



Date: April 18, 2006
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For Immediate Release

Monroe Bancorp Announces First Quarter Earnings

BLOOMINGTON, Ind. – April 18, 2006 -- Monroe Bancorp, (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, reported net income of \$1,773,000, or \$0.27 per basic and diluted common share, for the quarter ended March 31, 2006. The Company earned \$1,643,000, or \$0.25 per basic and diluted common share for the same period in 2005. The 7.9 percent increase in net income was primarily the result of a 9.3 percent increase in net interest income after the provision for loan losses.

“Strong loan growth allowed us to show good net interest income growth in spite of the adverse impact of rising short-term rates and the flat yield curve,” said Mark D. Bradford, President and Chief Executive Officer.

Financial Performance

Net interest income after the provision for loan losses increased to \$5,131,000 for the three months ended March 31, 2006 compared to \$4,696,000 for the same period in 2005. The tax equivalent net interest margin for the quarter ended March 31, 2006 was 3.47 percent, which is .10 percent higher than the margin for the quarter ended December 31, 2005 but .04 percent lower than the margin for first quarter of 2005.

Noninterest income totaled \$2,249,000 for the first three months of 2006 compared to \$2,034,000 in the same period of 2005. Included in noninterest income are net realized and unrealized securities gains of \$73,000 in the first three months of 2006 and gains of \$20,000 in the same period of 2005. Excluding net realized and unrealized securities gains and losses, noninterest income for the three months ended March 31, 2006 increased by \$162,000 or 8.0 percent over the first three months of 2005.

Trust fees grew to \$409,000 for the three months ended March 31, 2006 compared to \$376,000 for the same period of 2005. The 8.8 percent increase was driven by growth in trust assets under management. Trust assets under management reached \$243,976,000 at March 31, 2006, growing 7.7 percent over the \$226,637,000 at March 31, 2005.

Income derived from service charges on deposit accounts for the first quarter of 2006 totaled \$866,000 compared to \$756,000 for the same period in 2005, an increase of 14.6 percent.

Total noninterest expense increased to \$4,822,000 for the three months ended March 31, 2006, compared to \$4,269,000 for the same period of 2005. Included in noninterest expense is unrealized depreciation/appreciation related to the directors' and executives' deferred compensation plan. Unrealized appreciation of \$96,000 was recognized for the first three months of 2006 compared to unrealized depreciation of \$32,000 for the first three months of 2005. Because of accounting offsets, this unrealized appreciation and depreciation had no effect on net income. Noninterest expense, excluding the effect of the unrealized

depreciation/appreciation, grew from \$4,301,000 during the first three months of 2005 to \$4,726,000 during the same period of 2006, an increase of 9.9 percent. The opening of a new full-service branch in January of 2006 and related promotional activities contributed to the year-over-year increase in operating expenses. The expansion of the Bank's Operation Center and additions to staff necessary to support the growth of the Bank's Central Indiana expansion also contributed to the increase in operating expense.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$1,620,000 (.23 percent of total assets) at March 31, 2006 compared to \$3,907,000 (.61 percent of total assets) at March 31, 2005. This is a 58.5 percent reduction. Net charge-offs for the first quarter of 2006 totaled \$210,000 or .16 percent of total loans. "I'm very pleased that our efforts to maintain credit quality have resulted in lower levels of non-performing assets," said Mr. Bradford. "We will retain our focus on credit quality as we grow our loan portfolio in the years ahead."

Financial Condition

Total assets grew 10.4 percent from March 31, 2005, reaching \$711,935,000 on March 31, 2006. Loans, including loans held for sale, totaled \$540,386,000 on March 31, 2006, a 10.5 percent increase from total loans on March 31, 2005, which were \$489,079,000. Loans increased by \$14,920,000 during the first quarter of 2006, an annualized rate of 11.4 percent.

Other News

The new full-service Brownsburg Banking Center officially opened its doors on January 16, 2006, replacing a limited service office opened in 2002. The new office is already showing positive results. Excluding a large volatile public funds account, total deposits at this office increased by \$4,743,000 during the first quarter. "We are proud of the growth that has taken place at the Brownsburg Banking Center during the first quarter of 2006," said Mr. Bradford. "The move from a limited service facility to a full-service banking center is achieving the goal of attracting new customer relationships," added Bradford. The Brownsburg Banking Center had total deposits of \$24,381,000 as of March 31, 2006.

The Company will hold its Annual Meeting of Shareholders at 10 a.m., Thursday, April 27, 2006 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[®] 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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