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For Immediate Release

Monroe Bancorp Reports Year-to-Date Net Income of \$4,188,000 or \$0.673 Earnings Per Share (Diluted) through the Third Quarter of 2008

BLOOMINGTON, IN – October 21, 2008 – Monroe Bancorp (the “Company”), NASDAQ: MROE, the independent Bloomington-based holding company for Monroe Bank (the “Bank”), today reported net income of \$4,188,000 or \$0.673 per diluted common share, for the nine month period ending September 30, 2008, compared to \$6,200,000 or \$0.977 per diluted common share for the same period in 2007. This represents a 32.5 percent decrease in net income and a 31.1 percent decrease in diluted earnings per share. Return on average assets (ROAA) and return on average equity (ROAE) for the first nine months of 2008 were 0.71 percent and 10.01 percent, respectively, compared to 1.11 percent and 15.80 percent respectively for the first nine months of 2007.

The year over year decline in net income was almost entirely the result of asset quality related factors which affected the provision for loan losses. The provision for loan losses for the nine month period ending September 30, 2008 totaled \$4,730,000, a \$3,845,000 increase over the \$885,000 provision made during the same period of 2007. The ratio of the allowance for loan losses to total loans increased to 1.52 percent at September 30, 2008 compared to 1.14 percent at December 31, 2007. Topics related to asset quality are discussed in more detail in the section titled Asset Quality.

Net income for the third quarter of 2008 was \$735,000 or \$0.118 per diluted common share, compared to \$1,998,000 or \$0.319 per diluted common share for the third quarter of 2007 and \$1,860,000 or \$0.299 per diluted common share for the second quarter of 2008.

“Obviously, I am not pleased with the impact that asset quality issues are having on the Company’s earnings. At the same time, I take some satisfaction from the fact that we have continued to post net income and maintain strong capital ratios during a time that has been very difficult for our industry,” said Mark D. Bradford, President and Chief Executive Officer.

Financial Performance

Net interest income before the provision for loan losses increased \$323,000 or 1.9 percent to \$17,611,000 for the nine months ended September 30, 2008 compared to \$17,288,000 for the same period in 2007. The tax-equivalent net interest margin as a percentage of average earning assets for the first nine months of 2008 was 3.33

percent, compared to 3.40 percent for the first nine months of 2007. 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.

Net interest income before the provision for loan losses increased by \$276,000 or 4.8 percent to \$5,980,000 for the three months ended September 30, 2008 compared to \$5,704,000 for the same period in 2007. The tax-equivalent net interest margin as a percentage of average earning assets for the quarter ended September 30, 2008 was 3.31 percent, compared to 3.31 percent for the quarter ended June 30, 2008 and 3.31 percent for the third quarter of 2007.

Noninterest income totaled \$7,937,000 for the first nine months of 2008 compared to \$7,783,000 for the same period of 2007. 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 \$8,393,000 for the first nine months of 2008 compared to \$7,561,000 for the same period of 2007. The \$832,000 or 11.0 percent increase over the same period of 2007 was primarily the result of a \$745,000 increase in securities gains and a \$195,000 increase in trust fees offsetting declines in a number of categories, including mortgage income and official check fee income. 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.

Noninterest income totaled \$2,549,000 for the third quarter of 2008 compared to \$2,651,000 for the same period of 2007. Excluding the effect of the Company's deferred compensation plan, noninterest income totaled \$2,771,000 for the third quarter of 2008 compared to \$2,594,000 for the same period of 2007, an increase of \$177,000 or 6.8 percent. The increase in noninterest income was driven by a \$208,000 increase in securities gains.

Noninterest expense totaled \$15,830,000 for the first nine months of 2008 compared to \$15,642,000 for the same period of 2007. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$16,210,000 for the first nine months of 2008, compared to \$15,341,000 for the same period of 2007. The \$869,000, or 5.7 percent increase is largely the result of increases in FDIC assessment expense (\$292,000 or 572.5 percent), occupancy expense (\$212,000 or 9.1 percent, largely related to the opening of three new full service banking centers), total compensation expense (\$178,000 or 1.9 percent) and loan collection expense (\$133,000 or 36.7 percent).

Noninterest expense was \$5,069,000 for the three months ended September 30, 2008, compared to \$5,283,000 for the same period of 2007. Noninterest expense, adjusted to remove the effect of the Company's deferred compensation plan, was \$5,269,000

for the three months ended September 30, 2008, compared to \$5,201,000 for the same period of 2007. The \$68,000 or 1.3 percent increase in noninterest expense is largely the result of increased FDIC assessment expense, occupancy, marketing and loan collection expense. The Company had \$140,000 of FDIC assessment expense in the third quarter of 2008 compared to \$17,000 during the third quarter of 2007. The increased marketing and occupancy expenses were largely related to the opening of new banking centers.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$14,565,000 (1.78 percent of total assets) at September 30, 2008 compared to \$16,472,000 (2.12 percent of total assets) at June 30, 2008 and \$5,159,000 (0.68 percent of total assets) at September 30, 2007.

Net charge-offs for the third quarter of 2008 totaled \$1,151,000 or 0.19 percent of total loans compared to \$575,000 (0.10 percent of total loans) for the second quarter of 2008 and \$686,000 (0.12 percent of total loans) for the third quarter of 2007.

Due to general economic conditions in the real estate markets, credit quality has been under pressure. The Bank maintains a “watch list” representing credits that require above average attention in order to mitigate the risk of default or loss. Over the periods noted below, the watch list consisted of the following:

<u>Watch List Data</u>	<u>9/30/2008</u>	<u>6/30/2008</u>	<u>9/30/2007</u>
Total Watch List (\$)	34,531,000	27,911,000	20,900,000
Number of Watch List Customers	43	42	40
Total Watch List \$ > 30 Days Past Due	15,821,000	16,129,000	5,441,000
Total Watch List \$ Secured by R/E	31,886,000	24,929,000	17,910,000
Total Watch List \$ Secured by Non-R/E	2,446,000	2,782,000	2,691,000
Total Watch List \$ Unsecured	199,000	200,000	299,000

The Watch List consists of credits having deficiencies that, if not corrected, could lead to the possibility of loss in either principal or interest. This risk of loss is mitigated by the nature and quality of collateral, if any, pledged to the loan. When impairment is identified, the collateral is evaluated to determine the likely realizable value and a reserve is placed against the loan or the loan is charged down to the likely realizable value. Real Estate values are generally determined based on objective valuations based on current market conditions.

As of September 30, 2008, 54.2 percent of the watch list exposure was less than thirty days past due, compared to 42.2 percent as of June 30, 2008 and 74.0 percent as of September 30, 2007. The largest areas of stress within the loan portfolio are loans for Residential Real Estate Development and loans secured by 1-4 Family Non-Owner Occupied Residential Properties. As of September 30, 2008, loans totaling \$39,340,000 were secured by Residential Real Estate Development collateral with \$13,966,000 of these loans being on the watch list of which \$7,972,000 were more

than thirty days past due. The majority (\$34,214,000 or 87.0 percent) of the \$39,340,000 of loans secured by Residential Real Estate Development collateral were originated in our Central Indiana region (greater Indianapolis). Of the \$34,214,000 of loans originated in our Central Indiana region and secured by Residential Real Estate Development collateral, \$13,945,000 of these loans were on the watch list (included in the \$13,966,000 reported above), of which \$7,956,000 were more than thirty days past due.

In addition, as of September 30, 2008, there were \$56,382,000 of loans secured by 1-4 Family Non-Owner Occupied Residential Properties with \$4,583,000 of these loans being on the watch list of which \$1,839,000 were more than thirty days past due.

These two categories combined account for 53.7 percent of the watch list. Approximately 18.1 percent (\$10,177,000) of the \$56,382,000 of loans secured by 1-4 Family Non-Owner Occupied Residential Properties were originated in our Central Indiana region. Of the \$10,177,000 of loans originated in our Central Indiana region and secured by 1-4 Family Non-Owner Occupied Properties, \$4,071,000 of these loans were on the watch list (included in the \$4,583,000 reported above), of which \$1,617,000 were more than thirty days past due.

“We increased the ratio of our allowance for loan losses to total loans from 1.29 percent at the end of the second quarter to 1.52 percent at the end of the third quarter in response to general economic conditions affecting our loan portfolio. 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 8.5 percent from September 30, 2007, reaching \$819,009,000 on September 30, 2008. Loans, including loans held for sale, totaled \$616,226,000 on September 30, 2008, a 9.1 percent increase from total loans on September 30, 2007, which were \$564,904,000. Deposits increased 11.1 percent to \$679,421,000 at September 30, 2008 compared to \$611,504,000 a year earlier.

Other News

The milestone achievement for the Company this quarter was the opening on Tuesday, September 2 of the new Noblesville Banking Center in Hamilton County. A series of brand building activities and traffic building promotions were held in August and September to meet the goals of initiating awareness for the Bank in this new market and to start developing core consumer relationships.

The Company introduced the CDARS – Certificate of Deposit Account Registry Service – program at Monroe Bank in September, which offers customers access to multi-million dollar FDIC insurance on their Certificate of Deposit balances up to \$50 million per customer, when the customer enters into the CDARS Deposit Placement Agreement.

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	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Cash and Interest-Earning Deposits	\$ 33,675	\$ 27,141	\$ 30,559	\$ 24,563	\$ 15,071	\$ 24,563	\$ 27,743
Federal Funds Sold	26,593	1,654	2,565	1,077	10,149	1,077	5,803
Securities	99,795	106,591	121,074	125,658	125,998	125,658	120,250
Total Loans	616,226	602,369	581,956	584,831	564,904	584,831	559,463
Loans Held for Sale	2,406	4,110	2,176	2,974	1,875	2,974	2,545
Commercial & Industrial	97,373	99,141	100,378	104,611	98,596	104,611	93,912
Real Estate:							
Commercial & Residential	368,363	355,393	333,725	332,664	309,952	332,664	320,789
Construction & Vacant Land	103,459	99,694	102,428	101,011	109,951	101,011	97,006
Home Equity	27,305	25,783	25,534	25,222	25,756	25,222	26,515
Installment Loans	17,320	18,248	17,715	18,349	18,774	18,349	18,696
Reserve for Loan Losses	9,397	7,748	7,273	6,654	6,147	6,654	6,144
Bank Premises and Equipment	20,836	20,534	20,173	20,029	18,343	20,029	15,411
Federal Home Loan Bank Stock	2,312	2,312	2,312	2,312	2,312	2,312	2,312
Interest Receivable and Other Assets	28,969	25,351	25,420	26,264	24,156	26,264	23,355
Total Assets	\$ 819,009	\$ 778,204	\$ 776,786	\$ 778,080	\$ 754,786	\$ 778,080	\$ 748,193
Total Deposits	\$ 679,421	\$ 623,871	\$ 637,230	\$ 619,717	\$ 611,504	\$ 619,717	\$ 589,328
Noninterest Checking	88,264	79,548	76,716	81,542	77,874	81,542	79,783
Interest Bearing Checking & NOW	125,407	129,422	122,987	131,295	133,233	131,295	138,418
Regular Savings	16,844	17,876	18,710	17,712	17,636	17,712	17,884
Money Market Savings	106,808	116,862	109,105	99,135	97,910	99,135	105,702
CDs Less than \$100,000	154,772	152,685	156,849	160,456	149,127	160,456	122,037
CDs Greater than \$100,000	171,372	127,163	152,473	128,602	134,683	128,602	112,401
Other Time	15,954	315	390	975	1,041	975	13,103
Total Borrowings	75,954	88,723	70,328	96,421	80,628	96,421	98,079
Federal Funds Purchased	-	12,810	5,256	24,850	-	24,850	2,075
Securities Sold Under Repurchase Agreement	46,569	46,390	45,717	43,195	52,167	43,195	70,784
FHLB Advances	20,186	21,249	9,262	18,273	18,349	18,273	19,430
Loans Sold Under Repurchase Agreement & Other Debt	951	26	1,845	1,855	1,864	1,855	2,697
Subordinated Debentures - Trust Preferred	8,248	8,248	8,248	8,248	8,248	8,248	3,093
Interest Payable and Other Liabilities	7,942	9,578	13,072	7,490	9,732	7,490	7,281
Total Liabilities	763,317	722,172	720,630	723,628	701,864	723,628	694,688
Shareholders Equity	55,692	56,032	56,156	54,452	52,922	54,452	53,505
Total Liabilities and Shareholders' Equity	\$ 819,009	\$ 778,204	\$ 776,786	\$ 778,080	\$ 754,786	\$ 778,080	\$ 748,193
Book Value Per Share	\$ 8.95	\$ 9.01	\$ 9.03	\$ 8.76	\$ 8.52	\$ 8.76	\$ 8.24
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	6,515,342
Less: Unearned ESOP Shares	5,900	8,300	10,700	13,100	15,100	13,100	22,300
End of Period Shares Used to Calculate Book Value	6,221,650	6,219,250	6,216,850	6,214,450	6,212,450	6,214,450	6,493,042

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Interest Income	\$ 10,472	\$ 10,366	\$ 11,483	\$ 12,141	\$ 12,232	\$ 48,474	\$ 44,643
Interest Expense	4,492	4,610	5,607	6,390	6,528	25,435	21,978
Net Interest Income	5,980	5,756	5,876	5,751	5,704	23,039	22,665
Loan Loss Provision	2,800	1,050	880	1,150	345	2,035	1,200
Total Noninterest Income	2,549	3,024	2,364	2,468	2,651	10,251	9,492
Service Charges on Deposit Accounts	996	985	869	964	917	3,680	3,614
Trust Fees	592	634	608	604	617	2,243	1,701
Commission Income	208	246	219	229	210	910	785
Gain on Sale of Loans	189	175	198	147	231	817	1,045
Realized Gains on Trading and Available for Sale Securities	210	439	140	5	2	49	115
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	(222)	(50)	(217)	(154)	55	17	74
Other Operating Income	576	595	547	673	619	2,535	2,158
Total Noninterest Expense	5,069	5,371	5,391	4,984	5,283	20,626	20,098
Salaries & Wages	2,175	2,204	2,204	2,189	2,178	8,621	8,077
Commissions, Options & Incentive Compensation	326	402	364	277	427	1,737	1,862
Employee Benefits	517	535	681	393	481	1,774	2,055
Premises & Equipment	844	830	873	765	799	3,100	3,151
Advertising	187	179	220	131	149	667	712
Legal Fees	121	102	185	208	85	566	307
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	(203)	(23)	(164)	(23)	78	267	301
Other Operating Expenses	1,102	1,142	1,028	1,043	1,086	3,894	3,633
Income Before Income Tax	660	2,359	1,969	2,085	2,727	10,629	10,859
Income Tax Expense	(75)	499	376	479	729	2,823	3,273
Net Income After Tax & Before Extraordinary Items	735	1,860	1,593	1,606	1,998	7,806	7,586
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 735	\$ 1,860	\$ 1,593	\$ 1,606	\$ 1,998	\$ 7,806	\$ 7,586
Basic Earnings Per Share	\$ 0.118	\$ 0.299	\$ 0.256	\$ 0.259	\$ 0.321	\$ 1.240	\$ 1.154
Diluted Earnings Per Share	\$ 0.118	\$ 0.299	\$ 0.256	\$ 0.258	\$ 0.319	\$ 1.235	\$ 1.150

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Net Charge-Offs (Recoveries)	\$ 1,151	\$ 575	\$ 261	\$ 643	\$ 686	\$ 1,525	\$ 641
OREO Expenses	4	22	82	10	46	67	24
Total Credit Charges	\$ 1,155	\$ 597	\$ 343	\$ 653	\$ 732	\$ 1,592	\$ 665
Nonperforming Loans	\$ 14,000	\$ 15,906	\$ 6,944	\$ 6,938	\$ 4,821	\$ 6,938	\$ 1,712
OREO	438	493	848	841	141	841	141
Nonperforming Assets	14,438	16,399	7,792	7,779	4,962	7,779	1,853
90 Day Past Due Loans Net of Nonperforming Loans	127	73	563	435	197	435	644
Nonperforming Assets + 90 Day Past Due	\$ 14,565	\$ 16,472	\$ 8,355	\$ 8,214	\$ 5,159	\$ 8,214	\$ 2,497

RATIO ANALYSIS - CREDIT QUALITY *

NCO/Loans	0.75%	0.38%	0.18%	0.44%	0.49%	0.26%	0.11%
Credit Charges/Loans & OREO	0.75%	0.40%	0.24%	0.45%	0.52%	0.27%	0.12%
Nonperforming Loans/Loans	2.27%	2.64%	1.19%	1.19%	0.85%	1.19%	0.31%
Nonperforming Assets/Loans & OREO	2.34%	2.72%	1.34%	1.33%	0.88%	1.33%	0.33%
Nonperforming Assets/Assets	1.76%	2.11%	1.00%	1.00%	0.66%	1.00%	0.25%
Nonperforming Assets + 90 Day PD/Assets	1.78%	2.12%	1.08%	1.06%	0.68%	1.06%	0.33%
Reserve/Nonperforming Loans	67.12%	48.71%	104.74%	95.91%	127.50%	95.91%	358.88%
Reserve/Total Loans	1.52%	1.29%	1.25%	1.14%	1.09%	1.14%	1.10%
Equity & Reserves/Nonperforming Assets	450.82%	388.93%	814.03%	785.53%	1190.43%	785.53%	3219.05%
OREO/Nonperforming Assets	3.03%	3.01%	10.88%	10.81%	2.84%	10.81%	7.61%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	6.80%	7.20%	7.23%	7.00%	7.01%	7.00%	7.15%
Equity/Loans	9.04%	9.30%	9.65%	9.31%	9.37%	9.31%	9.56%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	0.37%	0.96%	0.82%	0.83%	1.05%	1.04%	1.04%
Return on Average Equity	5.20%	13.26%	11.62%	11.89%	15.27%	14.79%	14.59%
Net Interest Margin (Tax-Equivalent) (1)	3.31%	3.31%	3.36%	3.29%	3.31%	3.37%	3.42%

* 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	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Net Interest Income	\$ 5,980	\$ 5,756	\$ 5,876	\$ 5,751	\$ 5,704	\$ 23,039	\$ 22,665
Tax Equivalent Adjustment	166	189	195	180	176	696	632
Net Interest Income - Tax Equivalent	\$ 6,146	\$ 5,945	\$ 6,071	\$ 5,931	\$ 5,880	\$ 23,735	\$ 23,297
Average Earning Assets	\$ 738,927	\$ 723,441	\$ 725,793	\$ 714,737	\$ 703,681	\$ 703,675	\$ 681,999
Net Interest Margin	3.22%	3.20%	3.26%	3.19%	3.22%	3.27%	3.32%
Net Interest Margin - Tax Equivalent	3.31%	3.31%	3.36%	3.29%	3.31%	3.37%	3.42%

	Year-to-Date				
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007
Net Interest Income	\$ 17,611	\$ 11,632	\$ 5,876	\$ 23,039	\$ 17,288
Tax Equivalent Adjustment	550	383	195	696	515
Net Interest Income - Tax Equivalent	\$ 18,161	\$ 12,015	\$ 6,071	\$ 23,735	\$ 17,803
Average Earning Assets	\$ 729,425	\$ 724,617	\$ 725,793	\$ 703,675	\$ 699,948
Net Interest Margin	3.23%	3.23%	3.26%	3.27%	3.30%
Net Interest Margin - Tax Equivalent	3.33%	3.33%	3.36%	3.37%	3.40%

Monroe Bancorp (MROE)

Financial Impact on Net Income of Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Interest and Dividend Income	\$ 22	\$ 23	\$ 32	\$ 38	\$ 25	\$ 117	\$ 107
Realized and Unrealized Gains (Losses)	(222)	(48)	(204)	(148)	57	66	129
Other Income	-	6	12	91	-	99	78
Total Income From Plan:	(200)	(19)	(160)	(19)	82	282	314
Change in Deferred Compensation Liability	(203)	(23)	(164)	(23)	78	267	301
Trustee Fees	3	4	4	4	4	15	13
Total Expense of Plan:	(200)	(19)	(160)	(19)	82	282	314
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	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Total Noninterest Income	\$ 2,549	\$ 3,024	\$ 2,364	\$ 2,468	\$ 2,651	\$ 10,251	\$ 9,492
Income of Deferred Comp Plan Incl. in Noninterest Income	(222)	(42)	(192)	(57)	57	165	207
Adjusted Noninterest Income:	2,771	3,066	2,556	2,525	2,594	10,086	9,285
Total Noninterest Expense	5,069	5,371	5,391	4,984	5,283	20,626	20,098
Expense of Deferred Compensation Plan	(200)	(19)	(160)	(19)	82	282	314
Adjusted Noninterest Expense:	5,269	5,390	5,551	5,003	5,201	20,344	19,784

	Year-to-Date				
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007
Total Noninterest Income	\$ 7,937	\$ 5,388	\$ 2,364	\$ 10,251	\$ 7,783
Income of Deferred Comp Plan Incl. in Noninterest Income	(456)	(234)	(192)	165	222
Adjusted Noninterest Income:	8,393	5,622	2,556	10,086	7,561
Total Noninterest Expense	15,830	10,762	5,391	20,626	15,642
Expense of Deferred Compensation Plan	(380)	(179)	(160)	282	301
Adjusted Noninterest Expense:	16,210	10,941	5,551	20,344	15,341

Monroe Bancorp (MROE)

Select Average Balance Sheet Information

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007	Dec 2007	Dec 2006
Total Average Loans	\$ 609,184	\$ 591,310	\$ 582,255	\$ 574,273	\$ 560,590	\$ 564,483	\$ 549,464
Average Commercial & Industrial	97,911	99,546	98,603	100,360	100,268	99,884	97,043
Average Real Estate:	493,567	473,521	465,625	455,269	441,705	446,144	433,386
Average Commercial & Residential	365,942	344,213	338,160	321,287	308,890	316,578	323,019
Average Construction & Vacant Land	101,162	103,745	102,116	108,417	107,976	104,088	83,895
Average Home Equity	26,463	25,563	25,349	25,565	24,839	25,478	26,472
Average Installment Loans	17,706	18,243	18,027	18,644	18,617	18,455	19,035
Average Federal Funds Sold	9,161	3,907	10,462	9,445	15,837	11,102	9,002
Average Federal Home Loan Bank Stock	2,312	2,312	2,312	2,312	2,312	2,312	2,467
Total Average Deposits	\$ 652,031	\$ 633,127	\$ 643,686	\$ 625,656	\$ 618,615	\$ 611,907	\$ 582,762
Average Noninterest Checking	81,425	79,062	75,673	74,875	80,001	77,725	77,647
Average Interest Bearing Checking & NOW	129,898	126,399	132,683	137,218	124,280	129,887	129,142
Average Regular Savings	17,733	18,153	17,937	17,790	17,854	17,940	19,448
Average Money Market Savings	110,292	111,797	104,415	99,049	101,648	101,123	97,763
Average CDs Less than \$100,000	149,907	141,550	147,598	138,900	138,865	134,851	119,652
Average CDs Greater than \$100,000	147,051	139,725	149,277	141,244	141,530	135,882	127,377
Average Other Time	15,725	16,441	16,103	16,580	14,437	14,499	11,733
Average Federal Funds Purchased	2,892	5,906	3,511	2,281	387	2,085	1,858
Average Securities Sold Under Repurchase Agreement	42,768	42,332	41,894	49,305	44,933	49,884	54,644
Average FHLB Advances	21,215	18,005	16,050	18,304	19,350	19,120	27,451