

FIRST MARINER BANCORP
Form 10-Q
November 15, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 10-Q

(Mark One)

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

For the quarter ended September 30, 2002.

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)

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Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 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

Check 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 September 30, 2002 is 5,388,289 shares.

FIRST MARINER BANCORP

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First Mariner Bancorp and Subsidiaries

Consolidated Statements of Financial Condition

	September 30, 2002 (unaudited)	December 31, 2001
ASSETS		
(Dollars in thousands, except per share data)		
Cash and due from banks	\$ 33,592	\$ 32,764
Federal funds sold and Interest-bearing deposits	38,945	38,618
Available-for-sale securities, at fair value	157,839	119,853
Loans held for sale	74,312	83,276
Loans receivable	516,846	468,665
Allowance for loan losses	(6,493)	(5,524)
Loans, net	510,353	463,141
Other real estate owned	2,400	2,683
Federal Home Loan Bank of Atlanta stock, at cost	4,000	4,000
Property and equipment, net	17,280	14,558
Accrued interest receivable	4,863	4,137
Deferred income taxes	529	2,497
Prepaid expenses and other assets	12,643	12,338
Total assets	\$ 856,756	\$ 777,865
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Deposits	\$ 650,882	\$ 600,588
Borrowings	100,874	83,324
Repurchase agreements	29,257	25,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	21,450	21,450
Accrued expenses and other liabilities	4,527	3,495
Total liabilities	806,990	733,857
Stockholders equity:		
Common stock, \$.05 par value; 20,000,000 shares authorized; 5,388,289 and 5,367,270 shares issued and outstanding, respectively	269	268
Additional paid-in capital	47,869	47,692
Accumulated deficit	(170)	(2,949)
Accumulated other comprehensive gain (loss)	1,798	(1,003)
Total stockholders equity	49,766	44,008
Total liabilities and stockholders equity	\$ 856,756	\$ 777,865

See accompanying notes to the consolidated financial statements

First Mariner Bancorp and Subsidiaries

Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
(dollars in thousands except per share data)				
Interest income:				
Loans	\$ 10,849	\$ 11,124	\$ 30,988	\$ 32,575
Investments and interest-bearing deposits	2,585	2,199	7,642	7,444
Total interest income	13,434	13,323	38,630	40,019
Interest expense:				
Deposits	3,546	4,424	10,784	14,106
Borrowed funds and repurchase agreements	1,799	2,120	5,265	7,218
Total interest expense	5,345	6,544	16,049	21,324
Net interest income	8,089	6,779	22,581	18,695
Provision for loan losses	640	425	1,275	1,175
Net interest income after provision for loan losses	7,449	6,354	21,306	17,520
Noninterest income:				
Gain on sale of mortgage loans	953	768	2,286	1,500
Other mortgage banking revenue	506	442	1,313	1,399
ATM Fees	564	412	1,509	1,201
Service fees on deposits	1,074	857	2,929	2,602
Gain on sales of investment securities	344	23	438	37
Other	728	469	1,991	1,414
Total noninterest income	4,169	2,971	10,466	8,153
Noninterest expenses:				
Salaries and employee benefits	5,257	3,915	14,394	10,958
Net occupancy	1,475	1,339	3,557	3,343
Furniture, fixtures and equipment	645	520	1,776	1,529
Professional services	308	194	1,027	487
Advertising	248	261	798	741
Data processing	431	371	1,251	1,175
Other	1,775	1,671	4,812	5,100
Total noninterest expenses	10,139	8,271	27,615	23,333
Income before taxes	1,479	1,054	4,157	2,340

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Provision for income taxes		471		393		1,378		866
Net income	\$	1,008	\$	661	\$	2,779	\$	1,474
Net income per common share:								
Basic	\$	0.19	\$	0.18	\$	0.52	\$	0.41
Diluted		0.18		0.18		0.49		0.41

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First Mariner Bancorp and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)

For the nine months ended September 30,

Cash flows from operating activities:	2002	2001
	(dollars in thousands)	
Net income	\$ 2,779	\$ 1,474
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	2,245	1,775
Amortization of unearned loan fees and costs, net	(1,595)	(1,045)
Amortization of premiums and discounts on loans		13
Amortization of premiums and discounts on mortgage-backed securities, net	448	313
Gain on available for sale securities	(438)	(37)
(Increase) decrease in accrued interest receivable	(726)	72
Provision for loan losses	1,275	1,175
Net decrease (increase) in mortgage loans held-for-sale	8,964	(23,158)
Net increase (decrease) in accrued expenses and other liabilities	1,032	(498)
Net (increase) decrease in prepaids and other assets	3,728	(1,482)
Net cash provided by (used in) operating activities	17,712	(21,398)
Cash flows from investing activities:		
Loan disbursements, net of principal repayments	(46,892)	(36,488)
Purchases of property and equipment	(4,967)	(2,107)
Sales of Federal Home Loan Bank of Atlanta stock		539
Purchases of available for sale securities	(71,579)	(10,379)
Sales of available for sale securities	9,787	16,159
Maturity of available for sale securities	500	5,000
Principal repayments of available for sale securities	23,745	23,662
Construction disbursements-other real estate owned	(137)	(146)
Sales of other real estate owned	707	1,412
Net cash used in investing activities	(88,836)	(2,348)
Cash flows from financing activities:		
Net increase in deposits	50,294	74,929
Net increase (decrease) in other borrowings	21,807	(20,867)
Proceeds from advances from Federal Home Loan Bank of Atlanta		237,500
Repayment of advances from Federal Home Loan Bank of Atlanta		(248,275)
Proceeds from stock issuance, net	178	135
Net cash provided by financing activities	72,279	43,422
Increase in cash and cash equivalents	1,155	19,676
Cash and cash equivalents at beginning of period	71,382	25,439
Cash and cash equivalents at end of period	\$	