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For Immediate Release

Monroe Bancorp Reports Earnings of \$1,107,000 or \$0.178 Per Fully Diluted Share For the First Quarter of 2009

BLOOMINGTON, Ind. – April 28, 2009 – Monroe Bancorp, (the “Company”) (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, (the “Bank”) reported net income of \$1,107,000, or \$0.178 per basic and diluted common share, for the quarter ended March 31, 2009. Net income for the quarter was 30.5 percent less than the \$1,593,000 reported for the same period of 2008 and earnings per diluted share for the quarter was 30.5 percent less than the \$0.256 reported a year earlier. The results for the first quarter of 2009 increased compared to the fourth quarter of 2008 net loss of (\$209,000) or (\$0.034) per diluted share.

The decline in net income between the first quarter of 2008 and the first quarter of 2009 resulted primarily from an increase in the provision for loan losses. Due to factors discussed in the Asset Quality section of this release, the provision for loan losses increased \$1,720,000 or 195.5 percent to \$2,600,000 for the first quarter of 2009 compared to \$880,000 for the same period of 2008. The provision for loan losses decreased \$1,550,000 or 37.3 percent compared to \$4,150,000 for the fourth quarter of 2008.

“Economic conditions continue to put pressure on credit quality. Resolving problem assets is our highest priority,” said Mark D. Bradford, President and Chief Executive Officer of Monroe Bancorp and Monroe Bank.

Return on average equity was 8.00 percent for the first quarter of 2009 compared to 11.62 percent for the first quarter of 2008 and (1.49) percent for the fourth quarter of 2008. Return on average assets was 0.54 percent for the first quarter, compared to 0.82 percent for the first quarter of 2008 and (0.10) percent for the fourth quarter of 2008.

Financial Performance

Net interest income before the provision for loan losses increased 1.1 percent to \$5,942,000 for the three months ended March 31, 2009 compared to \$5,876,000 for the same period in 2008. The tax-equivalent net interest margin for the quarter ended March 31, 2009 was 3.20 percent, compared to 3.23 percent for the quarter ended December 31, 2008 and 3.36 percent for first quarter of 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.

Noninterest income totaled \$3,278,000 for the first quarter of 2009 compared to \$2,364,000 for the same period of 2008. Excluding the effect of the Company’s deferred compensation

plan, noninterest income totaled \$3,410,000 for the first quarter of 2009 compared to \$2,556,000 for the same period of 2008. The 33.4 percent or \$854,000 increase in noninterest income (excluding the effect of the Company's deferred compensation plan) is largely the result of a \$1,028,000 gain on the sale of trading and available for sale investment securities compared to \$140,000 in 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.

The Company recognized gains on the sale of loans of \$290,000 for the first quarter of 2009 due to strong residential mortgage loan refinancing activity. The \$290,000 realized from the sale of loans represents a 46.5 percent increase over the \$198,000 that was recognized in the first quarter of 2008.

Noninterest expense totaled \$5,239,000 for the first quarter of 2009 compared to \$5,391,000 for the same period of 2008. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$5,353,000 for the first quarter of 2009, compared to \$5,551,000 for the same period of 2008. The 3.6 percent decline in noninterest expense from the same period of 2008 reflects Management's efforts to reduce operating expense. Total compensation expense (total of salaries, incentive compensation and benefits) declined by \$299,000 or 9.2 percent. Management's efforts to reduce total operating expense were hampered by increased FDIC expense which totaled \$283,000 in the first quarter of 2009 compared to \$48,000 for the same period of 2008, an increase of \$235,000. Excluding the effect of the Company's deferred compensation plan and the increase in FDIC expense, noninterest expense decreased 7.9 percent in the first quarter of 2009 compared to the same period of 2008.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$17,289,000 or 2.10 percent of total assets at March 31, 2009 compared to \$18,780,000 (2.29 percent of total assets) at December 31, 2008 and \$8,355,000 (1.08 percent of total assets) at March 31, 2008.

Net charge-offs for the first quarter of 2009 totaled \$1,436,000 or 0.91 percent of total loans compared to \$2,375,000 (1.50 percent of total loans) for the fourth quarter of 2008 and \$261,000 (0.18 percent of total loans) for the first quarter of 2008.

The reserve for loan losses increased to \$12,336,000 or 1.96 percent of total loans at March 31, 2009 compared to \$11,172,000 or 1.76 percent of total loans at December 31, 2008 and \$7,273,000 or 1.25 percent of total loans at March 31, 2008.

The Bank employs an internal system called the "Watch List" to bring attention to credits with varying degrees of concern over the prospects of complete repayment, including both principal and all interest. These concerns may be objectively based on the borrower's financial and payment performance or on subjective concerns that Bank management has with the markets and conditions that the borrower operates within. Loans on this list include:

- Loans with well defined weaknesses where the prospects of complete repayment of principal and interest is remote and loans placed on non-accrual where specific reserves and charge-offs are applied as needed, and
- Loans with potential weaknesses (whether borrower specific or due to market/economic considerations) that need to be resolved in order to avoid jeopardizing the complete repayment of principal and interest and the loan is subjected to additional scrutiny and assessment and internal documentation.

Loans on the Watch List tend to be more dependent on collateral if the borrower's repayment capacity is diminished and the bank devotes additional attention to revaluing the collateral as appropriate in assessing the probability of loss.

Over the periods noted below, the watch list consisted of the following:

	3/31/2009	12/31/2008	3/31/2008
Total Watch List (\$)	79,073,000	59,172,000	25,528,000
Number of Watch List Customers	67	52	52
Total Watch List \$>30 Days Past Due	22,370,000	14,751,000	10,874,000
Total Watch List \$ Secured By Real Estate	72,006,000	55,507,000	22,338,000
Total Watch List \$ Secured by Non R/E	6,878,000	3,268,000	2,891,000
Total Watch List \$ Unsecured	190,000	397,000	299,000

As of March 31, 2009, 71.7 percent of the watch list exposure was less than thirty days past due, compared to 75.1 percent as of December 31, 2008 and 57.4 percent as of March 31, 2008. As of March 31, 2009, loans totaling \$72,006,000 or 91.1 percent of the total watch list loans were secured by real estate with \$52,501,000 or 72.9 percent less than thirty days past due and \$13,278,000 (18.4 percent) on non-accrual.

The charts that follow provide details of watch list loans that are secured by real estate.

	Total Bank Owned Balance	Watch List	% on Watch List	Non- Accrual	Total \$ >30 Days Late
Total Loans	630,842,000	79,073,000	12.5%	13,696,000	25,103,000
Secured By Real Estate					
1-4 Family Owner Occupied & Rentals	137,205,000	5,351,000	3.9%	1,717,000	3,483,000
CRE Owner Occupied and Presold Residential Construction	99,677,000	10,035,000	10.1%	686,000	686,000
Development CRE Loans and Commercial Construction	76,376,000	35,512,000	46.5%	5,594,000	5,690,000
Existing CRE Loans and Spec Residential Construction	211,382,000	21,108,000	10.0%	5,281,000	11,998,000
Sub-total Secured by Real Estate:	524,640,000	72,006,000	13.7%	13,278,000	21,857,000
Other Secured Loans					
Business Assets	69,143,000	6,316,000	9.1%	373,000	2,571,000
Consumer Products	5,919,000	10,000	0.2%	7,000	77,000
Financial Assets	12,668,000	552,000	4.4%	8,000	535,000
Sub-total Secured by Other Secured Loans:	87,730,000	6,878,000	7.8%	388,000	3,183,000
Unsecured Loans					
Unsecured Loans	16,257,000	190,000	1.2%	30,000	64,000

As shown in the chart above, the watch list and non-accrual loans are heavily concentrated in loans secured by real estate. The following charts provide additional insights into five real estate loan types that have particularly high occurrence rates of watch list loans.

Total Loans Secured by Real Estate

	Total Bank Owned Balance	Watch List	% on Watch List	Non- Accrual	Total \$ >30 Days Late
RE-Construction- Spec Home 1-4 Family Non Owner Occupied	15,466,000	8,892,000	57.5%	4,315,000	4,548,000
RE-Land Development - Residential	35,298,000	28,132,000	79.7%	3,990,000	3,990,000
RE-Residential 1-4 1st Non-Owner Occupied	35,649,000	4,319,000	12.1%	1,657,000	894,000
RE-Residential 1-4 Jr Non Owner Occupied	454,000	147,000	32.4%	60,000	128,000
RE-Residential Mobile Home Parks 1st Lien	199,000	199,000	100.0%	-	-
Sub Total of These Categories:	87,066,000	41,689,000	47.9%	10,022,000	9,560,000
All Other Secured by Real Estate Loans	437,574,000	30,317,000	6.9%	3,256,000	12,297,000
Total:	524,640,000	72,006,000	13.7%	13,278,000	21,857,000

Originated out of Bloomington Offices

	Bank Owned Balance	Watch List	% on Watch List	Non- Accrual	Total \$ >30 Days Late
RE-Construction- Spec Home 1-4 Family Non Owner Occupied	7,942,000	1,368,000	17.2%	139,000	372,000
RE-Land Development - Residential	5,410,000	188,000	3.5%	16,000	16,000
RE-Residential 1-4 1st Non-Owner Occupied	20,783,000	1,085,000	5.2%	154,000	310,000
RE-Residential 1-4 Jr Non Owner Occupied	266,000	79,000	29.7%	60,000	60,000
RE-Residential Mobile Home Parks 1st Lien	199,000	199,000	100.0%	-	-
Total:	34,600,000	2,919,000	8.4%	369,000	758,000

Originated out of Indianapolis Offices

	Total Bank Owned Balance	Watch List	% on Watch List	Non- Accrual	Total \$ >30 Days Late
RE-Construction- Spec Home 1-4 Family Non Owner Occupied	7,524,000	7,524,000	100.0%	4,176,000	4,176,000
RE-Land Development - Residential	29,887,000	27,944,000	93.5%	3,974,000	3,974,000
RE-Residential 1-4 1st Non-Owner Occupied	10,358,000	3,234,000	31.2%	1,503,000	122,000
RE-Residential 1-4 Jr Non Owner Occupied	87,000	68,000	78.2%	-	68,000
Total:	47,856,000	38,770,000	81.0%	9,653,000	8,340,000

Originated out of Other Offices

	Bank Owned Balance	Watch List	% on Watch List	Non- Accrual	Total \$ >30 Days Late
RE-Residential 1-4 1st Non-Owner Occupied	4,509,000	-	0.0%	-	462,000
RE-Residential 1-4 Jr Non Owner Occupied	101,000	-	0.0%	-	-
Total:	4,610,000	-	0.0%	-	462,000

The previous chart titled “Total Loans Secured by Real Estate” includes a large “All Other Secured by Real Estate Loans” category. The chart that follows provides a breakdown of the top five categories (out of 48 collateral type categories) and provides additional insights into the Bank’s watch list and non-accruing loans.

Five Largest Categories in "All Other" R/E Secured	Total Bank Owned Balance	Watch List	% on Watch List	Non-Accrual	Total \$ >30 Days Late
All Other Secured by Real Estate Loans	437,375,000	30,317,000	6.9%	3,256,000	12,297,000
RE-Multi Family 1st Mortgages	91,203,000	5,224,000	5.7%	-	-
RE-Res 1-4 1st Owner Occupied	60,827,000	594,000	1.0%	-	2,039,000
RE-Office 1st Non-Owner Occupied	33,887,000	7,686,000	22.7%	701,000	5,165,000
RE-Retail Strip 1st Mortgages	29,444,000	2,528,000	8.6%	265,000	265,000
RE-Office - 1st Owner Occupied	29,183,000	1,323,000	4.5%	494,000	494,000
Total:	244,544,000	17,355,000	42.5%	1,460,000	7,963,000

“We have taken an aggressive approach to moving loans onto our watch list. While we are disappointed by the size of the list, we take some comfort from the fact that the vast majority of the loans are secured by real estate which should mitigate losses as we work to resolve these credits,” said Mr. Bradford.

Financial Condition

Total assets grew 6.0 percent from March 31, 2008, reaching \$823,702,000 on March 31, 2009. Loans, including loans held for sale, totaled \$630,842,000 on March 31, 2009, an 8.4 percent increase from total loans on March 31, 2008, which were \$581,956,000. Deposits increased 6.2 percent to \$676,557,000 at March 31, 2009 compared to \$637,230,000 a year earlier.

Other News

March saw the release of a new and improved online banking bill pay module which offers our customers several enhancements. These include electronic bill presentment, a number of bill payment enhancements, and expanded customer notification functionality.

The Company announced on April 27, 2009 several actions related to efforts to increase capital. The first action was to withdraw the Company’s application to participate in the U. S. Treasury’s Trouble Asset Relief Program (TARP). As the program evolved over the months since it was announced it became increasingly clear that participation in the program was not in the best interest of the Company or its shareholders. In place of the TARP, the Company announced it would raise capital by reducing its quarterly dividend from \$0.13 per share to \$0.01 per share and by issuing \$10 million of subordinated debentures. These actions will help ensure that the Bank continues to be well-capitalized during the current economic downturn and allowing the Company to be in a stronger position for growth when the economy improves.

The subordinated debt securities referred to in this announcement have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy any securities described herein, nor shall there be any sales of these securities in any state or jurisdiction in which the offer,

solicitation or sale would be unlawful. This announcement is being issued pursuant to and in accordance with Rule 135 and Rule 135c under the Securities Act.

The Company will hold its Annual Meeting of Shareholders at 10 a.m., Thursday, April 30, 2009 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.