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For Immediate Release

Monroe Bancorp Reports Earnings of \$1,860,000 or \$0.299 Per Share For the Second Quarter of 2008

BLOOMINGTON, IN – July 22, 2008 – Monroe Bancorp (the “Company”), NASDAQ: MROE, the independent Bloomington-based holding company for Monroe Bank (the “Bank”), today reported net income of \$1,860,000 or \$0.299 per diluted common share, for the quarter ended June 30, 2008, compared to \$2,190,000 or \$0.346 per diluted common share for the same period in 2007. This represents a 15.1 percent decrease in net income and a 13.6 percent decrease in diluted earnings per share. Return on average assets (ROAA) and return on average equity (ROAE) for the second quarter of 2008 were 0.96 percent and 13.26 percent, respectively, compared to 1.17 percent and 16.93 percent respectively for the second quarter of 2007.

Net income for the second quarter of 2008 increased by \$267,000 or 16.8 percent over net income for the first quarter of 2008.

Net income for the first six months of 2008 totaled \$3,453,000 or \$0.554 per diluted common share compared to \$4,202,000 or \$0.657 per diluted common share for the same period of 2007. This represents a 17.8 percent decrease in net income and a 15.7 percent decrease in diluted earnings per share. Return on average assets (ROAA) and return on average equity (ROAE) were 0.89 percent and 12.46 percent, respectively, for the first six months of 2008 compared to 1.14 percent and 16.09 percent, respectively, for the first six months of 2007.

The decline in net income was largely the result of asset quality issues. The provision for loan losses totaled \$1,050,000 for the second quarter of 2008 compared to \$255,000 for the same period of 2007. An increase in non-accrual loans significantly impacted net interest income. Nonperforming loans totaled \$15,906,000 on June 30, 2008, compared to \$6,944,000 on March 31, 2008 and \$2,701,000 on June 30, 2007. Additional asset quality information is presented below in the section titled Asset Quality.

Net income was favorably impacted by gains on the sale of securities in the Bank’s investment portfolio. Total gains on the sale of securities during the second quarter were \$439,000 compared to \$41,000 for the same quarter of 2007.

“I am pleased that we were able to generate a relatively strong level of net income during a period in which our income statement felt the impact of credit quality issues,” said Mark D. Bradford, President and Chief Executive Officer.

Financial Performance

Net interest income before the provision for loan losses decreased 1.7 percent to \$5,756,000 for the three months ended June 30, 2008 compared to \$5,853,000 for the same period in 2007. The decline is largely attributable to the previously discussed increase in non-accruing loans. The tax-equivalent net interest margin as a percentage of average earning assets for the quarter ended June 30, 2008 was 3.31 percent, compared to 3.36 percent for the quarter ended March 31, 2008 and 3.44 percent for the second quarter of 2007.

Net interest income before the provision for loan losses, increased \$48,000 or 0.4 percent to \$11,632,000 for the six months ended June 30, 2008 compared to \$11,584,000 for the same period in 2007. The tax-equivalent net interest margin for the first six months of 2008 was 3.33 percent, compared to 3.44 percent for the first six months of 2007. A reconciliation of the non-GAAP tax-equivalent net interest margin to the GAAP net interest margin is provided in 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.

Noninterest income totaled \$3,024,000 for the second quarter of 2008 compared to \$2,685,000 for the same period of 2007. Excluding the effect of the Company's deferred compensation plan, discussed in the "Use of Non-GAAP Financial Information" section of this release, noninterest income totaled \$3,066,000 for the second quarter of 2008 compared to \$2,560,000 for the same period of 2007, an increase of \$506,000 or 19.8 percent. The increase in noninterest income was driven by a \$398,000 increase in gains from the sale of securities and a \$97,000 increase in trust fees.

Trust fees grew 18.1 percent to \$634,000 for the three months ended June 30, 2008 compared to \$537,000 for the same period of 2007. The increase in trust fees was driven by growth in trust assets under management and to a lesser extent, a fee schedule increase that was implemented during April of 2007. Trust assets under management reached \$338,948,000 at June 30, 2008, growing 3.0 percent, or \$9,800,000 over the June 30, 2007 total of \$329,148,000.

Noninterest income totaled \$5,388,000 for the first six months of 2008 compared to \$5,132,000 for the same period of 2007. Excluding the effect of the Company's deferred compensation plan, noninterest income totaled \$5,622,000 for the first six months of 2008 compared to \$4,967,000 for the same period of 2007. The \$655,000 or 13.2 percent increase over the same period of 2007 was primarily the result of a \$537,000 increase in gains from the sale of securities.

Noninterest expense was \$5,371,000 for the three months ended June 30, 2008, compared to \$5,266,000 for the same period of 2007. Noninterest expense, adjusted to remove the effect of the Company's deferred compensation plan, was \$5,390,000 for the three months ended June 30, 2008, compared to \$5,114,000 for the same period of 2007. A reconciliation of the non-GAAP noninterest income and expense, adjusted to remove the effect of the Company's deferred compensation plan, is provided in 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. The \$276,000 or 5.4 percent increase in noninterest expense is largely the result

of a \$113,000 or 15.8 percent increase in occupancy expense. The increase in occupancy expense resulted primarily from the Company opening two new full service banking centers, one in December of 2007 and the second in January of 2008.

Noninterest expense totaled \$10,762,000 for the first six months of 2008 compared to \$10,359,000 for the same period of 2007. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$10,941,000 for the first six months of 2008, compared to \$10,140,000 for the same period of 2007. The \$801,000, or 7.9 percent increase is largely the result of a \$234,000 or 3.8 percent increase in total compensation expense, a \$169,000 or 491.5 percent increase in deposit insurance expense related to the Federal Deposit Insurance Reform Act of 2005, and a \$167,000 or 10.9 percent increase in occupancy expense much of which is related to the two new full service branches.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$16,472,000 (2.12 percent of total assets) at June 30, 2008 compared to \$8,355,000 (1.08 percent of total assets) at March 31, 2008 and \$3,397,000 (0.44 percent of total assets) at June 30, 2007.

Net charge-offs for the second quarter of 2008 totaled \$575,000 or 0.10 percent of total loans compared to \$261,000 (0.04 percent of total loans) for the first quarter of 2008 and net recoveries of \$17,000 (0.003 percent of total loans) for the second quarter of 2007.

Due to general economic conditions in the real estate markets, credit quality has been under pressure. The Bank maintains a "watch list" representing credits that require above average attention in order to mitigate the risk of default or loss. Over the periods noted below, the watch list consisted of the following:

<u>Watch List Data</u>	<u>6/30/2008</u>	<u>3/31/2008</u>	<u>6/30/2007</u>
Total Watch List (\$)	27,911,000	25,528,000	13,876,000
Number of Watch List Customers	42	40	34
Total Watch List \$ > 30 Days Past Due	16,129,000	10,874,000	5,464,000
Total Watch List \$ Secured by R/E	24,929,000	22,338,000	10,437,000
Total Watch List \$ Secured by Non-R/E	2,782,000	2,891,000	3,009,000
Total Watch List \$ Unsecured	200,000	299,000	322,000

As of June 30, 2008, 42.2 percent of the watch list exposure was less than thirty days past due, compared to 57.4 percent as of March 31, 2008 and 60.6 percent as of June 30, 2007. The largest areas of stress within the loan portfolio are loans for Residential Real Estate Development and loans secured by 1-4 Family Non-Owner Occupied Residential Properties. As of June 30, 2008, loans totaling \$40,323,000 were secured by Residential Real Estate Development collateral with \$9,481,000 of these loans being on the watch list of which \$8,016,000 were more than thirty days past due. The majority (\$35,317,000 or 87.6 percent) of the \$40,323,000 of loans secured by Residential Real Estate Development collateral were originated in our Central Indiana region (greater Indianapolis). Of the \$35,317,000 of loans originated in our Central Indiana region and secured by Residential Real Estate Development

collateral, \$9,451,000 of these loans were on the watch list (included in the \$9,481,000 reported above), of which \$7,986,000 were more than thirty days past due.

In addition, as of June 30, 2008, there were \$53,691,000 of loans secured by 1-4 Family Non-Owner Occupied Residential Properties with \$3,498,000 of these loans being on the watch list of which \$2,446,000 were more than thirty days past due.

These two categories combined account for 46.5 percent of the watch list. Approximately 19.5 percent (\$10,487,000) of the \$53,691,000 of loans secured by 1-4 Family Non-Owner Occupied Residential Properties were originated in our Central Indiana region. Of the \$10,487,000 of loans originated in our Central Indiana region and secured by 1-4 Family Non-Owner Occupied Properties, \$2,589,000 of these loans were on the watch list (included in the \$3,498,000 reported above), of which \$1,800,000 were more than thirty days past due.

“I am disappointed with the Company’s problem asset levels and trends. Problem asset resolution is our number one priority, and we are devoting a significant amount of time and effort to identifying and resolving asset quality issues,” said Mr. Bradford.

Financial Condition

Total assets grew 1.9 percent from June 30, 2007, reaching \$778,204,000 on June 30, 2008. Loans, including loans held for sale, totaled \$602,369,000 on June 30, 2008, a 6.8 percent increase from total loans on June 30, 2007, which were \$563,989,000. Deposits increased 1.5 percent to \$623,871,000 at June 30, 2008 compared to \$614,592,000 a year earlier.

Other News

The Company continued to focus on the growth of its new full-service locations in Avon and Plainfield in Hendricks County during the second quarter. A series of promotions during this time frame has continued to achieve our overall goal of market awareness and growth of core consumer relationships. A new banking center, to be located in Noblesville, in Hamilton County, is expected to open during the late summer of 2008.

Over 300 people attended the opening of an art exhibition in May at the Monroe Bank Art Gallery housed in the Bank’s main Bloomington banking center. Goodwill generated by community outreach efforts supporting the arts remains an important aspect of the Bank’s branding and the successful reputation it enjoys in the communities it serves. In addition, the Bank continues to host financial seminars and participate in community and business expos and networking events as part of its ongoing sales and marketing efforts.

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) competitive pressures among depository

institutions; (2) changes in the interest rate environment; (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; (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.