

MERCANTILE BANKSHARES CORP
Form 10-Q
May 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2006

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-5127

MERCANTILE BANKSHARES CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

52-0898572
(I.R.S. Employer
Identification No.)

2 Hopkins Plaza

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Baltimore, Maryland 21201

(Address of principal executive offices) (Zip Code)

(410) 237-5900

(Registrant's telephone number, including area code)

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 28, 2006, 123,214,689 shares of registrant's Common Stock, \$2 par value per share, were outstanding.

MERCANTILE BANKSHARES CORPORATION

Quarterly Report on Form 10-Q

March 31, 2006

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

MERCANTILE BANKSHARES CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	March 31, 2006	December 31, 2005	March 31, 2005
ASSETS			
Cash and due from banks	\$ 317,376	\$ 369,536	\$ 304,969
Interest-bearing deposits in other banks	200	200	158
Federal funds sold	292,905	25,104	26,901
Total cash and cash equivalents	610,481	394,840	332,028
Trading account securities at fair value	8,000		
Investment securities available-for-sale (Note 4)	3,119,562	3,089,628	2,807,721
Investment securities held-to-maturity (Note 4) - fair value of \$16,858 (March 2006), \$17,181 (December 2005) and \$20,371 (March 2005)	16,448	16,659	19,704
Total investment securities	3,136,010	3,106,287	2,827,425
Loans held-for-sale	850	26,263	24,341
Loans:			
Commercial	2,899,242	2,957,301	2,854,186
Commercial real estate	3,675,692	3,703,297	3,180,853
Construction	1,740,413	1,607,095	1,347,365
Residential real estate	1,856,250	1,802,373	1,735,492
Home equity lines	487,586	505,508	493,074
Consumer	1,036,985	1,032,271	802,252
Total loans	11,696,168	11,607,845	10,413,222
Less: allowance for loan losses	(141,874)	(156,673)	(149,017)
Loans, net	11,554,294	11,451,172	10,264,205
Bank premises and equipment, less accumulated depreciation of \$145,098 (March 2006), \$146,585 (December 2005) and \$144,515 (March 2005)	137,713	137,419	141,135
Other real estate owned, net	713	667	145
Goodwill, net	678,918	670,028	507,791
Other intangible assets, net (Note 8)	44,461	46,653	46,122
Other assets	611,787	588,400	484,641
Total assets	\$ 16,783,227	\$ 16,421,729	\$ 14,627,833
COMMITMENTS and CONTINGENCIES (Note 7)			
LIABILITIES			
Deposits:			
Noninterest-bearing deposits	\$ 3,385,892	\$ 3,324,650	\$ 3,098,666
Interest-bearing deposits	9,187,664	8,752,700	7,872,610
Total deposits	12,573,556	12,077,350	10,971,276
Short-term borrowings	1,057,015	1,237,714	856,963
Accrued expenses and other liabilities	222,031	169,780	179,747
Long-term debt	701,706	742,163	681,331
Total liabilities	14,554,308	14,227,007	12,689,317
SHAREHOLDERS EQUITY			

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Preferred stock, no par value; authorized 2,000,000 shares; issued and outstanding - None

Common stock, \$2 par value; authorized 130,000,000 shares; issued shares - 123,474,125 (March 2006), 123,248,121 (December 2005) and 119,228,780 (March 2005); restricted shares 330,148 (March 2006), 249,090 (December 2005) and 253,395 (March 2005)

	246,947	164,331	158,972
Capital surplus	595,813	676,830	538,075
Retained earnings	1,428,288	1,386,405	1,264,634
Accumulated other comprehensive income (loss)	(42,129)	(32,844)	(23,165)
Total shareholders equity	2,228,919	2,194,722	1,938,516
Total liabilities and shareholders equity	\$ 16,783,227	\$ 16,421,729	\$ 14,627,833

See notes to consolidated financial statements

MERCANTILE BANKSHARES CORPORATION

STATEMENTS OF CONSOLIDATED INCOME