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FOR IMMEDIATE RELEASE

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Monroe Bancorp Announces Reduced Cash Dividend

BLOOMINGTON, Ind. – Monroe Bancorp (NASDAQ: MROE) announced that its Board of Directors recently declared a quarterly dividend of \$0.01 per share on the Company's Common Stock. The dividend is payable on Tuesday, June 30, 2009 to shareholders of record as of Tuesday, June 16, 2009. This dividend has been reduced from \$0.13 per share paid in the first quarter of 2009 and represents an annualized dividend yield of 0.54% based on the May 31, 2009 market value of \$7.44 per share. The decision to reduce the dividend is a component of the Company's efforts to preserve capital as described in an April press release.

On April 27, 2009, the Company announced 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 Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP). 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 preserve capital by reducing its quarterly dividend from \$0.13 per share to \$0.01 per share and by issuing \$10 million of subordinated debentures¹. We believe these actions will better position the Bank to continue as a well-capitalized institution during the current economic downturn and allowing the Company to be in a stronger position for growth when the economy improves.

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.

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) continued deterioration 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; (7) the Company's business development efforts in new markets in and around Hendricks and Hamilton Counties; (8) actions of the Federal Reserve

Board; (9) changes in accounting principles and interpretations; and (10) actions of the Department of the Treasury and the Federal Deposit Insurance Corporation under the Emergency Economic Stabilization Act of 2008 and the Federal Deposit Insurance Act and other legislative and regulatory actions and reforms. These forward-looking statements speak only as of the date of this press release and Monroe Bancorp undertakes no obligation to update any such forward-looking statement to reflect events or circumstances that occur after the date hereof. 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.

¹The 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.

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