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For Immediate Release

Monroe Bancorp Reports Earnings of \$710,000 or \$0.114 Per Share For the Third Quarter of 2009

BLOOMINGTON, IN – October 27, 2009 – Monroe Bancorp (the “Company”) (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank (the “Bank”), today reported net income of \$710,000 or \$0.114 per diluted common share for the quarter ended September 30, 2009 compared to \$735,000 or \$0.118 per diluted common share for the same period in 2008. Net income for the second quarter was \$776,000 or \$0.125 per diluted common share.

The expense associated with the Company’s \$13 million of subordinated debt, which was issued on July 17, 2009 was significant to the third quarter results. The subordinated debt added \$271,000 of interest expense and \$16,000 of amortized expense to the third quarter of 2009. The impact of the subordinated debt is discussed in greater detail later in this release.

Return on average assets and return on average equity for the third quarter of 2009 were 0.34 percent and 4.95 percent, respectively, compared to 0.37 percent and 5.20 percent, respectively, for the third quarter of 2008.

Net income for the first nine months of 2009 totaled \$2,592,000 or \$0.417 per diluted common share compared to \$4,188,000 or \$0.673 per diluted common share for the same period of 2008. This represents a 38.1 percent decrease in net income and a 38.0 percent decrease in diluted earnings per share. The decrease in net income and diluted earnings per share was primarily due to a \$2,270,000 or 48.0 percent increase in the provision for loan losses in the first nine months of 2009 compared to the same period in 2008. Return on average assets and return on average equity were 0.42 percent and 6.14 percent, respectively, for the first nine months of 2009 compared to 0.71 percent and 10.01 percent, respectively, for the first nine months of 2008.

The provision for loan losses totaled \$2,200,000 for the third quarter of 2009 compared to \$2,800,000 for the same period of 2008. The \$600,000 lower provision during the third quarter of 2009 compared to the same period of 2008 was offset by net losses on foreclosed assets (other real estate owned and repossessions) of \$761,000 during the third quarter of 2009 compared to a net gain of \$4,000 during the third quarter of 2008. Additional asset quality information is presented in the section of this release titled Asset Quality.

The provision for loan losses in the third quarter of 2009 matched the \$2,200,000 for the second quarter of 2009.

“I am pleased we were again able to produce over \$700,000 of net income during a quarter where we continued to focus on the resolution of problem assets,” said Mark D. Bradford, President and Chief Executive Officer. “Our efforts to contain and manage our problem assets, control costs and actively build business have helped us achieve this positive result. We are also pleased by the successful completion of our subordinated debt offering through which we were able to strengthen the capital levels of the Company and the Bank.”

Subordinated Debt

On July 17, 2009, the Company raised \$13 million of Tier 2 capital through the issuance of subordinated debentures. The subordinated debentures were issued as the result of a public offering underwritten by Howe Barnes Hofer & Arnett, Inc. The debentures carry an interest rate of 10 percent and will mature on June 30, 2019. The Company has the right to call the debt at any time after three years. The subordinated debentures were issued pursuant to the prospectus filed as part of the Company’s registration statement under the Securities Act of 1933. The net proceeds from the offering allowed the Company to provide an additional \$10 million of capital to the Bank in order to solidify its balance sheet against future credit losses. Proceeds from the offering will also be used for general corporate purposes at the holding company level.

The subordinated debt increased interest expense during the third quarter by \$287,000 including \$16,000 of debt issuance amortization expense. The impact of this transaction on the Company’s third quarter net interest margin is illustrated below. As shown below, excluding the impact of the subordinated debt, the Company’s net interest margin for the third quarter of 2009 would have been 0.17 percent higher than the second quarter of 2009 and 0.07 percent higher than the same period of 2008.

Subordinated Debt Issued	13,000,000
Net Proceeds From Issuance	12,229,000
Date Issued	July 17, 2009

	Actual	Adjusted	Change
Average Proceeds from Sub Debt	10,102,000	-	10,102,000
Average Fed Funds Sold	33,927,000	23,825,000	10,102,000
Average Yield on Fed Funds Sold	0.13%	0.13%	0.00%
Interest Earned on Fed Funds Sold	11,000	8,000	3,000
Sub Debt Interest Expense	287,000	-	287,000
Margin			
Average Earning Assets	760,949,000	750,847,000	10,102,000
Tax Adjusted Net Interest Income	6,132,000	6,397,000	(265,000)
Annualized Margin	3.20%	3.38%	-0.18%

Tax Adjusted Net Interest Margin – Second Quarter 2009	3.21%
Tax Adjusted Net Interest Margin – Third Quarter 2008	3.31%

Financial Performance

Net interest income before the provision for loan losses increased 1.7 percent to \$6,084,000 for the three months ended September 30, 2009 compared to \$5,980,000 for the same period in 2008. The increase is largely attributable to lower funding costs (mostly deposits) which largely offset the impact of the subordinated debt. The tax-equivalent net interest margin as a percentage of average earning assets for the quarter ended September 30, 2009 was 3.20 percent, compared to 3.21 percent for the quarter ended June 30, 2009 and 3.31 percent for the third quarter of 2008.

Net interest income before the provision for loan losses, increased \$460,000 or 2.6 percent to \$18,071,000 for the nine months ended September 30, 2009 compared to \$17,611,000 for the same period in 2008. The tax-equivalent net interest margin for the first nine months of 2009 was 3.20 percent, compared to 3.33 percent for the first nine months of 2008. 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 \$2,413,000 for the third quarter of 2009 compared to \$2,549,000 for the same period of 2008. 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 \$2,237,000 for the third quarter of 2009 compared to \$2,771,000 for the same period of 2008, a decrease of \$534,000 or 19.3 percent. The decrease in noninterest income was driven by the previously discussed \$761,000 of net losses on foreclosed assets. Other noninterest income categories worth noting are fees from the sale of loans (increased \$172,000), gains on sales of available for sale securities (increased \$54,000), trust fees (increased \$45,000) and deposit related service charges (decreased \$91,000).

Noninterest income totaled \$8,861,000 for the first nine months of 2009 compared to \$7,937,000 for the same period of 2008. Excluding the effect of the Company's deferred compensation plan, noninterest income totaled \$8,595,000 for the first nine months of 2009 compared to \$8,393,000 for the same period of 2008. The \$202,000 or 2.4 percent increase over the same period of 2008 was primarily the result of an \$881,000 increase in gains on sales of available for sale securities and a \$545,000 increase in net gains on loan sales offsetting an \$807,000 increase in net losses on foreclosed assets.

Noninterest expense was \$5,429,000 for the three months ended September 30, 2009, compared to \$5,069,000 for the same period of 2008. Noninterest expense, adjusted to remove the effect of the Company's deferred compensation plan, was \$5,242,000 for the three months ended September 30, 2009, compared to \$5,269,000 for the same period of 2008. 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 \$27,000 or 0.5 percent decrease in noninterest expense is largely the result of Management's efforts to control compensation expense

(salary, incentive compensation and employee benefits for the third quarter of 2009 are \$182,000 or 6.0 percent lower than those of the same period of 2008) and marketing expense (down \$49,000) offsetting the \$140,000 increase in FDIC expense.

Noninterest expense totaled \$16,775,000 for the first nine months of 2009 compared to \$15,830,000 for the same period of 2008. Noninterest expense, excluding the effect of the Company's deferred compensation plan, was \$16,462,000 for the first nine months of 2009, compared to \$16,210,000 for the same period of 2008. The \$252,000, or 1.6 percent increase was driven by an \$871,000 increase in FDIC expense which more than offset Management's efforts to reduce expenses in all other expense categories.

Asset Quality

Nonperforming assets and 90-day past due loans totaled \$21,622,000 (2.62 percent of total assets) at September 30, 2009 compared to \$22,959,000 (2.79 percent of total assets) at June 30, 2009 and \$14,565,000 (1.78 percent of total assets) at September 30, 2008.

Net charge-offs for the third quarter of 2009 totaled \$1,979,000 or 1.30 percent of total loans compared to \$1,576,000 (1.01 percent of total loans) for the second quarter of 2009 and \$1,151,000 (0.75 percent of total loans) for the third quarter of 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 prospect 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.

Watch List Data	9/30/2009	6/30/2009	03/31/2009	12/31/2008	9/30/2008
Total Loans \$	608,667,000	624,018,000	630,842,000	633,091,000	616,226,000
Total Watch List Loans	79,571,000	76,720,000	79,073,000	59,172,000	34,531,000
Number of Watch List Customers	73	69	67	52	43
Total Watch List \$ > 30 Days Past Due	21,823,000	17,368,000	22,370,000	14,751,000	15,821,000
Total Watch List \$ Customers Secured by Real Estate	73,704,000	70,697,000	72,005,000	55,507,000	31,886,000
Total Watch List \$ Secured by Non R/E	4,196,000	5,855,000	6,878,000	3,268,000	2,446,000
Total Watch List \$ Unsecured	1,671,000	168,000	190,000	397,000	199,000
Total Non Performing Loans \$	16,993,000	18,576,000	13,696,000	14,329,000	14,000,000

As of September 30, 2009, 72.6 percent of the Watch List exposure was less than thirty days past due, compared to 77.4 percent as of June 30, 2009 and 54.2 percent as of September 30, 2008. Of the \$79,571,000 of loans on the watch list on September 30, 2009, \$58,155,000 (73.1 percent) were originated out of our Central Indiana (greater Indianapolis) offices.

The chart that follows provides details of watch list loans by collateral type.

	Total Bank Owned Balance	Watch List	% on Watch List	Non Accrual	Total \$ > 30 Days Late
Total Loans at 9/30/09	608,667,000	79,571,000	13.1%	15,493,000	22,696,000
Recently Closed Loans in Process of Booking	3,849,000	NA	NA	NA	NA
Loans Analyzed Below:	604,818,000	79,571,000	13.2%	15,493,000	22,696,000
Secured by Real Estate					
Construction & Development					
Spec 1-4 Residential Construction	15,750,000	9,850,000	62.5%	2,373,000	2,373,000
Pre Sold 1-4 Residential Construction	1,557,000	868,000	55.7%	-	91,000
Land Development Residential	32,715,000	25,897,000	79.2%	2,199,000	2,199,000
Total 1-4 Residential Construction and Development:	50,022,000	36,615,000	73.2%	4,572,000	4,663,000
Other CRE Owner Occupied Construction	3,626,000	-	-	-	-
Other CRE Non-Owner Occupied Construction	11,898,000	-	-	-	-
Land Development Commercial	1,525,000	328,000	21.5%	328,000	328,000
Total Commercial Construction and Development:	17,049,000	328,000	1.9%	328,000	328,000
Total Construction and Development:	67,071,000	36,943,000	55.1%	4,900,000	4,991,000
1-4 Family					
1-4 Family Owner Occupied	78,146,000	1,622,000	2.1%	64,000	237,000
1-4 Family Non-Owner Occupied (Rental & Other)	51,924,000	4,555,000	8.8%	1,131,000	1,493,000
Total 1-4 Family:	130,070,000	6,177,000	4.7%	1,195,000	1,730,000
Multi Family - Other than Construction	88,755,000	4,890,000		-	2,900,000
Other CRE Owner Occupied - Other Than Construction	97,781,000	11,216,000	11.5%	471,000	2,262,000
Other CRE Non-Owner Occupied - Other Than Construction	110,827,000	13,120,000	11.8%	7,016,000	8,024,000
Other CRE Non-Development Land - Other Than Construction	14,796,000	1,358,000	9.2%	1,276,000	1,366,000
Total Other CRE Loans - Other Than Construction:	223,404,000	25,694,000	11.5%	8,763,000	11,652,000
Total Secured by Real Estate:	509,300,000	73,704,000	14.5%	14,858,000	21,273,000
Other Secured Loans					
Business Assets	58,686,000	3,821,000	6.5%	251,000	727,000
Consumer Products	10,630,000	27,000	0.3%	25,000	159,000
Financial Assets	10,962,000	348,000	3.2%	347,000	500,000
Sub Total: Other Secured Loans:	80,278,000	4,196,000	5.2%	623,000	1,386,000
Unsecured Loans					
Unsecured Loans	15,240,000	1,671,000	11.0%	12,000	37,000

“While I am pleased that the watch list has stabilized over the past three quarters, I remain disappointed with the Company’s overall level of problem assets and the impact that they are having on our income. Problem asset resolution remains our number one priority,” said Mr. Bradford.

Financial Condition

Total assets grew 0.6 percent from September 30, 2008, reaching \$823,881,000 on September 30, 2009. Loans, including loans held for sale, totaled \$608,667,000 on September 30, 2009, a 1.2 percent decrease from total loans on September 30, 2008, which were \$616,226,000. Deposits decreased 3.6 percent to \$654,807,000 at September 30, 2009 compared to \$679,421,000 a year earlier.

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.

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

BALANCE SHEET *	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Cash and Interest-Earning Deposits	\$ 22,447	\$ 25,030	\$ 28,038	\$ 15,058	\$ 33,675	\$ 15,058	\$ 24,563
Federal Funds Sold	44,089	30,238	16,150	8,663	26,593	8,663	1,077
Securities	108,301	102,291	108,087	121,530	99,795	121,530	125,658
Total Loans	608,667	624,018	630,842	633,091	616,226	633,091	584,831
Loans Held for Sale	3,725	8,640	4,659	3,389	2,406	3,389	2,974
Commercial & Industrial	90,150	92,778	103,306	104,779	97,373	104,779	104,611
Real Estate:							
Commercial & Residential	391,362	393,308	392,414	398,896	368,363	398,896	332,664
Construction & Vacant Land	76,620	82,212	84,697	80,917	103,459	80,917	101,011
Home Equity	30,908	31,205	29,781	28,976	27,305	28,976	25,222
Installment Loans	15,902	15,875	15,985	16,134	17,320	16,134	18,349
Reserve for Loan Losses	13,181	12,960	12,336	11,172	9,397	11,172	6,654
Bank Premises and Equipment	20,127	20,312	20,605	20,750	20,836	20,750	20,029
Federal Home Loan Bank Stock	2,353	2,353	2,312	2,312	2,312	2,312	2,312
Interest Receivable and Other Assets	31,078	31,396	30,004	29,567	28,969	29,567	26,264
Total Assets	\$ 823,881	\$ 822,678	\$ 823,702	\$ 819,799	\$ 819,009	\$ 819,799	\$ 778,080
Total Deposits	\$ 654,807	\$ 672,992	\$ 676,557	\$ 665,179	\$ 679,421	\$ 665,179	\$ 619,717
Noninterest Checking	88,724	83,404	78,676	84,317	88,264	84,317	81,542
Interest Bearing Checking & NOW	209,937	214,998	118,421	107,124	125,407	107,124	131,295
Regular Savings	18,381	18,404	17,990	16,619	16,844	16,619	17,712
Money Market Savings	40,249	40,110	122,080	108,246	106,808	108,246	99,135
CDs & CDARs Less than \$100,000	141,912	142,114	149,380	155,127	142,648	155,127	150,422
CDARs Greater than \$100,000 & Brokered CDs	49,896	65,354	70,612	67,949	23,101	67,949	10,034
CDs Greater than \$100,000	105,143	108,246	119,298	125,741	175,906	125,741	128,602
Other Time	565	362	101	56	443	56	975
Total Borrowings	103,388	86,403	85,070	93,203	75,954	93,203	96,421
Federal Funds Purchased	-	-	-	-	-	-	24,850
Securities Sold Under Repurchase Agreement	61,810	58,737	58,686	59,404	46,569	59,404	43,195
FHLB Advances	17,430	17,498	17,511	25,523	20,186	25,523	18,273
Loans Sold Under Repurchase Agreement & Other Debt	2,900	1,920	625	28	951	28	1,855
Subordinated Debentures	13,000	-	-	-	-	-	-
Subordinated Debentures - Trust Preferred	8,248	8,248	8,248	8,248	8,248	8,248	8,248
Interest Payable and Other Liabilities	8,465	6,828	6,098	5,496	7,942	5,496	7,490
Total Liabilities	766,660	766,223	767,725	763,878	763,317	763,878	723,628
Shareholders' Equity	57,221	56,455	55,977	55,921	55,692	55,921	54,452
Total Liabilities and Shareholders' Equity	\$ 823,881	\$ 822,678	\$ 823,702	\$ 819,799	\$ 819,009	\$ 819,799	\$ 778,080
Book Value Per Share	\$ 9.19	\$ 9.07	\$ 9.00	\$ 8.99	\$ 8.95	\$ 8.99	\$ 8.76
End of Period Shares Issued and Outstanding	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550	6,227,550
Less: Unearned ESOP Shares	3,477	4,852	6,226	7,601	5,900	7,601	13,100
End of Period Shares Used to Calculate Book Value	6,224,073	6,222,699	6,221,324	6,219,949	6,221,650	6,219,949	6,214,450

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Interest Income	\$ 9,175	\$ 9,177	\$ 9,378	\$ 10,141	\$ 10,472	\$ 42,462	\$ 48,474
Interest Expense	3,091	3,132	3,436	4,152	4,492	18,861	25,435
Net Interest Income	6,084	6,045	5,942	5,989	5,980	23,601	23,039
Loan Loss Provision	2,200	2,200	2,600	4,150	2,800	8,880	2,035
Total Noninterest Income	2,413	3,186	3,262	2,096	2,549	10,033	10,251
Service Charges on Deposit Accounts	905	887	811	946	996	3,796	3,680
Trust Fees	637	529	527	553	592	2,387	2,243
Commission Income	225	230	171	201	208	874	910
Gains on Sales of Loans	361	454	290	141	189	703	817
Gains on Sales of Available for Sale Securities	264	364	1,028	176	210	951	48
Gains (Losses) on Sales of Trading Securities Associated with Directors' Deferred Comp Plan	(201)	-	-	(1)	-	13	1
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	377	222	(132)	(354)	(222)	(843)	17
BOLI Income	163	163	151	163	140	552	489
Net Gain (Loss) on Foreclosed Assets	(761)	(102)	(10)	(160)	4	(226)	7
Other Operating Income	443	439	426	431	432	1,826	2,039
Total Noninterest Expense	5,429	6,123	5,223	4,901	5,069	20,732	20,626
Salaries & Wages	2,075	2,073	2,069	2,160	2,175	8,743	8,621
Commissions, Options & Incentive Compensation	311	458	304	337	339	1,472	1,737
Employee Benefits	463	540	591	343	517	2,076	1,774
Premises & Equipment	899	930	928	826	844	3,373	3,100
Advertising	138	160	129	138	187	724	667
Legal Fees	115	111	126	158	121	566	566
FDIC expense	280	650	283	138	140	481	67
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	184	237	(118)	(317)	(203)	(707)	267
Other Operating Expenses	964	964	911	1,118	949	4,004	3,827
Income (Loss) Before Income Tax	868	908	1,381	(966)	660	4,022	10,629
Income Tax Expense (Benefit)	158	132	274	(757)	(75)	43	2,823
Net Income (Loss) After Tax & Before Extraordinary Items	710	776	1,107	(209)	735	3,979	7,806
Extraordinary Items	-	-	-	-	-	-	-
Net Income (Loss)	\$ 710	\$ 776	\$ 1,107	\$ (209)	\$ 735	\$ 3,979	\$ 7,806
Basic Earnings Per Share	\$ 0.114	\$ 0.125	\$ 0.178	\$ (0.034)	\$ 0.118	\$ 0.640	\$ 1.240
Diluted Earnings Per Share	\$ 0.114	\$ 0.125	\$ 0.178	\$ (0.034)	\$ 0.118	\$ 0.639	\$ 1.235

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

ASSET QUALITY	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Net Charge-Offs (Recoveries)	\$ 1,979	\$ 1,576	\$ 1,436	\$ 2,375	\$ 1,151	\$ 4,362	\$ 1,525
OREO Expenses	795	140	47	121	4	229	67
Total Credit Charges	\$ 2,774	\$ 1,716	\$ 1,483	\$ 2,496	\$ 1,155	\$ 4,591	\$ 1,592
Nonperforming Loans	\$ 16,993	\$ 18,576	\$ 13,696	\$ 14,329	\$ 14,000	\$ 14,329	\$ 6,938
OREO	3,225	3,979	3,158	3,257	438	3,257	841
Nonperforming Assets	20,218	22,555	16,854	17,586	14,438	17,586	7,779
90 Day Past Due Loans Net of Nonperforming Loans	1,404	404	435	1,194	127	1,194	435
Nonperforming Assets + 90 Day Past Due	\$ 21,622	\$ 22,959	\$ 17,289	\$ 18,780	\$ 14,565	\$ 18,780	\$ 8,214

RATIO ANALYSIS - CREDIT QUALITY *

NCO/Loans	1.30%	1.01%	0.91%	1.50%	0.75%	0.69%	0.26%
Credit Charges/Loans & OREO	1.81%	1.09%	0.94%	1.57%	0.75%	0.72%	0.27%
Nonperforming Loans/Loans	2.79%	2.98%	2.17%	2.26%	2.27%	2.26%	1.19%
Nonperforming Assets/Loans & OREO	3.30%	3.59%	2.66%	2.76%	2.34%	2.76%	1.33%
Nonperforming Assets/Assets	2.45%	2.74%	2.05%	2.15%	1.76%	2.15%	1.00%
Nonperforming Assets + 90 Day PD/Assets	2.62%	2.79%	2.10%	2.29%	1.78%	2.29%	1.06%
Reserve/Nonperforming Loans	77.57%	69.77%	90.07%	77.97%	67.12%	77.97%	95.91%
Reserve/Total Loans	2.17%	2.08%	1.96%	1.76%	1.52%	1.76%	1.14%
Equity & Reserves/Nonperforming Assets	348.21%	307.76%	405.32%	381.51%	450.82%	381.51%	785.53%
OREO/Nonperforming Assets	15.95%	17.64%	18.74%	18.52%	3.03%	18.52%	10.81%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	6.95%	6.86%	6.80%	6.82%	6.80%	6.82%	7.00%
Equity/Loans	9.40%	9.05%	8.87%	8.83%	9.04%	8.83%	9.31%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	0.34%	0.38%	0.54%	-0.10%	0.37%	0.50%	1.04%
Return on Average Equity	4.95%	5.53%	8.00%	-1.49%	5.20%	7.11%	14.79%
Net Interest Margin (Tax-Equivalent) (1)	3.20%	3.21%	3.20%	3.23%	3.31%	3.30%	3.37%

* Based on period end numbers

(1) Interest income on tax-exempt securities has been adjusted to a tax-equivalent basis using a marginal income tax rate of 34%.

Monroe Bancorp (MROE)

Reconciliation of GAAP Net Interest Margin to Non-GAAP Net Interest Margin on a Tax-Equivalent Basis

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Net Interest Income	\$ 6,084	\$ 6,045	\$ 5,942	\$ 5,989	\$ 5,980	\$ 23,601	\$ 23,039
Tax Equivalent Adjustment	48	95	131	167	166	717	696
Net Interest Income - Tax Equivalent	\$ 6,132	\$ 6,140	\$ 6,073	\$ 6,156	\$ 6,146	\$ 24,318	\$ 23,735
Average Earning Assets	\$ 760,949	\$ 767,876	\$ 769,735	\$ 759,173	\$ 738,927	\$ 736,903	\$ 703,675
Net Interest Margin	3.17%	3.16%	3.13%	3.14%	3.22%	3.20%	3.27%
Net Interest Margin - Tax Equivalent	3.20%	3.21%	3.20%	3.23%	3.31%	3.30%	3.37%

	Year-to-Date				
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008
Net Interest Income	\$ 18,071	\$ 11,987	\$ 5,942	\$ 23,601	\$ 17,611
Tax Equivalent Adjustment	274	227	131	717	550
Net Interest Income - Tax Equivalent	\$ 18,345	\$ 12,214	\$ 6,073	\$ 24,318	\$ 18,161
Average Earning Assets	\$ 766,154	\$ 768,800	\$ 769,735	\$ 736,903	\$ 729,425
Net Interest Margin	3.15%	3.14%	3.13%	3.20%	3.23%
Net Interest Margin - Tax Equivalent	3.20%	3.20%	3.20%	3.30%	3.33%

Monroe Bancorp (MROE)

Financial Impact on Net Income of Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Interest and Dividend Income	\$ 11	\$ 18	\$ 18	\$ 29	\$ 22	\$ 106	\$ 117
Realized and Unrealized Gains (Losses)	176	222	(132)	(355)	(222)	(829)	66
Other Income	-	-	-	12	-	30	99
Total Income (Loss) From Plan:	187	240	(114)	(314)	(200)	(693)	282
Change in Deferred Compensation Liability	184	237	(118)	(317)	(203)	(707)	267
Trustee Fees	3	3	4	3	3	14	15
Total Expense of Plan:	187	240	(114)	(314)	(200)	(693)	282
Net Impact of Plan:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation of GAAP Noninterest Income & Expense to Noninterest Income & Expense Without the Financial Impact of the Deferred Compensation Plan

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Total Noninterest Income	\$ 2,413	\$ 3,186	\$ 3,262	\$ 2,096	\$ 2,549	\$ 10,033	\$ 10,251
Income of Deferred Comp Plan Incl. in Noninterest Income	176	222	(132)	(343)	(222)	(799)	165
Adjusted Noninterest Income:	2,237	2,964	3,394	2,439	2,771	10,832	10,086
Total Noninterest Expense	5,429	6,123	5,223	4,901	5,069	20,732	20,626
Expense of Deferred Compensation Plan	187	240	(114)	(314)	(200)	(693)	282
Adjusted Noninterest Expense:	5,242	5,883	5,337	5,215	5,269	21,425	20,344

	Year-to-Date				
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008
Total Noninterest Income	\$ 8,861	\$ 6,448	\$ 3,262	\$ 10,033	\$ 7,937
Income of Deferred Comp Plan Incl. in Noninterest Income	266	90	(132)	(799)	(456)
Adjusted Noninterest Income:	8,595	6,358	3,394	10,832	8,393
Total Noninterest Expense	16,775	11,346	5,223	20,732	15,830
Expense of Deferred Compensation Plan	313	126	(114)	(693)	(380)
Adjusted Noninterest Expense:	16,462	11,220	5,337	21,425	16,210

Monroe Bancorp (MROE)

Select Average Balance Sheet Information

(dollar amounts in thousands except per share data)

	Quarters Ended					Years Ended	
	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Dec 2008	Dec 2007
Total Average Loans	\$ 616,125	\$ 628,831	\$ 632,878	\$ 624,421	\$ 609,184	\$ 601,875	\$ 564,483
Average Commercial & Industrial	91,479	101,992	103,046	101,347	97,911	99,353	99,884
Average Real Estate:	508,690	510,759	513,886	506,315	493,567	484,841	446,144
Average Commercial & Residential	398,418	394,439	397,507	379,409	365,942	357,018	316,578
Average Construction & Vacant Land	79,152	85,310	86,966	98,531	101,162	101,380	104,088
Average Home Equity	31,120	31,010	29,413	28,375	26,463	26,443	25,478
Average Installment Loans	15,956	16,080	15,946	16,759	17,706	17,681	18,455
Average Federal Funds Sold	33,927	26,975	16,028	11,444	9,161	8,754	11,102
Average Federal Home Loan Bank Stock	2,353	2,353	2,312	2,312	2,312	2,312	2,312
Total Average Deposits	\$ 650,301	\$ 673,216	\$ 678,377	\$ 669,074	\$ 652,031	\$ 649,540	\$ 611,907
Average Noninterest Checking	85,037	83,321	79,257	81,805	81,425	79,503	77,725
Average Interest Bearing Checking & NOW	200,756	199,693	113,465	120,196	129,898	127,282	129,887
Average Regular Savings	18,558	18,538	17,132	16,658	17,733	17,618	17,940
Average Money Market Savings	39,977	47,434	118,577	104,398	110,292	107,723	101,123
Average CDs Less than \$100,000	184,132	189,998	209,036	197,271	149,907	159,120	152,609
Average CDs Greater than \$100,000	104,817	118,057	125,152	132,340	147,051	142,126	118,124
Average IRAs and Other Time	17,024	16,175	15,758	16,406	15,725	16,168	14,499
Average Federal Funds Purchased	43	185	974	321	2,892	3,149	2,085
Average Securities Sold Under Repurchase Agreement	59,341	58,783	54,210	55,674	42,768	45,686	49,884
Average FHLB Advances	17,484	17,506	19,364	19,486	21,215	18,698	19,120