



**Date:** April 19, 2004  
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## **For Immediate Release**

### **Monroe Bancorp Announces First Quarter Earnings**

**BLOOMINGTON, Ind. – April 19, 2005** — Monroe Bancorp, (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, reported net income of \$1,643,000, or \$0.27 per basic and diluted common share, for the quarter ended March 31, 2005. The Company earned \$1,653,000, or \$0.27 per basic and diluted common share for the same period in 2004. Contributing to the flat earnings result was a decline in realized gains from the sale of securities. Realized gains from the sale of securities totaled \$66,000 for the first quarter of 2005 compared to \$132,000 for the first quarter of 2004.

“Rising interest rates and our continued investments within the Central Indiana market had an adverse affect on our ability to grow net income during the quarter,” said Mark D. Bradford, President and Chief Executive Officer. “At the same time, I am pleased by the loan growth that the Bank has been experiencing, most notably in Central Indiana, and the growth of several sources of noninterest income.”

#### **Asset Quality**

Nonperforming assets and 90-day past due loans totaled \$3,907,000 (.61 percent of total assets) at March 31, 2005 compared to \$6,763,000 (1.13 percent of total assets) at March 31, 2004. This is a 42.2 percent reduction. Net charge-offs for the first quarter of 2005 totaled \$74,000 compared to \$323,000 for the first quarter of 2004. “I’m very pleased by the progress we have made in terms of credit quality over the past year,” said Mr. Bradford. “We will retain our focus on credit quality as we work to grow our loan portfolio in the years ahead.”

#### **Financial Performance**

Net interest income before the provision for loan losses increased 3.2 percent to \$5,026,000 for the three months ended March 31, 2005 compared to \$4,872,000 for the same period in 2004. The tax equivalent net interest margin for the quarter ended March 31, 2005 was 3.51 percent, which is .01 percent lower than the margin for the quarter ended December 31, 2004 and .21 percent lower than the margin for first quarter of 2004.

Noninterest income totaled \$2,034,000 for the first three months of 2005 compared to \$2,051,000 in the same period of 2004. Included in noninterest income are net realized and unrealized securities gains of \$20,000 in the first three months of 2005 and gains of \$198,000 in the same period of 2004. Excluding net realized and unrealized securities gains and losses, noninterest income for the three months ended March 31, 2005 increased by \$161,000 or 8.7 percent over the first three months of 2004.

Trust fees grew to \$376,000 for the three months ended March 31, 2005 compared to \$335,000 for the same period of 2004. The 12.2 percent increase was driven by growth in trust assets under management. Trust assets under management reached \$226,636,650 at March 31, 2005, growing 12.0 percent over the \$202,073,000 at March 31, 2004.

Income derived from the sale of loans during the first quarter of 2005 was \$237,000, a 23.4 percent increase over the first quarter of 2004. Additionally, service charges on deposit accounts for the first

quarter of 2005 totaled \$756,000 which was 6.9 percent greater than the amount for the same period of 2004.

Total noninterest expense increased \$90,000 (2.2 percent) to \$4,269,000 for the three months ended March 31, 2005, as compared to \$4,179,000 for the same period of 2004. Included in noninterest expense is unrealized depreciation/appreciation related to the directors' and executives' deferred compensation plan. Unrealized depreciation of \$32,000 was recognized for the first three months of 2005 compared to unrealized appreciation of \$74,000 for the first three months of 2004. This unrealized appreciation and depreciation had no effect on net income. Noninterest expense, excluding the effect of the unrealized depreciation/appreciation, grew from \$4,105,000 during the first three months of 2004 to \$4,301,000 during the same period of 2005, an increase of 4.8 percent.

### **Financial Condition**

Total assets grew 8.0 percent from March 31, 2004, reaching \$644,815,000 on March 31, 2005. Loans, including loans held for sale, totaled \$489,079,000 on March 31, 2005, a 10.9 percent increase from total loans on March 31, 2004, which were \$440,965,000. Loans increased by \$11,994,000 during the first quarter of 2005, an annualized rate of 10.1 percent. Commercial real estate loans continue to drive loan growth. Total deposits at March 31, 2005 were \$513,826,000 compared to \$454,488,000 at March 31, 2004, an increase of 13.1 percent.

### **Other News**

The Carmel loan production office opened at the end of the first quarter of 2005, marking the Bank's entry into the attractive northern Indianapolis market. The 3,000 square-foot office located on North Meridian Street in Carmel houses a total of seven employees: three mortgage loan originators, three commercial loan officers and two administrative staff members, with ample room for expansion. In addition, the Bank hired Scot Davidson as Senior Vice President of Retail Banking. With over 25 years of experience in the banking industry, Mr. Davidson will oversee the retail banking and marketing functions bank-wide.

The Company will hold its Annual Meeting of Shareholders at 10 a.m., Thursday, April 28, 2005 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 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 locations in Central and South Central Indiana. 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.

### **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, noninterest income, and noninterest 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.

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