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For Immediate Release

Monroe Bancorp Reports Third Quarter Earnings

BLOOMINGTON, Ind., October 21 - Monroe Bancorp, (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, reported net income for the quarter ended September 30, 2003 of \$1,639,000 or \$0.27 per basic and diluted common share, compared to \$1,657,000 and \$0.27 per basic and diluted common share for the same period in 2002, a decrease of 1.1 percent.

Total assets for the Company as of September 30, 2003 were \$564,874,000 compared to \$529,005,000 at September 30, 2002, a 6.8 percent increase. Return on equity (ROE) for the three months ended September 30, 2003 was 14.36 percent, compared to the ROE of 15.25 percent for the three months ended September 30, 2002.

The Company listed the following among its third quarter successes:

- Growth in mortgage income. Aided by the favorable rate environment and strong business development efforts, the Company earned \$618,000 during the quarter ended September 30, 2003 from mortgage sales into the secondary market, a \$379,000 or 158.6 percent increase from the same period in 2002.
- Non-interest income totaled \$2,113,000 for the third quarter of 2003 compared to \$1,494,000 in the third quarter of 2002. Included in non-interest income were net realized and unrealized securities gains of \$31,000 in the third quarter of 2003 and losses of \$88,000 in the third quarter of 2002. Non-interest income, excluding net realized and unrealized securities gains and losses, was \$2,082,000 for the three months ending September 30, 2003 compared to \$1,582,000 for the same period in 2002, an increase of \$500,000, or 31.6 percent. In addition to the income derived from the sale of fixed rate mortgages mentioned above, non-interest income was helped by an increase of trust services fees resulting primarily from the 28.3 percent year-over-year growth of assets under management.
- New income from the purchase of Bank Owned Life Insurance (BOLI). Life insurance was purchased in July 2003 on selected Bank officers to help fund the increasing costs of providing employee health benefits. The Company received \$71,000 of tax-free income during the third quarter of 2003 as a result of the purchase.
- Addition of two lenders to focus on commercial and industrial lending in the attractive markets west of Indianapolis.

- Stock buy-back announced. The Company announced a \$2 million stock buy-back program late in the third quarter. This program had minimal impact on earnings per share and return on equity during the third quarter.

“We are extremely pleased by the performance of our fee-income producing activities during the third quarter,” said Mark D. Bradford, President and Chief Executive Officer. “Several years ago we made a commitment to growing fee income, and it is gratifying to see the positive impact of this initiative.”

Non-performing assets totaled \$9,467,000 as of September 30, 2003 or 1.68 percent of total assets. However, the Company’s efforts to reduce non-performing assets are beginning to have an impact. Between September 30, 2003 and October 16, 2003, the Company reduced non-performing assets by \$1,952,000. Non-performing assets totaled \$7,515,000 as of October 16, 2003 or 1.30 percent of total assets.

“We continue to view the resolution of these assets to be our highest priority,” said Mr. Bradford. “We find the change over the last three weeks to be encouraging.”

Legal expenses increased \$158,000 or 831.6 percent during the third quarter of 2003 over the same period in 2002, and were largely related to efforts to collect loans associated with a real estate developer that declared bankruptcy in 2002.

Compensation and employee benefit expenses for the third quarter grew \$321,000 or 14.8 percent over the same period in 2002 due to an increase in commission compensation expenses associated with strong mortgage sales and an increase in health insurance costs.

Highlights of the Company’s results for the nine months ended September 30, 2003 are as follows:

- The Company’s net income was \$3,449,000 or \$0.56 per common share, compared to \$4,719,000 and \$0.77 per common share for the nine months ended September 30, 2002, a decrease of 26.9 percent.

In May 2003, the Company took a \$2,300,000 special provision to the reserve for loan loss directly related to an analysis of the collateral values and many other factors related to loans outstanding to a certain real estate developer, who filed bankruptcy, and to parties affiliated with the developer. Excluding the after-tax effect of this special provision (\$1,389,200), the Company’s net income for the nine months ended September 30, 2003 was \$4,838,000 or \$0.79 per common share, a 2.5 percent increase in net income.

- Non-interest income totaled \$6,114,000 for the nine months ending September 30, 2003 compared to \$4,238,000 in the same period of 2002. Included in non-interest income were net realized and unrealized securities gains of \$388,000 in 2003 and losses of \$247,000 in 2002. Year-to-date non-interest income, excluding net realized and unrealized securities gains and losses, was \$5,726,000 for 2003 and \$4,485,000 for 2002, an increase of \$1,241,000, or 27.7 percent. Revenue derived from the sale of fixed rate mortgages was up \$812,000, or 128.5 percent, for the first nine months of 2003 compared to the same period of 2002. As the result of an increase in assets under management, fees for trust services for the nine months ended September 30,

2003 totaled \$793,000, up from \$710,000 in 2002. This represents an increase of \$83,000 or 11.7 percent.

- The Company's net interest income, before the provision for loan loss, for the first nine months of 2003 was \$14,313,000, or 2.3 percent greater than the same period of 2002.
- Portfolio loans (excluding loans held for sale at September 30, 2003 of \$4,392,000 and \$8,276,000 at September 30, 2002) totaled \$405,759,000 at September 30, 2003 compared \$382,088,000 as of September 30, 2002. Total portfolio loans excluding loans held for sale have increased 6.2 percent over the past twelve months.
- Total deposits grew 5.5 percent over the last twelve months, to \$426,571,000 at September 30, 2003, compared to \$404,291,000 at September 30, 2002.

Monroe Bancorp, headquartered in Bloomington, Indiana, is an Indiana bank holding company with offices in Monroe, Jackson, Lawrence and Hendricks counties. Its wholly owned subsidiary, Monroe Bank, was established in Bloomington, Indiana in 1892, and offers a full range of financial, trust and investment services to its more than 22,000 retail and commercial customers. The Company's common stock is traded on the NASDAQ[®] National Stock Market under the symbol MROE.

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; (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 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 Ending					Years Ending	
	Sept 2003	June 2003	Mar 2003	Dec 2002	Sept 2002	Dec 2002	Dec 2001
Cash and Due from Banks	\$ 16,967	\$ 18,565	\$ 16,057	\$ 20,526	\$ 16,705	\$ 20,526	\$ 17,276
Federal Funds Sold	11,250	18,200	12,700	-	-	-	-
Securities	102,231	106,573	104,926	103,779	103,715	103,779	88,450
Total Loans	410,151	414,190	401,881	391,315	390,364	391,315	371,800
Loans Held for Sale	4,392	8,131	5,197	7,417	8,276	7,417	8,032
Commercial & Industrial	78,423	79,405	78,569	78,062	76,431	78,061	73,724
Real Estate:							
Commercial & Residential	250,712	255,123	249,253	238,013	236,212	238,013	225,931
Construction & Vacant Land	35,306	30,697	28,173	27,470	29,885	27,470	28,013
Home Equity	20,290	20,032	18,964	17,927	16,887	17,927	13,637
Installment Loans	21,028	20,802	21,725	22,426	22,673	22,426	22,463
Reserve for Loan Losses	6,246	5,878	4,680	4,574	3,931	4,574	4,198
Bank Premises and Equipment	11,586	11,661	11,732	11,793	11,923	11,793	11,633
Federal Home Loan Bank Stock	2,302	2,274	2,124	1,882	1,882	1,882	1,534
Interest Receivable and Other Assets	16,633	8,341	8,680	8,596	8,347	8,596	9,058
Total Assets	\$ 564,874	\$ 573,926	\$ 553,420	\$ 533,317	\$ 529,005	\$ 533,317	\$ 495,553
Total Deposits	426,571	\$ 430,336	\$ 418,670	\$ 398,567	\$ 404,291	\$ 398,567	\$ 359,206
Non-Interest Checking	68,742	60,465	62,531	60,476	60,281	60,476	55,034
Interest Checking & NOW	88,421	96,004	78,883	81,160	76,150	81,160	65,925
Regular Savings	25,822	26,830	26,457	22,459	23,153	22,459	16,840
Money Market Savings	72,030	69,903	66,508	53,865	59,750	53,865	64,802
CDs Less than \$100,000	95,816	98,347	102,196	99,930	107,556	99,930	87,137
CDs Greater than \$100,000	65,541	68,279	71,089	69,910	66,195	69,910	60,180
Other Time	10,199	10,508	11,006	10,767	11,206	10,767	9,288
Total Borrowings	88,225	94,212	83,858	85,240	75,562	85,240	89,997
Federal Funds Purchased	-	-	-	10,050	200	10,050	21,900
Securities Sold Under Repurchase Agreements	43,401	48,340	40,694	39,158	39,274	39,158	36,312
FHLB Advances	44,171	45,207	42,486	34,956	34,999	34,956	30,658
Loans Sold Under Repurchase Agreement and							
Other Notes Payable	653	665	678	1,076	1,089	1,076	1,127
Interest Payable and Other Liabilities	4,897	4,620	5,908	5,247	5,646	5,247	5,666
Total Liabilities	519,693	529,168	508,436	489,054	485,499	489,054	454,869
Shareholders Equity	45,181	44,758	44,984	44,263	43,506	44,263	40,684
Total Liabilities and Shareholders' Equity	\$ 564,874	\$ 573,926	\$ 553,420	\$ 533,317	\$ 529,005	\$ 533,317	\$ 495,553
Book Value Per Share	\$ 7.41	\$ 7.33	\$ 7.37	\$ 7.25	\$ 7.13	\$ 7.25	\$ 6.67
End of Period Shares Outstanding	6,097,101	6,106,467	6,105,151	6,103,869	6,102,529	6,103,869	6,098,503

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ending					Years Ended	
	Sept 2003	June 2003	Mar 2003	Dec 2002	Sept 2002	Dec 2002	Dec 2001
Net Interest Income	\$ 4,834	\$ 4,759	\$ 4,720	\$ 4,748	\$ 4,716	\$ 18,738	\$ 16,937
Loan Loss Provision	405	2,705	405	805	405	1,762	1,050
Total Non-Interest Income	2,113	2,317	1,684	1,832	1,494	6,070	4,916
Service Charges on Deposit Accounts	707	700	634	659	671	2,587	2,128
Trust Fees	290	230	273	208	254	918	839
Commission Income	184	277	186	210	196	817	770
Gain on Sale of Loans	618	462	364	404	239	1,036	515
Realized Gains (Losses) on Securities	-	171	(5)	6	151	203	(6)
Unrealized Gains (Losses) on Trading Securities							
Associated with Directors' Deferred Comp Plan	31	217	(25)	83	(239)	(361)	(224)
Other Operating Income	283	260	257	262	222	870	894
Total Non-Interest Expense	4,124	4,322	3,705	3,727	3,330	13,931	12,046
Salaries & Wages	1,664	1,528	1,527	1,509	1,520	5,995	5,319
Commissions & Incentive Compensation	393	494	350	283	358	1,230	886
Employee Benefits	429	429	373	369	287	1,317	1,158
Premises & Equipment	594	567	638	592	595	2,382	1,968
Advertising	151	162	127	108	127	584	552
Legal Fees	177	147	101	54	19	143	131
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	38	238	(19)	117	(229)	(290)	(158)
Other Operating Expenses	677	757	608	695	653	2,570	2,190
Income Before Income Tax	2,418	49	2,294	2,048	2,475	9,115	8,757
Income Tax Expense (Benefit)	779	(213)	746	669	818	3,017	3,008
Net Income After Tax & Before Extraordinary Items	1,639	262	1,548	1,379	1,657	6,098	5,749
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 1,639	\$ 262	\$ 1,548	\$ 1,379	\$ 1,657	\$ 6,098	\$ 5,749
Basic Earnings Per Share	\$ 0.27	\$ 0.04	\$ 0.25	\$ 0.23	\$ 0.27	\$ 1.00	\$ 0.94
Diluted Earnings Per Share	0.27	0.04	0.25	0.23	0.27	1.00	0.94

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ASSET QUALITY	Quarters Ending					Years Ending	
	Sept 2003	June 2003	Mar 2003	Dec 2002	Sept 2002	Dec 2002	Dec 2001
Net Charge-Offs	\$ 37	\$ 1,534	\$ 299	\$ 162	\$ 660	\$ 1,358	\$ 724
OREO Expenses (Gains)	59	43	10	21	17	101	80
Total Credit Charges	\$ 96	\$ 1,577	\$ 309	\$ 183	\$ 677	\$ 1,459	\$ 759
Non-Performing Loans	8,919	\$ 7,999	\$ 8,047	\$ 4,057	\$ 2,441	\$ 4,057	\$ 1,474
OREO	548	245	258	110	377	110	505
Non-Performing Assets	\$ 9,467	\$ 8,244	8,305	4,167	2,818	4,167	1,979
90 Day Past Due Loans net of NPLs	346	407	1,889	588	883	588	1,705
Non-Performing Assets+ 90PD/Assets	\$ 9,813	\$ 8,651	\$ 10,194	\$ 4,755	\$ 3,701	\$ 4,755	\$ 3,684

RATIO ANALYSIS - CREDIT QUALITY*

NCO/Loans	0.04%	1.48%	0.30%	0.17%	0.68%	0.35%	0.19%
Credit Charges/Loans & OREO	0.09%	1.52%	0.31%	0.19%	0.69%	0.37%	0.20%
Non-Performing Loans/Loans	2.17%	1.93%	2.00%	1.04%	0.63%	1.04%	0.40%
Non-Performing Assets/Loans & OREO	2.31%	1.99%	2.07%	1.06%	0.72%	1.06%	0.53%
Non-Performing Assets/Assets	1.68%	1.44%	1.50%	0.78%	0.53%	0.78%	0.40%
Non-Performing Assets+ 90PD/Assets	1.74%	1.51%	1.84%	0.89%	0.70%	0.89%	0.74%
Reserve/Non Performing Loans	70.03%	73.48%	58.16%	112.74%	161.04%	112.74%	284.80%
Reserve/Total Loans	1.52%	1.42%	1.16%	1.17%	1.01%	1.17%	1.13%
Equity & Reserves/NPA	543.22%	614.22%	598.00%	1171.99%	1683.36%	1171.99%	2267.91%
OREO/NPA	5.79%	2.97%	3.11%	2.64%	13.38%	2.64%	25.52%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	8.00%	7.80%	8.13%	8.30%	8.22%	8.30%	8.21%
Equity/Loans	11.02%	10.81%	11.19%	11.31%	11.14%	11.31%	10.94%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	1.14%	0.19%	1.15%	1.03%	1.24%	1.17%	1.26%
Return on Average Equity	14.36%	2.34%	14.00%	12.45%	15.25%	14.32%	14.52%
Net Interest Margin (tax-equivalent)	3.72%	3.76%	3.92%	3.95%	3.94%	4.02%	4.17%

* Based on period end numbers

ASSET QUALITY AS OF OCTOBER 16, 2003

Non-Performing Loans	6,967
OREO	548
Non-Performing Assets	\$ 7,515
90 Day Past Due Loans net of NPLs	346
Non-Performing Assets+ 90PD/Assets	\$ 7,861

RATIO ANALYSIS - CREDIT QUALITY AS OF OCTOBER 16, 2003

Non-Performing Loans/Loans	1.69%
Non-Performing Assets/Loans & OREO	1.82%
Non-Performing Assets/Assets	1.29%
Non-Performing Assets+ 90PD/Assets	1.35%
Reserve/Non Performing Loans	91.63%
Reserve/Total Loans	1.55%
Equity & Reserves/NPA	687.32%
OREO/NPA	7.29%

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Financial Summary

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Income Statement With and Without Special \$2.3 Million Provision

INCOME STATEMENT	Nine Months Ending			
	9/30/03			9/30/02
	Without Special Provision	Impact of Provision	With Special Provision	
Net Interest Income	\$ 14,313		\$ 14,313	\$ 13,990
Loan Loss Provision	1,215	\$ 2,300	3,515	957
Total Non-Interest Income	6,114		6,114	4,238
Service Charges on Deposit Accounts	2,041		2,041	1,928
Trust Fees	793		793	710
Commission Income	647		647	606
Gain on Sale of Loans	1,444		1,444	632
Realized Gains (Losses) on Securities	166		166	197
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	222		222	(444)
Other Operating Income	801		801	609
Total Non-Interest Expense	12,151		12,151	10,204
Salaries & Wages	4,720		4,720	4,484
Commissions & Incentive Compensation	1,237		1,237	948
Employee Benefits	1,230		1,230	948
Premises & Equipment	1,799		1,799	1,790
Advertising	440		440	475
Legal Fees	425		425	88
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	257		257	(407)
Other Operating Expenses	2,043		2,043	1,878
Income Before Income Tax	7,061	(2,300)	4,761	7,067
Income Tax Expense (Benefit)	2,223	(911)	1,312	2,348
Net Income After Tax & Before Extraordinary Items	4,838		3,449	4,719
Extraordinary Items	-		-	-
Net Income	\$ 4,838	\$ (1,389)	\$ 3,449	\$ 4,719
Basic Earnings Per Share	\$ 0.79	\$ (0.23)	\$ 0.56	\$ 0.77
Diluted Earnings Per Share	\$ 0.79	(0.23)	\$ 0.56	0.77
Return on Average Equity	14.36%	(4.13%)	10.23%	14.98%
Return on Average Assets	1.16%	(0.34%)	0.82%	1.22%