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For Immediate Release

Monroe Bancorp Reports Fourth Quarter Earnings, Up 16.4% Over Same Period of 2002

BLOOMINGTON, Ind., January 22 - Monroe Bancorp, (NASDAQ: MROE), the independent Bloomington-based holding company for Monroe Bank, reported net income for the quarter ended December 31, 2003 of \$1,605,000 or \$0.26 per basic and diluted common share, compared to \$1,379,000 and \$0.23 per basic and diluted common share for the same period in 2002, an increase of 16.4 percent.

Earnings for the year ending December 31, 2003 totaled \$5,054,000 or \$0.83 per basic and diluted common share compared to \$6,098,000 or \$1.00 per basic and diluted common share for 2002. The 17.1 percent decline in net income is largely the result of a \$2,300,000 special provision to the loan loss reserve that was made during the second quarter of 2003. As previously disclosed, the provision was directly related to the Bank's analysis of collateral values and other factors involving loans to a real estate developer who filed bankruptcy, and to parties affiliated with the developer. Excluding the after-tax effect of the special provision (\$1,389,000), the Company's net income for the year ending December 31, 2003 would have been \$6,443,000 or \$1.05 per diluted common share.

"While we are certainly disappointed by the need for the special provision and its effect on the Company's 2003 results, we are pleased by the progress made in the fourth quarter that we expect will reduce the impact of the underlying credits on future earnings," said Mark D. Bradford, President and Chief Executive Officer. "We view the further reduction in non-performing assets to be our highest priority."

Non-performing assets declined from \$9,467,000 on September 30, 2003 to \$6,723,000 at year-end. The \$2,744,000 reduction (29.0 percent) in non-performing assets was partially the result of the Bank recognizing net charge-offs of \$1,632,000 during the fourth quarter.

"The resolution of non-performing assets was indeed a major focus during the year; however, it did not detract from the amount of energy put into growing the Bank's core business lines," said Mr. Bradford. "In particular, our mortgage and trust areas continued to grow at a record pace."

Revenue from the sale of fixed rate residential mortgages totaled \$1,654,000 for 2003, a 59.7 percent increase over the Company's 2002 results. Trust fees increased by \$196,000 or 21.4 percent in 2003. Trust assets totaled \$190,999,000 at December 31, 2003 compared to \$158,439,000 at year-end 2002, a 20.6 percent increase.

The Company listed the following among its other 2003 successes:

- Total deposits grew from \$398,567,000 at December 31, 2002, to \$436,683,000 at December 31, 2003, an increase of 9.6 percent.
- Total loans, net of loans held for sale, grew by \$38,394,000 (10.0 percent) during 2003.
- The Bank successfully recruited an experienced and talented executive to head up efforts to expand into counties adjacent to Indianapolis. Twenty-year banking veteran John Christy joined the Bank as President of the Central Indiana Region in July 2003.
- The Bank increased its share of deposits within its core market of Monroe County, Indiana, to 27.6 percent as of June 30, 2003, holding the largest market share for the fourth consecutive year. The second highest bank held 18.5 percent of the deposit share, according to data published annually by the Federal Deposit Insurance Corporation (FDIC).

“Our business successes are the result of unwavering focus on business development, service quality, responsiveness and community involvement,” said Mr. Bradford. “Our commitment to these fundamentals, and to the continued reduction of non-performing assets, will be key to our future success.”

Monroe Bancorp, headquartered in Bloomington, Indiana, is an Indiana bank holding company with offices in Monroe, Jackson, Lawrence and Hendricks counties. Its wholly owned subsidiary, Monroe Bank, was established in Bloomington, Indiana in 1892, and offers a full range of financial, trust and investment services to its more than 22,000 retail and commercial customers. 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.

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.

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

BALANCE SHEET *	Quarters Ended					Years Ended	
	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2002	Dec 2003	Dec 2002
Cash and Due from Banks	\$ 29,708	\$ 16,967	\$ 18,565	\$ 16,057	\$ 20,526	\$ 29,708	\$ 20,526
Federal Funds Sold	-	11,250	18,200	12,700	-	-	-
Securities	109,498	102,231	106,573	104,926	103,779	109,498	103,779
Total Loans	424,511	410,151	414,190	401,881	391,315	424,511	391,315
Loans Held for Sale	2,219	4,392	8,131	5,197	7,417	2,219	7,417
Commercial & Industrial	83,017	78,423	79,405	78,569	78,062	83,017	78,061
Real Estate:							
Commercial & Residential	257,327	250,712	255,123	249,253	238,013	257,327	238,013
Construction & Vacant Land	40,560	35,306	30,697	28,173	27,470	40,559	27,470
Home Equity	21,044	20,290	20,032	18,964	17,927	21,044	17,927
Installment Loans	20,344	21,028	20,802	21,725	22,426	20,344	22,426
Reserve for Loan Losses	5,019	6,246	5,878	4,680	4,574	5,019	4,574
Bank Premises and Equipment	11,683	11,586	11,661	11,732	11,793	11,683	11,793
Federal Home Loan Bank Stock	2,331	2,302	2,274	2,124	1,882	2,331	1,882
Interest Receivable and Other Assets	16,551	16,633	8,341	8,680	8,596	16,551	8,596
Total Assets	\$ 589,263	\$ 564,874	\$ 573,926	\$ 553,420	\$ 533,317	\$ 589,263	\$ 533,317
Total Deposits	436,683	426,571	\$ 430,336	\$ 418,670	\$ 398,567	436,683	\$ 398,567
Non-Interest Checking	73,579	68,742	60,465	62,531	60,476	73,579	60,476
Interest Checking & NOW	97,618	88,421	96,004	78,883	81,160	97,618	81,160
Regular Savings	26,859	25,822	26,830	26,457	22,459	26,859	22,459
Money Market Savings	71,974	72,030	69,903	66,508	53,865	71,974	53,865
CDs Less than \$100,000	94,224	95,816	98,347	102,196	99,930	94,224	99,930
CDs Greater than \$100,000	62,904	65,541	68,279	71,089	69,910	62,904	69,910
Other Time	9,525	10,199	10,508	11,006	10,767	9,525	10,767
Total Borrowings	101,872	88,225	94,212	83,858	85,240	101,872	85,240
Federal Funds Purchased	8,900	-	-	-	10,050	8,900	10,050
Securities Sold Under Repurchase Agreements	48,507	43,401	48,340	40,694	39,158	48,507	39,158
FHLB Advances	43,825	44,171	45,207	42,486	34,956	43,825	34,956
Loans Sold Under Repurchase Agreement	640	653	665	678	1,076	640	1,076
Interest Payable and Other Liabilities	5,333	4,897	4,620	5,908	5,247	5,333	5,247
Total Liabilities	543,888	519,693	529,168	508,436	489,054	543,888	489,054
Shareholders Equity	45,375	45,181	44,758	44,984	44,263	45,375	44,263
Total Liabilities and Shareholders' Equity	589,263	\$ 564,874	\$ 573,926	\$ 553,420	\$ 533,317	589,263	\$ 533,317
Book Value Per Share	\$ 7.49	\$ 7.41	\$ 7.33	\$ 7.37	\$ 7.25	\$ 7.49	\$ 7.25
End of Period Shares Outstanding	6,054,526	6,097,101	6,106,467	6,105,151	6,103,869	6,054,526	6,103,869

* period end numbers

Monroe Bancorp (MROE)

Financial Summary

(dollar amounts in thousands except per share data)

INCOME STATEMENT	Quarters Ended					Years Ended	
	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2002	Dec 2003	Dec 2002
Net Interest Income	\$ 4,827	\$ 4,834	\$ 4,759	\$ 4,720	\$ 4,748	\$ 19,140	\$ 18,738
Loan Loss Provision	405	405	2,705	405	805	3,920	1,762
Total Non-Interest Income	2,068	2,113	2,317	1,684	1,832	8,182	6,070
Service Charges on Deposit Accounts	760	707	700	634	659	2,801	2,587
Trust Fees	321	290	230	273	208	1,114	918
Commission Income	228	184	277	186	210	875	817
Gain on Sale of Loans	210	618	462	364	404	1,654	1,036
Realized Gains (Losses) on Securities	(4)	-	171	(5)	6	162	203
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	197	31	217	(25)	83	420	(361)
Other Operating Income	356	283	260	257	262	1,156	870
Total Non-Interest Expense	4,134	4,124	4,322	3,705	3,727	16,285	13,931
Salaries & Wages	1,544	1,664	1,528	1,527	1,509	6,263	5,995
Commissions & Incentive Compensation	278	393	494	350	283	1,515	1,230
Employee Benefits	443	429	429	373	369	1,674	1,317
Premises & Equipment	634	594	567	638	592	2,433	2,382
Advertising	131	151	162	127	108	571	584
Legal Fees	150	177	147	101	91	575	143
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	212	38	238	(19)	117	469	(290)
Other Operating Expenses	742	677	757	608	658	2,785	2,570
Income Before Income Tax	2,356	2,418	49	2,294	2,048	7,117	9,115
Income Tax Expense (Benefit)	751	779	(213)	746	669	2,063	3,017
Net Income After Tax & Before Extraordinary Items	1,605	1,639	262	1,548	1,379	5,054	6,098
Extraordinary Items	-	-	-	-	-	-	-
Net Income	\$ 1,605	\$ 1,639	\$ 262	\$ 1,548	1,379	\$ 5,054	\$ 6,098
Basic Earnings Per Share	\$ 0.26	\$ 0.27	\$ 0.04	\$ 0.25	\$ 0.23	\$ 0.83	\$ 1.00
Diluted Earnings Per Share	0.26	0.27	0.04	0.25	0.23	0.83	1.00

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ASSET QUALITY	Quarters Ended					Years Ended	
	Dec 2003	Sept 2003	June 2003	Mar 2003	Dec 2002	Dec 2003	Dec 2002
Net Charge-Offs	\$ 1,632	\$ 37	\$ 1,534	\$ 299	\$ 162	\$ 3,502	\$ 1,358
OREO Expenses (Gains)	9	59	43	10	21	121	101
Total Credit Charges	\$ 1,641	\$ 96	\$ 1,577	\$ 309	\$ 183	\$ 3,623	\$ 1,459
Non-Performing Loans	\$ 6,189	8,919	\$ 7,999	\$ 8,047	\$ 4,057	\$ 6,189	\$ 4,057
OREO	534	548	245	258	110	534	110
Non-Performing Assets	\$ 6,723	\$ 9,467	\$ 8,244	8,305	4,167	6,723	4,167
90 Day Past Due Loans net of NPLs	173	346	407	1,889	588	173	588
Non-Performing Assets+ 90PD/Assets	\$ 6,896	\$ 9,813	\$ 8,651	\$ 10,194	\$ 4,755	\$ 6,896	\$ 4,755

RATIO ANALYSIS - CREDIT QUALITY*

NCO/Loans	1.54%	0.04%	1.48%	0.30%	0.17%	0.82%	0.35%
Credit Charges/Loans & OREO	1.54%	0.09%	1.52%	0.31%	0.19%	0.85%	0.37%
Non-Performing Loans/Loans	1.46%	2.17%	1.93%	2.00%	1.04%	1.46%	1.04%
Non-Performing Assets/Loans & OREO	1.58%	2.31%	1.99%	2.07%	1.06%	1.58%	1.06%
Non-Performing Assets/Assets	1.14%	1.68%	1.44%	1.50%	0.78%	1.14%	0.78%
Non-Performing Assets+ 90PD/Assets	1.17%	1.74%	1.51%	1.84%	0.89%	1.17%	0.89%
Reserve/Non Performing Loans	81.10%	70.03%	73.48%	58.16%	112.74%	81.10%	112.74%
Reserve/Total Loans	1.18%	1.52%	1.42%	1.16%	1.17%	1.18%	1.17%
Equity & Reserves/NPA	749.58%	543.22%	614.22%	598.00%	1171.99%	749.58%	1171.99%
OREO/NPA	7.94%	5.79%	2.97%	3.11%	2.64%	7.94%	2.64%

RATIO ANALYSIS - CAPITAL ADEQUACY *

Equity/Assets	7.70%	8.00%	7.80%	8.13%	8.30%	7.70%	8.30%
Equity/Loans	10.69%	11.02%	10.81%	11.19%	11.31%	10.69%	11.31%

RATIO ANALYSIS - PROFITABILITY

Return on Average Assets	1.11%	1.14%	0.19%	1.15%	1.03%	0.90%	1.17%
Return on Average Equity	13.99%	14.36%	2.34%	14.00%	12.45%	11.18%	14.32%
Net Interest Margin (tax-equivalent)	3.72%	3.72%	3.76%	3.92%	3.95%	3.78%	4.02%

* Based on period end numbers

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Income Statement With and Without Special \$2.3 Million Provision

INCOME STATEMENT	Years Ended			
	12/31/03			12/31/02
	Without Special Provision	Impact of Provision	With Special Provision	
Net Interest Income	\$ 19,140		\$ 19,140	\$ 18,738
Loan Loss Provision	1,620	\$ 2,300	3,920	1,762
Total Non-Interest Income	8,182		8,182	6,070
Service Charges on Deposit Accounts	2,801		2,801	2,587
Trust Fees	1,114		1,114	918
Commission Income	875		875	817
Gain on Sale of Loans	1,654		1,654	1,036
Realized Gains (Losses) on Securities	162		162	203
Unrealized Gains (Losses) on Trading Securities Associated with Directors' Deferred Comp Plan	420		420	(361)
Other Operating Income	1,156		1,156	870
Total Non-Interest Expense	16,285		16,285	13,931
Salaries & Wages	6,263		6,263	5,995
Commissions & Incentive Compensation	1,515		1,515	1,230
Employee Benefits	1,674		1,674	1,317
Premises & Equipment	2,433		2,433	2,382
Advertising	571		571	584
Legal Fees	575		575	143
Appreciation (Depreciation) in Directors' Deferred Compensation Plan	469		469	(290)
Other Operating Expenses	2,785		2,785	2,570
Income Before Income Tax	9,417	(2,300)	7,117	9,115
Income Tax Expense (Benefit)	2,974	(911)	2,063	3,017
Net Income After Tax & Before Extraordinary Items	6,443		5,054	6,098
Extraordinary Items	-		-	-
Net Income	\$ 6,443	\$ 1,389	\$ 5,054	\$ 6,098
Basic Earnings Per Share	\$ 1.06	\$ (0.23)	\$ 0.83	\$ 1.00
Diluted Earnings Per Share	\$ 1.05	\$ (0.22)	\$ 0.83	1.00
Return on Average Equity	14.26%	(3.08%)	11.18%	14.32%
Return on Average Assets	1.14%	(0.24%)	0.90%	1.17%