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## **For Immediate Release**

### **Monroe Bancorp Reports Increased Earnings**

**BLOOMINGTON, Ind., April 20** - Monroe Bancorp, (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, reported net income of \$1,653,000, or \$0.27 per basic and diluted common share, for the quarter ended March 31, 2004. This is a 6.8 percent increase over the net income of \$1,548,000, or \$0.25 per basic and diluted common share for the same period in 2003.

Total assets of the Company as of March 31, 2004 were \$597,114,000 compared to \$553,420,000 at March 31, 2003, a 7.9 percent increase. Return on equity (ROE) for the three months ended March 31, 2004 was 14.46 percent, compared to 14.00 percent for the first quarter of 2003.

“We had a solid quarter,” said Mark D. Bradford, President and Chief Executive Officer.

“Aggressive business development efforts produced growth in loans, deposits and many of the Bank’s fee-based services. These activities helped to overcome the reduction in gains on the sale of mortgage loans and the decrease in the Company’s interest margin.”

Reduced refinancing activity affected the Company’s mortgage loan production. The Company sells the majority of its fixed rate, single-family mortgages into the secondary market, producing gains during the first quarter of 2004 of \$192,000, as compared to \$364,000 during the same period in 2003.

The Company listed the following among its first quarter successes:

- **A 22.7 percent increase in income from trust services.** Trust fee income totaled \$335,000 for the first quarter of 2004, compared to \$273,000 for the first quarter of 2003. Trust assets under management grew from \$156,800,000 at March 31, 2003 to \$202,073,000 at March 31, 2004.
- **A 22.6 percent increase in fee income from the Company’s investment sales efforts.** These generated \$228,000 of income in the first quarter of 2004 compared to \$186,000 for the same period in 2003.
- **An 11.5 percent increase in deposit service fees.** Service charges increased to \$707,000 during the first quarter of 2004 compared to \$634,000 during the first quarter of 2003.
- **A 9.7 percent increase in loans.** Loans totaled \$440,965,000 at March 31, 2004 compared \$401,881,000 as of March 31, 2003.
- **An 8.6 percent increase in deposits.** Total deposits grew to \$454,488,000 at March 31, 2004, compared to \$418,670,000 at March 31, 2003.

First quarter 2004 earnings also benefited from realized gains on security sales of \$132,000 compared to losses of \$5,000 during the first quarter of 2003. In addition, the Company reduced the provision

for loan losses from \$405,000 during the first quarter of 2003 to \$330,000 for the first quarter of 2004.

The high priority placed on the resolution of non-performing assets is showing results. Non-performing assets and loans past due 90 days or more totaled \$6,763,000 as of March 31, 2004 or 1.13 percent of total assets, compared to \$10,194,000 or 1.84 percent of total assets at March 31, 2003.

The Company's common stock price closed at \$16.35 on March 31, 2004, up \$2.10 or 14.7 percent, from the \$14.25 closing price on December 31, 2003.

In September of 2003, the Company announced a stock repurchase plan. As of April 20, 2004, the Company has repurchased a total of 76,900 shares at an average price of \$14.69. Of this total, 22,300 shares were repurchased in 2004. Approximately \$870,000 remains available for stock purchases out of the \$2,000,000 originally approved.

Total noninterest expense increased from \$3,705,000 in the first quarter of 2003 to \$4,179,000 in the first quarter of 2004. Included in noninterest expense is unrealized appreciation related to the directors' deferred compensation plan in the amount of \$74,000 in the first quarter of 2004 and unrealized depreciation of \$19,000 for the first quarter of 2003. This unrealized appreciation and depreciation had no effect on net income. Noninterest expense, excluding the effect of the unrealized appreciation and depreciation, grew from \$3,724,000 during the first quarter of 2003 to \$4,105,000 during the first quarter of 2004, or 10.2 percent. This increase is associated primarily with annual raises and the hiring of key employees for the Company's expansion into Hendricks County. Health insurance cost increases also contributed to the growth in expenses.

The Company will hold its Annual Meeting of Shareholders at 10 a.m., Thursday, April 22, 2004 at the Bloomington/Monroe County Convention Center in downtown Bloomington, Indiana.

### **About Monroe Bancorp**

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<sup>®</sup> 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 Ended					Years Ended	
	Mar 2004	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2003	Dec 2002
Cash and Due from Banks	\$ 19,381	\$ 29,708	\$ 16,967	\$ 18,565	\$ 16,057	\$ 29,708	\$ 20,526
Federal Funds Sold	-	-	11,250	18,200	12,700	-	-
Securities	110,615	109,498	102,231	106,573	104,926	109,498	103,779
Total Loans	440,965	424,511	410,151	414,190	401,881	424,511	391,315
Loans Held for Sale	3,079	2,219	4,392	8,131	5,197	2,219	7,417
Commercial & Industrial	85,848	83,017	78,423	79,405	78,569	83,017	78,061
Real Estate:							
Commercial & Residential	263,247	257,327	250,712	255,123	249,253	257,327	238,013
Construction & Vacant Land	46,108	40,560	35,306	30,697	28,173	40,559	27,470
Home Equity	23,040	21,044	20,290	20,032	18,964	21,044	17,927
Installment Loans	19,643	20,344	21,028	20,802	21,725	20,344	22,426
Reserve for Loan Losses	5,027	5,019	6,246	5,878	4,680	5,019	4,574
Bank Premises and Equipment	11,804	11,683	11,586	11,661	11,732	11,683	11,793
Federal Home Loan Bank Stock	2,360	2,331	2,302	2,274	2,124	2,331	1,882
Interest Receivable and Other Assets	17,016	16,551	16,633	8,341	8,680	16,551	8,596
Total Assets	\$ 597,114	\$ 589,263	\$ 564,874	\$ 573,926	\$ 553,420	\$ 589,263	\$ 533,317
Total Deposits	\$ 454,488	\$ 436,683	\$ 426,571	\$ 430,336	\$ 418,670	\$ 436,683	\$ 398,567
Noninterest Checking	68,965	73,579	68,742	60,465	62,531	73,579	60,476
Interest Bearing Checking & NOW	90,060	97,618	88,421	96,004	78,883	97,618	81,160
Regular Savings	25,679	26,859	25,822	26,830	26,457	26,859	22,459
Money Market Savings	63,008	71,974	72,030	69,903	66,508	71,974	53,865
CDs Less than \$100,000	100,512	94,224	95,816	98,347	102,196	94,224	99,930
CDs Greater than \$100,000	96,339	62,904	65,541	68,279	71,089	62,904	69,910
Other Time	9,925	9,525	10,199	10,508	11,006	9,525	10,767
Total Borrowings	90,407	101,872	88,225	94,212	83,858	101,872	85,240
Federal Funds Purchased	6,500	8,900	-	-	-	8,900	10,050
Securities Sold Under Repurchase Agreement	41,345	48,507	43,401	48,340	40,694	48,507	39,158
FHLB Advances	41,934	43,825	44,171	45,207	42,486	43,825	34,956
Loans Sold Under Repurchase Agreement	628	640	653	665	678	640	1,076
Interest Payable and Other Liabilities	5,935	5,333	4,897	4,620	5,908	5,333	5,247
Total Liabilities	550,830	543,888	519,693	529,168	508,436	543,888	489,054
Shareholders Equity	46,284	45,375	45,181	44,758	44,984	45,375	44,263
Total Liabilities and Shareholders' Equity	\$ 597,114	\$ 589,263	\$ 564,874	\$ 573,926	\$ 553,420	\$ 589,263	\$ 533,317
Book Value Per Share	\$ 7.65	\$ 7.49	\$ 7.41	\$ 7.33	\$ 7.37	\$ 7.49	\$ 7.25
End of Period Shares Outstanding	6,052,649	6,054,526	6,097,101	6,106,467	6,105,151	6,054,526	6,103,869

\* period end numbers

**Monroe Bancorp (MROE)**

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Mar 2004	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2003	Dec 2002
Interest Income	\$ 6,903	\$ 6,885	\$ 6,976	\$ 7,046	\$ 7,025	\$ 27,932	\$ 29,786
Interest Expense	2,031	2,058	2,142	2,287	2,305	8,792	11,048
Net Interest Income	4,872	4,827	4,834	4,759	4,720	19,140	18,738
Loan Loss Provision	330	405	405	2,705	405	3,920	1,762
Total Noninterest Income	2,051	2,068	2,113	2,317	1,684	8,182	6,070
Service Charges on Deposit Accounts	707	760	707	700	634	2,801	2,587
Trust Fees	335	321	290	230	273	1,114	918
Commission Income	228	228	184	277	186	875	817
Gain on Sale of Loans	192	210	618	462	364	1,654	1,036
Realized Gains (Losses) on Securities	132	(4)	-	171	(5)	162	203
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	66	197	31	217	(25)	420	(361)
Other Operating Income	391	356	283	260	257	1,156	870
Total Noninterest Expense	4,179	4,134	4,124	4,322	3,705	16,285	13,931
Salaries & Wages	1,704	1,544	1,664	1,528	1,527	6,263	5,995
Commissions & Incentive Compensation	379	278	393	494	350	1,515	1,230
Employee Benefits	470	443	429	429	373	1,674	1,317
Premises & Equipment	627	634	594	567	638	2,433	2,382
Advertising	149	131	151	162	127	571	584
Legal Fees	127	150	177	147	101	575	143
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	74	212	38	238	(19)	469	(290)
Other Operating Expenses	649	742	677	757	608	2,785	2,570
Income Before Income Tax	2,414	2,356	2,418	49	2,294	7,117	9,115
Income Tax Expense (Benefit)	761	751	779	(213)	746	2,063	3,017
Net Income After Tax & Before Extraordinary Items	1,653	1,605	1,639	262	1,548	5,054	6,098
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 1,653	\$ 1,605	\$ 1,639	\$ 262	\$ 1,548	\$ 5,054	\$ 6,098
Basic Earnings Per Share	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.04	\$ 0.25	\$ 0.83	\$ 1.00
Diluted Earnings Per Share	0.27	0.26	0.27	0.04	0.25	0.83	1.00

**Monroe Bancorp (MROE)**

Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Mar 2004	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2003	Dec 2002
Net Charge-Offs	\$ 323	\$ 1,632	\$ 37	\$ 1,534	\$ 299	\$ 3,502	\$ 1,358
OREO Expenses (Gains)	(15)	9	59	43	10	121	101
Total Credit Charges	\$ 308	\$ 1,641	\$ 96	\$ 1,577	\$ 309	\$ 3,623	\$ 1,459
Nonperforming Loans	\$ 5,683	\$ 6,189	\$ 8,919	\$ 7,999	\$ 8,047	\$ 6,189	\$ 4,057
OREO	346	534	548	245	258	534	110
Nonperforming Assets	6,029	6,723	9,467	8,244	8,305	6,723	4,167
90 Day Past Due Loans net of Nonperforming Loans	734	173	346	407	1,889	173	588
Nonperforming Assets+ 90 day PD/Assets	\$ 6,763	\$ 6,896	\$ 9,813	\$ 8,651	\$ 10,194	\$ 6,896	\$ 4,755

**RATIO ANALYSIS - CREDIT QUALITY\***

NCO/Loans	0.29%	1.54%	0.04%	1.48%	0.30%	0.82%	0.35%
Credit Charges/Loans & OREO	0.28%	1.54%	0.09%	1.52%	0.31%	0.85%	0.37%
Nonperforming Loans/Loans	1.29%	1.46%	2.17%	1.93%	2.00%	1.46%	1.04%
Nonperforming Assets/Loans & OREO	1.37%	1.58%	2.31%	1.99%	2.07%	1.58%	1.06%
Nonperforming Assets/Assets	1.01%	1.14%	1.68%	1.44%	1.50%	1.14%	0.78%
Nonperforming Assets+ 90 day PD/Assets	1.13%	1.17%	1.74%	1.51%	1.84%	1.17%	0.89%
Reserve/Nonperforming Loans	88.46%	81.10%	70.03%	73.48%	58.16%	81.10%	112.74%
Reserve/Total Loans	1.14%	1.18%	1.52%	1.42%	1.16%	1.18%	1.17%
Equity & Reserves/Nonperforming Assets	851.07%	749.58%	543.22%	614.22%	598.00%	749.58%	1171.99%
OREO/Nonperforming Assets	5.74%	7.94%	5.79%	2.97%	3.11%	7.94%	2.64%

**RATIO ANALYSIS - CAPITAL ADEQUACY \***

Equity/Assets	7.75%	7.70%	8.00%	7.80%	8.13%	7.70%	8.30%
Equity/Loans	10.50%	10.69%	11.02%	10.81%	11.19%	10.69%	11.31%

**RATIO ANALYSIS - PROFITABILITY**

Return on Average Assets	1.13%	1.11%	1.14%	0.19%	1.15%	0.90%	1.17%
Return on Average Equity	14.46%	13.99%	14.36%	2.34%	14.00%	11.18%	14.32%
Net Interest Margin (tax-equivalent)	3.72%	3.72%	3.72%	3.76%	3.92%	3.78%	4.02%

\* Based on period end numbers