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For Immediate Release

Monroe Bancorp Reports Earnings of \$3,979,000, of \$0.639 per Fully Diluted Share for 2008

BLOOMINGTON, Ind. – January 29, 2009 – Monroe Bancorp (the “Company”) (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank (the “Bank”), reported net income of \$3,979,000 or \$0.639 per diluted common share for the year ended December 31, 2008, compared to \$7,806,000 or \$1.235 per diluted common share for the year ended December 31, 2007. This represents a 49.0 percent decrease in net income and a 48.3 percent decrease in diluted earnings per share.

As discussed in more detail below, net income was significantly impacted by asset quality related issues, most notably a \$6,845,000 increase in the provision for loan losses from \$2,035,000 in 2007 to \$8,880,000 in 2008.

Return on average shareholders’ equity for 2008 was 7.11 percent, compared to 14.79 percent for the year ended December 31, 2007. Return on average assets for the year ended December 31, 2008 was 0.50 percent, compared to 1.04 percent for the year ended December 31, 2007.

“I am certainly disappointed by the impact of problem loans on our 2008 results. You can be confident that we are working hard to address all of the issues that are resulting from the downturn in the economy,” said Mark D. Bradford, President and Chief Executive Officer of Monroe Bancorp and Monroe Bank.

Net loss for the fourth quarter of 2008 was (\$209,000) or (\$0.034) per diluted common share, compared to net income of \$1,606,000 or \$0.258 per diluted common share for the fourth quarter of 2007 and \$735,000 or \$0.118 per diluted common share for the third quarter of 2008. The provision for loan losses was \$4,150,000 for the fourth quarter of 2008 compared to \$1,150,000 for the same period of 2007.

Financial Performance

Net interest income before the provision for loan losses increased 2.4 percent to \$23,601,000 for the year ended December 31, 2008 compared to \$23,039,000 for 2007. The tax equivalent net interest margin declined during 2008, decreasing from 3.37 percent for the year ended December 31, 2007, to 3.30 percent for 2008. See the table titled “Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis” for a reconciliation of GAAP net interest margin to Non-GAAP net interest margin on a tax equivalent basis.

A significant factor contributing to the decline in the Company's net interest margin was the year over year increase in nonperforming loans and other real estate owned (OREO). The average combined balance of nonperforming loans and OREO was \$12,169,000 during 2008 compared to \$3,763,000 for 2007. The \$8,406,000 increase in average combined nonperforming loans and OREO, if calculated at an average yield of 6.0% resulted in a seven basis point reduction in the Company's 2008 net interest margin.

Noninterest income totaled \$10,033,000 for the year ended December 31, 2008, compared to \$10,251,000 in 2007. Excluding the effect of the Company's deferred compensation plan, noninterest income totaled \$10,832,000 for 2008 compared to \$10,086,000 during 2007. The \$746,000 increase (7.4 percent) was largely the result of a \$950,000 increase in gains from the sale of securities from the Company's available for sale investment portfolio. It is worth noting that the Company's investment portfolio had unrealized gains (net of taxes) totaling \$817,000 at year-end 2008. See the table titled "Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan" for a reconciliation of GAAP noninterest income and expense to noninterest income and expense without the financial impact of the deferred compensation plan.

Excluding gains from the sale of securities, the Company's three largest sources of fee income were (1) deposit related fees (\$3,796,000 in 2008, a 3.2 percent increase over 2007), (2) trust fees (\$2,387,000 in 2008, a 6.4 percent increase over 2007) and (3) interchange income on Visa Check Card transactions (\$1,098,000 in 2008, a 15.6 percent increase over 2007). Interchange fees earned on Visa Check Card transactions are included in Other Income in the attached financials.

"Growing noninterest income from a variety of sources is very important to our overall success. Increased noninterest income reduces the Company's reliance on net interest income which can be subject to wide swings driven by interest rate and real estate related cycles," said Mr. Bradford.

Total noninterest expense increased 0.5 percent to \$20,732,000 for the year ended December 31, 2008, as compared to \$20,626,000 for 2007. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$21,426,000 for 2008, compared to \$20,344,000 for 2007. The \$1,082,000, or 5.3 percent increase is largely the result of increases in FDIC assessment expenses (year over year increase of \$412,000 or 597.1 percent), employee benefit expense (year over year increase of \$302,000 or 17.0 percent) and occupancy expense (year over year increase of \$273,000 or 8.8 percent). The increase in occupancy expense is largely related to the opening of two new banking centers in 2008 and another new banking center in December 2007. The latest, which opened on September 2, 2008, is in Noblesville, Hamilton County, a rapidly growing county located just north of Indianapolis.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$18,780,000 (2.29 percent of total assets) at December 31, 2008 compared to \$14,565,000 (1.78 percent of total assets) at September 30, 2008 and \$8,214,000 (1.06 percent of total assets) at December 31, 2007.

Net charge-offs for the fourth quarter of 2008 totaled \$2,374,000 or 0.37 percent of total loans compared to \$1,151,000 (0.19 percent of total loans) for the third quarter of 2008 and \$643,000 (0.11 percent of total loans) for the fourth quarter of 2007.

Due to general economic conditions in the real estate (R/E) markets, credit quality has been under pressure. The Bank maintains a “watch list” representing credits that require above average attention in order to mitigate the risk of default or loss. Over the periods noted below, the watch list consisted of the following:

<u>Watch List Data</u>	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>12/31/2007</u>
Total Watch List (\$)	59,172,000	34,531,000	18,478,000
Number of Watch List Customers	52	43	43
Total Watch List \$ > 30 Days Past Due	14,751,000	15,821,000	7,793,000
Total Watch List \$ Secured by R/E	55,507,000	31,886,000	16,207,000
Total Watch List \$ Secured by Non-R/E	3,268,000	2,446,000	1,972,000
Total Watch List \$ Unsecured	397,000	199,000	299,000

The watch list consists of credits having deficiencies that, if not corrected, could lead to the possibility of loss in either principal or interest. This risk of loss is mitigated by the nature and quality of collateral, if any, pledged to the loan. When impairment is identified, the collateral is evaluated to determine the likely realizable value and a reserve is placed against the loan or the loan is charged down to the likely realizable value. Real estate values are generally determined based on objective valuations based on current market conditions.

As of December 31, 2008, 75.1 percent of the watch list exposure was less than thirty days past due, compared to 54.2 percent as of September 30, 2008, and 57.8 percent as of December 31, 2007. The largest areas of stress within the loan portfolio are loans for Residential Real Estate Development, Residential Speculative Construction, Unimproved Land and loans secured by 1-4 Family Non-Owner Occupied Residential Properties. These four categories combined account for 65.9 percent of the watch list as of December 31, 2008.

<u>Residential Real Estate Development Loans</u>	<u>12/31/2008</u>	<u>9/30/2008</u>
Total Loans (\$) Secured by Residential R/E Development Collateral	35,921,000	39,340,000
Total Loans (\$) Secured by Residential R/E Development Collateral Originated in Central Indiana	30,445,000	34,214,000
Total Watch List (\$) Secured by Residential R/E Development Collateral	22,919,000	13,966,000
Total Watch List (\$) Secured by Residential R/E Development Collateral Originated in Central Indiana	22,740,000	13,945,000
Total Loans \$ > 30 Days Past Due Secured by Residential R/E Development Collateral	4,195,000	7,972,000
Total Loans \$ > 30 Days Past Due Secured by Residential R/E Development Collateral Originated in Central Indiana	4,179,000	7,956,000
<u>Residential Speculative Construction Loans</u>	<u>12/31/2008</u>	<u>9/30/2008</u>
Total Loans (\$) Secured by Residential Speculative Construction Collateral	16,950,000	18,632,000
Total Loans (\$) Secured by Residential Speculative Construction Collateral Originated in Central Indiana	7,999,000	9,305,000
Total Watch List (\$) Secured by Residential Speculative Construction Collateral	8,994,000	1,724,000
Total Watch List (\$) Secured by Residential Speculative Construction Collateral Originated in Central Indiana	7,908,000	760,000
Total Loans \$ > 30 Days Past Due Secured by Residential Speculative Construction Collateral	4,878,000	922,000
Total Loans \$ > 30 Days Past Due Secured by Residential Speculative Construction Collateral Originated in Central Indiana	4,520,000	760,000
<u>Unimproved Land Loans</u>	<u>12/31/2008</u>	<u>9/30/2008</u>
Total Loans (\$) Secured by Unimproved Land Collateral	14,050,000	13,371,000
Total Loans (\$) Secured by Unimproved Land Collateral Originated in Central Indiana	3,533,000	3,071,000
Total Watch List (\$) Secured by Unimproved Land Collateral	2,605,000	1,535,000
Total Watch List (\$) Secured by Unimproved Land Collateral Originated in Central Indiana	1,333,000	1,505,000
Total Loans \$ > 30 Days Past Due Secured by Unimproved Land Collateral	1,359,000	2,738,000
Total Loans \$ > 30 Days Past Due Secured by Unimproved Land Collateral Originated in Central Indiana	1,333,000	1,448,000
<u>1-4 Family Non-Owner Occupied Residential Loans</u>	<u>12/31/2008</u>	<u>9/30/2008</u>
Total Loans (\$) Secured by 1-4 Family Non-Owner Occupied Residential Collateral	57,563,000	56,382,000
Total Loans (\$) Secured by 1-4 Family Non-Owner Occupied Residential Collateral Originated in Central Indiana	10,696,000	10,177,000
Total Watch List (\$) Secured by 1-4 Family Non-Owner Occupied Residential Collateral	4,494,000	4,583,000
Total Watch List (\$) Secured by 1-4 Family Non-Owner Occupied Residential Collateral Originated in Central Indiana	3,608,000	4,071,000
Total Loans \$ > 30 Days Past Due Secured by 1-4 Family Non-Owner Occupied Residential Collateral	651,000	1,839,000
Total Loans \$ > 30 Days Past Due Secured by 1-4 Family Non-Owner Occupied Residential Collateral Originated in Central Indiana	207,000	1,617,000

“We increased the ratio of our allowance for loan losses to total loans from 1.14 percent at the end of 2007 to 1.76 percent at December 31, 2008 in response to general economic conditions and deterioration in our Residential Real Estate Development, Residential Speculative Construction, Unimproved Land and 1-4 Family Non-Owner Occupied Residential loan portfolio. Problem asset resolution is our number one priority, and we are devoting a significant amount of time and effort to identifying and resolving asset quality issues,” said Mr. Bradford.

Financial Condition

Total assets at December 31, 2008 were \$819,799,000, an increase of 5.4 percent from \$778,080,000 at December 31, 2007. Total loans, including loans held for sale, totaled \$633,091,000 on December 31, 2008, an 8.3 percent increase from total loans on December 31, 2007, which were \$584,831,000.

Total deposits at December 31, 2008 were \$665,179,000 compared to \$619,717,000 at December 31, 2007, an increase of \$45,462,000 or 7.3 percent.

Other Company News

A highlight of 2008 was the completion of the Company’s plan to transition from less visible, limited service branches in Hendricks County to more visible, strategically located full-service banking centers. While the opening of the third Banking Center on January 14, 2008 in Avon marked the completion of the Company’s Hendricks County branch expansion plans, the Company’s growth plans in the northeast area of the Indianapolis metropolitan region commenced with the opening on September 2, 2008 of a new, full-service banking center located in Noblesville. Special marketing promotions and events were held to celebrate the grand openings of these banking centers and to develop core consumer relationships.

While the Bank’s expansion into Central Indiana remained a primary focus during 2008, the Bank expanded its presence in all markets by offering customers the opportunity to open accounts online. Starting January 2, 2008, this convenient online account opening alternative broadened the delivery channel for checking and savings products that allows customers to open accounts in a time, place and manner of their choosing. Another technological efficiency was the active promotion of paperless online statements in April 2008. This additional service has enhanced the package of electronic services offered to our customers. Digital Deposit, an electronic business check deposit solution launched in December 2006, continued to be well received by business customers in 2008. Electronic banking solutions for both personal and business customers have positioned the Bank to be accessible to both users of traditional banking channels and customers who prefer electronic banking channels.

The Company introduced the CDARS – Certificate of Deposit Account Registry Service – program in September 2008. This program offers customers access to multi-million dollar FDIC insurance on their Certificate of Deposit balances up to \$50 million per customer. This program has been beneficial to customers who have sought alternative ways to insure funds that exceed FDIC maximums.

Separately, the Company announced that it has applied for approval to participate in the U.S. Treasury Department's Capital Purchase Program (CPP). If approved to participate in the CPP and if the Company ultimately determines to accept funds under the CPP, the Company could sell to the Treasury Department up to approximately \$19 million in newly issued preferred equity. Authorization of the preferred equity would require shareholder approval. As part of its investment, the Treasury Department also would receive warrants to purchase common stock of the Company having an aggregate market price of 15 percent of the investment amount. The Treasury Department is not obligated to accept the Company's application to participate in the CPP or may decide to purchase less than the \$19 million of preferred equity requested by the Company in its application. The Company cannot predict when or if it will be approved to participate in the CPP, or if it is approved to participate, whether it will accept funds under the CPP.

The Company will hold its Annual Meeting of Shareholders at 10 a.m., Thursday, April 30, 2008 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® 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:

(1) The net interest margin is reported on a tax equivalent basis. The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a marginal income tax rate of 34 percent. Management believes that it is a standard practice in the banking industry to present net interest margin and net interest income on a fully tax equivalent basis. Therefore, management believes these measures provide useful information to investors by allowing them to make peer comparisons. A table entitled "Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis," included at the end of the attached financial summary, reconciles the non-GAAP financial measure "net interest income (tax-equivalent)" with net interest income calculated and presented in accordance with GAAP. The table also reconciles the non-GAAP financial measure "net interest margin (tax-equivalent)" with net interest margin calculated and presented in accordance with GAAP.

(2) 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 entitled "Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan", included at the end of the attached financial summary, 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) changes in competitive pressures among depository institutions; (2) changes in the interest rate environment; (3) changes in prepayment speeds, charge-offs and loan loss provisions; (4) changes in 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.

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
BALANCE SHEET *							
Cash and Interest-Earning Deposits	\$ 15,058	\$ 33,675	\$ 27,141	\$ 30,559	\$ 24,563	\$ 15,058	\$ 24,563
Federal Funds Sold	8,663	26,593	1,654	2,565	1,077	8,663	1,077
Securities	121,530	99,795	106,591	121,074	125,658	121,530	125,658
Total Loans	633,091	616,226	602,369	581,956	584,831	633,091	584,831
Loans Held for Sale	3,389	2,406	4,110	2,176	2,974	3,389	2,974
Commercial & Industrial	104,779	97,373	99,141	100,378	104,611	104,779	104,611
Real Estate:							
Commercial & Residential	398,896	368,363	355,393	333,725	332,664	398,896	332,664
Construction & Vacant Land	80,917	103,459	99,694	102,428	101,011	80,917	101,011
Home Equity	28,976	27,305	25,783	25,534	25,222	28,976	25,222
Installment Loans	16,134	17,320	18,248	17,715	18,349	16,134	18,349
Reserve for Loan Losses	11,172	9,397	7,748	7,273	6,654	11,172	6,654
Bank Premises and Equipment	20,750	20,836	20,534	20,173	20,029	20,750	20,029
Federal Home Loan Bank Stock	2,312	2,312	2,312	2,312	2,312	2,312	2,312
Interest Receivable and Other Assets	29,567	28,969	25,351	25,420	26,264	29,567	26,264
Total Assets	\$ 819,799	\$ 819,009	\$ 778,204	\$ 776,786	\$ 778,080	\$ 819,799	\$ 778,080
Total Deposits	\$ 665,179	\$ 679,421	\$ 623,871	\$ 637,230	\$ 619,717	\$ 665,179	\$ 619,717
Noninterest Checking	84,317	88,264	79,548	76,716	81,542	84,317	81,542
Interest Bearing Checking & NOW	107,124	125,407	129,422	122,987	131,295	107,124	131,295
Regular Savings	16,619	16,844	17,876	18,710	17,712	16,619	17,712
Money Market Savings	108,246	106,808	116,862	109,105	99,135	108,246	99,135
CDs & CDARs Less than \$100,000	155,127	142,648	139,584	146,815	150,422	155,127	150,422
CDARs Greater than \$100,000 & Brokered CDs	67,949	23,101	13,101	10,034	10,034	67,949	10,034
CDs Greater than \$100,000	125,741	175,906	127,163	152,473	128,602	125,741	128,602
Other Time	56	443	315	390	975	56	975
Total Borrowings	93,203	75,954	88,723	70,328	96,421	93,203	96,421
Federal Funds Purchased	-	-	12,810	5,256	24,850	-	24,850
Securities Sold Under Repurchase Agreement	59,404	46,569	46,390	45,717	43,195	59,404	43,195
FHLB Advances	25,523	20,186	21,249	9,262	18,273	25,523	18,273
Loans Sold Under Repurchase Agreement & Other Debt	28	951	26	1,845	1,855	28	1,855
Subordinated Debentures - Trust Preferred	8,248	8,248	8,248	8,248	8,248	8,248	8,248
Interest Payable and Other Liabilities	5,496	7,942	9,578	13,072	7,490	5,496	7,490
Total Liabilities	763,878	763,317	722,172	720,630	723,628	763,878	723,628
Shareholders' Equity	55,921	55,692	56,032	56,156	54,452	55,921	54,452
Total Liabilities and Shareholders' Equity	\$ 819,799	\$ 819,009	\$ 778,204	\$ 776,786	\$ 778,080	\$ 819,799	\$ 778,080
Book Value Per Share	\$ 8.99	\$ 8.95	\$ 9.01	\$ 9.03	\$ 8.76	\$ 8.99	\$ 8.76
End of Period Shares Issued and Outstanding	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550
Less: Unearned ESOP Shares	7,601	5,900	8,300	10,700	13,100	7,601	13,100
End of Period Shares Used to Calculate Book Value	6,219,949	6,221,650	6,219,250	6,216,850	6,214,450	6,219,949	6,214,450

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Interest Income	\$ 10,141	\$ 10,472	\$ 10,366	\$ 11,483	\$ 12,141	\$ 42,462	\$ 48,474
Interest Expense	4,152	4,492	4,610	5,607	6,390	18,861	25,435
Net Interest Income	5,989	5,980	5,756	5,876	5,751	23,601	23,039
Loan Loss Provision	4,150	2,800	1,050	880	1,150	8,880	2,035
Total Noninterest Income	2,096	2,549	3,024	2,364	2,468	10,033	10,251
Service Charges on Deposit Accounts	946	996	985	869	964	3,796	3,680
Trust Fees	553	592	634	608	604	2,387	2,243
Commission Income	201	208	246	219	229	874	910
Gain on Sale of Loans	141	189	175	198	147	703	817
Realized Gains on Trading and Available for Sale Securities	175	210	439	140	5	964	49
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	(354)	(222)	(50)	(217)	(154)	(843)	17
Other Operating Income	434	576	595	547	673	2,152	2,535
Total Noninterest Expense	4,901	5,069	5,371	5,391	4,984	20,732	20,626
Salaries & Wages	2,160	2,175	2,204	2,204	2,189	8,743	8,621
Commissions, Options & Incentive Compensation	337	339	417	379	277	1,472	1,737
Employee Benefits	343	517	535	681	393	2,076	1,774
Premises & Equipment	826	844	830	873	765	3,373	3,100
Advertising	138	187	179	220	131	724	667
Legal Fees	158	121	102	185	208	566	566
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	(317)	(203)	(23)	(164)	(23)	(707)	267
Other Operating Expenses	1,256	1,089	1,127	1,013	1,043	4,485	3,894
Income Before Income Tax	(966)	660	2,359	1,969	2,085	4,022	10,629
Income Tax Expense (Benefit)	(757)	(75)	499	376	479	43	2,823
Net Income After Tax & Before Extraordinary Items	(209)	735	1,860	1,593	1,606	3,979	7,806
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ (209)	\$ 735	\$ 1,860	\$ 1,593	\$ 1,606	\$ 3,979	\$ 7,806
Basic Earnings Per Share	\$ (0.034)	\$ 0.118	\$ 0.299	\$ 0.256	\$ 0.259	\$ 0.640	\$ 1.240
Diluted Earnings Per Share	\$ (0.034)	\$ 0.118	\$ 0.299	\$ 0.256	\$ 0.258	\$ 0.639	\$ 1.235

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Net Charge-Offs (Recoveries)	\$ 2,375	\$ 1,151	\$ 575	\$ 261	\$ 643	\$ 4,362	\$ 1,525
OREO Expenses	121	4	22	82	10	229	67
Total Credit Charges	\$ 2,496	\$ 1,155	\$ 597	\$ 343	\$ 653	\$ 4,591	\$ 1,592
Nonperforming Loans	\$ 14,329	\$ 14,000	\$ 15,906	\$ 6,944	\$ 6,938	\$ 14,329	\$ 6,938
OREO	3,257	438	493	848	841	3,257	841
Nonperforming Assets	17,586	14,438	16,399	7,792	7,779	17,586	7,779
90 Day Past Due Loans Net of Nonperforming Loans	1,194	127	73	563	435	1,194	435
Nonperforming Assets + 90 Day Past Due	\$ 18,780	\$ 14,565	\$ 16,472	\$ 8,355	\$ 8,214	\$ 18,780	\$ 8,214

RATIO ANALYSIS - CREDIT QUALITY *

NCO/Loans	1.50%	0.75%	0.38%	0.18%	0.44%	0.69%	0.26%
Credit Charges/Loans & OREO	1.57%	0.75%	0.40%	0.24%	0.45%	0.72%	0.27%
Nonperforming Loans/Loans	2.26%	2.27%	2.64%	1.19%	1.19%	2.26%	1.19%
Nonperforming Assets/Loans & OREO	2.76%	2.34%	2.72%	1.34%	1.33%	2.76%	1.33%
Nonperforming Assets/Assets	2.15%	1.76%	2.11%	1.00%	1.00%	2.15%	1.00%
Nonperforming Assets + 90 Day PD/Assets	2.29%	1.78%	2.12%	1.08%	1.06%	2.29%	1.06%
Reserve/Nonperforming Loans	77.97%	67.12%	48.71%	104.74%	95.91%	77.97%	95.91%
Reserve/Total Loans	1.76%	1.52%	1.29%	1.25%	1.14%	1.76%	1.14%
Equity & Reserves/Nonperforming Assets	381.51%	450.82%	388.93%	814.03%	785.53%	381.51%	785.53%
OREO/Nonperforming Assets	18.52%	3.03%	3.01%	10.88%	10.81%	18.52%	10.81%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	6.82%	6.80%	7.20%	7.23%	7.00%	6.82%	7.00%
Equity/Loans	8.83%	9.04%	9.30%	9.65%	9.31%	8.83%	9.31%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	-0.10%	0.37%	0.96%	0.82%	0.83%	0.50%	1.04%
Return on Average Equity	-1.49%	5.20%	13.26%	11.62%	11.89%	7.11%	14.79%
Net Interest Margin (Tax-Equivalent) (1)	3.23%	3.31%	3.31%	3.36%	3.29%	3.30%	3.37%

* 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 34%. Reclassification of amounts from prior periods were made to conform to the September 2007 presentation.

Monroe Bancorp (MROE)

Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Net Interest Income	\$ 5,989	\$ 5,980	\$ 5,756	\$ 5,876	\$ 5,751	\$ 23,601	\$ 23,039
Tax Equivalent Adjustment	167	166	189	195	180	717	696
Net Interest Income - Tax Equivalent	\$ 6,156	\$ 6,146	\$ 5,945	\$ 6,071	\$ 5,931	\$ 24,318	\$ 23,735
Average Earning Assets	\$ 759,173	\$ 738,927	\$ 723,441	\$ 725,793	\$ 714,737	\$ 736,903	\$ 703,675
Net Interest Margin	3.14%	3.22%	3.20%	3.26%	3.19%	3.20%	3.27%
Net Interest Margin - Tax Equivalent	3.23%	3.31%	3.31%	3.36%	3.29%	3.30%	3.37%

	Year-to-Date				
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007
Net Interest Income	\$ 23,601	\$ 17,611	\$ 11,632	\$ 5,876	\$ 23,039
Tax Equivalent Adjustment	717	550	383	195	696
Net Interest Income - Tax Equivalent	\$ 24,318	\$ 18,161	\$ 12,015	\$ 6,071	\$ 23,735
Average Earning Assets	\$ 736,903	\$ 729,425	\$ 724,617	\$ 725,793	\$ 703,675
Net Interest Margin	3.20%	3.23%	3.23%	3.26%	3.27%
Net Interest Margin - Tax Equivalent	3.30%	3.33%	3.33%	3.36%	3.37%

Monroe Bancorp (MROE)

Financial Impact on Net Income of Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Interest and Dividend Income	\$ 29	\$ 22	\$ 23	\$ 32	\$ 38	\$ 106	\$ 117
Realized and Unrealized Gains (Losses)	(355)	(222)	(48)	(204)	(148)	(829)	66
Other Income	12	-	6	12	91	30	99
Total Income From Plan:	(314)	(200)	(19)	(160)	(19)	(693)	282
Change in Deferred Compensation Liability	(317)	(203)	(23)	(164)	(23)	(707)	267
Trustee Fees	3	3	4	4	4	14	15
Total Expense of Plan:	(314)	(200)	(19)	(160)	(19)	(693)	282
Net Impact of Plan:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Total Noninterest Income	\$ 2,096	\$ 2,549	\$ 3,024	\$ 2,364	\$ 2,468	\$ 10,033	\$ 10,251
Income of Deferred Comp Plan Incl. in Noninterest Income	(343)	(222)	(42)	(192)	(57)	(799)	165
Adjusted Noninterest Income:	2,439	2,771	3,066	2,556	2,525	10,832	10,086
Total Noninterest Expense	4,901	5,069	5,371	5,391	4,984	20,732	20,626
Expense of Deferred Compensation Plan	(314)	(200)	(19)	(160)	(19)	(693)	282
Adjusted Noninterest Expense:	5,215	5,269	5,390	5,551	5,003	21,425	20,344

	Year-to-Date				
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007
Total Noninterest Income	\$ 10,033	\$ 7,937	\$ 5,388	\$ 2,364	\$ 10,251
Income of Deferred Comp Plan Incl. in Noninterest Income	(799)	(456)	(234)	(192)	165
Adjusted Noninterest Income:	10,832	8,393	5,622	2,556	10,086
Total Noninterest Expense	20,732	15,830	10,762	5,391	20,626
Expense of Deferred Compensation Plan	(693)	(380)	(179)	(160)	282
Adjusted Noninterest Expense:	21,425	16,210	10,941	5,551	20,344

Monroe Bancorp (MROE)

Select Average Balance Sheet Information

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Dec 2008	Dec 2007
Total Average Loans	\$ 624,421	\$ 609,184	\$ 591,310	\$ 582,255	\$ 574,273	\$ 601,875	\$ 564,483
Average Commercial & Industrial	101,347	97,911	99,546	98,603	100,360	99,353	99,884
Average Real Estate:	506,315	493,567	473,521	465,625	455,269	484,841	446,144
Average Commercial & Residential	379,409	365,942	344,213	338,160	321,287	357,018	316,578
Average Construction & Vacant Land	98,531	101,162	103,745	102,116	108,417	101,380	104,088
Average Home Equity	28,375	26,463	25,563	25,349	25,565	26,443	25,478
Average Installment Loans	16,759	17,706	18,243	18,027	18,644	17,681	18,455
Average Federal Funds Sold	11,444	9,161	3,907	10,462	9,445	8,754	11,102
Average Federal Home Loan Bank Stock	2,312	2,312	2,312	2,312	2,312	2,312	2,312
Total Average Deposits	\$ 669,074	\$ 652,031	\$ 633,127	\$ 643,686	\$ 625,656	\$ 649,540	\$ 611,907
Average Noninterest Checking	81,805	81,425	79,062	75,673	74,875	79,503	77,725
Average Interest Bearing Checking & NOW	120,196	129,898	126,399	132,683	137,218	127,282	129,887
Average Regular Savings	16,658	17,733	18,153	17,937	17,790	17,618	17,940
Average Money Market Savings	104,398	110,292	111,797	104,415	99,049	107,723	101,123
Average CDs Less than \$100,000	197,271	149,907	141,550	147,598	138,900	159,120	152,609
Average CDs Greater than \$100,000	132,340	147,051	139,725	149,277	141,244	142,126	118,124
Average Other Time	16,406	15,725	16,441	16,103	16,580	16,168	14,499
Average Federal Funds Purchased	321	2,892	5,906	3,511	2,281	3,149	2,085
Average Securities Sold Under Repurchase Agreement	55,674	42,768	42,332	41,894	49,305	45,686	49,884
Average FHLB Advances	19,486	21,215	18,005	16,050	18,304	18,698	19,120