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Contact: Mark D. Bradford
President and Chief Executive Officer
Phone: (812) 331-3455 or (800) 319-2664
Fax: (812) 331-3445
www.monroebank.com

For Immediate Release

Monroe Bancorp Reports 12.8 Percent Earnings Growth and 18.1 Percent Diluted Earnings Per Share Growth For the Second Quarter of 2007

BLOOMINGTON, Ind. – July 17, 2007 -- Monroe Bancorp (the “Company”), NASDAQ: MROE, the independent Bloomington-based holding company for Monroe Bank (the “Bank”), today reported net income of \$2,190,000 or \$0.346 per diluted common share, for the quarter ended June 30, 2007, compared to \$1,941,000 or \$0.293 per diluted common share for the same period in 2006. This represents a 12.8 percent increase in net income and an 18.1 percent increase in diluted earnings per share. Return on average assets (ROAA) and return on average equity (ROAE) for the second quarter of 2007 were 1.17 percent and 16.93 percent, respectively, compared to 1.07 percent and 15.04 percent respectively for the second quarter of 2006.

Net income for the second quarter of 2007 increased by \$178,000 or 8.8 percent over net income for the first quarter of 2007.

Net income for the first six months of 2007 totaled \$4,202,000 or \$0.666 per diluted common share compared to \$3,714,000 or \$0.560 per diluted share for the same period of 2006. This represents a 13.1 percent increase in net income and an 18.9 percent increase in diluted earnings per share.

“I am very pleased with the growth of second quarter and year-to-date earnings considering the net interest margin challenges created by the flat yield curve,” said Mark D. Bradford, President and Chief Executive Officer.

Return on average assets (ROAA) and return on average equity (ROAE) were 1.14 percent and 16.09 percent, respectively, for the first six months of 2007 compared to 1.04 percent and 14.55 percent, respectively, for the first six months of 2006.

Financial Performance

Net interest income after the provision for loan losses increased 4.0 percent to \$5,598,000 for the three months ended June 30, 2007 compared to \$5,383,000 for the same period in 2006. A \$45,000 reduction in the provision for loan losses accounted for 20.9 percent of the increase in net interest income between the two periods. The tax-equivalent net interest

margin for the quarter ended June 30, 2007 was 3.44 percent, compared to 3.45 percent for the quarter ended March 31, 2007 and 3.44 percent for second quarter of 2006.

Net interest income after the provision for loan losses, increased \$530,000 or 5.0 percent to \$11,044,000 for the six months ended June 30, 2007 compared to \$10,514,000 for the same period in 2006. The tax-equivalent net interest margin for the first six months of 2007 was 3.44 percent, compared to 3.42 percent for the first six months of 2006.

Noninterest income totaled \$2,685,000 for the second quarter of 2007 compared to \$2,371,000 for the same period of 2006. Excluding the effect of the Company's deferred compensation plan, discussed in the "Use of Non-GAAP Financial Information" section of this release (page 4), noninterest income totaled \$2,560,000 for the second quarter of 2007 compared to \$2,405,000 for the same period of 2006, an increase of \$155,000 or 6.4 percent. The increase in noninterest income was driven by a \$133,000 increase in trust fees.

Trust fees grew 32.9 percent to \$537,000 for the three months ended June 30, 2007 compared to \$404,000 for the same period of 2006. The increase in trust fees was driven by growth in trust assets under management. Trust assets under management reached \$329,147,000 at June 30, 2007, growing 21.1 percent, or \$55,381,000 over the \$271,766,000 at December 31, 2006 and by 34.2 percent, or \$83,895,000 over the June 30, 2006 total of \$245,252,000. Management does not anticipate that trust assets will sustain this rate of growth on an ongoing basis.

Noninterest income totaled \$5,132,000 for the first six months of 2007 compared to \$4,620,000 for the same period of 2006. Excluding the effect of the Company's deferred compensation plan, noninterest income totaled \$4,967,000 for the first six months of 2007 compared to \$4,574,000 for the same period of 2006. The \$393,000 or 8.6 percent increase over the same period of 2006 was primarily the result of a \$209,000 increase in trust fees.

Noninterest expense was \$5,266,000 for the three months ended June 30, 2007, compared to \$4,952,000 for the same period of 2006. Noninterest expense, adjusted to remove the effect of the Company's deferred compensation plan, was \$5,114,000 for the three months ended June 30, 2007, compared to \$4,964,000 for the same period of 2006. The \$150,000 or 3.0 percent increase in noninterest expense is largely the result of a \$157,000 or 5.2 percent increase in total compensation expense.

Noninterest expense totaled \$10,359,000 for the first six months of 2007 compared to \$9,774,000 for the same period of 2006. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$10,140,000 for the first six months of 2007, compared to \$9,686,000 for the same period of 2006. The \$454,000, or 4.7 percent increase is largely the result of a \$319,000 or 5.4 percent increase in total compensation expense.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$3,397,000 (0.45 percent of total assets) at June 30, 2007 compared to \$1,346,000 (0.18 percent of total assets) at June 30, 2006 and \$2,497,000 (0.33 percent of total assets) at December 31, 2006. While the trend in

nonperforming assets and 90-day past due loans has recently been unfavorable, management believes the current level does not give cause for concern.

The Company showed net loan recoveries of \$17,000 for the second quarter of 2007 compared to net charge offs of \$159,000 for the second quarter of 2006. The ratio of the reserve for loan losses to total loans was 1.15 percent at June 30, 2007 compared to 1.04 percent at June 30, 2006. "Maintaining credit quality remains a top priority for our management team," said Mr. Bradford.

Financial Condition

Total assets were \$763,377,000 as of June 30, 2007 compared to \$751,621,000 at March 31, 2007 and \$757,456,000 as of June 30, 2006. Loans, including loans held for sale, totaled \$563,989,000 on June 30, 2007, compared to \$562,724,000 at March 31, 2007 and \$559,281,000 at June 30, 2006.

"Loan growth is an important component of our plans to grow. As such, we are focused on accelerating loan growth in all of the Bank's markets," said Mr. Bradford.

Total deposits were \$614,592,000 as of June 30, 2007 compared to \$595,061,000 at March 31, 2007 and \$593,856,000 as of June 30, 2006.

Additional Financial Information

Stock Buyback Activity

The Company repurchased 69,750 shares of its common stock during the second quarter at an average price including commission of \$17.26. The Company has purchased a total of 361,750 shares at a total cost of \$6,249,000 since the program was announced in June of 2006. The average price of these shares, including commission was \$17.27. The Company's repurchase activity was funded with proceeds from a trust preferred subordinated debenture and other debt. Net interest expense during the quarter associated with the stock buyback activity totaled \$139,000.

Other News

The Company plans to open three full-service banking centers over the next fifteen months. On May 30, the Company broke ground for the two new full-service banking centers which will replace the limited service offices in Avon and Plainfield, both high growth communities in Hendricks County, west of Indianapolis. The Avon and Plainfield banking centers are now under construction and are expected to open in the fourth quarter of 2007. The third center will open in Noblesville, a high growth community located in Hamilton County, just north of Indianapolis. The Noblesville banking center is expected to open during the summer of 2008.

The Company held its Annual Meeting of Shareholders on Thursday, April 26, 2007 at the Bloomington/Monroe County Convention Center. At this meeting, the Company demonstrated one of its new business products, Digital Deposit and shared a video clip of customer comments about the Company's long-time and successful affinity program, Prime Time.

Digital Deposit is an electronic payment-processing solution that allows customers to convert paper checks into electronic images which are deposited over the Internet. It effectively eliminates trips to the bank, offers faster funds availability, extended deposit windows, and provides a searchable database and the ability to download check information into accounts receivable systems. This product was introduced during the fourth quarter of 2006, and we continue to see positive results this year. The Company currently has 41 business customers using it.

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® Global Stock Market under the symbol MROE.

See attachments 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 the following non-GAAP measures of reporting:

- the net interest margin is reported on a tax-equivalent basis, and
- noninterest income and noninterest expense are reported without the effect of income and expenses related to securities held in a rabbi trust for the deferred compensation plan. A table is included at the end of the attached financial summary which details all the items included in noninterest income and expense associated with the deferred compensation plan / rabbi trust and reconciles the GAAP numbers to the non-GAAP numbers. The activity in the rabbi trust has no effect on the Company's net income, therefore, management believes a more accurate comparison of current and prior year noninterest income and noninterest expense can be made if items related to the rabbi trust are removed.

The Company believes these adjustments are 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; (2) changes in the interest rate environment; (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; (5) legislative or regulatory changes adversely affecting the business of the Company; (6) changes in real estate values or the real estate markets; and (7) the Company's business development efforts in new markets in and around Hendricks and Hamilton Counties. 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.