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For Immediate Release

Monroe Bancorp Reports Strong Results For First Six Months of 2004

BLOOMINGTON, Ind. – July 20, 2004 — Monroe Bancorp (the “Company”), NASDAQ: MROE, the independent Bloomington-based holding company for Monroe Bank (the “Bank”), reported net income of \$3,227,000, or \$0.53 per basic and diluted common share, for the six months ended June 30, 2004, compared to \$1,810,000 or \$0.30 per basic and diluted common share for the same period in 2003. This represents a 78.3 percent increase in net income. Second quarter 2003 earnings were reduced by a \$1,389,000 (after tax) additional loan loss provision. Excluding the additional loan loss provision, net income for the six months ended June 30, 2003 would have been \$3,199,000.

Return on average assets (ROA) and return on average shareholders’ equity (ROE) were 1.09 percent and 14.09 percent, respectively, for the six months ended June 30, 2004, compared to 0.66 percent and 8.13 percent for the same period in 2003.

The Company reported net income of \$1,574,000, or \$0.26 per basic and diluted common share, for the quarter ended June 30, 2004, compared to \$262,000 or \$0.04 per basic and diluted common share for the same period in 2003. As noted above, the second quarter of 2003 was affected by a \$1,389,000 (after tax) additional loan loss provision.

“Our year-to-date earnings results are strong, but I am particularly proud to report our improvement in asset quality,” said Mark D. Bradford, President and Chief Executive Officer. “We have made this our highest priority, and I believe that the results reflect it.”

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$5,412,000, or 0.89 percent of total assets on June 30, 2004. This is a 37.4 percent reduction, compared to \$8,651,000, or 1.51 percent of total assets on June 30, 2003. In addition, the Bank held no other real estate owned (OREO) properties at quarter end.

Net charge-offs for the quarter ended June 30, 2004 were \$98,000, down \$225,000 or 69.7 percent from the quarter ended March 30, 2004, and down \$1,436,000 or 93.6 percent from the quarter ended June 30, 2003. Net charge-offs for the six months ended June 30, 2004 were \$421,000, down \$1,412,000 or 77.0 percent from the six months ended June 30, 2003.

Fee Income Remains Strong

Non-interest income totaled \$3,985,000 for the first six months of 2004 compared to \$4,001,000 in the corresponding period of 2003. Included in non-interest income are net realized and unrealized securities gains of \$176,000 in the first half of 2004 and gains of \$357,000 in the same period in 2003. Excluding net realized and unrealized securities gains and losses, non-interest income for the six months ended June 30, 2004 increased \$165,000 or 4.5 percent over the first six months of 2003.

“Our efforts to develop a strong mix of sources of non-interest income paid off in 2004 as we were able to offset a 38.3 percent drop in fees earned on the sale of fixed rate mortgages with significant increases in other sources of fee income such as trust and deposit account service charges,” said Mr. Bradford.

Non-interest expense increased due to meaningful investments in personnel and training related to the Central Indiana expansion and other sales and production areas. Total non-interest expense increased \$422,000 to \$8,449,000 for the six months ended June 30, 2004, as compared to \$8,027,000 for the same period in 2003. Included in non-interest expense is unrealized appreciation related to the directors' and executives' deferred compensation plan in the amount of \$64,000 for the first six months of 2004 and \$219,000 for the first six months of 2003. This unrealized appreciation had no effect on net income. Non-interest expense, excluding the effect of the unrealized appreciation, grew from \$7,808,000 during the first six months of 2003 to \$8,385,000 during the same period of 2004, an increase of 7.4 percent.

Net interest income before the provision for loan losses, increased 4.1 percent to \$9,871,000 for the six months ended June 30, 2004 compared to \$9,479,000 for the same period in 2003. The tax equivalent net interest margin declined to 3.71 percent for the first six months of 2004 from 3.84 percent for the same period in 2003.

Wealth Management Division

Trust assets under management reached \$203,824,000 at June 30, 2004, growing 14.8 percent over the \$177,502,000 at June 30, 2003. The Company's Wealth Management Group, formerly named the Financial Management Services Division, continues to grow. A retirement plan specialist was recently hired to provide employee benefit plan administration services to businesses of all sizes, which the Company believes will leverage the reputation built by the Company's trust and private banking officers.

Financial Condition

Total assets grew 5.8 percent from June 30, 2003, reaching \$607,443,000 on June 30, 2004. Loans, including loans held for sale, totaled \$453,975,000 on June 30, 2004, a 9.6 percent increase from total loans on June 30, 2003, which were \$414,190,000. Loan growth was largely driven by increases in construction and commercial loans. Total deposits at June 30, 2004 were \$446,550,000 compared to \$430,336,000 at June 30, 2003, an increase of 3.8 percent.

Shareholder News

The Company announced the adoption of a dividend reinvestment plan in June. The plan allows for the automatic reinvestment of cash dividends in common stock of the Company. Additionally, the plan allows shareholders to invest up to \$1,000 each month in Monroe Bancorp stock.

“We are pleased to offer our shareholders a convenient and cost-effective plan, allowing them to increase their investment in Monroe Bancorp by either reinvesting the dividends they receive or by taking advantage of the plan’s cash investment option,” said Mr. Bradford.

In September of 2003, the Company announced a stock repurchase plan. As of June 30, 2004, the Company has repurchased a total of 124,900 shares at an average price of \$15.33. Of this total, 70,300 shares were repurchased in 2004. Approximately \$86,000 remains available for stock purchases out of the \$2,000,000 originally approved.

The Company’s common stock price closed at \$16.39 on June 30, 2004, up 15.0 percent from the \$14.25 closing price on December 31, 2003.

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[®] 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.

Use of Non-GAAP Financial Information To supplement the Company's consolidated condensed financial statements presented on a GAAP basis, the Company has used non-GAAP additional measures of operating results, non-interest income, and non-interest expense adjusted to exclude certain costs, expenses, gains and losses it believes 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) 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	
	Jun 2004	Mar 2004	Dec 2003	Sept 2003	June 2003	Dec 2003	Dec 2002
Cash and Due from Banks	\$ 17,344	\$ 19,381	\$ 29,708	\$ 16,967	\$ 18,565	\$ 29,708	\$ 20,526
Federal Funds Sold	-	-	-	11,250	18,200	-	-
Securities	108,994	110,615	109,498	102,231	106,573	109,498	103,779
Total Loans	453,975	440,965	424,511	410,151	414,190	424,511	391,315
Loans Held for Sale	3,493	3,079	2,219	4,392	8,131	2,219	7,417
Commercial & Industrial	88,761	85,848	83,017	78,423	79,405	83,017	78,061
Real Estate:							
Commercial & Residential	268,816	263,247	257,327	250,712	255,123	257,327	238,013
Construction & Vacant Land	50,194	46,108	40,560	35,306	30,697	40,559	27,470
Home Equity	24,191	23,040	21,044	20,290	20,032	21,044	17,927
Installment Loans	18,520	19,643	20,344	21,028	20,802	20,344	22,426
Reserve for Loan Losses	5,258	5,027	5,019	6,246	5,878	5,019	4,574
Bank Premises and Equipment	11,749	11,804	11,683	11,586	11,661	11,683	11,793
Federal Home Loan Bank Stock	2,386	2,360	2,331	2,302	2,274	2,331	1,882
Interest Receivable and Other Assets	18,253	17,016	16,551	16,633	8,341	16,551	8,596
Total Assets	\$ 607,443	\$ 597,114	\$ 589,263	\$ 564,874	\$ 573,926	\$ 589,263	\$ 533,317
Total Deposits	\$ 446,550	\$ 454,488	\$ 436,683	\$ 426,571	\$ 430,336	\$ 436,683	\$ 398,567
Noninterest Checking	70,822	68,965	73,579	68,742	60,465	73,579	60,476
Interest Bearing Checking & NOW	96,845	90,060	97,618	88,421	96,004	97,618	81,160
Regular Savings	23,375	25,679	26,859	25,822	26,830	26,859	22,459
Money Market Savings	59,466	63,008	71,974	72,030	69,903	71,974	53,865
CDs Less than \$100,000	107,673	100,512	94,224	95,816	98,347	94,224	99,930
CDs Greater than \$100,000	77,992	96,339	62,904	65,541	68,279	62,904	69,910
Other Time	10,377	9,925	9,525	10,199	10,508	9,525	10,767
Total Borrowings	109,399	90,407	101,872	88,225	94,212	101,872	85,240
Federal Funds Purchased	21,700	6,500	8,900	-	-	8,900	10,050
Securities Sold Under Repurchase Agreement	46,167	41,345	48,507	43,401	48,340	48,507	39,158
FHLB Advances	40,917	41,934	43,825	44,171	45,207	43,825	34,956
Loans Sold Under Repurchase Agreement	615	628	640	653	665	640	1,076
Interest Payable and Other Liabilities	6,252	5,935	5,333	4,897	4,620	5,333	5,247
Total Liabilities	562,201	550,830	543,888	519,693	529,168	543,888	489,054
Shareholders Equity	45,242	46,284	45,375	45,181	44,758	45,375	44,263
Total Liabilities and Shareholders' Equity	\$ 607,443	\$ 597,114	\$ 589,263	\$ 564,874	\$ 573,926	\$ 589,263	\$ 533,317
Book Value Per Share	\$ 7.54	\$ 7.65	\$ 7.49	\$ 7.41	\$ 7.33	\$ 7.49	\$ 7.25
End of period shares issued and outstanding	6,040,340	6,092,340	6,095,640	6,139,540	6,150,240	6,095,640	6,150,240
Less: Unearned ESOP shares	38,384	39,709	41,034	42,439	43,764	41,034	46,414
End of Period Shares Used to Calculate Book Value	6,001,956	6,052,631	6,054,606	6,097,101	6,106,476	6,054,606	6,103,826

* period end numbers

Monroe Bancorp (MROE)

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(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Jun 2004	Mar 2004	Dec 2003	Sept 2003	June 2003	Dec 2003	Dec 2002
Interest Income	\$ 7,081	\$ 6,903	\$ 6,885	\$ 6,976	\$ 7,046	\$ 27,932	\$ 29,786
Interest Expense	2,082	2,031	2,058	2,142	2,287	8,792	11,048
Net Interest Income	4,999	4,872	4,827	4,834	4,759	19,140	18,738
Loan Loss Provision	330	330	405	405	2,705	3,920	1,762
Total Noninterest Income	1,934	2,051	2,068	2,113	2,317	8,182	6,070
Service Charges on Deposit Accounts	761	707	760	707	700	2,801	2,587
Trust Fees	342	335	321	290	230	1,114	918
Commission Income	238	228	228	184	277	875	817
Gain on Sale of Loans	318	192	210	618	462	1,654	1,036
Realized Gains (Losses) on Securities	(17)	132	(4)	-	171	162	203
Unrealized Gains (Losses) on Trading Securities							
Associated with Directors' Deferred Comp Plan	(5)	66	197	31	217	420	(361)
Other Operating Income	297	391	356	283	260	1,156	870
Total Noninterest Expense	4,270	4,179	4,134	4,124	4,322	16,285	13,931
Salaries & Wages	1,716	1,704	1,544	1,664	1,528	6,263	5,995
Commissions & Incentive Compensation	390	379	278	393	494	1,515	1,230
Employee Benefits	428	470	443	429	429	1,674	1,317
Premises & Equipment	613	627	634	594	567	2,433	2,382
Advertising	199	149	131	151	162	571	584
Legal Fees	164	127	150	177	147	575	143
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	(10)	74	212	38	238	469	(290)
Other Operating Expenses	770	649	742	677	757	2,785	2,570
Income Before Income Tax	2,333	2,414	2,356	2,418	49	7,117	9,115
Income Tax Expense (Benefit)	759	761	751	779	(213)	2,063	3,017
Net Income After Tax & Before Extraordinary Items	1,574	1,653	1,605	1,639	262	5,054	6,098
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 1,574	\$ 1,653	\$ 1,605	\$ 1,639	\$ 262	\$ 5,054	\$ 6,098
Basic Earnings Per Share	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.04	\$ 0.83	\$ 1.00
Diluted Earnings Per Share	0.26	0.27	0.26	0.27	0.04	0.83	1.00

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Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Jun 2004	Mar 2004	Dec 2003	Sept 2003	June 2003	Dec 2003	Dec 2002
Net Charge-Offs	\$ 98	\$ 323	\$ 1,632	\$ 37	\$ 1,534	\$ 3,502	\$ 1,358
OREO Expenses (Gains)	103	(15)	9	59	43	121	101
Total Credit Charges	\$ 201	\$ 308	\$ 1,641	\$ 96	\$ 1,577	\$ 3,623	\$ 1,459
Nonperforming Loans	\$ 5,304	\$ 5,683	\$ 6,189	\$ 8,919	\$ 7,999	\$ 6,189	\$ 4,057
OREO	-	346	534	548	245	534	110
Nonperforming Assets	5,304	6,029	6,723	9,467	8,244	6,723	4,167
90 Day Past Due Loans net of Nonperforming Loans	108	734	173	346	407	173	588
Nonperforming Assets+ 90 day PD/Assets	\$ 5,412	\$ 6,763	\$ 6,896	\$ 9,813	\$ 8,651	\$ 6,896	\$ 4,755

RATIO ANALYSIS - CREDIT QUALITY*

NCO/Loans	0.09%	0.29%	1.54%	0.04%	1.48%	0.82%	0.35%
Credit Charges/Loans & OREO	0.18%	0.28%	1.54%	0.09%	1.52%	0.85%	0.37%
Nonperforming Loans/Loans	1.17%	1.29%	1.46%	2.17%	1.93%	1.46%	1.04%
Nonperforming Assets/Loans & OREO	1.17%	1.37%	1.58%	2.31%	1.99%	1.58%	1.06%
Nonperforming Assets/Assets	0.87%	1.01%	1.14%	1.68%	1.44%	1.14%	0.78%
Nonperforming Assets+ 90 day PD/Assets	0.89%	1.13%	1.17%	1.74%	1.51%	1.17%	0.89%
Reserve/Nonperforming Loans	99.13%	88.46%	81.10%	70.03%	73.48%	81.10%	112.74%
Reserve/Total Loans	1.16%	1.14%	1.18%	1.52%	1.42%	1.18%	1.17%
Equity & Reserves/Nonperforming Assets	952.11%	851.07%	749.58%	543.22%	614.22%	749.58%	1171.99%
OREO/Nonperforming Assets	0.00%	5.74%	7.94%	5.79%	2.97%	7.94%	2.64%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	7.45%	7.75%	7.70%	8.00%	7.80%	7.70%	8.30%
Equity/Loans	9.97%	10.50%	10.69%	11.02%	10.81%	10.69%	11.31%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	1.05%	1.13%	1.11%	1.14%	0.19%	0.90%	1.17%
Return on Average Equity	13.70%	14.46%	13.99%	14.36%	2.34%	11.18%	14.32%
Net Interest Margin (tax-equivalent)	3.69%	3.72%	3.72%	3.72%	3.76%	3.78%	4.02%

* Based on period end numbers

Income Statements With and Without 2003 Additional \$2.3 Million Provision

INCOME STATEMENT	Quarter Ended			Six Months Ended				
	6/30/04	6/30/03		6/30/04	6/30/03			
		Without Special Provision	Impact of Provision	With Special Provision		Without Special Provision	Impact of Provision	With Special Provision
Net Interest Income	\$ 4,999	\$ 4,759		\$ 4,759	\$ 9,871	\$ 9,479		\$ 9,479
Loan Loss Provision	330	405	\$ 2,300	2,705	660	810	\$ 2,300	3,110
Total Non-Interest Income	1,934	2,317		2,317	3,985	4,001		4,001
Service Charges on Deposit Accounts	761	700		700	1,468	1,334		1,334
Trust Fees	342	230		230	677	503		503
Commission Income	238	277		277	466	463		463
Gain on Sale of Loans	318	462		462	510	826		826
Realized Gains (Losses) on Securities	(17)	171		171	115	166		166
Unrealized Gains (Losses) on Trading Securities								
Associated with Directors' Deferred Comp Plan	(5)	217		217	61	191		191
Other Operating Income	297	260		260	688	518		518
Total Non-Interest Expense	4,270	4,322		4,322	8,449	8,027		8,027
Salaries & Wages	1,716	1,528		1,528	3,420	3,055		3,055
Commissions & Incentive Compensation	390	494		494	769	844		844
Employee Benefits	428	429		429	898	802		802
Premises & Equipment	613	567		567	1,239	1,205		1,205
Advertising	199	162		162	347	289		289
Legal Fees	164	147		147	291	248		248
Appreciation (Depreciation) in Directors'								
Deferred Compensation Plan	(10)	238		238	64	219		219
Other Operating Expenses	770	757		757	1,421	1,365		1,365
Income Before Income Tax	2,333	2,349	(2,300)	49	4,747	4,643	(2,300)	2,343
Income Tax Expense (Benefit)	759	698	(911)	(213)	1,520	1,444	(911)	533
Net Income After Tax & Before Extraordinary Items	1,574	1,651		262	3,227	3,199		1,810
Extraordinary Items	-	-		-	-	-		-
Net Income	\$ 1,574	\$ 1,651	\$ (1,389)	\$ 262	\$ 3,227	\$ 3,199	\$ (1,389)	\$ 1,810
Basic and Diluted Earnings Per Share	\$ 0.26	\$ 0.27	\$ (0.23)	\$ 0.04	\$ 0.53	\$ 0.52	\$ (0.23)	\$ 0.30
Return on Average Equity	13.70%	14.73%	(12.39%)	2.34%	14.09%	14.37%	(6.24%)	8.13%
Return on Average Assets	1.05%	1.18%	(.99%)	0.19%	1.09%	1.17%	(0.51%)	0.66%