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For Immediate Release

**Monroe Bancorp Reports Record Earnings
Total Assets Exceed \$500 Million**

BLOOMINGTON, Ind. – Monroe Bancorp (NASDAQ: MROE), the parent company of Monroe Bank, reported record earnings of \$6,098,000, or \$1.00 per share, for 2002, a 6.1 percent increase over the Company's 2001 earnings of \$5,749,000, or \$0.94 per share. Earnings per share for the quarter ended December 31, 2002 was \$0.23, no change from the earnings per share for the fourth quarter of 2001.

As it has for more than 15 consecutive years, Monroe Bancorp also raised annual dividends – up 9.1 percent from the annualized \$0.44 per share dividend paid in 2001 to \$0.48 per share for 2002. Based upon the closing price on December 31, 2002, (\$13.60), the 2002 dividend of \$0.48 provided a dividend yield of 3.53 percent.

Mark D. Bradford, President and Chief Executive Officer, commented on these results: “We are pleased to report these positive results for the year. Our accomplishments in 2002 are marked by such events as surpassing the milestone marker of \$500 million in assets, earning double-digit percentage growth in deposits, and also earning double-digit percentage growth in non-interest income, which includes a record year for mortgages originated for sale into the secondary market.”

The increase in year over year results is in part due to a \$1,082,000, or 21.0 percent, increase in total non-interest income (excluding realized and unrealized security gains and losses) that was achieved in part by a 101.2 percent increase in income from the sale of fixed-rate mortgages into the secondary market. The sale of newly originated fixed rate mortgages generated non-interest income of \$1,036,000 for 2002, compared to \$515,000 in 2001. Deposit account related fee income also contributed to non-interest income growth with a \$2,587,000 total for 2002, up 21.6 percent from the \$2,128,000 gathered in 2001. Additionally, commissions from the Company's Financial Management Services division, including trust services, brokerage services and branch-based investment sales, grew 7.3 percent to contribute \$1,735,000 to non-interest income in 2002, compared to \$1,609,000 in 2001. The Company's total 2002 non-interest income, excluding realized and unrealized security gains and losses, was \$6,228,000, compared to \$5,146,000 in 2001.



The Company's 2002 results were affected by a 67.8 percent increase in the provision for loan losses from \$1,050,000 in 2001, to \$1,762,000 in 2002. As a result of the increased provision, the ratio of the allowance for loan losses to total loans was 1.17 percent at year-end 2002 as compared to 1.13 percent at year-end 2001 and 1.01 percent at the end of the third quarter of 2002. Nonperforming assets and 90 day past due loans totaled \$5,014,000, or 0.94 percent of total assets at December 31, 2002, compared to \$3,684,000, or 0.74 percent at December 31, 2001.

Net interest income for the Company (after the provision) grew by \$1,089,000, or 6.9 percent, from \$15,887,000 for the year ended December 31, 2001 to \$16,976,000 for the year ended December 31, 2002.

Total gross loans were \$391,315,000 as of December 31, 2002, a 5.2 percent increase over the \$371,800,000 at December 31, 2001. Growth within the loan portfolio was affected by the sale of \$83,621,000 of fixed rate mortgages and the securitization of another \$9,856,000. Total deposits were up 11.0 percent year over year. As of December 31, 2002, total deposits were \$398,567,000, compared to \$359,206,000 at year-end 2001. Monroe Bancorp's total assets surpassed \$500 million, growing 7.6 percent from \$495,553,000 at December 31, 2001 to reach \$533,317,000 at year-end 2002.

"The foundation upon which our success is built continues to be our focus on service quality and strong loyalty to our communities, customers, employees and shareholders," said Bradford. "Keeping those basic principles in mind while we stay the course with our strategic plan has enabled us not only to respond to, but also to thrive in the all-time low interest rate environment of 2002."

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

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) competitive pressures among depository institutions increase significantly; (2) changes in the interest rate environment reduce interest margins and reduce income from the sales of fixed rate mortgages; (3) prepayment speeds, charge-offs and loan loss provisions; (4) general economic conditions, either national or in the markets in which the Company does business, are less favorable than expected; (5) legislative or regulatory changes adversely affect the business of the Company; and (6) changes in real estate values or the real estate markets. Further information on other factors which could affect the financial results of the Company are 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 Ending | | | | Years Ending | |
|---|-----------------|------------|------------|------------|--------------|------------|
| | Dec 2002 | Sept 2002 | June 2002 | Mar 2002 | Dec 2002 | Dec 2001 |
| | | | | | | |
| Cash and Due from Banks | \$ 20,526 | \$ 16,705 | \$ 17,575 | \$ 12,878 | \$ 17,276 | \$ 17,276 |
| Federal Funds Sold | - | - | 9,200 | 8,100 | - | - |
| Securities | 103,779 | 103,715 | 102,222 | 88,528 | 88,450 | 88,450 |
| Total Loans | 391,315 | 390,364 | 381,267 | 376,881 | 371,800 | 371,800 |
| Loans Held for Sale | 7,417 | 8,276 | 1,344 | 2,432 | 8,032 | 8,032 |
| Commercial & Industrial | 78,062 | 76,431 | 76,847 | 74,197 | 73,724 | 73,724 |
| Real Estate: | | | | | | |
| Commercial | 89,492 | 85,260 | 84,807 | 75,154 | 71,611 | 71,611 |
| Residential | 148,521 | 150,952 | 150,914 | 158,463 | 154,320 | 154,320 |
| Construction & Vacant Land | 27,470 | 29,885 | 29,748 | 28,318 | 28,013 | 28,013 |
| Home Equity | 17,927 | 16,887 | 15,050 | 14,821 | 13,637 | 13,637 |
| Installment Loans | 22,426 | 22,673 | 22,557 | 23,496 | 22,463 | 22,463 |
| Reserve for Loan Losses | 4,574 | 3,931 | 4,186 | 4,278 | 4,198 | 4,198 |
| Bank Premises and Equipment | 11,793 | 11,923 | 11,977 | 11,842 | 11,633 | 11,633 |
| Federal Home Loan Bank Stock | 1,882 | 1,882 | 1,882 | 1,882 | 1,534 | 1,534 |
| Interest Receivable and Other Assets | 8,596 | 8,347 | 8,507 | 7,942 | 9,058 | 9,058 |
| Total Assets | \$ 533,317 | \$ 529,005 | \$ 528,444 | \$ 503,775 | \$ 495,553 | \$ 495,553 |
| Total Deposits | \$ 398,567 | \$ 404,291 | \$ 403,496 | \$ 382,509 | \$ 359,206 | \$ 359,206 |
| Non-Interest Checking | 60,476 | 60,281 | 59,487 | 58,108 | 55,034 | 55,034 |
| Interest Checking & NOW | 81,160 | 76,150 | 65,530 | 62,749 | 65,925 | 65,925 |
| Regular Savings | 22,459 | 23,153 | 18,338 | 19,330 | 16,840 | 16,840 |
| Money Market Savings | 53,865 | 59,750 | 69,078 | 67,144 | 64,802 | 64,802 |
| CDs Less than \$100,000 | 99,930 | 107,556 | 103,687 | 97,418 | 87,137 | 87,137 |
| CDs Greater than \$100,000 | 69,910 | 66,195 | 77,033 | 67,605 | 60,180 | 60,180 |
| Other Time | 10,767 | 11,206 | 10,343 | 10,155 | 9,288 | 9,288 |
| Total Borrowings | 85,240 | 75,562 | 76,853 | 73,729 | 89,997 | 89,997 |
| Federal Funds Purchased | 10,050 | 200 | - | - | 21,900 | 21,900 |
| Securities Sold Under Repurchase Agreements | 39,158 | 39,274 | 39,903 | 34,600 | 36,312 | 36,312 |
| FHLB Advances | 34,956 | 34,999 | 35,540 | 37,630 | 30,658 | 30,658 |
| Loans Sold Under Repurchase Agreement and Other Notes Payable | 1,076 | 1,089 | 1,410 | 1,499 | 1,127 | 1,127 |
| Interest Payable and Other Liabilities | 5,247 | 5,646 | 5,639 | 6,137 | 5,666 | 5,666 |
| Total Liabilities | 489,054 | 485,499 | 485,988 | 462,375 | 454,869 | 454,869 |
| Shareholders Equity | 44,263 | 43,506 | 42,456 | 41,400 | 40,684 | 40,684 |
| Total Liabilities and Shareholders' Equity | \$ 533,317 | \$ 529,005 | \$ 528,444 | \$ 503,775 | \$ 495,553 | \$ 495,553 |
| Book Value Per Share | \$ 7.25 | \$ 7.13 | \$ 6.96 | \$ 6.79 | \$ 6.67 | \$ 6.67 |
| End of Period Shares Outstanding | 6,103,869 | 6,102,529 | 6,101,055 | 6,099,779 | 6,098,503 | 6,098,503 |

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

| ASSET QUALITY | Quarters Ending | | | | Years Ending | |
|------------------------------------|-----------------|-----------|-----------|----------|--------------|----------|
| | Dec 2002 | Sept 2002 | June 2002 | Mar 2002 | Dec 2002 | Dec 2001 |
| Net Charge-Offs | \$ 162 | \$ 660 | \$ 340 | \$ 196 | \$ 724 | \$ 724 |
| OREO Expenses (Gains) | 21 | 17 | 52 | 11 | 80 | 80 |
| Total Credit Charges | \$ 183 | \$ 677 | \$ 392 | \$ 207 | \$ 759 | \$ 759 |
| Non-Performing Loans | \$ 4,316 | \$ 2,441 | \$ 2,834 | \$ 1,936 | \$ 1,474 | \$ 1,474 |
| OREO | 110 | 377 | 280 | 352 | 505 | 505 |
| Non-Performing Assets | 4,426 | 2,818 | 3,114 | 2,288 | 1,979 | 1,979 |
| 90 Day Past Due Loans net of NPLs | 588 | 883 | 1,182 | 1,140 | 1,705 | 1,705 |
| Non Performing Assets+ 90PD/Assets | \$ 5,014 | \$ 3,701 | \$ 4,296 | \$ 3,428 | \$ 3,684 | \$ 3,684 |

RATIO ANALYSIS - CREDIT QUALITY*

| | | | | | | |
|------------------------------------|----------|----------|----------|----------|----------|----------|
| NCO/Loans | 0.17% | 0.68% | 0.36% | 0.21% | 0.19% | 0.19% |
| Credit Charges/Loans & OREO | 0.19% | 0.69% | 0.41% | 0.22% | 0.20% | 0.20% |
| Non-Performing Loans/Loans | 1.10% | 0.63% | 0.74% | 0.51% | 0.40% | 0.40% |
| Non Performing Assets/Loans &OREO | 1.13% | 0.72% | 0.82% | 0.61% | 0.53% | 0.53% |
| Non-Performing Assets/Assets | 0.83% | 0.53% | 0.59% | 0.45% | 0.40% | 0.40% |
| Non Performing Assets+ 90PD/Assets | 0.94% | 0.70% | 0.81% | 0.68% | 0.74% | 0.74% |
| Reserve/Non Performing Loans | 105.98% | 161.04% | 147.71% | 220.97% | 284.80% | 284.80% |
| Reserve/Loans | 1.17% | 1.01% | 1.10% | 1.14% | 1.13% | 1.13% |
| Equity & Reserves/NPA | 1103.41% | 1683.36% | 1497.82% | 1996.42% | 2267.91% | 2267.91% |
| OREO/NPA | 2.49% | 13.38% | 8.99% | 15.38% | 25.52% | 25.52% |

RATIO ANALYSIS - CAPITAL ADEQUACY *

| | | | | | | |
|---------------|--------|--------|--------|--------|--------|--------|
| Equity/Assets | 8.30% | 8.22% | 8.03% | 8.22% | 8.21% | 8.21% |
| Equity/Loans | 11.31% | 11.14% | 11.14% | 10.98% | 10.94% | 10.94% |

RATIO ANALYSIS - PROFITABILITY

| | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|
| Return on Average Assets | 1.03% | 1.24% | 1.21% | 1.22% | 1.13% | 1.26% |
| Return on Average Equity | 12.45% | 15.25% | 14.91% | 14.77% | 14.52% | 14.52% |
| Net Interest Margin (tax-equivalent) | 3.95% | 3.94% | 4.05% | 4.13% | 4.10% | 4.17% |

* Based on period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

| | INCOME STATEMENT | | | | | | | | | | | |
|---|------------------|-----------|-----------|----------|-------------|-----------|-----------|----------|----------|----------|----------|--|
| | Quarters Ending | | | | Years Ended | | | | | | | |
| | Dec 2002 | Sept 2002 | June 2002 | Mar 2002 | Dec 2001 | Dec 2002 | Dec 2001 | Dec 2002 | Dec 2001 | Dec 2002 | Dec 2001 | |
| Net Interest Income | \$ 4,748 | \$ 4,716 | \$ 4,647 | \$ 4,627 | \$ 4,452 | \$ 18,738 | \$ 16,937 | | | | | |
| Loan Loss Provision | 805 | 405 | 276 | 276 | 505 | 1,762 | 1,050 | | | | | |
| Total Non-Interest Income | 1,832 | 1,494 | 1,329 | 1,415 | 1,596 | 6,070 | 4,916 | | | | | |
| Service Charges on Deposit Accounts | 659 | 671 | 662 | 595 | 588 | 2,587 | 2,128 | | | | | |
| Trust Fees | 208 | 254 | 239 | 217 | 188 | 918 | 839 | | | | | |
| Commission Income | 210 | 196 | 203 | 208 | 268 | 817 | 770 | | | | | |
| Gain on Sale of Loans | 404 | 239 | 174 | 219 | 204 | 1,036 | 515 | | | | | |
| Realized Gains (Losses) on Securities | 6 | 151 | 46 | - | (11) | 203 | (6) | | | | | |
| Unrealized Gains (Losses) on Trading Securities | | | | | | | | | | | | |
| Associated with Directors' Deferred Comp Plan | 83 | (239) | (192) | (13) | 51 | (361) | (224) | | | | | |
| Other Operating Income | 262 | 222 | 197 | 189 | 169 | 870 | 894 | | | | | |
| Total Non-Interest Expense | 3,727 | 3,330 | 3,364 | 3,510 | 3,479 | 13,931 | 12,046 | | | | | |
| Salaries & Wages | 1,509 | 1,520 | 1,522 | 1,444 | 1,337 | 5,995 | 5,319 | | | | | |
| Commissions & Incentive Compensation | 282 | 358 | 294 | 296 | 291 | 1,230 | 886 | | | | | |
| Employee Benefits | 369 | 287 | 286 | 375 | 314 | 1,317 | 1,158 | | | | | |
| Premises & Equipment | 592 | 595 | 600 | 595 | 522 | 2,382 | 1,968 | | | | | |
| Advertising | 109 | 127 | 180 | 168 | 166 | 584 | 552 | | | | | |
| Appreciation (Depreciation) in Directors' | | | | | | | | | | | | |
| Deferred Compensation Plan | 117 | (229) | (178) | - | 197 | (290) | (158) | | | | | |
| Other Operating Expenses | 749 | 672 | 660 | 632 | 652 | 2,713 | 2,321 | | | | | |
| Income Before Income Tax | 2,048 | 2,475 | 2,336 | 2,256 | 2,063 | 9,115 | 8,757 | | | | | |
| Income Tax Expense | 669 | 818 | 773 | 757 | 687 | 3,017 | 3,008 | | | | | |
| Net Income After Tax & Before Extraordinary Items | 1,379 | 1,657 | 1,563 | 1,499 | 1,376 | 6,098 | 5,749 | | | | | |
| Extraordinary Items | - | - | - | - | - | - | - | | | | | |
| Net Income | \$ 1,379 | \$ 1,657 | \$ 1,563 | \$ 1,499 | \$ 1,376 | \$ 6,098 | \$ 5,749 | | | | | |
| | | | | | | | | | | | | |
| Basic Earnings Per Share | 0.23 | 0.27 | 0.26 | 0.25 | 0.23 | 1.00 | 0.94 | | | | | |
| Diluted Earnings Per Share | 0.23 | 0.27 | 0.26 | 0.25 | 0.23 | 1.00 | 0.94 | | | | | |