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Quarterly  
Financial  
Statement



**MONROE BANCORP**  
*Since 1892*

# 2001

# 1

## Quarterly Financial Statement

LETTER FROM THE  
PRESIDENT



July 10, 2001

Dear Shareholders and Friends,

I write this letter to you just days after the first anniversary of my appointment to the presidency of your Company. This personal milestone makes the reporting of these outstanding second quarter results especially meaningful for me, and I hope you will share my pride in how your Company performed.

We have experienced double-digit growth in net income, total loans and total assets. Net income for the period ending June 30, 2000 increased 14.4% over the same period in 1999, reaching \$2,603,000, or \$0.42 per common share. This strong earnings growth resulted from increases in both net interest income and non-interest income. Net interest income after provisions for loan losses grew by 5.2% and other operating income increased by 12.7%. At the same time, we held the growth of operating expenses to only 0.7%.

Total assets at the end of the second quarter were \$444,371,000, a 12.7% increase over the June 30, 1999 amount. In addition, total net loans as of June 30, 2000 were \$287,697,000, a 15.7% increase over the June 30, 1999 amount. With our ability to differentiate ourselves with personalized service and local decision-making, and with our officers continuing to put themselves in front of the top prospects for new

business in our markets, we are poised to continue accelerating our asset growth. The Bank's consistent commitment to its communities has also helped create new business. We often hear that customers and prospective customers recognize and appreciate the dollars and volunteer hours that the Bank and our employees invest in our communities.

Additionally, we are finding success in growing the businesses of our Financial Management Services division, which are important sources of fee income. Two departments in that division are driving this growth: Trust and Asset Management and Investment Sales. Income from Trust and Asset Management for the period ended June 30, 2000 was \$391,000, an increase of 36.5% over the amount for the same period in 1999. Investment Sales produced commission income of \$332,000 for the first six months of the year, representing a 351.1% increase over 1999. This success has been achieved through the tandem effort of our investment representatives and our branch personnel to satisfy the investment needs of our customers. This is a remarkable accomplishment, considering the branch-based component of our Investment Sales business was introduced in the fourth quarter of 1999. The mounting momentum of the program should continue to produce strong growth of fee income.

The motivation and energy of all Monroe Bancorp and Monroe County Bank employees are represented in this financial statement. We mark our success, and rightly so, by the numbers in these pages. But, as I reflect upon this past year, I see this assemblage of remarkable employees as our lasting achievement. As they have shown, they see the value of our goals and they will continue to make it possible for us to reach, and *exceed*, them.

Your Board of Directors and your entire staff thank you for your support. I, especially, thank you for the confidence you have had in me. I look forward to bringing you more great news about your Company and its dedicated employees in future reports.

Respectfully yours,



Mark D. Bradford  
President and Chief Executive Officer

2001

# Quarterly Financial Statement

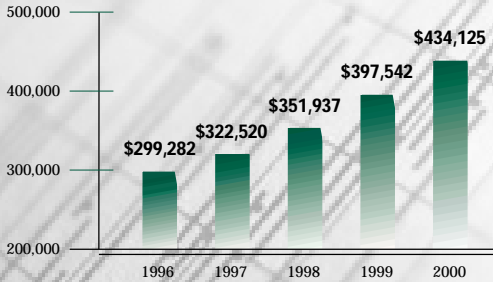
## Financial Highlights as of June 30

(\$ in thousands, except per share data)

	2000	1999	Percent Change
<b>Operating Results*</b>			
Interest income.....	\$15,220	\$13,405	13.54%
Interest expense.....	7,491	6,127	22.26
Net interest income.....	7,729	7,278	6.20
Provision for loan losses	360	270	33.33
Income taxes.....	1,297	1,083	19.76
Net income.....	2,603	2,276	14.37
<b>Per Share Data</b>			
Net income—basic and diluted* .....	0.42	0.37	13.51
Dividends* .....	0.20	0.16	25.00
Book value at quarter end	5.83	5.41	7.76
<b>June 30 Balances</b>			
Total assets.....	444,371	394,453	12.65
Total deposits.....	358,204	316,001	13.36
Total loans.....	287,697	248,667	15.70
Shareholders' equity.....	35,753	33,145	7.87
<b>Selected Financial Ratios</b>			
Return on average assets	1.23%	1.20%	
Return on average equity	14.85	13.98	
Allowance for loan losses as a percentage of total loans.....	1.26	1.43	

\*Six months ended June 30

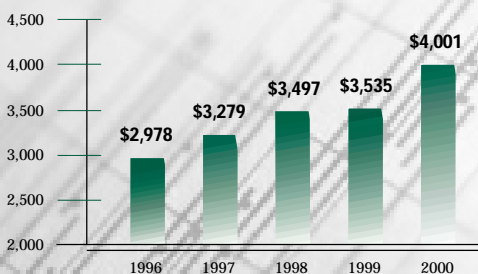
**Total Assets** as of June 30  
(in thousands)



**Monroe Bancorp and Subsidiary Consolidated  
Balance Sheet June 30** (\$ in thousands)

	2000	1999
<b>Assets</b>		
Cash and cash equivalents:		
Cash and non-interest		
bearing deposits.....	\$19,393	\$17,864
Federal funds sold.....	13,000	6,375
Total cash and cash		
equivalents.....	32,393	24,239
Held-to-maturity securities...	81,730	86,838
Available-for-sale securities...	18,920	14,257
Trading securities.....	3,354	2,923
Loans, net of allowance		
for loan losses.....	287,697	248,667
FHLB stock, at cost.....	1,257	1,183
Bank premises and equipment	10,482	8,226
Accrued interest receivable...	3,861	3,502
Other assets.....	4,677	4,618
Total assets.....	<u>\$444,371</u>	<u>\$394,453</u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits.....	\$358,204	\$316,001
Repurchase agreements.....	37,504	31,695
Long-term debt.....	7,090	11,364
Accrued interest payable.....	1,142	989
Other liabilities.....	4,678	1,259
Total liabilities.....	<u>408,618</u>	<u>361,308</u>
Shareholders' equity:		
Common stock, no par value, 18,000,000 shares authorized, 6,135,240 and 6,125,240 shares issued and outstanding in 2000 and 1999, respectively.....	137	137
Additional paid-in capital....	3,347	3,325
Retained earnings.....	32,886	30,166
Net unrealized gain (loss) on available-for-sale securities..	(439)	(216)
Unearned ESOT shares.....	(178)	(267)
Total shareholders' equity..	<u>35,753</u>	<u>33,145</u>
Total liabilities and shareholders' equity....	<u>\$ 444,371</u>	<u>\$394,453</u>

**Net Income** for the Six Months Ended June 30  
(in thousands)



**Monroe Bancorp and Subsidiary  
Consolidated Statement of Income  
Six Months Ended June 30**

(*\$ in thousands, except per share data*)

	2000	1999
Interest income.....	\$15,220	\$13,405
Interest expense.....	<u>7,491</u>	<u>6,127</u>
Net interest income.....	7,729	7,278
Provision for loan losses.....	<u>360</u>	<u>270</u>
Net interest income after provision for loan losses.....	7,369	7,008
Other operating income.....	1,945	1,726
Other operating expenses.....	<u>5,414</u>	<u>5,375</u>
Income before income tax....	3,900	3,359
Income tax provision.....	<u>1,297</u>	<u>1,083</u>
Net income.....	2,603	2,276
Retained earnings—beginning of year.....	31,511	28,869
Dividends (\$ .20 and \$ .16 per share in 2000 and 1999, respectively).....	<u>(1,128)</u>	<u>(979)</u>
Retained earnings— end of period.....	<u>\$32,886</u>	<u>\$30,166</u>
Basic and diluted net income per share.....	<u>\$0.42</u>	<u>\$0.37</u>



**MONROE BANCORP**  
Since 1892

## Monroe Bancorp Board of Directors

David D. Baer, *Chairman*  
Bradford J. Bomba Jr., M.D.  
Mark D. Bradford,  
*President and CEO*  
Steven R. Crider  
Timothy D. Ellis  
Joyce Clafin Harrell  
Paul W. Mobley  
Richard P. Rechter  
Charles R. Royal, Jr.

## Banking Locations

### Monroe County

- \*Main Office**  
210 E. Kirkwood Avenue  
(812) 336-0201
- \*Ellettsville Banking Center**  
4616 W. Richland Plaza
- \*Highland Village  
Banking Center**  
4191 W. Third Street
- \*Kinser Crossing  
Banking Center**  
1825 N. Kinser Pike
- Kirkwood Auto Branch**  
306 E. Kirkwood Avenue
- Loan Center**  
111 S. Lincoln Street
- \*Mall Road Banking Center**  
2801 Buick-Cadillac Blvd.
- \*Walnut Park  
Banking Center**  
2490 S. Walnut Street

### Retirement Community Locations

- Redbud Hills Branch
- \*Meadowood Branch
- Bell Trace Branch
- \*24-hour ATM access

### Jackson County

- \*Brownstown Banking  
Center**  
1051 W. Spring Street
- Freetown Branch**  
6711 N. Union
- Vallonia Branch**  
1937 S. Main Street

### Lawrence County

- Bedford Banking Center**  
Stone City Mall  
3300 W. 16th Street

### Additional ATM Locations

*(Monroe County)*

- Crosstown II ATM Center**  
1789 E. Tenth Street
- Ellettsville IGA ATM**  
4681 Richland Plaza
- Jordan Square  
ATM Center**  
1400 E. Third Street
- McDonald's —  
North ATM**  
2300 N. Walnut Street
- Mr. D's ATM Center**  
512 College Mall Road

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## **Stock Transfer Agent and Registrar**

Please contact Monroe Bancorp's transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, New Jersey 07016  
(800) 368-5948  
kbrotz@rtco.com



Member FDIC  
[monroecountybank.com](http://monroecountybank.com)