FIRST MARINER BANCORP
Form DEF 14A
April 03, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:
- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ý Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

First Mariner Bancorp

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- ý No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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  - (4) Proposed maximum aggregate value of transaction:
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  - (5) Total fee paid:
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- o Fee paid previously with preliminary materials. N/A

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held Tuesday, May 5, 2009, at 7:00 A.M.
at
CLARENCE "DU" BURNS ARENA
1301 South Ellwood Avenue
Baltimore, Maryland 21224

The Annual Meeting of Stockholders of First Mariner Bancorp, a Maryland corporation, will be held on May 5, 2009, at 7:00 a.m., local time, at CLARENCE "DU" BURNS ARENA, 1301 South Ellwood Avenue, Baltimore, Maryland 21224 to consider and vote upon:

1. To elect the four nominees named in the attached proxy statement and proxy to serve on the Board of Directors until the 2012 Annual Meeting of Stockholders and until their successors are duly elected and qualified.

2. To consider and act on a stockholder proposal regarding the separation of the positions of Chairman of the Board and Chief Executive Officer.

3. Any other matters that may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 9, 2009 will be entitled to notice of and to vote at the meeting or any adjournment thereof. Accompanying this notice is a proxy statement and proxy card. Whether or not you plan to attend the meeting, please indicate your choices on the matters to be voted upon, date and sign the enclosed proxy and return it to our transfer agent, American Stock Transfer & Trust Company, in the enclosed postage-paid return envelope. You may revoke your Proxy at any time prior to or at the meeting by voting at the meeting or by timely and proper delivery prior to the meeting of a duly executed later-dated proxy.

You are cordially invited to attend the meeting in person.

By Order of the Board of Directors,

Eugene A. Friedman
SECRETARY

April 3, 2009

Important Notice Regarding the Availability of Proxy Materials
For the Stockholder Meeting to be Held on May 5, 2009:

The attached Proxy Statement, the attached form of Proxy, and First Mariner Bancorp's Annual Report to Stockholders (including its Annual Report on Form 10-K) are available at *www.1stmarinerbancorp.com*. From the "Investor Relations" drop down menu on this webpage,
click on the "Documents" tab.
Information on this website, other than this Proxy Statement, is not a part of this Proxy Statement.

FIRST MARINER BANCORP

1501 South Clinton Street
Baltimore, Maryland 21224
(410) 342-2600

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

To Be Held on Tuesday, May 5, 2009 at 7:00 A.M.

SOLICITATION AND REVOCATION OF PROXIES

The enclosed proxy is solicited by the Board of Directors of First Mariner Bancorp (the "Company") for use at the Annual Meeting of Stockholders (the "Meeting") to be held on May 5, 2009 at CLARENCE "DU" BURNS ARENA, 1301 South Ellwood Avenue, Baltimore, Maryland 21224. The proxy is revocable at any time prior to or at the Meeting by voting at the Meeting or by timely and properly delivering prior to the Meeting a duly executed later-dated proxy. In addition to solicitation by mail, proxies may be solicited by officers, directors and employees of the Company who will not be specifically compensated for soliciting such proxies. The cost of soliciting proxies will be borne by the Company and may include reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners. Brokers and other persons will be reimbursed for their reasonable expenses in forwarding proxy materials to beneficial owners of the common stock of the Company registered in names of nominees. This proxy material is being sent to the Company's stockholders on or about April 3, 2009.

OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders of record at the close of business on March 9, 2009 (the "Record Date") are entitled to notice of and to vote at the Meeting. As of the close of business on the Record Date, there were outstanding and entitled to vote *6,452,631* shares of common stock, $.05 par value ("Common Stock"), each of which is entitled to one vote.

The presence, in person or by proxy, of stockholders entitled to cast a majority of all votes entitled to be cast at the Meeting shall constitute a quorum. The affirmative vote of a majority of all shares voted at the Meeting is sufficient to carry motions presented with respect to Proposal One and Proposal Two, described in this Proxy Statement. The withholding of a vote for a Director nominee will constitute a vote against that nominee. A broker non-vote with respect to the election of Directors will have no impact on the outcome of that vote. A withheld vote, an abstention and a broker non-vote will all be counted for purposes of determining whether a quorum is present for the transaction of business. The Company designates individuals to serve as the Inspectors of Elections for purposes of tallying shares voted who will be present at the Meeting.

All properly executed proxies received pursuant to this solicitation will be voted as directed by the stockholders in their proxy cards. If no direction is given in your proxy card, your shares of Common Stock will be voted **FOR ALL NOMINEES** named in Proposal 1 and **AGAINST** the stockholder proposal to separate the positions of Chairman of the Board and Chief Executive Officer, as described in Proposal 2. If other matters are properly presented at the Meeting, persons named as the proxies will have discretion to vote on those matters according to their best judgment.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following sets forth information as of the Record Date relating to the beneficial ownership of the Common Stock by (i) each person or group known by the Company to own beneficially more than five percent (5%) of the outstanding Common Stock; (ii) each of the Company's directors, director nominees and named executive officers (as defined below); and (iii) all directors and executive officers of the Company as a group. Unless otherwise noted below, the persons named in the table have sole investment and voting power with respect to each of the shares reported as beneficially owned by such

person. Except as otherwise noted, the address of each person named below is the address of the Company.

Name	Number of Shares	Percent of Class(1)
Directors, Nominees and Named Executive Officers		
Edwin F. Hale, Sr.(2)	1,457,316	21.76%
Anirban Basu(3)	2,600	*
Barry B. Bondroff(4)	64, 842	1.00%
Edith B. Brown(5)	7,452	*
John Brown III(6)	7,930	*
Robert Caret(7)	10,890	*
Joseph A. Cicero(8)	147,293	2.25%
Gregory A. Devou(9)	700	*
George H. Mantakos(10)	141,323	2.17%
John P. McDaniel(11)	20,900	*
John J. Oliver, Jr.(12)	7,300	*
Patricia Schmoke(13)	6,200	*
Hector Torres(14)	4,700	*
Michael R. Watson(15)	13,385	*
Mark A. Keidel(16)	88,877	1.37%
All directors, nominees and executive officers as a group (15 persons)(17)	1,981,708	28.45%
5% Stockholders		
Jeffrey L. Gendell(18) 55 Railroad Avenue Greenwich, Connecticut 06830	498,250	7.72%
The Banc Funds Company, LLC(29) 20 North Wacker Drive, Suite 3300, Chicago, IL 60606	351,559	5.45%

(1) Includes shares of Common Stock subject to options held by the named individual, which are exercisable as of or within 60 days of March 9, 2009.

(2) Includes 11,664 shares in his Individual Retirement Account, and options to purchase 245,000 shares. Mr. Hale has pledged 1,168,000 shares to secure indebtedness at other financial institutions.

(3) Includes options to purchase 500 shares.

(4) Includes 39,242 shares in his Individual Retirement Account, and 10,450 shares held jointly with his wife, and options to purchase 15,150 shares.

(5) Includes 1,000 shares in her Individual Retirement Account, 1,000 shares held by her husband, and options to purchase 5,450 shares.

(6) Includes options to purchase 6,350 shares.

(7) Includes options to purchase 1,950 shares.

(8) Includes 50,768 shares owned jointly with his wife, and options to purchase 90,000 shares

(9)

Includes options to purchase 600 shares.

(10)

Includes 34,900 shares held in his Individual Retirement Account, 7,650 held jointly with his wife, and options to purchase 72,500 shares.

(11)

Includes options to purchase 1,900 shares.

(12)

Includes options to purchase 7,150 shares.

(13) Includes options to purchase 6,100 shares.

(14) Includes options to purchase 4,100 shares.

(15) Includes 1,435 shares held jointly with his wife and options to purchase 11,850 shares.

(16) Includes options to purchase 45,000 shares.

(17) Includes options to purchase 513,600 shares.

(18) Based upon a Schedule 13F-HR filed by Jeffrey L. Gendell on February 13, 2009, which reported sole voting power and sole investment discretion over 498,250 shares as of December 31, 2008 in his capacity as an institutional investment manager.

(19) Based upon a Schedule 13F-HR by Banc Funds Company, LLC on February 13, 2009, which reported sole voting power and sole investment discretion over 351,559 shares as of December 31, 2008, in its capacity as an institutional investment manager.

Proposal One:
ELECTION OF DIRECTORS

The number of directors constituting the Board of Directors is currently set at 14. Directors are divided into three classes, as nearly equal in number as possible, with respect to the time for which the directors may hold office. Directors are elected to three-year terms, and one class of directors expires each year. In all cases, directors are elected until their successors are duly elected and qualify. At this year's meeting, the Board proposes the election of the four directors named below, to hold office until the 2012 Annual Meeting of Stockholders, or the election and qualification of their successors. Each of the current directors whose terms expire in 2009 are standing for re-election. Howard Friedman resigned from the Board on January 15, 2009. The directors whose terms do not expire in 2009 will continue to serve as directors until the expiration of their respective terms in accordance with the Company's Charter and Bylaws, except for Edith B. Brown who has reached mandatory retirement age and will retire at the conclusion of the 2009 Annual Meeting. It is not contemplated that any of the nominees will become unavailable to serve, but if that should occur before the Meeting, proxies that do not withhold authority to vote for the nominees listed below will be voted for another nominee, or nominees, selected by the Board of Directors.

The Board of Directors of the Company recommends that stockholders vote ***FOR*** election of all nominees.

Information concerning the persons nominated for election and for those directors whose term of office will continue after the Meeting is set forth below.

NOMINEES FOR ELECTION

Term to Expire in 2012

Name	Age	Director Since
Joseph A. Cicero	64	1996
John J. Oliver, Jr.	63	1997
John P. McDaniel	66	2006
Robert Caret	61	2006

Joseph A. Cicero has served as the President of the Company and Chief Operating Officer of First Mariner Bank, the Company's bank subsidiary (the "Bank"), since December 1996. Prior thereto, Mr. Cicero was Maryland Area President of First Union Bank during 1996 and Maryland Area President for First Fidelity Bank from November 1994 to December 1995.

John J. Oliver, Jr. has been the CEO and Publisher of the Afro-American Newspapers since 1996.

John P. McDaniel is the former Chief Executive Officer of MedStar Health, Inc. a multi-institutional, not-for-profit, health care organization serving Washington, DC, Maryland, Virginia and the Mid-Atlantic region. Mr. McDaniel served as Chairman of the Greater Washington Board of Trade, and is currently a member of the Executive committee for Greater Washington Board of Trade and Federal City Counsel. He is also a member of the Board of Directors for Thrivent Financial for Lutherans, Georgetown University, Washington Real Estate Investment Trust, the Greater Baltimore Committee and the Mary and Daniel Loughran Foundation.

Robert Caret has been the President of Towson University since July 2003. He was the President of San Jose State University from 1995-2003, and Provost and Executive Vice President of Towson State University from 1991-1995. He is currently a member of the Board of Directors for CollegeBound Foundation and the Governor's Workforce Investment Board. He is also on the Board of Governors and the American Flag Foundation Board of the Center Club of Baltimore.

CONTINUING DIRECTORS

Term to Expire in 2010

Name	Age	Director Since
George H. Mantakos	66	1994
Michael R. Watson	66	1998
Hector Torres	57	2003
Gregory A. Devou	57	2008

George H. Mantakos is Executive Vice President of the Company, and the President of the Bank. Mr. Mantakos previously served as President of the Company and Chief Executive Officer of the Bank. Prior thereto, Mr. Mantakos was a founder and organizer of MarylandsBank, FSB, the predecessor of the Bank.

Michael R. Watson is the President of the International Pilots Association. He was the former President of the American Pilots Association.

Hector Torres is President of the Prosaber Consulting, an Emergency Management Consulting Company. He was the former Executive Director of the Governor's Commission on Hispanic Affairs. He was formerly the Battalion Chief and Public Information Officer of the Baltimore City Fire Department.

Gregory A. Devou is the Executive Vice President and Chief Marketing Officer for CareFirst Blue Cross BlueShield, a healthcare payor since 1996. Prior to that, Mr. Devou served for a year as CareFirst Senior Vice President for Corporate Marketing.

Edith B. Brown has been the principal of Edie Brown & Associates since 2000. She is an independent consultant in Public Relations to the state department of tourism, film, arts, sports and entertainment at Centre Management where she served as a director from 1979 to 2000.

Term to Expire in 2011

Name	Age	Director Since
Edwin F. Hale, Sr.	62	1995
Barry B. Bondroff	60	1995
Patricia Schmoke, MD	55	1999
John Brown III	61	2002
Anirban Basu	40	2008

Edwin F. Hale, Sr. is Chairman and Chief Executive Officer of the Company and of the Bank. He is also the Chief Executive Officer of Hale Properties, LLC, a real estate development company, and

the Chairman of the Baltimore Blast Corp., an indoor soccer franchise. Mr. Hale is the former Chairman of the Board and Chief Executive Officer of Baltimore Bancorp, which is now Wachovia Corporation.

Barry B. Bondroff became a partner in the certified public accounting firm of Gorfine, Schiller & Gardyn, P.A. on July 1, 2008. He was the former managing partner for the certified public accounting firm of Smart & Associates in Baltimore, MD. Prior to that, he was the managing officer of Grabush, Newman & Co., P.A., a certified public accounting firm, since 1982. Mr. Bondroff is a member of the American Institute of Certified Public Accountants, and is a former member of the Board of Directors of Baltimore Bancorp.

Patricia Schmoke, MD has been a practicing ophthalmologist since 1982. She is also the president of Metropolitan Eye Care Associates, providing eye care with Baltimore Medical System.

John Brown III is President of M.B.K. Enterprises, Inc. (R. J. Bentley's Restaurant) and managing partner of the College Park Professional Office Building, LLC. Mr. Brown is also the former Chairman of the Maryland Stadium Authority.

Anirban Basu is the founder, Chairman and CEO of Sage Policy Group, Inc., an economic and policy consulting firm in Baltimore, Maryland since 2004. He has a Bachelor of Science Degree from Georgetown University, and Master's Degrees from Harvard University and The University of Maryland as well as a J.D. from the University of Maryland School of Law.

DIRECTORS EMERITUS

We currently have three Directors Emeritus: Melvin S. Kabik, Governor William Donald Schaefer and Governor Marvin Mandel.

BOARD MEETINGS AND COMMITTEES

GOVERNANCE OF THE COMPANY

Our business, property and affairs are managed by or, are under the direction of, the Board of Directors, pursuant to the Maryland General Corporation Law and our Bylaws. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chairman, with the President and other Executive Officers, and with key members of management by reviewing materials provided to them and participating in meetings of the Board and its committees.

The Board of Directors and management periodically review the corporate governance policies and practices of the Company, including by comparing our current policies and practices to policies and practices suggested by our outside counsel and other public companies. Based upon these periodic reviews, the Board of Directors adopts changes from time to time that the Board believes are the best corporate governance policies and practices for the Company and/or are required by applicable law, including the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and The NASDAQ Stock Market Rules (the "NASDAQ Rules").

DIRECTOR INDEPENDENCE

Pursuant to Rule 4350(c) of the NASDAQ Rules, a majority of the Company's directors must be "independent directors" as that term is defined by NASDAQ Rule 4200(a)(15). The Board of Directors has determined that all of its members are "independent directors", except for the management directors, Edwin F. Hale, Sr., Joseph A. Cicero and George H. Mantakos, who are each executive officers of the Company.

DIRECTORS ATTENDANCE AT ANNUAL MEETINGS

Although the Company does not have a formal policy regarding director attendance at annual stockholder meetings, all directors are encouraged to attend the annual meeting of stockholders and the annual meeting of the Board of Directors. All of the Company's directors who were serving as such attended the 2008 Annual Meeting of Stockholders.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders may communicate directly with any member of the Board of Directors of the Company by writing the First Mariner Bancorp Board of Directors, 1501 South Clinton Street, Baltimore, MD 21224. Communications received are distributed to the Chairman of the Board, Chairman of the Audit Committee or other member of the Board as appropriate, depending on the facts and circumstances of the communications.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has an Executive Committee, an Audit Committee, an Asset Liability Management Committee, a Compliance Committee, a Nominating Committee, a Community Action Committee, a Compensation Committee, Mortgage Oversight Committee and an Investment Committee. During 2008, the Board of Directors met eight times, the Audit Committee met eight times, the Community Action Committee met four times, the Compensation Committee met one time, and the Nominating Committee and the Executive Committee met once. Each director attended at least 75% or more of all meetings of the Board of Directors and Committees of the Board on which he or she served during 2008. A chart of the committee membership has been provided, except with respect to the Mortgage Oversight Committee and the Investment Committee which are both comprised of John P. McDaniel.

Name	Audit/Compliance	Compensation	Executive	Asset Liability Management	Community Action	Nominating
Anirban Basu			X	X		
Barry B. Bondroff	X	Chairman	X	X		
Edith B. Brown		X				X
John Brown III	X					
Robert L. Caret	X	X				Chairman
Joseph A. Cicero			X	X	X	
Gregory A. Devou	X					
Edwin F. Hale, Sr.			Chairman	Chairman		
George H. Mantakos			X	X		
John P. McDaniel			X	X		X
John J. Oliver, Jr.					Chairman	
Patricia L. Schmoke			X	X		
Hector Torres					X	
Michael R. Watson	Chairman		X	X		

EXECUTIVE COMMITTEE

The Executive Committee has all of the authority of the Board of Directors, to the extent permitted under Maryland law, acting on the Board's behalf in between formal meetings, and monitoring the Company's governance issues. The Executive Committee of the Board of Directors also serves as the Company's Asset and Liability Management Committee (ALCO).

The Executive Committee in its capacity as the ALCO Committee, reviews reports prepared by management, which includes analysis of interest rate and liquidity risk, capital adequacy, and the performance and quality of the Company's investment portfolio. The ALCO Committee sets policies, which govern interest rate and liquidity risk, capital adequacy, and investment portfolio management. The ALCO Committee meets quarterly and presents reports of its meetings to the full Board.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company is comprised of five directors, all of whom have no financial or personal ties to the Company (other than director compensation and equity ownership as described in this proxy statement) and all of whom meet the independence standards for Audit Committee membership set forth in NASDAQ Rule 4350(d)(2).

The Board of Directors has determined that Barry B. Bondroff, CPA qualifies as an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission (the "SEC") in Item 407 of Regulation S-K of the Exchange Act.

The Audit Committee meets with management and independent public accountants to review financial results and the quarterly and annual reports, discuss the financial statements, the auditor's independence and accounting methods, and recommend and review with such accountants and management the internal accounting procedures and controls. The Audit Committee also discusses with the Company's senior management and independent public accountants the process used for certifications by the Company's CEO and CFO that are required by the Exchange Act and the rules promulgated thereunder. The Audit Committee is responsible for engaging the independent public accountants and also reviews, considers and makes recommendations regarding proposed related party transactions, if any. The Audit Committee acts under a written charter first adopted by the Board in 2000, which was amended and restated in 2004. A copy of the Audit Committee Charter can be found on the Company's website at *www.1stmarinerbancorp.com*. The Audit Committee Report is included in this proxy statement.

COMPLIANCE COMMITTEE

The Compliance Committee of the Board of Directors of the Company is comprised of five "independent directors", as that term is defined by NASDAQ Rule 4200(a)(15), all of whom have no financial or personal ties to the Company (other than director compensation and equity ownership as described in this proxy statement).

The Compliance Committee oversees compliance with all relevant laws, Rules, Guidelines and Regulations. It also insures compliance with the agreements into which the Company and its subsidiaries periodically enter with their regulators.

COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors consists of three members each of whom is independent consistent with Nasdaq's independent director and listing standards. The Committee reviews and determines salaries and other benefits for executive and senior management of the Company and its subsidiaries, reviews and determines the employees to whom stock based compensation is granted and the terms of such grants, and reviews the selection of officers who participate in incentive and other compensation plans and arrangements. The committee determines executive compensation pursuant to the principles discussed below under "Compensation Discussion and Analysis" and determines director compensation by reviewing peer group comparison reports prepared by compensation consultants. The Board passes on and, where appropriate, approves or ratifies all committee recommendations. The Compensation Committee acts under a written charter

first adopted by the Board in 2004. The charter is available on the Company's website at *www.1stmarinerbancorp.com*.

NOMINATING COMMITTEE

The Nominating Committee selects qualified persons as nominees for election by the stockholders to the Company's Board of Directors. The duties and responsibilities of the Nominating Committee include, among other things:

Establish criteria and qualifications for Board membership, including standards for assessing independence.

Identify and consider candidates, including those recommended by stockholders and others, to fill positions on the Board, and assess the contributions and independence of incumbent directors in determining whether to recommend them for reelection to the Board.

Recommend to the Board candidates for election or reelection at each annual meeting of stockholders.

In evaluating candidates for nominees for director, the Nominating Committee considers the needs of the Company with respect to the particular talents and experience of its directors. Nominees should have, among other things, the highest ethical standards and integrity; a willingness to act and be accountable for Board decisions; an ability to provide wise, informed and thoughtful counsel to top management on a range of issues; loyalty and commitment to driving the success of the Company; sufficient time to devote to the affairs of the Company; and a history of achievements that reflect high standards for the nominee and others.

The Nominating Committee may identify director nominees through a combination of referrals, including by management, existing Board members, stockholders, direct solicitations and from outside search firms if warranted. Once a candidate has been identified, the Nominating Committee reviews the individual's experience and background and may discuss the proposed nominee with the source of the recommendation.

The Nominating Committee's recommendations are presented to the Board of Directors at regularly scheduled meetings. The Nominating Committee will also consider recommendations by stockholders, which must be submitted in writing to the Secretary of the Company at its principal executive officer and include the recommended candidate's name, biographical data and qualifications. It should be noted that a stockholder recommendation is not a nomination, and there is no guarantee that a candidate recommended by a stockholder will be approved by the Nominating Committee or nominated by the Board of Directors. A stockholder who desires to nominate a candidate for election may do so only in accordance with the Company's Bylaws. Pursuant to the Company's Bylaws, any stockholder that wishes to submit director nominations must submit advance notice of the proposed nomination to the Secretary of the Company not less than 90 days or more than 120 days in advance the anniversary date of the release of the Company's proxy statement to stockholders in connection with the preceding year's annual meeting of stockholders, provided that if the date of the annual meeting has been changed by more than 30 days from the anniversary of the annual meeting date stated in the previous year's proxy statement, nominations must be received by the Company not later than the close of business on the 10th day following the public announcement of the date of the meeting was first made. In addition to meeting the applicable deadline, nominations must be accompanied by certain information specified in the Company's Bylaws.

The Nominating Committee has adopted a written charter, a copy of which is available on the Company's website at *www.1stmarinerbancorp.com*. The Nominating Committee consists of three directors, each of whom is an "independent director" as defined by NASDAQ Rule 4200(a)(15).

The Nominating Committee received no security holder recommendations for nomination to the Board of Directors in connection with the 2009 Meeting.

COMMUNITY ACTION COMMITTEE

The Community Action Committee of the Board of Directors of the Company is comprised of three directors. The Committee reviews the compliance of the Company and its subsidiaries and affiliates with the Community Reinvestment Act and the Home Mortgage Disclosure Act and the regulations, rules and guidelines promulgated thereunder.

MORTGAGE OVERSIGHT COMMITTEE

The Mortgage Oversight Committee monitors the performance of the Retail Mortgage Loan Group. It reviews the operations of this group to insure it is operating efficiently and in accordance with all the requirements of the secondary market. It meets monthly with the officers of the Retail Mortgage Loan Group to insure that it fully understands the operations of the Group and to address the minimization of risk.

INVESTMENT COMMITTEE

The Investment Committee monitors the investment portfolio. It meets monthly to review the investment portfolio, determine whether to sell or buy securities and to keep abreast of the changes in the marketplace.

DIRECTORS' COMPENSATION

Directors who are not employees of the Company receive fees for their services, and are reimbursed for expenses incurred in connection with their service as directors. Directors currently receive $1,000 (reduced from the $1,500 paid in 2007) for each Board meeting attended, $1,000 (reduced from the $1,500 paid in 2007) for each committee meeting other than the Audit Committee, $500 (reduced from $750 paid in 2007) for each meeting of the Company's subsidiary Mariner Finance, LLC, consisting of one outside director (John Brown III), $250 for each meeting of the Mortgage Oversight Committee, $250 for each meeting of the Investment Committee, and $250 (reduced from the $350 paid in 2007) for attending the meeting of the Bank's Loan Committee, consisting of one outside director (Barry B. Bondroff). The members of the Audit Committee currently receive $2,000 (reduced from the $2,500 paid in 2007) for each Audit Committee meeting attended. Until 2009, when the practice was suspended by the Board, directors received a yearly grant of stock options to purchase 500 shares of Common Stock and were granted stock options to purchase 100 shares of Common Stock for each committee meeting they attended, and each committee chairman received options to purchase 150 shares of Common Stock for each committee meeting attended. Directors receive no other compensation for attending meetings and receive no annual retainer.

The following table provides information about the compensation paid to or earned by the Company's directors during 2008 who are not named executive officers (as defined below). Information regarding directors who are also named executive officers is presented in the Summary Compensation Table below.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)(2)(3)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Anirban Basu	13,000	0	1,140	0	0	14,140
Barry B. Bondroff	52,500	0	3,990	0	0	56,490
Edith B. Brown	14,000	0	1,368	0	0	15,368
John Brown, III	37,750	0	3,078	0	0	40,828
Robert L. Caret	21,000	0	1,710	0	0	22,710
Gregory A. Devou	22,500	0	1,368	0	0	23,868
Howard Friedman(1)	10,000	0	1,140	0	0	11,140
John P. McDaniel	20,000	0	2,052	0	0	22,052
John J. Oliver, Jr.	17,000	0	2,508	0	0	19,508
Patricia L. Schmoke	16,500	0	2,052	0	0	18,552
Hector Torres	17,000	0	2,052	0	0	19,052
Michael R. Watson	27,500	0	4,218	0	0	31,718

(1) Mr. Friedman resigned from the Board on January 15, 2009.

(2) Amounts shown reflect the amounts recognized for financial statement reporting purposes during the year in accordance with Statement of Financial Accounting Standards No. 123R, "Accounting for Share-Based Payments". All stock options granted in 2008 had a grant date fair value of $2.28 per share and were immediately vested upon issuance.

(3) The number of stock options outstanding for each director as of December 31, 2008, all of which are exercisable, are set forth in the footnotes to table above in the section entitled "Security Ownership of Certain Beneficial Owners and Management". The number of stock options held by each director as of December 31, 2008 is the same as the number held as of the Record Date.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's directors and executive officers, and persons who own more than 10% of the Company's Common Stock, are required to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of any securities of the Company. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, all of the Company's directors, executive officers and beneficial owners of greater than 10% of the Company's Common Stock made all required filings during the fiscal year ended December 31, 2008, except an initial statement of beneficial ownership on Form 3 was filed late by Anirban Basu and one current report on Form 4 was filed late by each of Edwin F. Hale, Sr. (covering one purchase of stock), John P. McDaniel (covering eight purchases of stock), and Robert Caret (covering one purchase of stock).

EXECUTIVE OFFICERS

Information about the Company's current executive officers (who are collectively referred to in this proxy statement as the "named executive officers") is provided below.

Edwin F. Hale, Sr., age 62, is the Chairman and Chief Executive Officer of the Company and of the Bank.

Joseph A. Cicero, age 64, is the President of the Company and Chief Operating Officer of the Bank.

George H. Mantakos, age 66, is Executive Vice President of the Company and the President of the Bank.

Mark A. Keidel, age 47, is Senior Vice President and Chief Financial Officer of the Company and the Bank, positions he has held since June 2000. He also severs as Treasurer of Mariner Finance, LLC, a wholly owned subsidiary of the Company, since April 2002 and of its wholly owned subsidiary, Mariner Finance Mortgage, LLC, since August 2008.

COMPENSATION DISCUSSION AND ANALYSIS

The following narrative is intended to provide the Compensation Committee's oversight, philosophy, methodology, process and actions relating to compensation of the Company's named executive officers for the most recent calendar year. Tables provided in the compensation analysis provide details of various compensation actions.

Oversight

The Compensation Committee established by the Board of Directors provides the primary oversight of compensation programs for the Company's named executive officers. The Compensation Committee is comprised of Barry Bondroff, Edith Brown, and Robert Caret, all of whom are considered "independent directors" as defined by NASDAQ Rule 4200(a)(15). The Compensation Committee reports on its deliberations and actions to the full Board of Directors on a regular basis. The Compensation Committee generally meets one to four times annually.

Responsibilities of the Compensation Committee include, among other things, the evaluation and the performance of the Company's named executive officers, the review and approval of compensation levels of the named executive officers, the evaluation and recommendation of various compensation plans, and the selection and retention of outside compensation consultants and legal experts.

The Compensation Committee met once in 2008. Meetings topics included review and approval of compensation in accordance with the 2007 short-term incentive plan, base salary review for 2008, approval of short-term incentive plan for 2008, review of outside director and committee compensation, and review and discussion of newly promulgated executive compensation disclosure rules released by the Securities and Exchange Commission during 2007.

The Compensation Committee has met once thus far in 2009. The meeting's primary purpose was to review and approve compensation in accordance with the 2008 short-term incentive plan, base salary review for 2009, and review of short-term incentive plan and long-term incentive plan for 2009.

The Compensation Committee determined that there would be no increases in salaries and no incentive bonus plans for 2009.

More details relating to the duties and responsibilities of the Compensation Committee are included in its charter, which is available on the Company's website at *www.1stmarinerbancorp.com* under the investor relations section.

Compensation Philosophy and Objectives

The Board of Directors understands and values the vital impact that executive management has in achieving success for the Company and the creation of stockholder value, as well as recognizes the highly competitive environment in which the Company must compete for top level executive management. The overall objective in establishing executive compensation is to insure the Company can attract, retain, motivate and reward a high caliber, high performing executive team, which is continually focused on achieving long-term stockholder value.

The compensation philosophy is to provide a comprehensive yet streamlined compensation package for the named executive officers that both supports retention and motivates performance through an appropriate mix of short-term and long-term compensation and benefit arrangements. The Company seeks to accomplish these goals by paying highly competitive base salaries augmented with significant performance-based incentives. Short term compensation includes both base salary and a performance based cash bonus plan, while long-term incentives are generally in the form of equity based awards which are also performance based. Both cash bonus plans and long-term incentive plans align management's interests with stockholders by incenting earnings growth and providing significant equity interest in the Company. While the Company does provide other forms of compensation and benefits, such as company paid health care, use of company automobiles or automobile allowance, life insurance, and participation in stock purchase and 401(k) plans for the named executive officers, the Company believes in emphasizing salary and performance based incentives rather than retirement and other fringe benefits and has greatly minimized these types of arrangements compared to the Company's peers.

Compensation Process

The Compensation Committee's process for achieving the objectives and philosophies is a continuous one, and concludes with an annual review of individual and corporate performance of the Company's named executive officers, and approve compensation actions. In addition to meetings to establish compensation levels and approve compensation actions, the Compensation Committee meets during the year to discuss long-term goals, the duties and obligations of the Committee and its charter, and recent developments in executive compensation and disclosure requirements. All compensation arrangements are regularly reviewed by an independent executive compensation consultant.

Annually the Compensation Committee establishes compensation in four areas; 1) Base salary; 2) Short-term incentive compensation; 3) Long-term incentive compensation; and 4) Retirement and other fringe benefits. In addition, the Compensation Committee reviews the Company's change in control arrangements with the named executive officers to ensure that the interests of the Company, its stockholders and the executives are aligned and protected.

1) Base Salary The Compensation Committee reviews base salary levels annually. Base salaries are adjusted based upon the Compensation Committee's assessment of corporate and individual performance, and comparison to peer groups. The Compensation Committee reviews two peer groups it feels are appropriate given the Company's size and complexity, as well as its geographic market and local banks that it competes with to attract executive management. Consideration is also given to other forms of incentive compensation and fringe benefits. The Compensation Committee establishes base salary for the CEO independently, while the CEO's recommendations for base salaries for the named executive officers are reviewed and acted upon.

2) Short-term incentive compensation The Compensation Committee establishes corporate performance targets each year after discussions are held with management concerning key strategic objectives and financial performance targets. While the Compensation Committee considers management's recent performance and corporate earnings levels as a basis for future

performance, the Compensation Committee believes the annual profit plan for the Company should be the key determinant for performance targets. The Compensation Committee considers net income and earnings per share as the appropriate benchmarks for performance measurement. These established targets become the framework for both short-term and long-term incentive compensation arrangements.

Short-term incentive compensation is generally payable in cash, subject to goal attainment. Payouts are designed to range from 0% to 60% of base compensation for the named executive officers, with a target of 20% to 30% for the named executive officers based upon achievement of the expected targeted earnings.

As part of its ongoing administration of executive compensation, the Compensation Committee reviews and approves payouts to approved short-term incentive plans. This review and payout typically coincides with the receipt of audited financial statements from the company's external accounting firm and review of all audit related correspondence. Payouts are typically approved after satisfactory achievement of targets prescribed in the approved plan, however, the payout is entirely at the discretion of the Compensation Committee and the Board of Directors.

3)

Long-term incentive compensation The Compensation Committee annually reviews long-term compensation arrangements. Long-term incentive compensation is generally equity based, and grants may be in the form of Stock Options, Restricted Stock, or Stock Appreciation Rights. Long-term incentives are awarded based upon the same performance criteria as short-term incentive compensation. Targeted amounts of 10% to 15% for the named executive officers are based upon achievement of the expected targeted earnings. Grants earned under long-term compensation plans will generally carry a vesting period of at least three years. The Compensation Committee may consider accelerated vesting under various performance criteria.

4)

Retirement and other benefits The committee annually reviews retirement and fringe benefits to the named executive officers provided by the Company. Currently these benefits consist of automobiles or automobile allowances, paid health and long-term care insurance, pre- and post-retirement life insurance benefits utilizing Bank Owned Life Insurance (BOLI) with a portion of the death benefit endorsed to the insured officer through a split dollar agreement, and participation in the Company's match in the 401(k) plan. The Compensation Committee reviews these arrangements while considering the other forms of compensation discussed above, and its overall philosophy of minimizing these forms of compensation and favoring performance-based incentive compensation.

5)

Change in Control Agreements Each of the named executive officers has entered into an individual Change in Control Agreement which generally provides that, if the participant's employment is terminated or significantly changed due to a "Change in Control" (as defined in the Change in Control Agreement), he will be entitled to receive a lump sum cash payment equal to 2.99 times his annual base compensation (1.99 time annual base compensation for Mr. Keidel). The potential payments to be made to these executive officers are set forth below under the section entitled "Potential Payments Upon Termination".

Compensation Consultant

The Compensation Committee has utilized the services of the firm of Paul, Hastings, Janofsky & Walker, LLP since 2000 and continued to do so during 2008. This firm has provided research, analysis and recommendations regarding Executive Officer and Board compensation. Detailed services have included defining and establishing an appropriate peer group for the Company, providing comparative market data on compensation levels and programs, specialized guidance relating to long-term equity

compensation, and offering "best practices" support to the Compensation Committee to insure a strong Compensation Committee charter and function. Representatives from Paul, Hastings, Janaofsky & Walker, LLP attended all Compensation Committee meetings held in 2008.

Peer Group and Compensation Targets

With the assistance of the outside consulting firm, the Compensation Committee has established two peer groups used to establish a basis for levels of executive compensation, and breath of compensation plans. The first group is a regional list of bank holding companies with total assets ranging from $1-3 billion operating in metropolitan areas of Maryland, Virginia, and Pennsylvania. These institutions are comparable in size, geographic similarities in their respective markets, and complexity in business operations. While the Compensation Committee does review and consider the profitability and performance of these other institutions, it recognizes that the Company is a relatively new company compared to most of the financial institutions in the group, and its performance levels in return on assets and return on equity may be influenced significantly by the age of the peer group. A second peer group of larger local institutions is also considered, as the Compensation Committee believes these are the institutions with which the Company directly competes for executive management.

The publicly reported compensation data for both peer groups are compared for the Chief Executive Officer and the three highest paid executive officers. While the committee reviews each component of compensation for the peers (i.e. base salary, bonuses), it focuses on the overall total compensation that would include all forms of compensation.

The same criteria in determining the peer group has been in place for several years; however, several institutions have been added or replaced due a change in size, relevance, or being acquired or merged into larger institutions.

The peer groups selected by the Company for comparison purposes in 2008 include: Cardinal Financial Corporation, Community Banks, Inc., FNB Corporation, KNBT Bancorp, Inc., Parkvale Financial Corporation, Pennsylvania Commerce Bancorp, Inc., Royal Bancshares of Pennsylvania, Inc., Sandy Spring Bancorp, Inc., TowneBank, Univest Corporation of Pennsylvania, Virginia Commerce Bancorp, Inc., Provident Bankshares and Susquehanna Bankshares.

Relationship Between Our Performance and Executive Compensation

The Compensation Committee believes that the compensation paid to executive officers should be closely tied to our performance on both a short-term and long-term basis, and that such compensation should assist us in attracting and retaining key executives critical to our long-term success. Accordingly, compensation is structured to ensure that a significant portion of compensation opportunity will be directly related to enhancing our overall financial performance.

2008 Compensation Decisions

Base Salary

Base salary is a key element of executive compensation as it provides a consistent level of monthly income. In establishing base salaries, the Compensation Committee considers for all executive officers (1) the executive's qualifications, skill, and experience; (2) the executive's scope of responsibilities, (3) the goals and objectives of the Company and its strategic initiatives; (4) the executive's past performance; and (5) compensation levels of the peer groups. Additionally, for the CEO, Mr. Hale's stature in the industry and public and community stature are considered.

For 2008, the review of the above factors produced the following changes in base salaries: Salaries were reduced in July as a result of the performance of the Company and the overall condition of the financial markets.

Name	Title	Base Salary 2007	Base Salary 2008	Percentage Decrease
Edwin F. Hale, Sr.	Chairman & Chief Executive Officer	580,000	522,000	10.0%
Joseph A. Cicero	President & Chief Operating Officer	285,000	256,500	10.0%
George H. Mantakos	Executive Vice President	255,000	247,500	3.0%
Mark A. Keidel	EVP and Chief Financial Officer	215,000	193,500	10.0%

These changes reflect the lack of profit and the capital needs of the Company and are consistent with the Company's overall compensation philosophy, after considering the factors listed above.

Short-Term Incentives

In accordance with the terms of his employment agreement, Mr. Mantakos is eligible to receive a discretionary annual bonus of up to $20,000. Factors considered in awarding this bonus include growth in the Company's loan portfolio, maintenance of key lending relationships and general management of the lending division. A bonus of $11,666 was paid in 2008. This bonus is considered by the Compensation Committee in determining salary increases and incentive bonus awards. See the section below entitled "Employment Arrangements and Agreements" for more information.

As discussed above, the Company maintains a short-term incentive program for all the named executive officers. The following table shows the target and maximum incentive award payouts (as percentage of base salary) for meeting performance goals under this program.

Name	Target %	Maximum %
Edwin F. Hale, Sr.	26%	60%
Joseph A. Cicero	26%	60%
George H. Mantakos	26%	60%
Mark A. Keidel	26%	60%

There were no incentive payouts under the Company's short-term incentive program in 2008, since the Company's operating performance resulted in a loss for 2008.

Long-Term Incentives

Historically, the Compensation Committee awarded long-term incentives on a discretionary basis. These awards were in the form of stock options. The Compensation Committee generally targeted a fair value of options granted (value determined by option valuation models such as Black Scholes) equal to 10% to 20% of base salary.

The Compensation Committee believes that stock-based compensation is an important component of our executive compensation package. In 2008, the Compensation Committee granted options to purchase 15,000 shares to Mr. Hale, 7,500 shares to Mr. Cicero, 7,500 shares to Mr. Mantakos, and 6,000 shares to Mr. Keidel. These options will be vested over a three year period beginning in 2009.

For 2008, the Compensation Committee established performance goals to be reached by the named executive officers to be eligible to receive a level grant of restricted shares of the Company's Common Stock pursuant to the Company's 2004 Long Term Incentive Plan (the "LTIP Plan"). Conditions to receive the restricted shares are two-fold: (1) the Company achieving certain earnings targets over a three-year period, and (2) continued employment. Attainment of these targets in all three years would trigger an award of restricted shares under the LTIP Plan currently equal to 50% of

base pay for the named executive officers. Grants would be made annually over a three-year period and are subject to a one-year vesting. These targets were not met in 2008, and because the targets must be met in all three years, no awards of restricted shares will be granted under the LTIP Plan.

Retirement and Other Benefits

The compensation philosophy outlined earlier describes the Company's view regarding retirement and other benefits. The Compensation Committee annually reviews the various benefit plans for appropriateness within the framework of the overall compensation philosophy.

Regular benefits include participation in the benefit plans available to all employees including the 401(k) Plan, and Employee Stock Purchase Plan (all named executive officers other than Mr. Hale). The 401 (k) plan match for all employees was suspended in January 1, 2009 and the Employee Stock Purchase Plan was suspended in October, 2008. Also included are pre-retirement life insurance benefits in an amount equal to two times base annual salary during employment up to a maximum of $300,000 and post employment life insurance benefits of $100,000 for the named executive officers, employer paid long term care insurance and either a company provided automobile or an automobile allowance. Long term care insurance includes the payment by the Company of the annual premium for 10 years (provided the executive remains employed in good standing).

The Compensation Committee believes all of the components listed above are consistent with its philosophy of providing a competitive compensation structure that has substantial performance-based components.

Accounting and Tax Considerations

We have structured our compensation program to comply with Internal Revenue Code Sections 162(m). Under Section 162(m) of the Internal Revenue Code, a limitation was placed on tax deductions of any publicly held corporation for individual compensation to certain executives of such corporation exceeding $1,000,000 in any taxable year, unless the compensation is performance-based. The Company has no individuals with non-performance based compensation paid in excess of the Internal Revenue Code Section 162(m) tax deduction limit.

Our stock option grant policies have been impacted by the implementation of SFAS No. 123R, "Accounting for Share-Based Payment (Revised 2004)", which we adopted on January 1, 2006. Prior to that date, employee compensation expense under stock option plans was reported only if options were granted below market price at grant date in accordance with the intrinsic value method of Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Because the exercise price of the Company's employee stock options always equaled the market price of the underlying stock on the date of grant, no compensation expense was recognized on options granted. SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the measurement date, which, for the Company, is the date of the grant. Details related to the adoption of SFAS 123R and the impact to the Company's financial statements are discussed in Note 11 to the Consolidated Financial Statements included in the accompanying Annual Report on Form 10-K under the heading "Stock Options".

We have structured our change in control agreements to minimize income tax penalties that could be imposed on us and/or the executive under Section 280G of the Internal Revenue Code. Under Section 280G, an excise tax is imposed on an executive officer who receives payments that are deemed to be contingent on a change in the ownership or effective control of the Company to the extent they exceed 2.99 times the executive's "annualized includable compensation for the base period" (i.e., the average annual compensation that was includable in his or her gross income for the last five taxable years ending before the date on which the change in control occurs). In addition, the Company is not entitled to treat such excess as compensation expense for federal income tax purposes.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and these discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this definitive proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

SUBMITTED BY THE COMPENSATION COMMITTEE OF FIRST MARINER
BANCORP BOARD OF DIRECTORS

Barry B. Bondroff, Chair
Edith B. Brown
Robert Caret

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As stated above, the Compensation Committee of the Board consists of Barry Bondroff, Edith Brown and Robert Caret, who are non-employee directors and have no interlocking relationship or insider participation as defined by the SEC. None of the Company's executive officers serves on the Board of Directors or compensation committee of a company that has an executive officer that serves on the Company's Compensation Committee. No member of the Company's Board is an executive officer of a company in which one of the company's executive officers serves as a member of the Compensation Committee of that company.

EXECUTIVE COMPENSATION

The following table sets forth for the last three fiscal years the total remuneration for services in all capacities awarded to, earned by, or paid to the Company's CEO, its CFO and its three most highly compensated other executive officers who were serving as executive officers as of December 31, 2008 and whose total compensation (excluding changes in pension value and non-qualified deferred compensation earnings) exceeded $100,000 during 2008.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Edwin F. Hale, Sr.	2008	557,000		11,900				24,442(5)	593,342
Chairman of Board	2007	580,000						26,218(5)	606,218
Chief Executive Officer	2006	550,000	151,250					19,931(5)	721,181
Joseph A. Cicero									
	2008	276,000		5,950				21,898(6)	303,848
President and	2007	285,000						23,636(6)	308,636
Chief Operating Officer	2006	270,000						19,035(6)	289,035
George H. Mantakos									
	2008	257,000	11,666	5,950				21,468(7)	296,084
Executive Vice President	2007	255,000	20,000					21,936(7)	296,936
and President of the	2006	240,000	20,000					16,748(7)	276,748
Bank									
Mark A. Keidel									
	2008	210,000		4,760				12,935(8)	227,695
Executive Vice	2007	215,000						13,668(8)	228,668
President/									
Chief Financial Officer	2006	200,000						11,882(8)	211,882

(1) Messrs. Hale, Cicero and Mantakos also serve on the Board of Directors of the Company and the Bank but receive no director's fees for such service.

(2) Bonus for prior years were previously reported in this column. Under current reporting rules, however, only purely discretionary or guaranteed bonuses are disclosed in this column. Bonus amounts awarded under the Company's performance plans are reported in the Non-Equity Incentive Plan Compensation Column.

(3) The Company calculates the value of stock and option awards using the provisions of Statement of Financial Accounting Standards No. 123R, "Accounting for Share-Based Payment". See Note 13 to the consolidated audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 regarding assumptions underlying valuation of equity awards.

(4) The amount of this column relates to awards earned under the 2008 Executive Incentive Plan and 2007 Executive Compensation Plan. No awards were granted in 2007 or 2008 under the 2007 Executive Incentive Plan, and no awards were granted in 2006 or 2007 under the 2006 Executive Incentive Plan.

(5) For Mr. Hale in 2008 auto allowance $1,941, imputed value of life insurance benefits under an endorsement split dollar arrangement $1,980, Company contribution to 401(k) $2,871, Company paid premiums for long-term care insurance $6,147, and security provided to Mr. Hale $11,503. In 2007: auto allowance $2,809 imputed value of life insurance benefits under an endorsement split dollar arrangement $2,253 Company contribution to 401(k) $3,507 Company paid premiums for long-term care insurance $6,146 and security provided to Mr. Hale $11,503. In 2006: auto allowance $1,348, imputed value of life insurance benefits under an endorsement split dollar arrangement $1,628, Company contribution to 401(k) $2,891, Company paid premiums for long-term care insurance $2,561 and security provided to Mr. Hale $11,503

(6) For Mr. Cicero in 2008: auto allowance $9,675, imputed value of life insurance benefits under an endorsement split dollar arrangement $1,980 Company contribution to 401(k) 5,245, and Company paid premiums for long-term care insurance $4,998. In $2007: auto allowance $10,125, imputed value of life insurance benefits under an endorsement split dollar arrangement $2,663, Company contribution to 401(k) $5,850, and Company paid premiums for long-term care insurance $4,997. In 2006: auto allowance $9,325, imputed value of life insurance benefits under an endorsement split dollar arrangement $1,990, Company contribution to 401(k) $5,638, and Company paid premiums for long-term care insurance $2,082.

(7) Mr. Mr. Mantakos in 2008: auto allowance $7,223, imputed value of life insurance benefits under an endorsement split dollar arrangement $3,810, Company contribution to 401(k) $ 5,185 Company paid premiums for long-term care insurance $5,250. In 2007: auto allowance $7,773 imputed value of life insurance benefits under an endorsement split dollar arrangement $3,152, Company contribution to 401(k) $5,761, and Company paid premiums for long-term care insurance $5,249. In 2006: auto allowance $6,401, imputed value of life insurance benefits under an endorsement split dollar arrangement $2,602, Company contribution to 401(k) $5,638, and Company paid premiums for long-term care insurance $2,187.

(8) For Mr. Keidel in 2008: auto allowance $ 6,000, imputed value of life insurance benefits under an endorsement split dollar arrangement $450, Company contribution to 401(k) $ 3,877, Company paid premiums for long-term care insurance $ 2,608. In 2007: auto allowance $6,000, imputed value of life insurance benefits under an endorsement split dollar arrangement $678, Company contribution to 401(k) $4,382 and Company paid premiums for long-term care insurance $2,607. In 2006: auto allowance $6,000, imputed value of life insurance benefits under an endorsement split dollar arrangement $332, Company contribution to 401(k) $4,421, and Company paid premiums for long-term care insurance $1,087.

The various elements of executive compensation are discussed above in the section entitled "Compensation Discussion and Analysis" and below and, where an element involves a written plan or agreement, are qualified in their entireties by such plan or agreement.

Employment Arrangements and Agreements

Each of the named executive officers of the Company other than George H. Mantakos is employed on an at-will basis and is entitled to an annual salary, to participate in the Company's incentive and equity compensation programs, and to participate in retirement, fringe and other benefits generally available to other officers and employees.

Mr. Mantakos has entered into an employment agreement with the Company and the Bank dated May 1, 1995, pursuant to which Mr. Mantakos is employed as the President of the Bank. The agreement provides for an annual salary of $125,000, which may be adjusted on the anniversary date of the agreement to an amount to be approved by the Board of Directors. Mr. Mantakos is entitled to participate in any

management bonus plans established by the Bank and to receive all benefits offered to employees. Mr. Mantakos will, at the discretion of the Chairman, have the opportunity to receive a bonus in a maximum amount of $20,000 per year. This bonus is factored in by the Compensation

Committee in its consideration of compensation for Mr. Mantakos. The Compensation Committee is empowered to grant a larger bonus to Mr. Mantakos. Mr. Mantakos receives the use of an automobile provided by the Bank. The term of the Employment Agreement is one year, expiring May 1, 2009 and, if not terminated within 90 days of its termination date, is automatically renewed for one additional year, provided, however, that the Board of Directors of the Bank may terminate the agreement at any time. In the event of involuntary termination for reasons other than gross negligence, fraud or dishonesty (or in the event of the material diminution of or interference with Mr. Mantakos' duties, or a change of control of the Bank), the Bank is obligated to pay Mr. Mantakos his salary through the remaining term plus additional severance equal to the then current annual salary, but not less than $110,000. In such event, Mr. Mantakos is permitted to exercise all options, and warrants held by him, and the Company is obligated to purchase all of the Common Stock owned by Mr. Mantakos at the time of the involuntary termination and all of the Common Stock owned by him after he exercises all of his options.

The salaries proposed to be paid in 2009 to the Company's named executive officers are as follows: Mr. Hale, $522,000; Mr. Cicero, $256,500; Mr. Mantakos, $247,500; and Mr. Keidel, $193,500. These salaries represent no increase to the salaries paid in 2008. On March 5, 2009, the Compensation Committee determined not to institute a bonus plan for 2009 or to award any stock or options to the named executive officers for 2009. Otherwise, in addition to salaries to be paid in 2009, the named executive officers may also receive the types and amounts of compensation disclosed in the footnotes to the Summary Compensation Table and elsewhere in this proxy statement.

Non-Equity Incentive Plan Awards

The Company adopted a 2008 short-term incentive program to reward executives if the Company attains certain performance goals in the plan measurement period. The following table provides information about grants made in 2008 under the 2008 short-term incentive program. The named executive officers did not earn any amounts pursuant to these awards because the 2008 performance goals were not met.

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards		
Name	**Grant Year**	**Threshold ($)**	**Target ($)**	**Maximum ($)**
Edwin F. Hale, Sr.	2008	$ 104,400	$ 135,720	$ 313,200
Joseph A. Cicero	2008	$ 51,300	$ 66,690	$ 153,900
George H. Mantakos	2008	$ 49,500	$ 64,350	$ 148,500
Mark A. Keidel	2008	$ 38,700	$ 50,310	$ 116,100

Equity Compensation Plans

As noted above, the named executive officers were granted stock options under the 2004 Stock Option Plan in 2008 as follows: Mr. Hale, options to purchase 15,000 shares of Common Stock; Mr. Cicero, options to purchase 7,500 shares; Mr. Mantakos, options to purchase 7,500 shares; and Mr. Keidel, options to purchase 6,000 shares. The exercise price of the options is $5.70 per share and the options vest over a three-year period beginning in 2009. The material terms of the Company's equity compensation plans are discussed below.

First Mariner Bancorp 2004 Long Term Incentive Plan

The First Mariner Bancorp 2004 Long Term Incentive Plan was approved by the Company's Board of Directors and stockholders and will continue in effect until March 16, 2014, unless earlier terminated. The plan provides equity-based compensation incentives through the grant of nonqualified stock options, incentive stock options, stock appreciation rights and restricted shares. Select employees, officers, directors, advisors, and consultants of the Company and its affiliates are eligible to receive awards under the plan. The plan reserved 500,000 shares of the Company's Common Stock for issuance of awards, as adjusted for stock splits and other similar reclassification events. Options and stock appreciation rights must be granted at not less than fair market value on the date of grants (110% of the fair market value in the case of incentive stock options granted to participants who own more than 10% of the Company's shares on the grant date). An option granted under the plan generally expires on the 10th anniversary of the date the option was granted.

First Mariner Bancorp 2003 Employee Stock Purchase Plan

The First Mariner Bancorp 2003 Employee Stock Purchase Plan was approved by the Company's Board of Directors and stockholders and will continue to be in effect until July 1, 2013, unless earlier terminated. Under the plan, qualified employees may purchase shares of the Company's Common Stock through payroll deduction at a discount from market price, without incurring trading fees. The plan contemplates the grant of options to purchase shares of Common Stock to eligible employees of the Company and its subsidiaries. The total number of shares of Common Stock that may be issued under the plan cannot exceed 100,000 shares, as adjusted for stock splits and other similar reclassification events. Offerings to participants of options to purchase shares will be made each calendar quarter. The exercise price for each share purchased under the plan will not be less than 90% of the fair market value of the Common Stock on the last business day of the calendar quarter of each offering ("Offering Termination Date"). An option granted to a participant would be deemed to have been exercised automatically on the Offering Termination Date applicable to such option. No participant may be granted an option to purchase shares under the plan if such participant, immediately after the option is granted, owns stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any subsidiary. Additionally, no participant may be granted an option which permits his or her right to purchase shares under the plan, and any other stock purchase plan of the Company, to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such an option is outstanding at any time. In 2008, Mr. Cicero acquired 2,104 shares, Mr. Mantakos acquired 2,105 shares and Mr. Keidel acquired 2,156 shares under this plan. The maximum number of shares was exhausted in 2008 and the plan has been suspended.

First Mariner Bancorp 2002 Stock Option Plan

The First Mariner Bancorp 2002 Stock Option Plan was approved by the Company's Board of Directors and stockholders and will continue to be in effect until January 22, 2012, unless earlier terminated. The plan provides equity-based compensation incentives through the grant of stock options to directors, executive officers, key employees and consultants of the Company. The plan has reserved 250,000 shares of the Company's Common Stock for issuance of stock options, as adjusted for stock splits and other similar reclassification events. Options granted under the plan may be either nonqualified or incentive stock options. Incentive stock options must be granted at not less than fair market value on the date of grants (10% of the fair market value in the case of incentive options granted to participants who own more than 10% of the Company's shares on the grant date). An option granted under the plan generally expires on the 10th anniversary date the option was granted.

The following table shows outstanding stock options held by the named executive officers at December 31, 2008. All options were granted at the then existing market price for a term of 10 years. No stock awards were outstanding at December 31, 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END(1)

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price($)	Option Expiration Date
Edwin F. Hale, Sr.	10,000		8.6875	11/21/09
	10,000		5.625	03/08/10
	40,000		5.50	01/22/11
	50,000		10.45	01/16/12
	70,000		11.68	01/15/13
	60,000		17.77	01/24/15
	5,000	10,000	5.70	03/25/18
Joseph A. Cicero				
	7,500		5.625	03/08/10
	15,000		5.50	01/22/11
	15,000		10.45	01/16/12
	20,000		11.68	01/15/13
	30,000		17.77	01/24/15
	2,500	5,000	5.70	03/25/18
George H. Mantakos				
	5,000		5.625	03/08/10
	10,000		5.50	01/22/11
	15,000		10.45	01/16/12
	17,500		11.68	01/15/13
	22,500		17.77	01/24/15
	2,500	5,000	5.70	03/25/18
Mark A. Keidel				
	3,000		6.25	06/4/10
	5,000		5.50	01/22/11
	7,500		10.45	01/16/12
	12,500		11.68	01/15/13
	15,000		17.77	01/24/15
	2,000	4,000	5.70	03/25/18

(1) All outstanding equity awards were issued under the Company's 1996, 1998, and 2002 stock option plans and 2004 long-term incentive plans.

No options were exercised by the named executive officers during 2008 and no shares of stock vested with respect to any named executive officer in 2008. One third of the options awarded in 2008 vested in 2009.

Potential Payments Upon Termination

The Company has entered into Change in Control Agreements with Messrs. Hale, Mantakos, Cicero, and Keidel. The agreements provide for severance payments to these executives should a change in control result in a loss of employment, or a significant change in the executive's employment. Under the agreements, Messrs. Hale, Cicero and Mantakos would be entitled to benefits equal to 2.99 times their base compensation and Mr. Keidel would be entitled to benefits equal to 1.99 times his base compensation. Base compensation means the sum of (i) the greater of (A) the executive's annual salary computed at the annual rate in effect immediately before payment change in control or (B) the amount paid to the executive during the 12-month period preceding the change in control plus (ii) the average bonus paid over the past three years under the Company's short-term incentive program.

The following table summarizes the payments to which the Named Executive Officers are entitled upon termination of employment in different, specific circumstances under employment agreements, option plans, and the Change in Control Agreements assuming a termination at December 31, 2008. Benefits payable under the Company's 401(k) plan are not included.

Reason for Payment	Edwin F. Hale	Joseph A. Cicero	George H. Mantakos	Mark A. Keidel
Termination without a Change in Control:	$ 0	$ 0	$ 0	$ 0
Termination by Company with Just Cause:	0	0	0	0
Termination by Company without Just Cause or by executives with Good Reason(1):	0		330,000	0
Termination in Connection with a Change in Control:				
Change in Control Agreements:	1,560,780	766,935	740,025	385,065
Health and Welfare Benefits(2)	7,674	4,648	4,546	603

(1) Represents the remaining portion of Mr. Mantakos' salary (until May 1st of each year) plus one year's salary.

(2) Represents the cost of providing group healthcare, life insurance, and long-term disability for a maximum period of twelve months.

Retirement Savings

The Company maintains a defined contribution plan, which was established in 1997. The plan covers the Company's employees meeting a certain age and service eligibility requirements. The plan provides for cash deferrals qualifying under Section 401(k). The Company makes matching contributions to the plan, consisting of a 50% matching for the first two percent contributed by the employee and 25% matching for the next four percent contributed by the employee. The Company's contributions to the plan for Messrs. Hale, Cicero, Mantakos and Keidel are set forth in Note (3) to the Summary Compensation Table. The matching contributions were suspended for 2009.

Other Benefits

Bank Owned Life Insurance

The Company also offers pre- and post-retirement life insurance benefits to the Named Executive Officers in the form of a split dollar plan. In 2002, the Compensation Committee of the Bank recommended and approved a Group Term Carve Out Plan to provide pre- and post-retirement life insurance benefits to the senior officer group utilizing Bank Owned Life Insurance (BOLI), which is insurance on the lives of those officers. Each of the named executive officers is included within this group. Each BOLI policy is owned by the Bank, with a portion of the death benefit endorsed to the insured officer through a split dollar agreement. The pre-retirement current death benefits payable to

the beneficiaries of Messrs. Hale, Mantakos, Cicero and Keidel is an amount equal to 2.00 times their base annual salaries during their employment up to a maximum of $300,000, less $50,000, which is the amount of life insurance coverage provided under the Bank's group term life insurance plan. The post-retirement life insurance benefits for each of the named executive officers whose employment terminates for any reason other than for cause is an amount equal to 1.00 times the final base salary up to $100,000, subject to a pre-determined vesting schedule of attaining the normal retirement age of 62 or having completed five years of service with the Bank. The imputed benefits received by each of the named executive officers are set forth in the footnotes to the "All Other Compensation" column of the Summary Compensation Table.

Long-Term Care Insurance

The Company has obtained long-term care insurance for the CEO and other Named Executive Officers. The benefit includes the payment by the Company of the annual premium for 10 years (provided the executive remains employed in good standing).

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the Company is comprised of three directors who meet the audit committee independent standards of the NASDAQ Rules. The Audit Committee is responsible for overseeing the Company's accounting functions and controls, as well as engaging an Independent Registered Public Accounting Firm to audit the Company's financial statements. The Board of Directors has adopted a charter for the Audit Committee to set forth its responsibilities.

The Audit Committee has (i) reviewed and discussed the Company's consolidated audited financial statements for fiscal year ended December 31, 2008 with Company management, (ii) discussed with a representative of Stegman & Company, the Company's Independent Registered Public Accounting Firm, all matters required to be discussed by Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU § 380), as adopted by the Public Company Accounting Oversight Board, and (iii) received the written disclosures and the letter from Stegman & Company required by Independence Standards Board Standard No. 1 (Independence Standards Board Standards No. 1, Independence Discussions with Audit Committees), and discussed with a representative of Stegman & Company the independence of Stegman & Company.

Discussions between the Audit Committee and the representative of Stegman & Company included the following:

Stegman & Company's responsibilities in accordance with generally accepted auditing standards;

The initial selection of, and whether there were any changes in, significant accounting policies or their application;

Management's judgments and accounting estimates;

Whether there were any significant audit adjustments;

Whether there were any disagreements with management;

Whether there was any consultation with other accountants;

Whether there were any major issues discussed with management prior to Stegman & Company's selection;

Whether Stegman & Company encountered any difficulties in performing the audit;

Stegman & Company's judgments about the quality of the Company's accounting principles;

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Stegman & Company's responsibilities for information prepared by management that is included in documents containing audited financial statements.

In addition, the Audit Committee must:

Pre-approve audit and permissible non-audit services provided by Stegman & Company either on an engagement by engagement basis, or pursuant to established policies and procedures

Disclose in appropriate filings the fees paid to Stegman & Company categorized as Audit Fees, Audit Related Fees, Tax Fees and All Other Fees for the past two (2) years.

Ensure Compliance with Regulation FD, Regulation G and Regulation BTR.

Ensure that the Audit Committee has as a member qualified as an Audit Committee Financial Expert.

Based on its review of the financial statements and its discussions with management and the representative of Stegman & Company, the Audit Committee did not become aware of any material misstatements or omissions in the financial statements. Accordingly, the Audit Committee recommended to the Board of Directors that the audited financial statements for the year ended December 31, 2008 be included in the Annual Report on Form 10-K for the year ended December 31, 2008, to be filed with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE OF FIRST MARINER
BANCORP BOARD OF DIRECTORS

Michael R. Watson, Chair
Barry B. Bondroff
John Brown III
Robert Caret
Gregory A. Devou

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions since January 1, 2007

We currently lease 84,000 square feet of a building owned by Edwin F. Hale, Sr., CEO of the Company, for our executive offices and various operational departments. We paid $2.654 million and $2.364 million in rent on this location in 2008 and 2007, respectively.

We leased 18,400 square feet of storage space and disaster recovery facilities at two other locations owned by Mr. Hale. In 2008 and 2007, we paid $24,000 and $75,000, respectively, in rent for these facilities. During 2008, Mr. Hale sold the storage facility to an unaffiliated third party.

The Bank sponsors the activities of the Baltimore Blast, a professional soccer team owned by Mr. Hale. The Bank paid approximately $176,000 in 2008 and $175,000 in 2007for a sponsorship package which includes printed material and Bank banners displayed at Baltimore Blast games, prize giveaways, free tickets, and employee recognition nights. In addition to the Bank sponsorship, Mariner Finance paid approximately $20,000 in each of 2008 and 2007 in sponsorship of Baltimore Blast activities.

We have obtained the naming rights to the major indoor sports/entertainment facility in Baltimore from Mr. Hale who obtained them from the City of Baltimore. We pay Mr. Hale $75,000 per year for the naming rights, which is the same as Mr. Hale pays the City of Baltimore. We have a letter of credit with the City of Baltimore in the amount of $375,000 securing performance under the contract.

All related party transactions are subject to review by management and the Audit Committee and approved by the full Board of Directors. We believe that the terms for all related party transactions are at least as favorable as those that could be obtained from a third party.

Review, Approval and Ratification of Related Party Transactions

All related party transactions are subject to review by management and the Audit Committee and approved by the full Board of Directors. We believe that the terms for all related party transactions set forth above are at least as favorable as those that could be obtained from a third party.

NASDAQ Rule 4350(h) requires the Company to conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and further requires all such transactions to be approved by the Company's Audit Committee or another "independent body" of the Board of Directors. The term "related party transaction" is generally defined as any transaction (or series of related transactions) in which the Company is a participant and the amount involved exceeds the lesser of (i) $120,000 or (ii) 1% of the average consolidated assets of the Company as of the end of its last two fiscal years, and in which any director, director nominee, or executive officer of the Company, any holder of more than 5% of the outstanding voting securities of the Company, or any immediate family member of the foregoing persons will have a direct or indirect interest. The term includes most financial transactions and arrangements, such as loans, guarantees and sales of property, and remuneration for services rendered (as an employee, consultant or otherwise) to the Company.

In addition, federal and state banking laws impose review and approval requirements with respect to loans made by the Bank to its directors and executive officers and their related interests. The paragraphs that follow contain only a summary of these laws and are qualified in their entirety by the statutory text and the text of any related regulations.

Under the Federal Reserve Board's Regulation O, the Bank is prohibited from making any loan to any of its directors or executive officers or the directors or executive officers of the Company in amounts that exceed (i) the excess of the greater of $25,000 or 5% of the Bank's capital and unimpaired surplus or (ii) $500,000 (taking into account all loans to the insider and his or her related interests), unless the loan is approved by the Bank's Board of Directors (with the interested party abstaining). Loans to the directors and executive officers of the Company's other subsidiaries are not subject to these approval requirements as long as the Bank's Bylaws or its Board of Directors exempts such person from participating in policymaking functions of the lending institution and such person does not in fact participate, the subsidiary does not control the lending institution, and the assets of the subsidiary do not constitute more than 10% of the consolidated assets of the Company (determined annually).

Section 5-512 of the Financial Institutions Article of the Maryland Code requires the Board of Directors of the Bank to review and approve all non-commercial loans to directors of the Bank and their partnerships and corporations, all loans to executive officers of the Bank and their partnerships and corporations, and all non-consumer loans to employees of the Bank and their partnerships and corporations.

The Company and the Bank have adopted written policies and procedures to ensure compliance with the foregoing restrictions. The Company has a written Code of Conduct and Ethics, approved by the Board of Directors, which addresses, among other things, related party transactions. The Code applies to all directors, officers and employees. The Code requires all covered persons and entities not to pursue any personal interests that might conflict with, or appear to conflict with, the interests of the Company. The Company's Audit Committee is responsible for determining if any executive officer or director has violated the Code, and is also responsible for granting waivers under the Code. Additionally, the Company has adopted an Executive Code of Conduct and Ethics that addresses (i) "blackout period" prohibitions on trading in the Company's securities; (ii) prohibitions against insider trading; (iii) corporate opportunities; and (iv) the policy regarding loans to insiders.

To identify related persons and entities, the Company requires directors and executive officers to complete a Directors' and Officers' Questionnaire annually. This information is utilized to identify real or potential transactions in which conflicts of interest covered by the Code of Conduct and Ethics may arise.

INCORPORATION BY REFERENCE

Neither the Audit Committee Report nor the Compensation Committee Report contained in this proxy statement is deemed filed with the SEC, and neither shall be deemed incorporated by reference into any prior or future filings made by the Corporation under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Corporation specifically incorporates such information by reference.

Proposal Two:
STOCKHOLDER PROPOSAL RELATING TO SEPARATION OF POSITIONS OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Mr. John F. Maas, 9169 Bonnie Briar Circle, Charlotte, NC 28277, the beneficial owner of 3796.4 shares of Common Stock, has advised the Company that he plans to introduce the following resolution at the Annual Meeting:

RESOLVED:

The shareholders of First Mariner Bancorp (FMB) urge the Board of Directors to adopt a policy that the Chairman of the Board and CEO be two different individuals and the Chairman be an independent director, elected by the directors.

SUPPORTING STATEMENT

In May 2008 this proposal received 42.5% of the votes cast.

On 10/13/06 the stock closed at $19.98. On 10/31/2008 it closed at $1.47, a decline of 93%.

The Baltimore Business Journal (BBJ) quoted Mr. Hale on 5/2/2008 in trying to explain the drop in the stock price, "We don't understand it."

On 5/13/2008 the BBJ reported Mr. Hale saying, "I am after all, a banker."

During 2007, 2006, and 2005 as reported in FMB's proxy statement, the Chairman/CEO and affiliated entities, received amounts of more than $3,315,218, $ 2,358,181, $21,959,494 in addition to various Option grants.

Morningstar in a report dated October 16, 2007, described the connection between the Bank and Mr. Hale as "overly rewarding" and the transactions are 'too cozy for our taste'.

The BBJ in reporting on transactions between Mr. Hale and the Bank on 4/15/2005 stated:

" new space at Canton Crossing on Boston Street will cost the bank about $25 a square foot The average asking rents for Class A or prime office space in the city's central business district typically the priciest real estate were just under $21 a square foot Real estate on the edges of the city is generally less costly."

The rent is now over $30 a square foot.

The article further stated, "First Mariner Bancorp announced it will buy its Canton headquarters from Hale for $20 million. The transaction represented a deal worth $250 per square foot a record at the time for Baltimore City office space."

The Baltimore Business Journal reported on 4/9/2004

> Institutional Shareholder Services said in a report last year that Hale's involvement in "related party transactions" negatively affected First Mariner's Corporate governance ranking.

In my opinion, the purpose of the Board of Directors is to provide independent oversight of management. I believe that a separation of the roles of Chairman and CEO will promote accountability to shareholders. An independent Chairman will strengthen the Board's integrity and improve oversight. When a person acts as a company's Chairman and its CEO, a vital separation of power is eliminated. We as the owners of our company are deprived of a protection against conflicts of interest. When a Chairman is also the CEO, the information given to directors may or may not be accurate. If a CEO wants to cover up improperties and directors disagree, with whom do they the lodge complaints? The Chairman?

Andrew Grove, former Chairman of Intel Corporation, stated "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he is an employee, he needs a boss, and that boss is the board. The chairman runs the board. How can the CEO be his own boss?" (Business Week, November 11, 2002).

THE BOARD OF DIRECTORS RECOMMENDS A VOTE *AGAINST* THIS PROPOSAL FOR THE FOLLOWING REASONS

The Board strongly endorses the view that one of its primary functions is to protect stockholders' interests by providing independent oversight of management, including the CEO. However, the Board does not believe that mandating a particular structure, such as a separate Chairman and CEO, is necessary to achieve effective oversight. The Board of the Company is currently comprised of 14 directors, 11 of whom are independent directors under the NASDAQ Rules. The Chairman of the Board has no greater nor lesser vote on matters considered by the Board than any other director, and the Chairman does not vote on any related party transaction. All directors of the Company, including the Chairman, are bound by fiduciary obligations, imposed by law, to serve the best interests of the stockholders. Separating the offices of Chairman and Chief Executive Officer would not serve to enhance or diminish the fiduciary duties of any director of the Company.

To further strengthen the regular oversight of the full Board, all various committees of the Board are comprised by a majority of independent directors. The Compensation Committee of the Board consists of three directors, all independent. As detailed in its report and the Compensation Discussion and Analysis appearing elsewhere in this proxy statement, the Compensation Committee reviews and evaluates the performance of all executive officers of the Company including the Chief Executive Officer and reports to the Board. The Audit Committee, which is comprised solely of independent directors, oversees the Company's financial practices, regulatory compliance, accounting procedures and financial reporting functions. **In addition, the Audit Committee is specially entrusted by law to fully review and make recommendations to the full Board on related party transactions and possible conflicts of interest, if any. Furthermore, as a regulated entity, all related party transactions are closely scrutinized by federal and state government agencies that regularly examine the Company.** In the opinion of the Board of Directors, an independent chairman does not add any value to this already effective process.

Mr. Maas has submitted the same proposal for each of the last six years. The stockholders of the Company defeated a similar proposal submitted by Mr. Maas at the 2007 Annual Meeting, rejecting it by a majority of shares voted by stockholders. The Board of Directors continues to believe that the proposal is not in the best interests of the Company or its stockholders. The Board believes that our Company is best served by having Mr. Hale, who is also a large stockholder, serve as both Chairman and Chief Executive Officer. In this manner, the Chairman, whose interests, in the opinion of the

Board, are aligned with the interest of the public stockholders, acts as a bridge between the Board and the operating organization and provides critical leadership for strategic initiatives.

The Board believes that the interests of the Company and its stockholders are best served at this time by the experienced leadership and decisive direction provided by a full-time Chairman and Chief Executive Officer, subject to oversight by the Company's independent directors. The Board believes this is even more critical during difficult market conditions, such as those being experienced currently in the financial services industry. The Board and the Company are strengthened by the presence of Mr. Hale, who provides strategic, operational, and technical expertise, broad vision and a proven ability to lead the Company to the successes it has experienced. The Board believes that success is promoted by active and independent directors and loyal and hard-working executives who act consistently with a strong set of corporate governance ethics, rather than a particular Board structure. The Board believes that it needs to retain the ability to balance board structure with the flexibility to determine board leadership

Under Mr. Hale's direction, the Company has achieved significant growth and Mr. Hale has been an integral part of that growth. Mr. Hale spearheads the Company's sales and marketing efforts, actively participating in the Company's marketing strategies and serving as spokesman in the Company's radio and television advertising. Through Mr. Hale's efforts, the Company has enjoyed substantial name recognition in the Baltimore Metropolitan area, and has grown to be one of the largest bank holding companies headquartered in Maryland. Through his leadership of the Bank, as well as other public civic and private endeavors, Mr. Hale has become a very visible and respected business leader in the Bank's operating area.

Mr. Hale has also been a critical factor in the Company's success in raising capital to support its continued growth. In the Board's opinion, Mr. Hale's banking experience and credibility in the capital markets has been instrumental in successful capital raising efforts in 1995, 1998, 2001, 2002, 2003, 2004 and in the fourth quarter of 2005, all of which have supported the Company's continued growth.

The Board believes, therefore, that this proposal is not in the best interest of the Company or its stockholders and unanimously recommends a vote ***AGAINST*** approval of the proposal to separate the office of Chairman and Chief Executive Office, and the accompanying proxy will be so voted, unless a contrary specification is made.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stegman & Company performed the audit of the Company's financial statements for the year ended December 31, 2008, and the Audit Committee has appointed Stegman & Company to be the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2009. A representative of Stegman & Company will be present at the Annual Meeting and will be given the opportunity to make a statement if they so desire, and will answer appropriate questions directed to them relating to their audit of the Company's consolidated financial statements.

PRINCIPAL AUDITOR FEES AND SERVICES

Audit and Non-Audit Fees

The following table shows the fees paid or accrued by the Company for the audit and other services provided by Stegman & Company in 2008 and 2007:

Services Performed	2008	2007
Audit Fees(1)	$ 182,000	$ 146,250
Audit-Related Fees(2)	20,225	12,500
Tax Fees(3)	24,155	15,000
All Other Fees		
Total Fees	$ 226,380	$ 176,750

(1) Audit fees represent fees for professional services provided in connection with the audit of the Company's financial statements, including the audit of internal controls over financial reporting, and review of the financial statements included in the Company's 10-Q and 10-K filings, and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees are fees for services performed by Stegman & Company that are reasonably related to the performance of the audit or review of the Company's financial statements. This includes auditing the Company's 401(k) plan and review of various registration statements.

(3) Tax fees are fees for professional services performed by Stegman & Company with respect to tax compliance, tax preparation, tax advice and tax planning in 2007 and 2008.

Pre-Approval of Audit and Non-Audit Services

In 2003, the SEC adopted a rule pursuant to the federal Sarbanes-Oxley Act of 2002 that, except with respect to certain *de minimis* non-audit services, as defined in Section 10A(i)(1) of the Exchange Act, requires Audit Committee pre-approval of audit and non-audit services provided by the Company's independent auditors. In recognition of this responsibility, the following provision is included in the Audit Committee's charter: "In carrying out [its] responsibilities, the Committee will pre-approve all audit and permitted non-audit services in accordance with Section 202 of the [Sarbanes-Oxley] Act of 2002] and the SEC rules promulgated thereunder." All of the services described above were pre-approved by the Audit Committee pursuant to this SEC rule. No fees were paid to the independent registered public accounting firm pursuant to the *de minimis* exception to the foregoing pre-approval policy.

AUDIT COMMITTEE CONSIDERATION

After due consideration, the Audit Committee has concluded that the provision by Stegman & Company of the non-audit services described above is not incompatible with the maintenance by Stegman & Company of its independence.

STOCKHOLDER PROPOSALS

Any stockholder desiring to present a proposal pursuant to Rule 14a-8 of the Exchange Act to be included in the proxy statement and voted on by the stockholders at the 2010 Annual Meeting of Stockholders must submit that proposal in writing, including all supporting materials, to the Company at its principal executive offices no later than December 4, 2009 (120 days before the date of mailing

based on this year's proxy statement date) and meet all other requirements for inclusion in the proxy statement. Additionally, pursuant to the Company's Bylaws, if a stockholder intends to present a proposal for business to be considered at the 2010 Annual Meeting of Stockholders but does not seek inclusion of the proposal in the Company's proxy statement for such meeting, then the Company must receive the proposal no earlier than December 4, 2009 (120 days before the date of mailing based on this year's proxy statement date) but no later than January 4, 2010 (90 days before the date of mailing based on this year's proxy statement date) for it to be considered timely received. If the notice of a stockholder proposal is not timely received, then the proxies will be authorized to exercise discretionary authority with respect to the proposal.

As discussed elsewhere in this proxy statement, if a stockholder intends to nominate a person for election to the Company's Board of Directors, then the Company must receive the nomination no earlier than December 4, 2009 (120 days before the date of mailing based on this year's proxy statement date) but not later than January 4, 2010 (90 days before the date of mailing based on this year's proxy statement date) for the nomination to be considered timely received. Any nomination that is not timely received will be disregarded.

ANNUAL REPORT

THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2007, WHICH CONTAINS AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007 IS ENCLOSED HEREWITH. THIS FORM 10-K MAY ALSO BE OBTAINED WITHOUT CHARGE BY VISITING THE COMPANY'S WEBSITE (*WWW.1STMARINERBANK.COM*) UPON A WRITTEN REQUEST DIRECTED TO EUGENE A. FRIEDMAN, SECRETARY, FIRST MARINER BANCORP, 1501 SOUTH CLINTON STREET, BALTIMORE, MARYLAND 21224.

OTHER MATTERS

The Board of Directors knows of no other business to be presented for action at the Annual Meeting. If any other business should properly come before the Meeting, persons named in the enclosed proxy or their substitutes will vote with respect to such matters in accordance with their best judgment.

By Order of the Board of Directors,
Eugene A. Friedman
SECRETARY

QuickLinks

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS To Be Held Tuesday, May 5, 2009, at 7:00 A.M. at CLARENCE "DU" BURNS ARENA 1301 South Ellwood Avenue Baltimore, Maryland 21224
FIRST MARINER BANCORP 1501 South Clinton Street Baltimore, Maryland 21224 (410) 342-2600 PROXY STATEMENT ANNUAL MEETING OF STOCKHOLDERS To Be Held on Tuesday, May 5, 2009 at 7:00 A.M. SOLICITATION AND REVOCATION OF PROXIES
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