

# 2001

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## Quarterly Financial Statement

### LETTER FROM THE PRESIDENT

July 20, 2001



#### Dear Shareholders and Friends,

I am pleased to report that your Company's earnings growth remained steady for the first six months of 2001. Net income increased 13.4 percent to \$2,951,000 for this period, compared to \$2,603,000 for the six months ended June 30, 2000. Similarly, earnings per share increased by 14.3 percent to \$0.48 compared to \$0.42 for the same period in 2000.

The Company's return on equity climbed to 15.31 percent for the first six months of 2001, from 14.85 percent for the same period in 2000. Return on assets was 1.35 percent, compared to 1.23 percent last year. Additionally, dividends to shareholders increased 10.0 percent over dividends paid in the first half of 2000.

These results are a testimony to the resolve and the enthusiasm of the directors, officers and staff of your Company. I am proud that we have achieved this growth in earnings while also laying the foundation for our expansion into Hendricks County.

#### Shareholder Value

Monroe Bancorp began trading on the Nasdaq National Stock Market as of May 30, 2001 under the symbol MROE. Increased liquidity of the Company's common stock is just one shareholder benefit we hope you will see from this new development. We also hope the listing will bring Monroe Bancorp to the attention of a much wider group of investors, both individual and institutional.

### **Growing Assets**

The Company's total assets as of June 30, 2001 were \$455,648,000, which represents a 2.5 percent increase over the June 30, 2000 total of \$444,371,000. Total net loans of \$319,935,000 at June 30, 2001 increased 11.2 percent over the June 30, 2000 total of \$287,697,000.

We hope to accelerate our asset growth as we enter into the Central Indiana market. Two Monroe Bank branches are set to open this year: first, our Avon Banking Center in September; then, the nearby Plainfield Banking Center in October. We began assembling an experienced staff in the second quarter of the year. Several have undergone our comprehensive training program and have already begun building new business, eagerly anticipating the branch openings.

### **Community Commitment**

As always, our commitment to our communities is integral to our success. Our employees reported more than 5,200 hours of volunteered time at dozens of charitable and not-for-profit community organizations from July 1, 2000 through June 30, 2001.

Additionally, Monroe Bank continues to provide unique services that set us apart from our competition. We are in our seventh year of providing a quarterly seminar series that deals with financial choices and issues that women face today. Our Prime Time program, in its eleventh year, not only provides group travel opportunities to members aged 50 and over, but also offers free financial and lifestyle seminars. We continue to seek additional outreach programs that will leverage the knowledge and experience of our employees in order to educate and help other groups in our communities.

I want to thank you once again for your confidence and support, particularly as we proceed in this time of change and expansion. I look forward to bringing you future news about your Company.

Respectfully,



Mark D. Bradford  
President and Chief Executive Officer



## MONROE BANCORP

210 East Kirkwood Avenue  
Bloomington, IN 47408

### BANKING LOCATIONS Monroe County

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- \* **Main Office**  
210 E. Kirkwood Avenue  
(812) 336-0201
- \* **Ellettsville Banking Center**  
4616 W. Richland Plaza
- \* **Highland Village  
Banking Center**  
4191 W. Third Street

- \* **Kinser Crossing Banking Center**  
1825 N. Kinser Pike

**Kirkwood Auto Branch**  
306 E. Kirkwood Avenue

**Loan Center**  
111 S. Lincoln Street

- \* **Mall Road Banking Center**  
2801 Buick-Cadillac Blvd.

- \* **Walnut Park Banking Center**  
2490 S. Walnut Street

**Retirement Community  
Locations**

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- Redbud Hills Branch**
- \* **Meadowood Branch**  
Bell Trace Branch

### Jackson County

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- \* **Brownstown Banking Center**  
1051 W. Spring Street

**Freetown Branch**  
6711 N. Union

### Lawrence County

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- \* **Bedford Banking Center**  
Stone City Mall  
3300 W. 16th Street

\* *24-hour ATM access available*

### Additional ATM Locations (Monroe County)

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**Crosstown II ATM Center**  
1789 E. Tenth Street

**Ellettsville IGA ATM**  
4681 Richland Plaza

**Jordan Square ATM Center**  
1400 E. Third Street

**McDonald's — North ATM**  
2300 N. Walnut Street

**Mr. D's ATM Center**  
512 College Mall Road

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# Quarterly Financial Statement

## Financial Highlights as of June 30

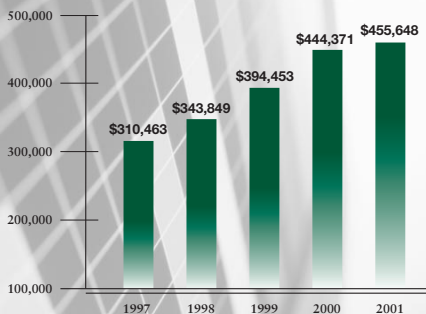
(\$ in thousands, except per share data)

	2001	2000	Percent Change
<b>Operating Results*</b>			
Interest income .....	\$ 16,040	\$ 15,220	5.4%
Interest expense .....	7,917	7,491	5.7
Net interest income .....	8,123	7,729	5.1
Provision for loan losses	320	360	(11.1)
Income taxes .....	1,560	1,297	20.3
Net income .....	2,951	2,603	13.4
<b>Per Share Data</b>			
Net income-basic and diluted* .....	0.48	0.42	14.3
Dividends* .....	0.22	0.20	10.0
Book value at quarter end .....	6.45	5.83	10.6
<b>June 30, Balances</b>			
Total assets .....	455,648	444,371	2.5
Total deposits .....	361,841	358,204	1.0
Total loans .....	319,935	287,697	11.2
Shareholders' equity ....	39,629	35,753	10.8
<b>Selected Financial Ratios</b>			
Return on average assets .....	1.35%	1.23%	
Return on average equity .....	15.31	14.85	
Allowance for loan losses as a percentage of total loans .....	1.20	1.26	

\*Six months ended June 30

## Total Assets as of June 30, 2001

(in thousands)

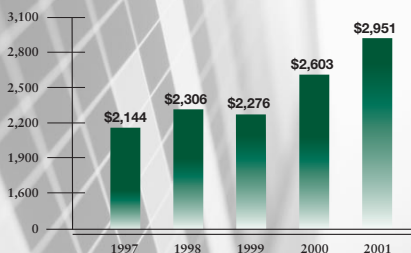


## Monroe Bancorp and Subsidiary Consolidated Balance Sheet June 30 (Unaudited)

(\$ in thousands, except per share data)

	2001	2000
<b>Assets</b>		
Cash and cash equivalents:		
Cash and non-interest bearing deposits .....	\$ 21,512	\$ 19,393
Federal funds sold .....	5,800	13,000
Total cash and cash equivalents .....	27,312	32,393
Held-to-maturity securities .....	66,545	81,730
Available-for-sale securities .....	17,936	18,920
Trading securities .....	3,113	3,354
Loans, net of allowance for loan losses .....	319,935	287,697
Bank premises and equipment .....	10,664	10,482
FHLB stock .....	1,350	1,257
Accrued interest receivable .....	3,736	3,861
Other assets .....	5,057	4,677
Total assets .....	<u>\$455,648</u>	<u>\$444,371</u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits .....	\$361,841	\$358,204
Repurchase agreements .....	35,267	37,504
Long-term debt .....	12,699	7,090
Accrued interest payable .....	1,175	1,142
Other liabilities .....	5,037	4,678
Total liabilities .....	<u>416,019</u>	<u>408,618</u>
Shareholders' equity: Common stock, no par value, 18,000,000 shares authorized, 6,143,452 and 6,135,240 shares issued and outstanding in 2001 and 2000, respectively .....	137	137
Additional paid-in capital .....	3,347	3,347
Retained earnings .....	35,992	32,886
Net unrealized gain (loss) on available-for-sale securities .....	261	(439)
Unearned ESOT shares .....	(108)	(178)
Total shareholders' equity .....	<u>39,629</u>	<u>35,753</u>
Total liabilities and shareholders' equity .....	<u>\$455,648</u>	<u>\$444,371</u>

**Net Income for the Six Months  
Ended June 30, 2001**  
*(in thousands)*



**Monroe Bancorp and Subsidiary  
Consolidated Statement of Income  
Six Months Ended June 30**

**(Unaudited)** (\$ in thousands, except per share data)

	2001	2000
Interest income .....	\$16,040	\$15,220
Interest expense .....	7,917	7,491
Net interest income .....	8,123	7,729
Provision for loan losses .....	320	360
Net interest income after provision for loan losses .....	7,803	7,369
Other operating income .....	2,422	1,945
Other operating expenses .....	5,714	5,414
Income before income tax .....	4,511	3,900
Income tax provision .....	1,560	1,297
Net income .....	2,951	2,603
Retained earnings – beginning of year .....	34,392	31,511
Dividends (\$.22 and \$.20 per share in 2001 and 2000, respectively) .....	(1,351)	(1,228)
Retained earnings – end of period .....	\$35,992	\$32,886
Basic and diluted net income per share .....	\$ 0.48	\$ 0.42

### **Monroe Bancorp Board of Directors**

David D. Baer, *Chairman*

Bradford J. Bomba Jr., M.D.

Mark D. Bradford, *President and CEO*

Steven R. Crider

Timothy D. Ellis

Joyce Claflin Harrell

Paul W. Mobley

Richard P. Rechter

Charles R. Royal, Jr.

### **Stock Transfer Agent and Registrar**

Please contact Monroe Bancorp's transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

### **Registrar and Transfer Company**

10 Commerce Drive

Cranford, New Jersey 07016

(800) 368-5948

kbrotz@rtco.com

### **Investor Information**

#### **Corporate Headquarters**

Monroe Bancorp

210 E. Kirkwood Avenue

Bloomington, IN 47408

(812) 336-0201

#### **Stock Symbol**

NASDAQ: MROE

#### **Investor Contact**

Mark D. Bradford

*President, CEO*

210 E. Kirkwood Avenue

Bloomington, IN 47408

(812) 336-0201

bradford@monroebank.com

### **Current News and Information**

For the most current news releases, visit our Web site at [www.monroebank.com](http://www.monroebank.com). The Securities and Exchange Commission maintains a Web site that contains reports, proxy and information statements including our quarterly report on Form 10-Q. Their Web site address is [www.sec.gov](http://www.sec.gov).



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