio as well as general and regional economic conditions.

The provision for loan losses for the three months ended March 31, 2005 was \$414 thousand compared to \$300 thousand for the same period ended March 31, 2004. The higher provision for the three months of 2005 reflects higher levels of chargeoffs and higher loan growth compared to the same period last year. The allowance for loan losses totaled \$9.714 million at March 31, 2005 compared to \$9.580 million at December 31, 2004. As of March 31, 2005 the allowance for loan losses is 1.26% of outstanding loans as compared to 1.28% at December 31, 2004. The decrease in the allowance coverage reflects an improvement in nonaccrual loans.

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Activity in the allowance for loan losses is as follows:

| | Three Months Ended | | |
|----------------------------------------------------|--------------------|------------------------|----------|
| | 2005 | March 31, | |
| | | (dollars in thousands) | |
| | 2005 | 2005 | 2004 |
| Allowance for loan losses, beginning of year | \$ | 9,580 | \$ 8,692 |
| Loans charged off: | | | |
| Commercial | | (15) | |
| Commercial/Residential Construction | | | |
| Commercial Mortgages | | | |
| Residential Construction-Consumer | | | |
| Residential Mortgages | | | |
| Consumer | | (361) | (254) |
| Total loans charged off | | (376) | (254) |
| Recoveries | | | |
| Commercial | | | |
| Commercial/Residential Construction | | | |
| Commercial Mortgages | | | |
| Residential Construction-Consumer | | | |
| Residential Mortgages | | | |
| Consumer | | 96 | 46 |
| Total recoveries | | 96 | 46 |
| Net chargeoffs | | (280) | (208) |
| Provision for loan losses | | 414 | 300 |
| Allowance for loan losses, end of period | \$ | 9,714 | \$ 8,784 |
| Loans (net of premiums and discounts) | | | |
| Period-end balance | | 768,258 | 630,631 |
| Average balance during period | | 749,003 | 616,313 |
| Allowance as percentage of period-end loan balance | | 1.26% | 1.39% |
| Percent of average loans: | | | |
| Provision for loan losses (annualized) | | 0.22% | 0.20% |
| Net chargeoffs (annualized) | | 0.15% | 0.14% |

During the first three months of 2005 net chargeoffs increased slightly as compared to average loans outstanding to 0.15%, as compared to 0.14% during the same period of 2004. Non-performing assets, expressed as a percentage of total assets, totaled 0.33% at March 31, 2005, down from 0.38% at December 31, 2004, but higher than 0.24% at March 31, 2004. The decrease as compared to December 31, 2004 reflects a decrease in nonperforming assets of \$535 thousand. Loans past due 90 days or more and still accruing totaled \$2.801 million compared to \$1.658 million at December 31, 2004 and \$3.861 million as of March 31, 2004.

| Nonperforming Assets (Dollars in thousands) | March 31, | December 31, | March 31, |
|------------------------------------------------|-----------|--------------|-----------|
| | 2005 | 2004 | 2004 |
| Nonaccruing loans | \$ 3,227 | \$ 4,628 | \$ 2,584 |
| Real estate acquired by foreclosure | 931 | 65 | 44 |
| Total non-performing assets | \$ 4,158 | \$ 4,693 | \$ 2,628 |
| Loans past-due 90 days or more and accruing | \$ 2,801 | \$ 1,658 | \$ 3,861 |

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At March 31, 2005, the allowance for loan losses represented 233.6% of nonperforming assets compared to 204.1% at December 31, 2004. Management believes the allowance for loan losses at March 31, 2005 is adequate.

Deposits

Deposits totaled \$852.956 million as of March 31, 2005, increasing \$27.539 million or 3.3% from the December 31, 2004 balance of \$825.417 million. The increase in deposits is attributable to management's growth strategy, which includes significant marketing, promotion and cross selling of existing customers into additional products. The mix of deposits has not significantly changed during 2005 compared to December 31, 2004. Continued successful marketing campaigns have maintained a strong mix of noninterest checking accounts, NOW and money market accounts.

| | March 31, | | December 31, | |
|-------------------------------------|------------|------------|--------------|------------|
| | 2005 | Percent of | 2004 | Percent of |
| (Dollars in thousands) | Balance | Total | Balance | Total |
| NOW & money market savings deposits | \$ 220,079 | 25.8% | \$ 222,570 | 27.0% |
| Regular savings deposits | 72,752 | 8.5% | 68,642 | 8.3% |
| Time deposits | 387,996 | 45.5% | 373,667 | 45.3% |
| Total interest-bearing deposits | 680,827 | 79.8% | 664,879 | 80.6% |
| Noninterest-bearing demand deposits | 172,129 | 20.2% | 160,538 | 19.4% |
| Total deposits | \$ 852,956 | 100.0% | \$ 825,417 | 100.0% |

Results of Operations

Net Income. For the three months ended March 31, 2005, net income totaled \$1.375 million compared to \$1.307 million for the three month period ended March 31, 2004. Basic earnings per share for the first three months of 2005 totaled \$0.24 compared to \$0.23 per share for the same period of 2004, while diluted earnings per share totaled \$0.22 for the first three months of 2005 compared to \$0.21 for the first three months of 2004. Earnings for the three months ended March 31, 2005 were driven by higher net interest income; offset somewhat by a higher provision for credit losses, a decline in noninterest income and growth in noninterest expenses.

Net Interest Income. Net interest income for the first three months of 2005 totaled \$11.244 million, an increase of 13.3% over \$9.921 million for the three months ended March 31, 2004. The net interest margin for the three month period was 3.90% compared to 4.08% for the comparable period of 2004, while average earning assets increased by \$183.699 million or 19.1%.

Total interest income increased by \$3.018 million primarily due to growth in average loans and investments. Average loans outstanding increased by \$132.690 million, average investment securities increased by \$41.321 million while average loans held for sale increased \$19.556 million. Yields on earning assets for the period increased to 6.35% from 6.26% due to the higher mix of loans (which carry higher yields than investments and other earning assets). Interest expense increased by \$1.695 million. Average interest-bearing liabilities increased by \$159.679 million. Average interest-bearing deposits increased by \$33.334 million and average borrowings increased by \$126.345 million. Yields on interest bearing liabilities increased to 2.80% from 2.49% for the same period in 2004 as a result of increased mix of borrowings as a percentage of interest-bearing funding sources and higher interest rates.

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| | For three months ended March 31, | | | |
|----------------------------------------------|----------------------------------|--------|--------------|--------|
| | 2005 | | 2004 | |
| | Average | Yield/ | Average | Yield/ |
| (Dollars in thousands) | Balance | Rate | Balance | Rate |
| Assets: | | | | |
| Loans | | | | |
| Commercial Loans and LOC | \$ 71,762 | 5.75% | \$ 76,522 | 5.85% |
| Comm/Res Construction | 70,060 | 7.29% | 47,488 | 7.09% |
| Commercial Mortgages | 302,916 | 6.73% | 241,967 | 7.03% |
| Residential Constr - Cons | 129,717 | 7.27% | 118,955 | 7.23% |
| Residential Mortgages | 41,014 | 6.00% | 40,132 | 7.20% |
| Consumer | 133,534 | 10.71% | 91,249 | 10.83% |
| Total Loans | 749,003 | 7.45% | 616,313 | 7.50% |
| Loans held for sale | 60,318 | 5.05% | 40,762 | 4.77% |
| Available for sale securities, at fair value | 314,245 | 4.23% | 272,924 | 4.29% |
| Interest bearing deposits | 11,995 | 2.24% | 27,802 | 0.89% |
| Restricted stock investments, at cost | 11,453 | 3.41% | 5,514 | 3.48% |
| Total earning assets | 1,147,014 | 6.35% | 963,315 | 6.26% |
| Allowance for loan losses | (9,642) | | (8,692) | |
| Cash and other non earning assets | 93,076 | | 80,046 | |
| Total Assets | \$ 1,230,448 | | \$ 1,034,669 | |
| Liabilities and Stockholders Equity | | | | |
| Interest bearing deposits | | | | |
| NOW deposits | 12,196 | 0.17% | 60,561 | 0.49% |
| Savings deposits | 70,090 | 0.31% | 62,970 | 0.47% |
| Money market deposits | 203,657 | 1.13% | 153,193 | 0.85% |
| Time deposits | 376,304 | 3.11% | 352,189 | 3.01% |
| Total interest bearing deposits | 662,247 | 2.15% | 628,913 | 1.99% |
| Borrowings | 339,148 | 4.07% | 212,803 | 3.99% |
| Total interest bearing liabilities | 1,001,395 | 2.80% | 841,716 | 2.49% |
| Noninterest bearing demand deposits | 159,680 | | 129,191 | |
| Other liabilities | 5,434 | | 3,465 | |
| Stockholders Equity | 63,939 | | 60,297 | |
| Total Liabilities and Stockholders Equity | \$ 1,230,448 | | \$ 1,034,669 | |
| Net Interest Spread | | 3.55% | | 3.77% |
| Net Interest Margin | | 3.90% | | 4.08% |

Noninterest Income Noninterest income for the three months ended March 31, 2005 was \$4.526 million, a decrease of \$164 thousand or 3.5% for the comparable period of 2004. Noninterest income for the first quarter of 2004 included \$340 thousand of gains on sales of securities compared to \$0 for the first quarter of 2005. Also contributing to lower noninterest income was a decrease in gains on sale of mortgage loans of \$185 thousand (-19.6%). While the volume of loans sold into the secondary market increased approximately 25%, pricing spreads tightened and higher origination costs reduced gains recognized on the increased sales. Commissions on sales of nondeposit investment products decreased \$113 thousand due to lower sales of fixed annuities. Deposit service charges increased for the three months ending March 31, 2005 due to the increased number of deposit accounts and higher overdraft revenue. ATM fees increased by \$95 thousand or 15.2% as a result of increased volume of ATM and debit card transactions. As of March 31, 2005, the Bank has 52 ATM locations that it owns and operates and 139 ATM s through the third party agreements. Commissions on sales of other insurance products grew by \$130 thousand due to increased sales volume of insurance products sold through Finance Maryland.

| (Dollars in thousands) | For three months ended March 31, | |
|---------------------------------------------------------|----------------------------------|----------------|
| | 2005 Amount | 2004 Amount |
| Gain on sale of mortgage loans | \$ 760 | \$ 945 |
| Service fees on deposits | 1,671 | 1,548 |
| ATM fees | 719 | 624 |
| Gain on sales of investment securities, net | | 340 |
| Other mortgage banking revenue | 358 | 315 |
| Income from bank owned life insurance | 257 | 233 |
| Commissions on sales of non-deposit investment products | 125 | 238 |
| Commissions on sales of other insurance products | 413 | 283 |
| Other operating income | 223 | 164 |
| Total noninterest income | \$ 4,526 | \$ 4,690 |

Noninterest expenses - For the three months ended March 31, 2005 noninterest expenses increased \$990 thousand or 7.9% to \$13.488 million compared to \$12.498 million for the same period of 2004. Increased salary and employee benefits expenses of \$606 thousand relate to additional personnel costs for new positions due to an increase in the number of loans and deposits, staffing hired to support the expansion of the consumer finance company and wholesale mortgage activities, and increased cost of employer provided health care. Occupancy expenses increased \$110 thousand due to new offices of Finance Maryland and wholesale mortgage operations. Professional services increased \$142 thousand due to higher legal fees. Advertising increased \$94 thousand due to increased promotional activities. Printing and postage expenses decreased due to a reduction in direct mail mortgage solicitations.

| (Dollars in thousands) | For three months ended | | | |
|-----------------------------------|------------------------|-----------|----|----------------|
| | 2005 Amount | March 31, | | 2004 Amount |
| Salaries and employee benefits | \$ | 7,145 | \$ | 6,539 |
| Net occupancy | | 1,645 | | 1,535 |
| Furniture, fixtures and equipment | | 756 | | 719 |
| Professional services | | 333 | | 191 |
| Advertising | | 450 | | 356 |
| Data processing | | 521 | | 515 |
| Service and maintenance | | 410 | | 405 |
| Office supplies | | 182 | | 156 |
| ATM servicing expenses | | 282 | | 260 |
| Printing | | 146 | | 229 |
| Corporate insurance | | 75 | | 90 |
| OREO expense | | | | (9) |
| FDIC Premiums | | 29 | | 29 |
| Consulting fees | | 146 | | 74 |
| Marketing/promotion | | 180 | | 202 |
| Postage | | 189 | | 270 |
| Overnight delivery/courier | | 186 | | 166 |
| Security | | 36 | | 45 |
| Dues and memberships | | 96 | | 67 |
| Loan collection expenses | | 103 | | 84 |
| Other | | 578 | | 575 |
| Total noninterest expense | \$ | 13,488 | \$ | 12,498 |

Income Taxes- The Company recorded income tax expense of \$493 thousand on income before taxes of \$1.868 million, resulting in an effective tax rate of 26.4% for the three month period ended March 31, 2005 in comparison to income tax expense of \$506 thousand on income before taxes of \$1.813 million, resulting in an effective tax rate of 27.9% for the three month period ended March 31, 2004. The decrease in the effective tax rate reflects higher levels of tax exempt interest income for income tax purposes and increased income from Bank Owned Life Insurance which is exempt from both federal and state income taxes.

Liquidity and Capital Resources

Stockholders' equity decreased \$1.065 million in the first three months of 2005 to \$63.249 million from \$64.314 million as of December 31, 2004. Other comprehensive loss increased by \$2.418 million due to the decrease in market values of securities classified as available for sale, which occurred as increases in market interest rates devalued the available for sale securities portfolio. Retained earnings grew by the retention of net income of \$1.375 million for the first three months of 2005. Additional paid-in-capital decreased by \$23 thousand due to the repurchase of shares through the Company's stock repurchase plan (\$181 thousand), which was mostly offset by the sale of stock through the exercise of options and warrants, and shares purchased through the employee stock purchase plan (\$158 thousand).

Banking regulatory authorities have implemented strict capital guidelines directly related to the credit risk associated with an institution's assets. Banks and bank holding companies are required to maintain capital levels based on their risk adjusted assets so that categories of assets with higher defined credit risks will require more capital support than assets with lower risk. Additionally, capital must be maintained to support certain off-balance sheet instruments.

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The Company and the Bank have exceeded its capital adequacy requirements to date. The Company regularly monitors its capital adequacy ratios to assure that the Bank exceeds its regulatory capital requirements. The regulatory capital ratios are listed below:

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| | 2005 | At March 31, (unaudited) | 2004 |
|-----------------------------------------------|-------|-----------------------------|-------|
| Regulatory capital ratios | | | |
| Leverage | | | |
| Consolidated | 7.2% | | 7.8% |
| The Bank | 6.6% | | 7.1% |
| Tier 1 capital to risk weighted assets | | | |
| Consolidated | 9.1% | | 10.3% |
| The Bank | 8.7% | | 9.5% |
| Total capital to risk weighted assets | | | |
| Consolidated | 13.7% | | 14.8% |
| The Bank | 10.1% | | 11.2% |

The Bank's principal sources of liquidity are cash and cash equivalents (which are cash on hand or amounts due from financial institutions, federal funds sold, money market mutual funds, and interest bearing deposits), and available for sale securities. The levels of such assets are dependent on the Bank's operating, financing and investing activities at any given time and are influenced by anticipated deposit flows and loan growth. Cash and cash equivalents totaled \$36.755 million at March 31, 2005 compared to \$35.447 million as of December 31, 2004. The Company's loan to deposit ratio stood at 90.1% as of March 31, 2005 and 90.4% at December 31, 2004.

FORWARD-LOOKING STATEMENTS

This Quarterly Report filed on Form 10-Q may contain forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Readers of this report should be aware of the speculative nature of forward-looking statements. Statements that are not historical in nature, including the words anticipate, estimate, should, expect, believe, intend, and similar expressions, are based on current expectations, estimates and projections about (among other things) the industry and the markets in which the Company operates, they are not guarantees of future performance. Whether actual results will conform to expectations and predictions is subject to known and unknown risks and uncertainties, including risks and uncertainties discussed in this Form 10-Q, general economic, market, or business conditions; changes in interest rates, deposit flow, the cost of funds, and demand for loan products and financial services; changes in our competitive position or competitive actions by other companies; changes in the quality or composition of loan and investment portfolios; the ability to manage growth; changes in laws or regulations or policies of federal and state regulators and agencies; and other circumstances beyond the Company's control. Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements, and there can be no assurance that the actual results anticipated will be realized, or if substantially realized, will have the expected consequences on the Company's business or operations. For a more complete discussion of these risk factors, see Risk Factors filed as Exhibit 99 to the Company's Form 10-K for the year ended December 31, 2004. Except as required by applicable laws, we do not intend to publish updates or revisions of any forward-looking statements we make to reflect new information, future events or otherwise.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Results of operations for financial institutions, including the Company, may be materially and adversely affected by changes in prevailing economic conditions, including declines in real estate values, rapid changes in interest rates and the monetary and fiscal policies of the federal government. The profitability of the Company is in part a function of the spread between the interest rates earned on assets and the interest rates paid on deposits and other interest-bearing liabilities (net interest income), including advances from Federal Home Loan Bank of Atlanta (FHLB) and other borrowings. Interest rate risk arises from mismatches (i.e., the interest sensitivity gap) between the dollar amount of repricing or maturing assets and liabilities and is measured in terms of the ratio of the interest rate sensitivity gap to total assets. More assets repricing or maturing than liabilities over a given time period is considered asset-sensitive and is reflected as a positive gap, and more liabilities repricing or

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maturing than assets over a give time period is considered liability-sensitive and is reflected as negative gap. An asset-sensitive position (i.e., a positive gap) will generally enhance earnings in a rising interest rate environment and will negatively impact earnings in a falling interest rate environment, while a liability-sensitive position (i.e., a negative gap) will generally enhance earnings in a falling interest rate environment and negatively impact earnings in a rising interest rate environment. Fluctuations in interest rates are not predictable or controllable. The Company has attempted to structure its asset and liability management strategies to mitigate the impact on net interest income of changes in market interest rates. However, there can be no assurance that the Company will be able to manage interest rate risk so as to avoid significant adverse effects on net interest income. At March 31, 2005, the Company had a one year cumulative positive gap of approximately \$144.629 million.

In addition to the use of interest rate sensitivity reports, the Company tests its interest rate sensitivity through the deployment of a simulation analysis. Earnings simulation models are used to estimate what effect specific interest rate changes would have on the Company's projected net interest income and projected net income. Derivative financial instruments, such as interest rate caps, are included in the analysis. Changes in prepayments have been included where changes in behavior patterns are assumed to be significant to the simulation, particularly mortgage related assets. Call features on certain securities and borrowings are based on their call probability in view of the projected rate change. The simulation model also includes the estimated effect of rate changes (ten year treasury) on the Company's fee income and net income produced by the Company's mortgage banking operations. At March 31, 2005, the Company's estimated earnings sensitivity profile reflected modest sensitivity to projected interest rate changes based on certain assumptions. Based on an assumed parallel increase/decrease of 200 basis points over a one year period, the Company's projected net income would decrease by 16% if rates were to increase and projected net income would increase by 23% if rates were to decline from amounts projected by the model. Based on an assumed increase/decrease of 200 basis points over a one year period, the Company's projected net interest income would remain flat, a 0% change, and if rates were to increase and projected net interest income would increase by 2% if rates were to decline from amounts projected by the model.

Both of the above tools used to assess interest rate risk have strengths and weaknesses. Because the gap analysis reflects a static position at a single point in time, it is limited in quantifying the total impact of market rate changes which do not affect all earning assets and interest-bearing liabilities equally or simultaneously. In addition, gap reports depict the existing structure, excluding exposure arising from new business. While the simulation process is a powerful tool in analyzing interest rate sensitivity, many of the assumptions used in the process are highly qualitative and subjective and are subject to the risk that past historical activity may not generate accurate predictions of the future. The model also assumes parallel movements in interest rates, which means both short-term and long-term rates will change equally. Nonparallel changes in interest rates (short-term rates changing differently from long-term rates) could result in significant differences in projected income amounts when compared to parallel tests. Both measurement tools taken together, however, provide an effective evaluation of the Company's exposure to changes in interest rates, enabling management to better control the volatility of earnings.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow for timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

An evaluation of the effectiveness of these disclosure controls, as of the end of the period covered by this Quarterly Report on Form 10-Q, was carried out under the supervision and with the participation of the Company's management, including the CEO and CFO. Based on that evaluation, the Company's management, including the CEO and CFO, has concluded that the Company's disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting. There were no significant changes in our internal control over financial reporting or in other factors during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over

financial reporting.

PART II - Other Information

- Item 1 - Legal proceedings None
- Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds:

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The following table sets forth the Company's purchases of its Common Stock for the first quarter of 2005:

| | Total | | | |
|---------------|------------------|-------------------|-------------------------|-----------------------------|
| | Number | Average | Total Number of | Maximum |
| | of Shares | Price Paid | Shares Purchased | Number of Shares Yet |
| | Purchased | PerShare | as Part of Plan | to Purchase |
| January 2005 | | | 37,625 | 262,325 |
| February 2005 | 10,000 | \$ 18.12 | 47,625 | 252,325 |
| March 2005 | | | 47,625 | 252,325 |

(1) On July 20, 2004, the Company announced that its Board of Directors approved a share repurchase program of up to 300,000 shares (approximately 5%) of the Company's outstanding common stock, which provides for open market or private purchases of stock over the next 24 months. During the three months ended March 31, 2005, the Company repurchased a total of 10,000 shares of our common stock at an approximate cost of \$181,200.

Item 3 - Defaults upon senior securities None
 Item 4 - Submission of matters to a vote of security holders:

At the Company's Annual Meeting of Stockholders held May 3, 2005, the following directors were elected to serve a three-year term expiring upon the date of the Company's 2008 Annual Meeting or until their respective successors are elected and qualified:

| | Votes For | Votes Against | Abstain | Broker Nonvotes |
|----------------------|------------------|----------------------|----------------|------------------------|
| Edwin F. Hale, Sr. | 5,219,108 | 87,671 | | |
| Barry B. Bondroff | 5,192,808 | 113,971 | | |
| Bruce H. Hoffman | 5,185,533 | 121,246 | | |
| Patricia Schmoke, MD | 5,187,505 | 119,274 | | |
| John Brown III | 5,192,274 | 114,505 | | |
| Stephen A. Burch | 5,217,064 | 89,715 | | |

Also, at the Company's Annual Meeting of Stockholders held May 3, 2005, a shareholder proposal regarding the separation of the positions of Chairman of the Board and Chief Executive Officer was voted upon and was defeated as follows:

| Votes For | Votes Against | Abstain | Broker Nonvotes |
|------------------|----------------------|----------------|------------------------|
| 652,622 | 2,504,951 | 50,423 | 2,098,783 |

Item 5 - Other information None
 Item 6 - None

SIGNATURES

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Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST MARINER BANCORP

Date: 5/10/2005

By:

/s/ Edwin F. Hale Sr.
Edwin F. Hale Sr.
Chairman and Chief Executive Officer

Date: 5/10/2005

By:

/s/ Mark A. Keidel
Mark A. Keidel
Chief Financial Officer

EXHIBIT INDEX

- 3.1 Amended and Restated Articles of Incorporation of First Mariner Bancorp (Incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form SB-2, as amended, file no. 333-16011 (the 1996 Registration Statement))
- 3.2 Amended and Restated Bylaws of First Mariner Bancorp (Incorporated by reference to Exhibit 3.2 of First Mariner's Form 10-Q for the quarter ended September 30, 2002)
- 10.1 1996 Stock Option Plan of First Mariner Bancorp (Incorporated by reference to Exhibit 10.1 of the Registration Statement)
- 10.2 Employment Agreement dated May 1, 1995 between First Mariner Bancorp and First Mariner Bank and George H. Mantakos (Incorporated by reference to Exhibit 10.2 of the 1996 Registration Statement)
- 10.3 Lease Agreement dated March 1, 1996 between First Mariner Bank and Mars Super Markets, Inc. (Incorporated by reference to Exhibit 10.3 of the 1996 Registration Statement)
- 10.4 Lease Agreement dated November 1, 1997 between Edwin F. Hale, Sr. and First Mariner Bank (Incorporated by reference to Exhibit 10.4 of Pre-Effective Amendment Number 1 to Form S-1, file no. 333-53789-01)
- 10.5 1998 Stock Option Plan of First Mariner Bancorp (Incorporated by reference to Exhibit 10.5 of Pre-Effective Amendment Number 1 to Form S-1, file no. 333-53789-01)
- 10.6 Employee Stock Purchase Plan of First Mariner Bancorp (Incorporated by reference to Exhibit 10.6 of Pre-Effective Amendment Number 1 to Form S-1, file no. 333-53789-01)
- 10.7 Lease Agreement dated as of September 1, 1998 between Building #2, L.L.C. and First Mariner Bank (Incorporated by reference to Exhibit 10.7 of Pre-Effective Amendment Number 1 to Form S-1, file no. 333-53789-01)
- 10.8 Lease Agreement dated September 18, 2002 between Hale Properties, LLC and First Mariner Bank (Incorporated by reference to Exhibit 10.8 to First Mariner's Form 10-Q for the quarter ended March 31, 2002.)
- 10.9 First Mariner Bancorp 2002 Stock Option Plan (Incorporated by reference to Attachment A to First Mariner's Definitive Proxy Statement filed on April 2, 2002.)
- 10.10 Lease Agreement dated as of March 1, 2003 between Building No. 2 LLC and First Mariner Bank (Incorporated by reference to Exhibit 10.10 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.11 Lease Agreement dated March 1, 2003 between Canton Crossing LLC and First Mariner Bank (Incorporated by reference to Exhibit 10.11 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.12 Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and Edwin F. Hale, Sr. (Incorporated by reference to Exhibit 10.12 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.13 Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and Joseph A. Cicero (Incorporated by reference to Exhibit 10.13 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.14 Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and George H. Mantakos (Incorporated by reference to Exhibit 10.14 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.15 Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and Mark A. Keidel (Incorporated by reference to Exhibit 10.15 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.16 Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and Dennis E. Finnegan (Incorporated by reference to Exhibit 10.16 to the Company's Form 10-Q for the quarter ended March 31, 2003.)
- 10.17

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Change of Control Agreement dated April 2, 2003 between First Mariner Bancorp and Brett J. Carter (Incorporated by reference to Exhibit 10.17 to the Company's Form 10-Q for the quarter ended March 31, 2003.)

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- 10.18 Lease Agreement dated September 2, 2003 between Canton Crossing LLC and First Mariner Bank (Incorporated by reference to Exhibit 10.18 to the Company's Form 10-Q for the quarter ended September 30, 2003.)
- 10.19 First Mariner Bancorp 2004 Long Term Incentive Plan (Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed on 4/1/04)
- 10.20 First Mariner Bancorp 2003 Employee Stock Purchase Plan (Incorporated by reference to Appendix C to the Company's Definitive Proxy Statement filed on 4/1/04)
- 10.21 Purchase and Sale Agreement dated September 20, 2004 among First Mariner Bancorp, Canton Crossing, LLC and Hale Canton, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K filed on October 22, 2004)
- 10.22 Form of Non-Qualified Stock Option Agreement under the 2004 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K filed on January 31, 2005)
- 10.23 Form of Incentive Stock Option Award Agreement under the 2004 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K filed on January 31, 2005)

- 31 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended, filed herewith
- 32 Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.

- 99 Risk Factors (incorporated by reference to Exhibit 99 to the Company's Form 10-K for the year ended December 31, 2004.)