



Date: January 25, 2005
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For Immediate Release

Monroe Bank Reports Record Earnings for 2004 **Income up 33 percent; assets exceed \$600 million**

BLOOMINGTON, Ind. – January 25, 2005 – Monroe Bancorp (the “Company”), NASDAQ: MROE, the independent Bloomington-based holding company for Monroe Bank (the “Bank”), reported net income of \$6,705,000 or \$1.11 per basic and diluted common share, for the year ended December 31, 2004, compared to \$5,054,000 or \$0.83 per basic and diluted common share for 2003. This represents a 32.7 percent increase in net income, and a 33.7 percent increase in earnings per share. Earnings in 2003 were reduced by a \$1,389,000 (after tax) additional loan loss provision. Excluding the additional loan loss provision, net income for the year ended December 31, 2003 would have been \$6,443,000 or \$1.06 per basic and \$1.05 per fully diluted common share.

Return on average assets (ROA) for the year ended December 31, 2004 was 1.10 percent, compared to 0.90 percent for 2003. Return on average shareholders’ equity (ROE) for 2004 was 14.44 percent, compared to 11.18 percent for the year ended December 31, 2003. Excluding the additional loan loss provision, 2003 ROA would have been 1.14 percent and ROE would have been 13.99 percent.

“I’m pleased by the strong earnings growth that we achieved during 2004,” said Mark D. Bradford, President and Chief Executive Officer of Monroe Bancorp and Monroe Bank. “I’m even more pleased by the progress that we made on our number one priority, improving asset quality.”

Asset Quality

The Company’s loan delinquency ratio, loan balances past due 30 days or more as a percent of total loans, was 0.92 percent at December 31, 2004, down from 1.95 percent at December 31, 2003. In addition to the improved delinquency ratio, the Company’s focus on improving asset quality produced a 41.2 percent reduction in non-performing assets and 90-day past due loans year over year. At December 31, 2004, non-performing assets and 90-day past due loans totaled \$4,053,000 (0.64 percent of total assets) compared to \$6,896,000 (1.17 percent of total assets) one year earlier.

Financial Performance

The Company's average loan balance for December 2004 grew 13.7 percent over the average loan balance for December 2003, with most of the growth taking place in loans secured by real estate. Net interest income before the provision for loan losses increased 3.8 percent to \$19,864,000 for the year ended December 31, 2004 compared to \$19,140,000 for 2003. The net interest margin compressed throughout 2004, declining from 3.63 percent for the year ended December 31, 2003, to 3.52 percent for 2004. The decline in net interest margin was

largely the result of the yield of the Company's investment portfolio declining from 4.02 percent for 2003 to 3.31 percent for 2004.

Non-interest income totaled \$8,302,000 for the year ended December 31, 2004, compared to \$8,182,000 in the corresponding period of 2003. Included in non-interest income are net realized and unrealized securities gains of \$432,000 in 2004, and gains of \$582,000 in 2003. Excluding net realized and unrealized securities gains and losses, non-interest income for the year ended December 31, 2004 increased \$270,000 or 3.6 percent over the 2003 amount.

"I'm very pleased that we were able to grow non-interest income even though, due to a less than favorable interest rate environment, fees from the origination and sale of mortgages fell by \$604,000, or 36.5 percent," said Mr. Bradford.

The trust and asset management area continues to be a strong contributor to the success of the Company. Trust fees grew to \$1,376,000 for the year ended December 31, 2004. This 23.5 percent increase over 2003 was driven by both growth in trust assets under management as well as a service fee increase implemented in the second half of 2003. Trust assets under management reached \$223,269,000 at December 31, 2004, growing 16.9 percent over the \$190,999,000 at December 31, 2003.

Total non-interest expense increased 3.9 percent to \$16,921,000 for year ended December 31, 2004, as compared to \$16,285,000 for 2003. Included in non-interest expense is unrealized appreciation related to the directors' and executives' deferred compensation plan in the amount of \$259,000 for 2004 and \$469,000 for 2003. This unrealized appreciation had no effect on net income. Non-interest expense, excluding the effect of the unrealized appreciation, grew 5.3 percent, from \$15,816,000 for the twelve months ended December 31, 2003 to \$16,662,000 for 2004.

Financial Condition

Assets for the Company exceeded \$600 million for the first time in 2004, ending the year at \$633,970,000, an increase of 7.6 percent from the December 31, 2003 total assets of \$589,263,000. Loans, including loans held for sale, totaled \$477,085,000 on December 31, 2004, a 12.4 percent increase from total loans on December 31, 2003, which were \$424,511,000.

Strong growth in time deposits, particularly large-balance certificates of deposit, contributed to an overall deposit increase of 10.7 percent. Total deposits at December 31, 2004 were \$483,534,000 compared to \$436,683,000 at December 31, 2003.

Other Company News

The Company also listed the following among its accomplishments and announcements in 2004:

- The Company adopted a Dividend Reinvestment Plan (DRIP) in July 2004. More than 8.0 percent of the Company's outstanding shares currently participate in the DRIP through the Company's transfer agent, and others participate through brokerage-sponsored reinvestment plans.
- The Company's common stock price rose 27.4 percent, closing at \$18.15 on December 31, 2004, up from the \$14.25 closing price on December 31, 2003.

- James D. Bremner joined the Monroe Bancorp and Monroe Bank Board of Directors in May of 2004. Mr. Bremner, President and CEO of the Indianapolis healthcare facility development and management firm Bremner & Wiley, Inc., replaced retiring director Richard P. Rechter. Mr. Rechter, Chairman of the Rogers Group, Inc., served for 33 years on the Company's board.

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 16 offices in Central and South Central Indiana. 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	
	Dec 2004	Sept 2004	Jun 2004	Mar 2004	Dec 2003	Dec 2004	Dec 2003
Cash and Cash Equivalents	\$ 21,396	\$ 29,128	\$ 20,504	\$ 29,669	\$ 33,011	\$ 21,396	\$ 33,011
Federal Funds Sold	-	-	-	-	-	-	-
Securities	109,712	107,063	105,834	100,327	106,195	109,712	106,195
Total Loans	477,085	457,331	453,975	440,965	424,511	477,085	424,511
Loans Held for Sale	2,740	3,760	3,493	3,079	2,219	2,740	2,219
Commercial & Industrial	86,412	84,933	88,761	85,848	83,017	86,412	83,017
Real Estate:							
Commercial & Residential	284,303	270,942	268,816	263,247	257,327	284,303	257,327
Construction & Vacant Land	61,828	55,586	50,194	46,108	40,560	61,828	40,560
Home Equity	25,390	25,044	24,191	23,040	21,044	25,390	21,044
Installment Loans	16,412	17,066	18,520	19,643	20,344	16,412	20,344
Reserve for Loan Losses	5,194	4,830	5,258	5,027	5,019	5,194	5,019
Bank Premises and Equipment	11,575	11,630	11,749	11,804	11,683	11,575	11,683
Federal Home Loan Bank Stock	2,439	2,413	2,386	2,360	2,331	2,439	2,331
Interest Receivable and Other Assets	16,957	17,722	18,253	17,016	16,551	16,957	16,551
Total Assets	\$ 633,970	\$ 620,457	\$ 607,443	\$ 597,114	\$ 589,263	\$ 633,970	\$ 589,263
Total Deposits	\$ 483,534	\$ 464,023	\$ 446,550	\$ 454,488	\$ 436,683	\$ 483,534	\$ 436,683
Noninterest Checking	71,142	95,206	70,822	68,965	73,579	71,142	73,579
Interest Bearing Checking & NOW	102,495	86,997	96,845	90,060	97,618	102,495	97,618
Regular Savings	23,608	23,659	23,375	25,679	26,859	23,608	26,859
Money Market Savings	80,054	64,267	59,466	63,008	71,974	80,054	71,974
CDs Less than \$100,000	110,040	108,026	107,673	100,512	94,224	110,040	94,224
CDs Greater than \$100,000	85,717	75,186	77,992	96,339	62,904	85,717	62,904
Other Time	10,478	10,682	10,377	9,925	9,525	10,478	9,525
Total Borrowings	97,378	101,869	109,399	90,407	101,872	97,378	101,872
Federal Funds Purchased	17,000	19,400	21,700	6,500	8,900	17,000	8,900
Securities Sold Under Repurchase Agreement	41,761	42,994	46,167	41,345	48,507	41,761	48,507
FHLB Advances	38,029	38,878	40,917	41,934	43,825	38,029	43,825
Loans Sold Under Repurchase Agreement	588	597	615	628	640	588	640
Interest Payable and Other Liabilities	5,674	7,903	6,252	5,935	5,333	5,674	5,333
Total Liabilities	586,586	573,795	562,201	550,830	543,888	586,586	543,888
Shareholders Equity	47,384	46,662	45,242	46,284	45,375	47,384	45,375
Total Liabilities and Shareholders' Equity	\$ 633,970	\$ 620,457	\$ 607,443	\$ 597,114	\$ 589,263	\$ 633,970	\$ 589,263
Book Value Per Share	\$ 7.90	\$ 7.78	\$ 7.54	\$ 7.65	\$ 7.49	\$ 7.90	\$ 7.49
End of period shares issued and outstanding	6,035,110	6,035,110	6,040,340	6,092,340	6,095,640	6,035,110	6,095,640
Less: Unearned ESOP shares	35,767	37,059	38,384	39,709	41,034	35,734	41,034
End of Period Shares Used to Calculate Book Value	5,999,343	5,998,051	6,001,956	6,052,631	6,054,606	5,999,376	6,054,606

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Dec 2004	Sept 2004	Jun 2004	Mar 2004	Dec 2003	Dec 2004	Dec 2003
Interest Income	\$ 7,538	\$ 7,210	\$ 7,081	\$ 6,903	\$ 6,885	\$ 28,732	\$ 27,932
Interest Expense	2,499	2,256	2,082	2,031	2,058	8,868	8,792
Net Interest Income	5,039	4,954	4,999	4,872	4,827	19,864	19,140
Loan Loss Provision	330	330	330	330	405	1,320	3,920
Total Noninterest Income	2,232	2,084	1,934	2,051	2,068	8,302	8,182
Service Charges on Deposit Accounts	764	738	761	707	760	2,970	2,801
Trust Fees	342	357	342	335	321	1,376	1,114
Commission Income	229	237	238	228	228	932	875
Gain on Sale of Loans	269	271	318	192	210	1,050	1,654
Realized Gains (Losses) on Securities	-	96	(17)	132	(4)	211	162
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	172	(12)	(5)	66	197	221	420
Other Operating Income	456	397	297	391	356	1,542	1,156
Total Noninterest Expense	4,350	4,122	4,270	4,179	4,134	16,921	16,285
Salaries & Wages	1,636	1,803	1,716	1,704	1,544	6,859	6,263
Commissions & Incentive Compensation	446	365	390	379	278	1,580	1,515
Employee Benefits	424	362	428	470	443	1,685	1,674
Premises & Equipment	627	607	613	627	634	2,474	2,433
Advertising	109	142	199	149	131	598	571
Legal Fees	110	105	164	127	150	506	575
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	195	-	(10)	74	212	259	469
Other Operating Expenses	803	738	770	649	742	2,960	2,785
Income Before Income Tax	2,592	2,586	2,333	2,414	2,356	9,925	7,117
Income Tax Expense (Benefit)	864	836	759	761	751	3,220	2,063
Net Income After Tax & Before Extraordinary Items	1,728	1,750	1,574	1,653	1,605	6,705	5,054
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 1,728	\$ 1,750	\$ 1,574	\$ 1,653	\$ 1,605	\$ 6,705	\$ 5,054
Basic Earnings Per Share	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.27	\$ 0.26	\$ 1.11	\$ 0.83
Diluted Earnings Per Share	0.29	0.29	0.26	0.27	0.26	1.11	0.83

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Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Dec 2004	Sept 2004	Jun 2004	Mar 2004	Dec 2003	Dec 2004	Dec 2003
Net Charge-Offs (Recoveries)	\$ (35)	\$ 759	\$ 98	\$ 323	\$ 1,632	\$ 1,145	\$ 3,502
OREO Expenses (Gains)	(27)	9	103	(15)	9	70	121
Total Credit Charges	\$ (62)	\$ 768	\$ 201	\$ 308	\$ 1,641	\$ 1,215	\$ 3,623
Nonperforming Loans	\$ 3,674	\$ 4,369	\$ 5,304	\$ 5,683	\$ 6,189	\$ 3,674	\$ 6,189
OREO	350	190	-	346	534	350	534
Nonperforming Assets	4,024	4,559	5,304	6,029	6,723	4,024	6,723
90 Day Past Due Loans net of Nonperforming Loans	29	95	108	734	173	29	173
Nonperforming Assets + 90 day PD/Assets	\$ 4,053	\$ 4,654	\$ 5,412	\$ 6,763	\$ 6,896	\$ 4,053	\$ 6,896

RATIO ANALYSIS - CREDIT QUALITY*

NCO/Loans	-0.03%	0.66%	0.09%	0.29%	1.54%	0.24%	0.82%
Credit Charges/Loans & OREO	-0.05%	0.67%	0.18%	0.28%	1.54%	0.25%	0.85%
Nonperforming Loans/Loans	0.77%	0.96%	1.17%	1.29%	1.46%	0.77%	1.46%
Nonperforming Assets/Loans & OREO	0.84%	1.00%	1.17%	1.37%	1.58%	0.84%	1.58%
Nonperforming Assets/Assets	0.63%	0.73%	0.87%	1.01%	1.14%	0.63%	1.14%
Nonperforming Assets+ 90 day PD/Assets	0.64%	0.75%	0.89%	1.13%	1.17%	0.64%	1.17%
Reserve/Nonperforming Loans	141.37%	110.55%	99.13%	88.46%	81.10%	141.37%	81.10%
Reserve/Total Loans	1.09%	1.06%	1.16%	1.14%	1.18%	1.09%	1.18%
Equity & Reserves/Nonperforming Assets	1306.61%	1129.46%	952.11%	851.07%	749.58%	1306.61%	749.58%
OREO/Nonperforming Assets	8.70%	4.17%	0.00%	5.74%	7.94%	8.70%	7.94%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	7.47%	7.52%	7.45%	7.75%	7.70%	7.47%	7.70%
Equity/Loans	9.93%	10.20%	9.97%	10.50%	10.69%	9.93%	10.69%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	1.10%	1.14%	1.05%	1.13%	1.11%	1.10%	0.90%
Return on Average Equity	14.54%	15.14%	13.70%	14.46%	13.99%	14.44%	11.18%
Net Interest Margin (tax-equivalent) (1)	3.52%	3.57%	3.69%	3.72%	3.72%	3.62%	3.78%

* 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 40%.

(dollar amounts in thousands except per share data)

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

INCOME STATEMENT	Twelve Months Ended			
	12/31/04	12/31/03		
		Without Special Provision	Impact of Provision	With Special Provision
Net Interest Income	\$ 19,864	\$ 19,140		\$ 19,140
Loan Loss Provision	1,320	1,620	\$ 2,300	3,920
Total Non-Interest Income	8,302	8,182		8,182
Service Charges on Deposit Accounts	2,970	2,801		2,801
Trust Fees	1,376	1,114		1,114
Commission Income	932	875		875
Gain on Sale of Loans	1,050	1,654		1,654
Realized Gains (Losses) on Securities	235	162		162
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	197	420		420
Other Operating Income	1,542	1,156		1,156
Total Non-Interest Expense	16,921	16,285		16,285
Salaries & Wages	6,859	6,263		6,263
Commissions & Incentive Compensation	1,580	1,515		1,515
Employee Benefits	1,685	1,674		1,674
Premises & Equipment	2,474	2,433		2,433
Advertising	598	571		571
Legal Fees	506	575		575
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	259	469		469
Other Operating Expenses	2,960	2,785		2,785
Income Before Income Tax	9,925	9,417	(2,300)	7,117
Income Tax Expense (Benefit)	3,220	2,974	(911)	2,063
Net Income After Tax & Before Extraordinary Items	6,705	6,443		5,054
Extraordinary Items	-	-		-
Net Income	\$ 6,705	\$ 6,443	\$ (1,389)	\$ 5,054
Basic Earnings Per Share	\$ 1.11	\$ 1.06	\$ (0.23)	\$ 0.83
Diluted Earnings Per Share	\$ 1.11	\$ 1.05	\$ (0.22)	\$ 0.83
Return on Average Equity	14.44%	13.99%	(2.81%)	11.18%
Return on Average Assets	1.10%	1.14%	(0.21%)	0.90%