

## Banking Locations

### Monroe County

210 E. Kirkwood Avenue\*  
Bloomington, IN 47408  
(812) 336-0201

4616 W. Richland Plaza\*  
Bloomington, IN 47404  
(812) 876-6044

4191 W. Third Street\*  
Bloomington, IN 47403  
(812) 331-3501

1825 N. Kinser Pike\*  
Bloomington, IN 47404  
(812) 331-3518

306 E. Kirkwood Avenue  
Bloomington, IN 47408  
(812) 331-3510

111 S. Lincoln Street  
Bloomington, IN 47408  
(812) 331-3555

2801 Buck-Cadillac Blvd.\*  
Bloomington, IN 47401  
(812) 331-3507

2490 S. Walnut Street\*  
Bloomington, IN 47403  
(812) 331-3514

**Retirement  
Community Locations**

800 Bell Trace Circle  
Bloomington, IN 47408  
(812) 331-3575

2455 Tamarack Trail\*  
Bloomington, IN 47408  
(812) 353-7722

3211 E. Moores Pike  
Bloomington, IN 47401  
(812) 353-7720

**Jackson County**

1051 W. Spring Street\*  
Brownstown, IN 47220  
(812) 358-3171

**Lawrence County**

Stone City Mall\*  
3300 W. 16th Street  
Bedford, IN 47421  
(812) 275-7800

**Hendricks County**

7517 Beechwood Centre Road  
Suite 300  
Avon, IN 46123  
(317) 272-7820

65 Garner Road, Suite 400  
Brownsburg, IN 46112  
(317) 858-2720

2059 Hadley Road  
Plainfield, IN 46168  
(317) 837-5201

**Additional ATM Locations**

512 College Mall Road \*  
Bloomington, IN  
(Mr. D's ATM)

2300 N. Walnut Street \*  
Bloomington, IN  
(McDonald's North ATM)

1400 E. Third Street \*  
Bloomington, IN  
(Jordan Square ATM)

1789 E. Tenth Street \*  
Bloomington, IN  
(Crosstown II ATM)

4681 W. Richland Plaza \*  
Bloomington, IN  
(Ellettsville IGA ATM)

\*Indicates 24-hour ATM location.



**MONROE BANCORP**

210 East Kirkwood Avenue  
Bloomington, IN 47408

PRSRST STD  
U.S. Postage

PAID

Bloomington, IN  
Permit #10



MONROE BANCORP

# Quarterly Financial Statement



Our mission is to set the standard in our communities for excellence in financial service products and their delivery, while realizing the greatest benefit for our shareholders, employees and customers.

2002

2

# Quarterly Financial Statement

# 2

2002

## Letter from the President

August 5, 2002

Dear Shareholders and Friends,

The second quarter of 2002 proved to be another successful one for your Company. For the quarter ended June 30, 2002, net income was \$1,563,000 or \$0.26 per common share, compared to \$1,504,000 and \$0.24 per common share for the same period in 2001, an increase of 3.9 percent.

We opened a third Hendricks County branch in May in Brownsburg. While our operation in Hendricks County is slowing our earnings growth rate, we are pleased by our ability to attract new business in this rapidly growing market. All three locations are progressing ahead of plan with \$40,213,000 in deposits and sweep accounts, and \$25,866,000 in loans as of June 30, 2002.

Excluding the start-up operation in Hendricks County, the Company generated a 9.3 percent increase in net income. The period-to-period comparison is also affected by a \$53,000 after-tax gain the Bank received during the second quarter of 2001 on the sale of a small piece of land to the City of Bloomington for a road construction project. Deducting this one-time gain from net income for the second quarter of 2001 would increase the net income growth rate to 13.3 percent.

Your Company's net income for the six months ended June 30, 2002 was \$3,062,000 or \$0.50 per common share, compared to \$2,951,000 and \$0.48 per common share for the same period in 2001, an increase of 3.8 percent. Net interest income, after the provision for loan losses, for the first six months of 2002 was \$8,722,000 or 11.8 percent greater than the same period of 2001.



Mark  
Bradford

We are strongly encouraged by our continued success in growing noninterest income, and these revenue sources remain a top priority:

- Total noninterest income, excluding realized and unrealized security gains or losses, totaled \$2,903,000 for the six months ended June 30, 2002, a 13.4 percent increase over the same period in 2001.
- Deposit-related fee income for the first six months of 2002 totaled \$1,257,000, a 19.7 percent increase over the same period of 2001.
- Commissions earned on the sale of investment products for the six months ended June 30, 2002 were \$411,000, or 32.6 percent greater than the same period of 2001.
- Revenue derived from the sale of fixed rate mortgages was up 26.1 percent for the quarter and 71.6 percent for the first six months of 2002 compared to the same periods of 2001.

The Bank also had strong growth in loans and deposits. Total deposits for the Company reached \$403,496,000 as of June 30, 2002, an 11.5 percent increase from June 30, 2001. Total loans of \$381,267,000 at June 30, 2002 increased 17.7 percent over the June 30, 2001 total of \$323,825,000.

Total assets for the Company as of June 30, 2002 were \$528,444,000 compared to \$455,648,000 at June 30, 2001, a 16.0 percent increase. Return on equity (ROE) for the six months ended June 30, 2002 was 14.84 percent, compared to the ROE for the calendar year ending December 31, 2001 of 14.52 percent.

As I mentioned in this letter last quarter, attaining significant earnings growth for 2002 remains our objective. The efforts described above are meant to position us to achieve this goal.

On behalf of the directors, officers and staff of Monroe Bancorp and Monroe Bank, I thank you for your continued support.

Respectfully,

A handwritten signature in dark ink that reads "Mark D. Bradford". The signature is written in a cursive, slightly slanted style.

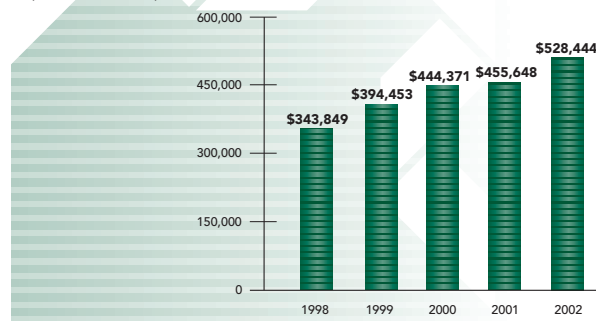
Mark D. Bradford  
President and Chief Executive Officer

# Quarterly Financial Statement

# 2

2002

Total Assets as of June 30  
(in thousands)



## Financial Highlights as of June 30

(\$ in thousands, except per share data)

	2002	2001	Percent Change
<b>Operating Results*</b>			
Interest income .....	\$ 15,000	\$ 16,040	(6.5)%
Interest expense .....	5,726	7,917	(27.7)
Net interest income ..	9,274	8,123	14.2
Provision for loan losses	552	320	72.5
Income taxes .....	1,530	1,560	(1.9)
Net income .....	3,062	2,951	3.8
<b>Per Share Data</b>			
Net income—basic and diluted* .....	0.50	0.48	4.2
Dividends* .....	0.24	0.22	9.1
Book value at quarter end .....	6.96	6.45	7.9
<b>June 30, Balances</b>			
Total assets .....	528,444	455,648	16.0
Total deposits .....	403,496	361,841	11.5
Net loans .....	377,081	319,935	17.9
Shareholders' equity ..	42,456	39,629	7.1
<b>Selected Financial Ratios</b>			
Return on average assets .....	1.21%	1.35%	
Return on average equity .....	14.84	15.31	
Allowance for loan losses as a percentage of total loans .....	1.10	1.20	

\*Six months ended June 30

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

(\$ in thousands, except per share data)

	2002	2001
<b>Assets</b>		
Cash and cash equivalents:		
Cash and non-interest bearing deposits .....	\$ 17,575	\$ 21,512
Federal funds sold .....	9,200	5,800
Total cash and cash equivalents	26,775	27,312
Held-to-maturity securities .....	66,682	66,545
Available-for-sale securities .....	32,617	17,936
Trading securities .....	2,923	3,113
Loans, net of allowance for loan losses of \$4,186 and \$3,890 .....	377,081	319,935
Bank premises and equipment ...	11,977	10,664
FHLB stock .....	1,882	1,350
Accrued interest receivable .....	3,417	3,736
Other assets .....	5,090	5,057
Total assets .....	<u>\$528,444</u>	<u>\$ 455,648</u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits .....	\$403,496	\$ 361,841
Repurchase agreements .....	39,903	35,267
Other borrowings .....	36,950	12,699
Accrued interest payable .....	935	1,175
Other liabilities .....	4,704	5,037
Total liabilities .....	<u>485,988</u>	<u>416,019</u>
Shareholders' equity:		
Common stock, no par value .....	137	137
Additional paid-in capital .....	3,362	3,347
Retained earnings .....	39,047	35,992
Net unrealized gain on available-for-sale securities .....	507	261
Unearned ESOT shares .....	(597)	(108)
Total shareholders' equity .....	<u>42,456</u>	<u>39,629</u>
Total liabilities and shareholders' equity .....	<u>\$ 528,444</u>	<u>\$ 455,648</u>

## Net Income for the Six Months Ended June 30

(in thousands)



## Monroe Bancorp and Subsidiary Consolidated Statement of Income Six Months Ended June 30 (Unaudited)

(\$ in thousands, except per share data)

	2002	2001
Interest income .....	\$ 15,000	\$ 16,040
Interest expense .....	<u>5,726</u>	<u>7,917</u>
Net interest income .....	9,274	8,123
Provision for loan losses .....	<u>552</u>	<u>320</u>
Net interest income after provision for loan losses .....	8,722	7,803
Other operating income .....	2,744	2,422
Other operating expenses .....	<u>6,874</u>	<u>5,714</u>
Income before income tax .....	4,592	4,511
Income tax provision .....	<u>1,530</u>	<u>1,560</u>
Net income .....	3,062	2,951
Retained earnings—beginning of year .....	37,449	34,392
Dividends (\$.24 and \$.22 per share in 2002 and 2001, respectively) ..	<u>(1,464)</u>	<u>(1,351)</u>
Retained earnings—end of period .....	<u>\$ 39,047</u>	<u>\$ 35,992</u>
Basic and diluted net income per share .....	<u>\$ 0.50</u>	<u>\$ 0.48</u>

### 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 Clafin 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).



Member FDIC  
[monroebank.com](http://monroebank.com)

# 2

## 2002

