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Contact: Mark D. Bradford, President and Chief Executive Officer, (812) 331-3455
Media Contact: Ashley Fisher, Marketing Director, (812) 353-7705
Toll-free: (800) 319-2664
Fax: (812) 331-3445
www.monroebank.com

For Immediate Release

Monroe Bancorp Reports Earnings of \$776,000 or \$0.125 Per Share For the Second Quarter of 2009

BLOOMINGTON, IN – July 28, 2009 – Monroe Bancorp (the “Company”) (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank (the “Bank”), today reported net income of \$776,000 or \$0.125 per diluted common share for the quarter ended June 30, 2009 compared to \$1,860,000 or \$0.299 per diluted common share for the same period in 2008. This represents a 58.3 percent decrease in net income and a 58.2 percent decrease in diluted earnings per share. Return on average assets and return on average equity for the second quarter of 2009 were 0.38 percent and 5.53 percent, respectively, compared to 0.96 percent and 13.26 percent, respectively, for the second quarter of 2008. As discussed below, the decrease in year over year net income is largely related to the increased provision for loan losses and increased FDIC expenses, including a special FDIC assessment that was applied during the second quarter of 2009.

Net income for the second quarter of 2009 decreased by \$331,000 or 29.9 percent compared to net income for the first quarter of 2009.

Net income for the first six months of 2009 totaled \$1,882,000 or \$0.303 per diluted common share compared to \$3,453,000 or \$0.554 per diluted common share for the same period of 2008. This represents a 45.5 percent decrease in net income and a 45.3 percent decrease in diluted earnings per share. Return on average assets and return on average equity were 0.46 percent and 6.75 percent, respectively, for the first six months of 2009 compared to 0.89 percent and 12.46 percent, respectively, for the first six months of 2008.

The decline in net income between the second quarter of 2009 and the second quarter of 2008 was largely the result of asset quality issues and increased FDIC expense. The provision for loan losses totaled \$2,200,000 for the second quarter of 2009 compared to \$1,050,000 for the same period of 2008. An increase in non-accrual loans impacted net interest income. Nonperforming loans totaled \$18,576,000 on June 30, 2009, compared to \$13,696,000 on March 31, 2009 and \$15,906,000 on June 30, 2008. Additional asset quality information is presented in the section titled Asset Quality.

The provision for loan losses in the second quarter of 2009 was \$400,000 less than the \$2,600,000 made during the first quarter of 2009.

FDIC expense, partially due to a special assessment expensed during the second quarter, totaled \$650,000 for the second quarter of 2009, compared to \$283,000 for the first quarter of 2009 and \$156,000 for the second quarter of 2008.

The combination of the increased provision and increased FDIC expense reduced pre-tax income by \$1,644,000 during the second quarter of 2009 compared to the second quarter of 2008. The combined impact of these two expenses was \$33,000 less in the second quarter of 2009 than the first quarter of 2009 and therefore did not contribute to the decline in net income between those periods. The primary cause of the decline in net income between the first and second quarter of 2009 was a \$664,000 decrease in gains from the sale of securities.

Pretax income was also unfavorably impacted by a reduced level of gains on the sale of securities in the Bank's investment portfolio. Total gains on the sale of securities during the second quarter were \$364,000 compared to \$439,000 for the same quarter of 2008 and \$1,028,000 for the first quarter of 2009.

During the second quarter, we took steps to strengthen our capital and the capital of the Bank. On July 17, 2009, Monroe Bancorp raised \$13 million of Tier 2 capital through the issuance of subordinated debentures. The subordinated debentures were issued as the result of a public offering underwritten by Howe Barnes Hoefler & Arnett, Inc. The debentures carry an interest rate of 10.0% and will mature on June 30, 2019. The Company has the right to call the debt at any time after three years. The offering closed on July 17, 2009. The subordinated debentures were issued pursuant to the prospectus filed as part of the Company's registration statement under the Securities Act of 1933. The net proceeds from the offering will provide additional capital to Monroe Bank in order to solidify our balance sheet against future credit losses and, eventually, to support our continued growth. Proceeds from the offering will also be used for general corporate purposes at the holding company level.

"While continuing to feel the pressure of the economic downturn, ongoing issues with real estate related loans and the special FDIC assessment, I am pleased we were able to produce over \$700,000 of net income during the quarter," said Mark D. Bradford, President and Chief Executive Officer. "Our efforts to contain and manage our problem assets, control costs and actively build business have helped us achieve this positive result. We are also pleased that we improved the capital of the Company and the Bank."

Financial Performance

Net interest income before the provision for loan losses increased 5.0 percent to \$6,045,000 for the three months ended June 30, 2009 compared to \$5,756,000 for the same period in 2008. The increase is largely attributable to lower funding costs and a \$37,521,000 increase in average loans. The tax-equivalent net interest margin as a percentage of average earning assets for the quarter ended June 30, 2009 was 3.21 percent, compared to 3.20 percent for the quarter ended March 31, 2009 and 3.31 percent for the second quarter of 2008.

Net interest income before the provision for loan losses, increased \$355,000 or 3.1 percent to \$11,987,000 for the six months ended June 30, 2009 compared to \$11,632,000 for the same period in 2008. The tax-equivalent net interest margin for the first six months of 2009 was 3.20 percent, compared to 3.33 percent for the first six months of 2008. A reconciliation of the non-GAAP tax-equivalent net interest margin to the GAAP net interest margin is provided in a table entitled "Reconciliation of GAAP Net Interest Margin to Non-GAAP Net

Interest Margin on a Tax-Equivalent Basis,” included at the end of the attached financial summary.

Noninterest income totaled \$3,186,000 for the second quarter of 2009 compared to \$3,024,000 for the same period of 2008. Excluding the effect of the Company’s deferred compensation plan, discussed in the “Use of Non-GAAP Financial Information” section of this release, noninterest income totaled \$2,964,000 for the second quarter of 2009 compared to \$3,066,000 for the same period of 2008, a decrease of \$102,000 or 3.3 percent. The decrease in noninterest income was driven by declines in deposit related service charges (declined \$98,000), trust fees (declined \$105,000) and other operating income (declined \$151,000) offsetting a \$279,000 increase in fees earned on the sale of residential mortgages.

Noninterest income totaled \$6,448,000 for the first six months of 2009 compared to \$5,388,000 for the same period of 2008. Excluding the effect of the Company’s deferred compensation plan, noninterest income totaled \$6,358,000 for the first six months of 2009 compared to \$5,622,000 for the same period of 2008. The \$736,000 or 13.1 percent increase over the same period of 2008 was primarily the result of an \$813,000 increase in gains from the sale of securities.

Noninterest expense was \$6,123,000 for the three months ended June 30, 2009, compared to \$5,371,000 for the same period of 2008. Noninterest expense, adjusted to remove the effect of the Company’s deferred compensation plan, was \$5,883,000 for the three months ended June 30, 2009, compared to \$5,390,000 for the same period of 2008. A reconciliation of the non-GAAP noninterest income and expense, adjusted to remove the effect of the Company’s deferred compensation plan, is provided in a table entitled “Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan”, included at the end of the attached financial summary. The \$493,000 or 9.1 percent increase in noninterest expense is largely the result of the \$494,000 increase in FDIC expense. The increase in FDIC expense resulted primarily from a special FDIC assessment that took place during the second quarter.

Noninterest expense totaled \$11,346,000 for the first six months of 2009 compared to \$10,762,000 for the same period of 2008. Noninterest expense, excluding the effect of the Company’s deferred compensation plan, was \$11,220,000 for the first six months of 2009, compared to \$10,941,000 for the same period of 2008. The \$279,000, or 2.6 percent increase is driven by a \$731,000 increase in FDIC expense which more than offset a \$266,000 or 6.0 percent decrease in salaries and wages.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$22,959,000 (2.79 percent of total assets) at June 30, 2009 compared to \$17,289,000 (2.10 percent of total assets) at March 31, 2009 and \$16,472,000 (2.12 percent of total assets) at June 30, 2008.

Net charge-offs for the second quarter of 2009 totaled \$1,576,000 or 1.01 percent of total loans compared to \$1,436,000 (0.91 percent of total loans) for the first quarter of 2009 and \$575,000 (0.38 percent of total loans) for the second quarter of 2008.

The Bank employs an internal system called the “Watch List” to bring attention to credits with varying degrees of concern over the prospects of complete repayment, including both principal and all interest. These concerns may be objectively based on the borrower’s financial and payment performance or on subjective concerns that Bank management has with the markets and conditions that the borrower operates within. Loans on this list include:

- Loans with well defined weaknesses where the prospect of complete repayment of principal and interest is remote and loans placed on non-accrual where specific reserves and charge-offs are applied as needed, and
- Loans with potential weaknesses (whether borrower specific or due to market/economic considerations) that need to be resolved in order to avoid jeopardizing the complete repayment of principal and interest and the loan is subjected to additional scrutiny and assessment and internal documentation.

Loans on the Watch List tend to be more dependent on collateral if the borrower’s repayment capacity is diminished and the Bank devotes additional attention to revaluing the collateral as appropriate in assessing the probability of loss.

	6/30/2009	03/31/2009	12/31/2008	6/30/2008
Total Loans \$	624,018,000	630,842,000	633,091,000	602,369,000
Total Watch List Loans	76,720,000	79,073,000	59,172,000	27,911,000
Number of Watch List Customers	69	67	52	42
Total Watch List \$ > 30 Days Past Due	17,368,000	22,370,000	14,751,000	16,129,000
Total Watch List \$ Customers Secured by Real Estate	70,697,000	72,005,000	55,507,000	24,929,000
Total Watch List \$ Secured by Non R/E	5,855,000	6,878,000	3,268,000	2,782,000
Total Watch List \$ Unsecured	168,000	190,000	397,000	200,000
Total Non Performing Loans \$	18,576,000	13,696,000	14,329,000	15,906,000

As of June 30, 2009, 77.4 percent of the Watch List exposure was less than thirty days past due, compared to 71.7 percent as of March 31, 2009 and 42.2 percent as of June 30, 2008. Of the \$76,720,000 of loans on the watch list on June 30, 2009, \$57,337,000 (74.7 percent) were originated out of our Central Indiana (greater Indianapolis) offices.

The chart that follows provides details of watch list loans by collateral type.

	Total Bank Owned Balance	Watch List	% on Watch List	Non Accrual	Total \$ > 30 Days Late
Total Loans at 6/30/09	624,018,000	76,720,000	12.3%	17,076,000	18,656,000
Loans in Process	4,053,000	NA	NA	NA	NA
Loans Analyzed Below:	619,965,000	76,720,000	12.4%	17,076,000	18,656,000
Secured by Real Estate					
1-4 Family Owner Occupied and Rentals	137,695,000	6,651,000	4.8%	1,213,000	1,564,000
Pre Sold 1-4 Residential Construction	2,353,000	1,568,000	66.6%	-	180,000
Spec 1-4 Residential Construction	16,863,000	9,983,000	59.2%	3,373,000	3,374,000
Multi Family - Construction	4,032,000	-	0.0%	-	-
Multi Family - Other than Construction	84,843,000	1,992,000	2.3%	-	-
Other CRE Owner Occupied Construction	2,851,000	-	0.0%	-	-
Other CRE Non-Owner Occupied Construction	11,604,000	-	0.0%	-	-
Other CRE Loans - Other Than Construction	227,743,000	23,890,000	10.5%	9,160,000	9,676,000
Land Development Commercial	928,000	328,000	35.4%	328,000	328,000
Land Development Residential	33,167,000	26,285,000	79.2%	2,239,000	2,239,000
Sub Total - Secured by Real Estate:	522,079,000	70,697,000	13.5%	16,313,000	17,361,000
Other Secured Loans					
Business Assets	62,043,000	5,502,000	8.9%	398,000	560,000
Consumer Products	10,699,000	4,000	0.0%	-	158,000
Financial Assets	10,262,000	349,000	3.4%	350,000	540,000
Sub Total: Other Secured Loans:	83,004,000	5,855,000	7.1%	748,000	1,258,000
Unsecured Loans					
Unsecured Loans	14,882,000	168,000	1.1%	15,000	37,000

“While I am pleased by the drop in total watch list loans, I remain disappointed with the Company’s overall level of problem assets and the impact that they are having on our income. Problem asset resolution is our number one priority, and we are devoting a significant amount of time and effort to identifying and resolving asset quality issues,” said Mr. Bradford.

Financial Condition

Total assets grew 5.7 percent from June 30, 2008, reaching \$822,678,000 on June 30, 2009. Loans, including loans held for sale, totaled \$624,018,000 on June 30, 2009, a 3.6 percent increase from total loans on June 30, 2008, which were \$602,369,000. Deposits increased 7.9 percent to \$672,992,000 at June 30, 2009 compared to \$623,871,000 a year earlier.

About Monroe Bancorp

Monroe Bancorp, headquartered in Bloomington, Indiana, is an Indiana bank holding company with Monroe Bank as its wholly owned subsidiary. Monroe Bank was established in Bloomington in 1892, and offers a full range of financial, trust and investment services through its locations in Central and South Central Indiana. The Company's common stock is traded on the NASDAQ® Global Stock Market under the symbol MROE.

See attachments for additional financial information. For further information, contact: Mark D. Bradford, President and Chief Executive Officer, (812) 331-3455.

Use of Non-GAAP Financial Information

To supplement the Company's consolidated condensed financial statements presented on a GAAP basis, the Company has used the following non-GAAP measures of reporting:

(1) The net interest margin is reported on a tax equivalent basis. The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a marginal income tax rate of 34 percent. Management believes that it is a standard practice in the banking industry to present net interest margin and net interest income on a fully tax equivalent basis. Therefore, management believes these measures provide useful information to investors by allowing them to make peer comparisons. A table entitled "Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis," included at the end of the attached financial summary, reconciles the non-GAAP financial measure "net interest income (tax-equivalent)" with net interest income calculated and presented in accordance with GAAP. The table also reconciles the non-GAAP financial measure "net interest margin (tax-equivalent)" with net interest margin calculated and presented in accordance with GAAP.

(2) Noninterest income and noninterest expense are reported without the effect of income and expenses related to securities held in a rabbi trust for the deferred compensation plan. A table entitled "Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan", included at the end of the attached financial summary, details all the items included in noninterest income and expense associated with the deferred compensation plan / rabbi trust and reconciles the GAAP numbers to the non-GAAP numbers. The activity in the rabbi trust has no effect on the Company's net income, therefore, management believes a more accurate comparison of current and prior year noninterest income and noninterest expense can be made if items related to the rabbi trust are removed.

The Company believes these adjustments are appropriate to enhance an overall understanding of the Company's past financial performance and also its prospects for the future. These adjustments to the Company's GAAP results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results and trends and the Company's marketplace performance. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the numbers prepared in accordance with generally accepted accounting principles in the United States.

Forward-Looking Statements

This release contains forward-looking statements about the Company which we believe are within the meaning of the Private Securities Litigation Reform Act of 1995. This release contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or

current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may" or words of similar meaning. These forward-looking statements, by their nature, are subject to risks and uncertainties. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to: (1) changes in competitive pressures among depository institutions; (2) changes in the interest rate environment; (3) changes in prepayment speeds, charge-offs and loan loss provisions; (4) changes in general economic conditions, either national or in the markets in which the Company does business; (5) legislative or regulatory changes adversely affecting the business of the Company; (6) changes in real estate values or the real estate markets; and (7) the Company's business development efforts in new markets in and around Hendricks and Hamilton Counties. Further information on other factors which could affect the financial results of the Company is included in the Company's filings with the Securities and Exchange Commission.

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

BALANCE SHEET *	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Cash and Interest-Earning Deposits	\$ 25,030	\$ 28,038	\$ 15,058	\$ 33,675	\$ 27,141	\$ 15,058	\$ 24,563
Federal Funds Sold	30,238	16,150	8,663	26,593	1,654	8,663	1,077
Securities	102,291	108,087	121,530	99,795	106,591	121,530	125,658
Total Loans	624,018	630,842	633,091	616,226	602,369	633,091	584,831
Loans Held for Sale	8,640	4,659	3,389	2,406	4,110	3,389	2,974
Commercial & Industrial	92,778	103,306	104,779	97,373	99,141	104,779	104,611
Real Estate:							
Commercial & Residential	393,308	392,414	398,896	368,363	355,393	398,896	332,664
Construction & Vacant Land	82,212	84,697	80,917	103,459	99,694	80,917	101,011
Home Equity	31,205	29,781	28,976	27,305	25,783	28,976	25,222
Installment Loans	15,875	15,985	16,134	17,320	18,248	16,134	18,349
Reserve for Loan Losses	12,960	12,336	11,172	9,397	7,748	11,172	6,654
Bank Premises and Equipment	20,312	20,605	20,750	20,836	20,534	20,750	20,029
Federal Home Loan Bank Stock	2,353	2,312	2,312	2,312	2,312	2,312	2,312
Interest Receivable and Other Assets	31,396	30,004	29,567	28,969	25,351	29,567	26,264
Total Assets	\$ 822,678	\$ 823,702	\$ 819,799	\$ 819,009	\$ 778,204	\$ 819,799	\$ 778,080
Total Deposits	\$ 672,992	\$ 676,557	\$ 665,179	\$ 679,421	\$ 623,871	\$ 665,179	\$ 619,717
Noninterest Checking	83,404	78,676	84,317	88,264	79,548	84,317	81,542
Interest Bearing Checking & NOW	214,998	118,421	107,124	125,407	129,422	107,124	131,295
Regular Savings	18,404	17,990	16,619	16,844	17,876	16,619	17,712
Money Market Savings	40,110	122,080	108,246	106,808	116,862	108,246	99,135
CDs & CDARs Less than \$100,000	142,114	149,380	155,127	142,648	139,584	155,127	150,422
CDARs Greater than \$100,000 & Brokered CDs	65,354	70,612	67,949	23,101	13,101	67,949	10,034
CDs Greater than \$100,000	108,246	119,298	125,741	175,906	127,163	125,741	128,602
Other Time	362	101	56	443	315	56	975
Total Borrowings	86,403	85,070	93,203	75,954	88,723	93,203	96,421
Federal Funds Purchased	-	-	-	-	12,810	-	24,850
Securities Sold Under Repurchase Agreement	58,737	58,686	59,404	46,569	46,390	59,404	43,195
FHLB Advances	17,498	17,511	25,523	20,186	21,249	25,523	18,273
Loans Sold Under Repurchase Agreement & Other Debt	1,920	625	28	951	26	28	1,855
Subordinated Debentures - Trust Preferred	8,248	8,248	8,248	8,248	8,248	8,248	8,248
Interest Payable and Other Liabilities	6,828	6,098	5,496	7,942	9,578	5,496	7,490
Total Liabilities	766,223	767,725	763,878	763,317	722,172	763,878	723,628
Shareholders' Equity	56,455	55,977	55,921	55,692	56,032	55,921	54,452
Total Liabilities and Shareholders' Equity	\$ 822,678	\$ 823,702	\$ 819,799	\$ 819,009	\$ 778,204	\$ 819,799	\$ 778,080
Book Value Per Share	\$ 9.07	\$ 9.00	\$ 8.99	\$ 8.95	\$ 9.01	\$ 8.99	\$ 8.76
End of Period Shares Issued and Outstanding	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550
Less: Unearned ESOP Shares	4,852	6,226	7,601	5,900	8,300	7,601	13,100
End of Period Shares Used to Calculate Book Value	6,222,699	6,221,324	6,219,949	6,221,650	6,219,250	6,219,949	6,214,450

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Interest Income	\$ 9,177	\$ 9,378	\$ 10,141	\$ 10,472	\$ 10,366	\$ 42,462	\$ 48,474
Interest Expense	3,132	3,436	4,152	4,492	4,610	18,861	25,435
Net Interest Income	6,045	5,942	5,989	5,980	5,756	23,601	23,039
Loan Loss Provision	2,200	2,600	4,150	2,800	1,050	8,880	2,035
Total Noninterest Income	3,186	3,262	2,096	2,549	3,024	10,033	10,251
Service Charges on Deposit Accounts	887	811	946	996	985	3,796	3,680
Trust Fees	529	527	553	592	634	2,387	2,243
Commission Income	230	171	201	208	246	874	910
Gain on Sale of Loans	454	290	141	189	175	703	817
Realized Gains on Trading and Available for Sale Securities	364	1,028	175	210	439	964	49
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	222	(132)	(354)	(222)	(50)	(843)	17
BOLI Income	163	151	163	141	125	552	489
Other Operating Income	337	416	271	435	470	1,600	2,046
Total Noninterest Expense	6,123	5,223	4,901	5,069	5,371	20,732	20,626
Salaries & Wages	2,073	2,069	2,160	2,175	2,204	8,743	8,621
Commissions, Options & Incentive Compensation	458	304	337	339	417	1,472	1,737
Employee Benefits	540	591	343	517	535	2,076	1,774
Premises & Equipment	930	928	826	844	830	3,373	3,100
Advertising	160	129	138	187	179	724	667
Legal Fees	111	126	158	121	102	566	566
FDIC expense	650	283	138	140	156	481	67
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	237	(118)	(317)	(203)	(23)	(707)	267
Other Operating Expenses	964	911	1,118	949	971	4,004	3,827
Income (Loss) Before Income Tax	908	1,381	(966)	660	2,359	4,022	10,629
Income Tax Expense (Benefit)	132	274	(757)	(75)	499	43	2,823
Net Income (Loss) After Tax & Before Extraordinary Items	776	1,107	(209)	735	1,860	3,979	7,806
Extraordinary Items	-	-	-	-	-	-	-
Net Income (Loss)	\$ 776	\$ 1,107	\$ (209)	\$ 735	\$ 1,860	\$ 3,979	\$ 7,806
Basic Earnings Per Share	\$ 0.125	\$ 0.178	\$ (0.034)	\$ 0.118	\$ 0.299	\$ 0.640	\$ 1.240
Diluted Earnings Per Share	\$ 0.125	\$ 0.178	\$ (0.034)	\$ 0.118	\$ 0.299	\$ 0.639	\$ 1.235

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Net Charge-Offs (Recoveries)	\$ 1,576	\$ 1,436	\$ 2,375	\$ 1,151	\$ 575	\$ 4,362	\$ 1,525
OREO Expenses	140	47	121	4	22	229	67
Total Credit Charges	\$ 1,716	\$ 1,483	\$ 2,496	\$ 1,155	\$ 597	\$ 4,591	\$ 1,592
Nonperforming Loans	\$ 18,576	\$ 13,696	\$ 14,329	\$ 14,000	\$ 15,906	\$ 14,329	\$ 6,938
OREO	3,979	3,158	3,257	438	493	3,257	841
Nonperforming Assets	22,555	16,854	17,586	14,438	16,399	17,586	7,779
90 Day Past Due Loans Net of Nonperforming Loans	404	435	1,194	127	73	1,194	435
Nonperforming Assets + 90 Day Past Due	\$ 22,959	\$ 17,289	\$ 18,780	\$ 14,565	\$ 16,472	\$ 18,780	\$ 8,214

RATIO ANALYSIS - CREDIT QUALITY *

NCO/Loans	1.01%	0.91%	1.50%	0.75%	0.38%	0.69%	0.26%
Credit Charges/Loans & OREO	1.09%	0.94%	1.57%	0.75%	0.40%	0.72%	0.27%
Nonperforming Loans/Loans	2.98%	2.17%	2.26%	2.27%	2.64%	2.26%	1.19%
Nonperforming Assets/Loans & OREO	3.59%	2.66%	2.76%	2.34%	2.72%	2.76%	1.33%
Nonperforming Assets/Assets	2.74%	2.05%	2.15%	1.76%	2.11%	2.15%	1.00%
Nonperforming Assets + 90 Day PD/Assets	2.79%	2.10%	2.29%	1.78%	2.12%	2.29%	1.06%
Reserve/Nonperforming Loans	69.77%	90.07%	77.97%	67.12%	48.71%	77.97%	95.91%
Reserve/Total Loans	2.08%	1.96%	1.76%	1.52%	1.29%	1.76%	1.14%
Equity & Reserves/Nonperforming Assets	307.76%	405.32%	381.51%	450.82%	388.93%	381.51%	785.53%
OREO/Nonperforming Assets	17.64%	18.74%	18.52%	3.03%	3.01%	18.52%	10.81%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	6.86%	6.80%	6.82%	6.80%	7.20%	6.82%	7.00%
Equity/Loans	9.05%	8.87%	8.83%	9.04%	9.30%	8.83%	9.31%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	0.38%	0.54%	-0.10%	0.37%	0.96%	0.50%	1.04%
Return on Average Equity	5.53%	8.00%	-1.49%	5.20%	13.26%	7.11%	14.79%
Net Interest Margin (Tax-Equivalent) (1)	3.21%	3.20%	3.23%	3.31%	3.31%	3.30%	3.37%

* Based on period end numbers

(1) Interest income on tax-exempt securities has been adjusted to a tax-equivalent basis using a marginal income tax rate of 34%. Reclassification of amounts from prior periods were made to conform to the September 2007 presentation.

Monroe Bancorp (MROE)

Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Net Interest Income	\$ 6,045	\$ 5,942	\$ 5,989	\$ 5,980	\$ 5,756	\$ 23,601	\$ 23,039
Tax Equivalent Adjustment	95	131	167	166	189	717	696
Net Interest Income - Tax Equivalent	\$ 6,140	\$ 6,073	\$ 6,156	\$ 6,146	\$ 5,945	\$ 24,318	\$ 23,735
Average Earning Assets	\$ 767,876	\$ 769,735	\$ 759,173	\$ 738,927	\$ 723,441	\$ 736,903	\$ 703,675
Net Interest Margin	3.16%	3.13%	3.14%	3.22%	3.20%	3.20%	3.27%
Net Interest Margin - Tax Equivalent	3.21%	3.20%	3.23%	3.31%	3.31%	3.30%	3.37%

	Year-to-Date				
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008
Net Interest Income	\$ 11,987	\$ 5,942	\$ 23,601	\$ 17,611	\$ 11,632
Tax Equivalent Adjustment	227	131	717	550	383
Net Interest Income - Tax Equivalent	\$ 12,214	\$ 6,073	\$ 24,318	\$ 18,161	\$ 12,015
Average Earning Assets	\$ 768,800	\$ 769,735	\$ 736,903	\$ 729,425	\$ 724,617
Net Interest Margin	3.14%	3.13%	3.20%	3.23%	3.23%
Net Interest Margin - Tax Equivalent	3.20%	3.20%	3.30%	3.33%	3.33%

Monroe Bancorp (MROE)

Financial Impact on Net Income of Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Interest and Dividend Income	\$ 18	\$ 18	\$ 29	\$ 22	\$ 23	\$ 106	\$ 117
Realized and Unrealized Gains (Losses)	222	(132)	(355)	(222)	(48)	(829)	66
Other Income	-	-	12	-	6	30	99
Total Income (Loss) From Plan:	240	(114)	(314)	(200)	(19)	(693)	282
Change in Deferred Compensation Liability	237	(118)	(317)	(203)	(23)	(707)	267
Trustee Fees	3	4	3	3	4	14	15
Total Expense of Plan:	240	(114)	(314)	(200)	(19)	(693)	282
Net Impact of Plan:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Total Noninterest Income	\$ 3,186	\$ 3,262	\$ 2,096	\$ 2,549	\$ 3,024	\$ 10,033	\$ 10,251
Income of Deferred Comp Plan Incl. in Noninterest Income	222	(132)	(343)	(222)	(42)	(799)	165
Adjusted Noninterest Income:	2,964	3,394	2,439	2,771	3,066	10,832	10,086
Total Noninterest Expense	6,123	5,223	4,901	5,069	5,371	20,732	20,626
Expense of Deferred Compensation Plan	240	(114)	(314)	(200)	(19)	(693)	282
Adjusted Noninterest Expense:	5,883	5,337	5,215	5,269	5,390	21,425	20,344

	Year-to-Date				
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008
Total Noninterest Income	\$ 6,448	\$ 3,262	\$ 10,033	\$ 7,937	\$ 5,388
Income of Deferred Comp Plan Incl. in Noninterest Income	90	(132)	(799)	(456)	(234)
Adjusted Noninterest Income:	6,358	3,394	10,832	8,393	5,622
Total Noninterest Expense	11,346	5,223	20,732	15,830	10,762
Expense of Deferred Compensation Plan	126	(114)	(693)	(380)	(179)
Adjusted Noninterest Expense:	11,220	5,337	21,425	16,210	10,941

Monroe Bancorp (MROE)

Select Average Balance Sheet Information

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Dec 2008	Dec 2007
Total Average Loans	\$ 628,831	\$ 632,878	\$ 624,421	\$ 609,184	\$ 591,310	\$ 601,875	\$ 564,483
Average Commercial & Industrial	101,992	103,046	101,347	97,911	99,546	99,353	99,884
Average Real Estate:	510,759	513,886	506,315	493,567	473,521	484,841	446,144
Average Commercial & Residential	394,439	397,507	379,409	365,942	344,213	357,018	316,578
Average Construction & Vacant Land	85,310	86,966	98,531	101,162	103,745	101,380	104,088
Average Home Equity	31,010	29,413	28,375	26,463	25,563	26,443	25,478
Average Installment Loans	16,080	15,946	16,759	17,706	18,243	17,681	18,455
Average Federal Funds Sold	26,975	16,028	11,444	9,161	3,907	8,754	11,102
Average Federal Home Loan Bank Stock	2,353	2,312	2,312	2,312	2,312	2,312	2,312
Total Average Deposits	\$ 673,216	\$ 678,377	\$ 669,074	\$ 652,031	\$ 633,127	\$ 649,540	\$ 611,907
Average Noninterest Checking	83,321	79,257	81,805	81,425	79,062	79,503	77,725
Average Interest Bearing Checking & NOW	199,693	113,465	120,196	129,898	126,399	127,282	129,887
Average Regular Savings	18,538	17,132	16,658	17,733	18,153	17,618	17,940
Average Money Market Savings	47,434	118,577	104,398	110,292	111,797	107,723	101,123
Average CDs Less than \$100,000	189,998	209,036	197,271	149,907	141,550	159,120	152,609
Average CDs Greater than \$100,000	118,057	125,152	132,340	147,051	139,725	142,126	118,124
Average Other Time	16,175	15,758	16,406	15,725	16,441	16,168	14,499
Average Federal Funds Purchased	185	974	321	2,892	5,906	3,149	2,085
Average Securities Sold Under Repurchase Agreement	58,783	54,210	55,674	42,768	42,332	45,686	49,884
Average FHLB Advances	17,506	19,364	19,486	21,215	18,005	18,698	19,120