

# **WELCOME**

**KBW Community Bank  
Investor Conference  
August 1, 2007**



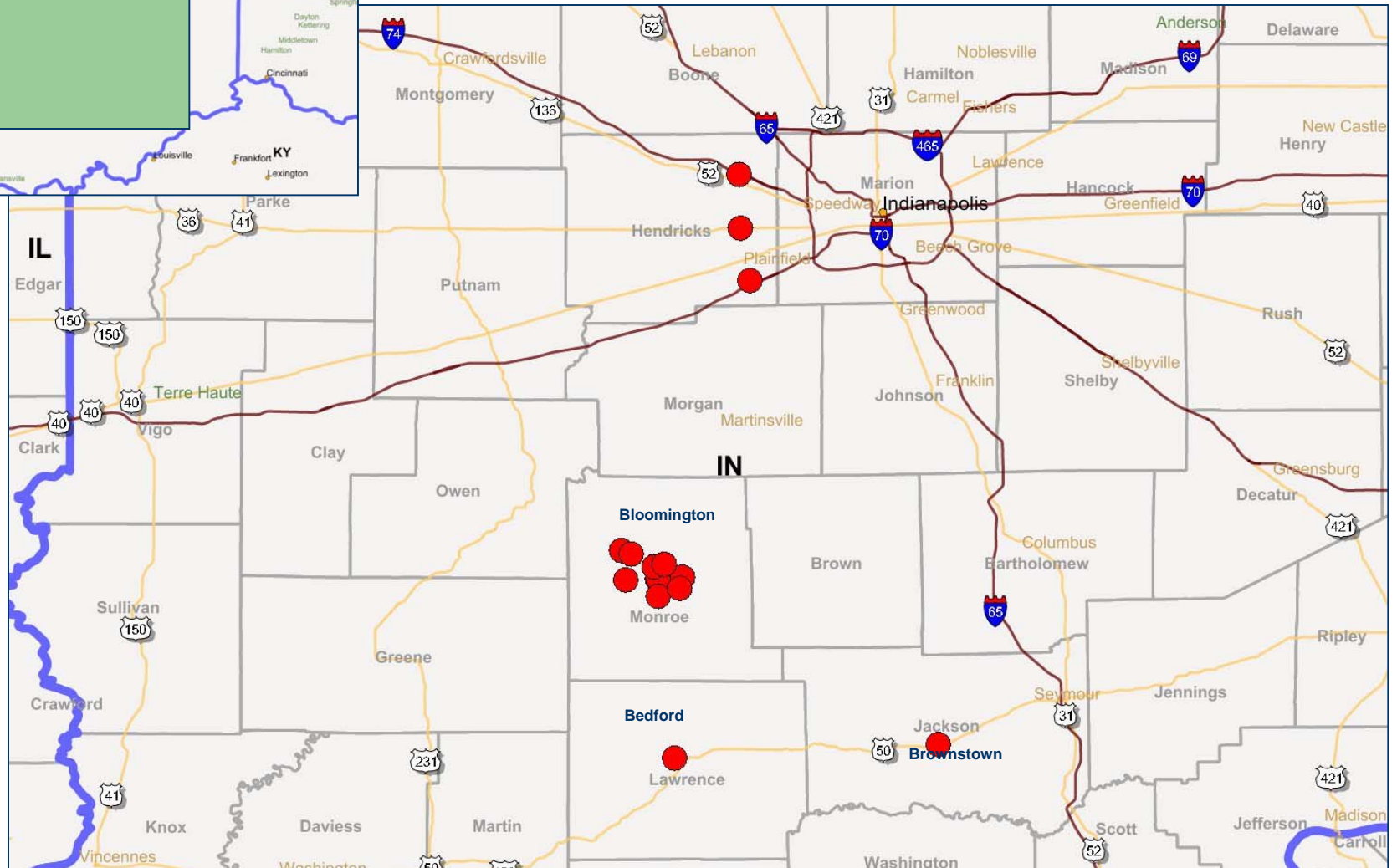
**Mark D. Bradford  
President/CEO**

### Forward-looking Statement

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 are included in the Company's filings with the Securities and Exchange Commission.



# Banking Center and Loan Production Office Locations



## Background Information

- Headquarters – Bloomington, Indiana/Monroe County
- Approximately 80% of Bank's business is in Monroe County
- 2006 Population – 122,613
- Population Growth 1990 to 2000 – 10.6%
- Home of Indiana University Bloomington
  - Employees – 7,000
  - 2006/2007 Enrollment – 38,263





**MONROE BANCORP**

NASDAQ Symbol: MROE

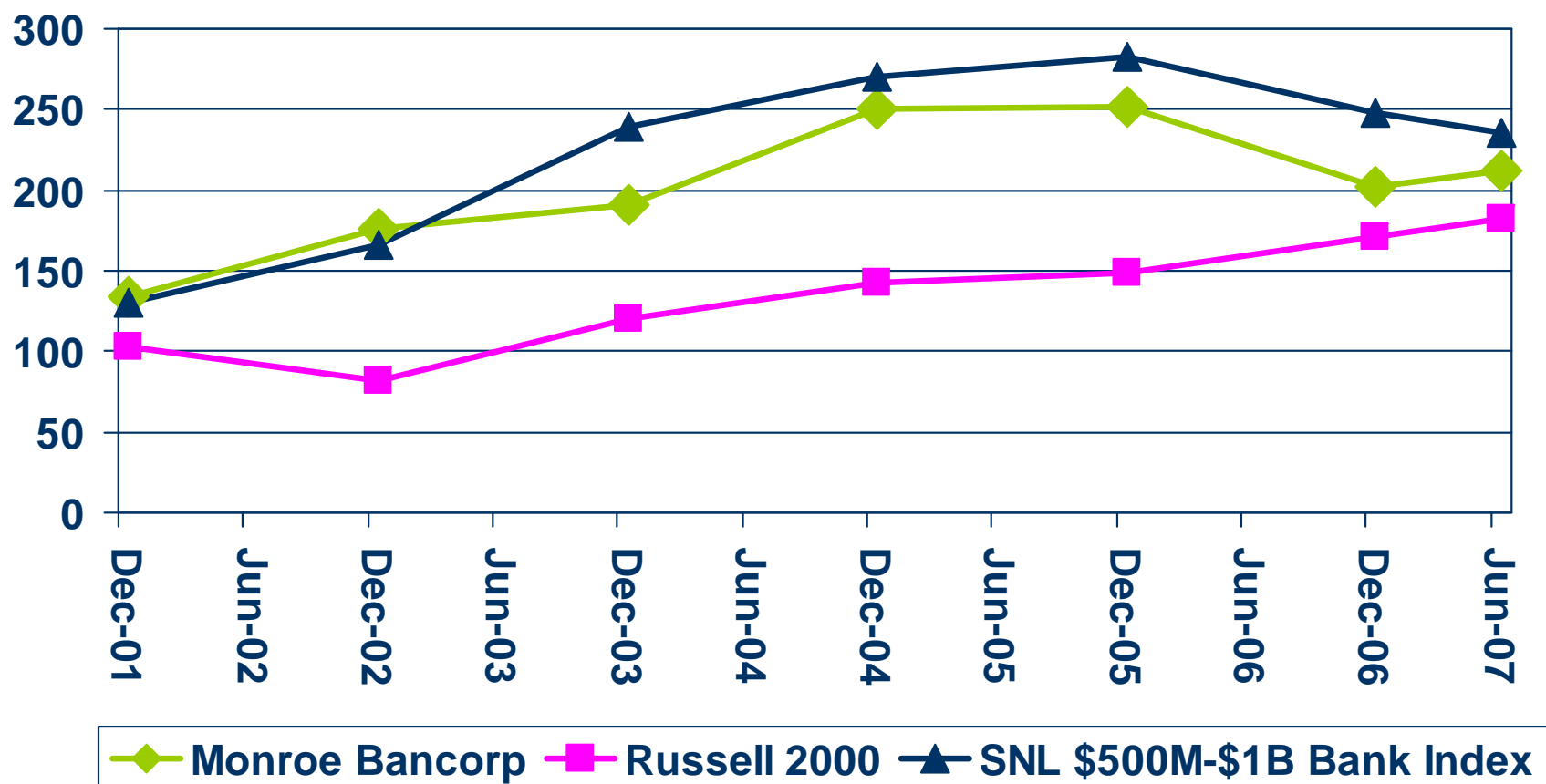
# Monroe Bancorp Profile

(Dollars in Thousands)

	12/31/05	12/31/06	06/30/07	Six Month % Increase
Bancorp Assets	\$713,060	\$ 748,193	\$762,528	1.9%
Trust Assets	237,026	271,766	329,147	21.1
Investment Services Assets	168,770	157,433	164,745	4.6
Total	\$1,118,856	\$1,177,392	\$1,256,420	6.7%

- **12 Banking Centers**
- **2 Loan Production Offices**
- **3 Retirement Community Locations**

# Total Return Performance



# Monroe Bancorp Stock

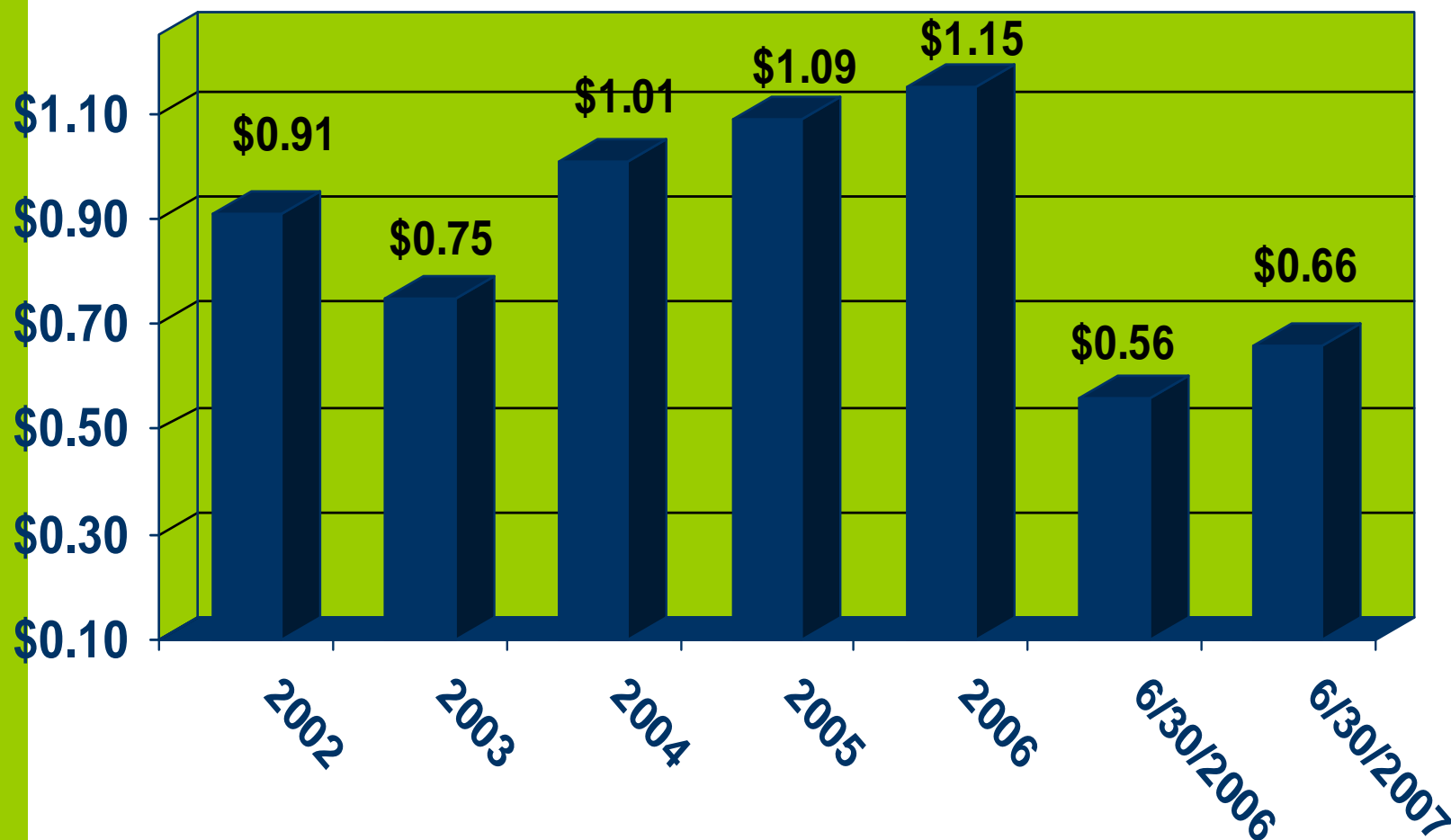
- June 30, 2007 Closing Price: \$17.29
- Basic Earnings Per Share (LTM): \$1.25
- Price Earnings Ratio (LTM): 13.83%
- Dividend Yield: 2.78%
- July 17, 2007 Press Release – Announced a 18.9% increase in earnings per share for the six months ended June 30, 2007. Earnings per share has been corrected via an 8-K amendment. This correction changes the earnings per share increase from 18.9% to 17.3%.



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## Earnings Per Share



**06/30/07 versus 06/30/06 – 17.3% increase**

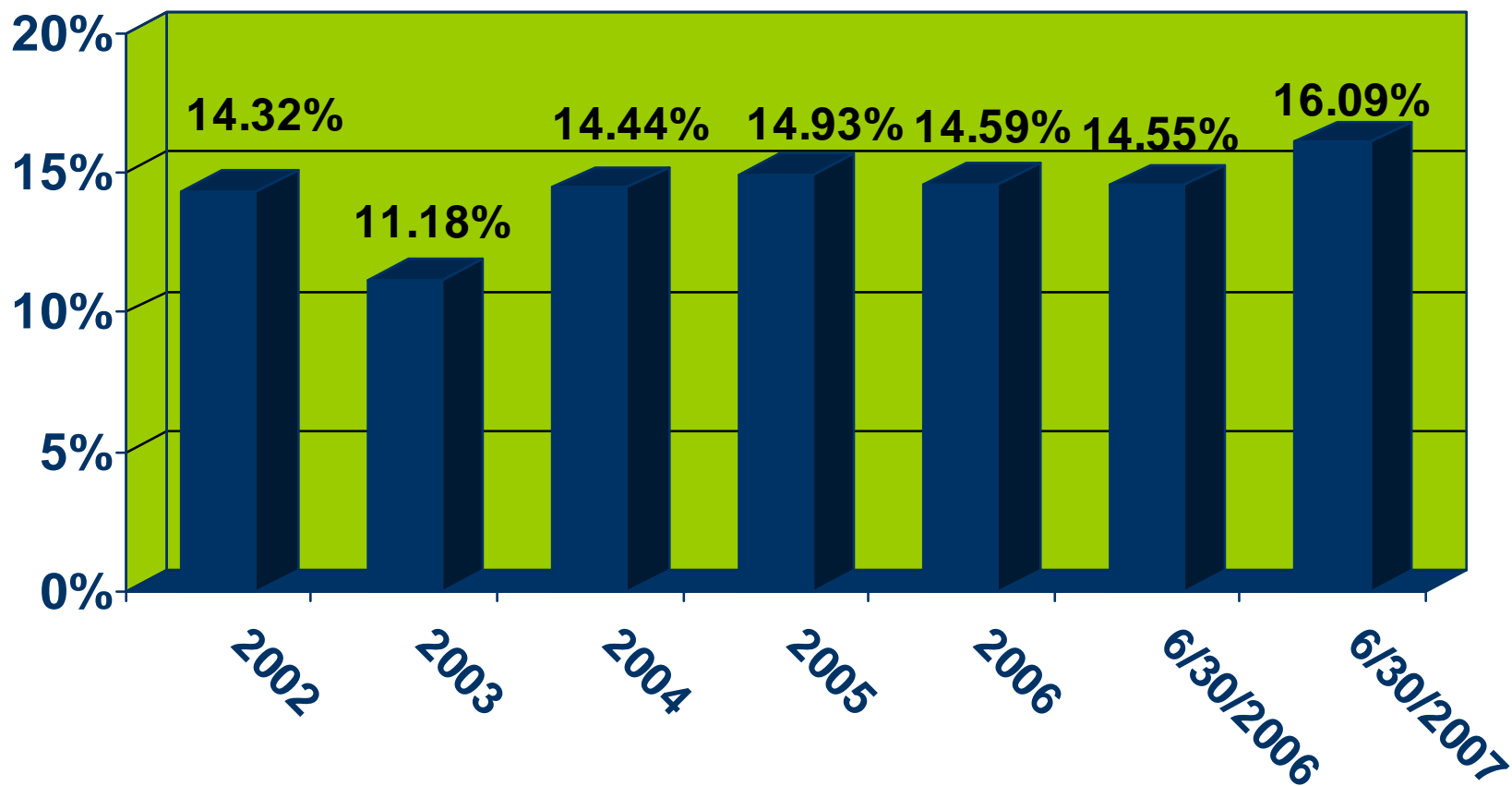




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# Return on Average Equity

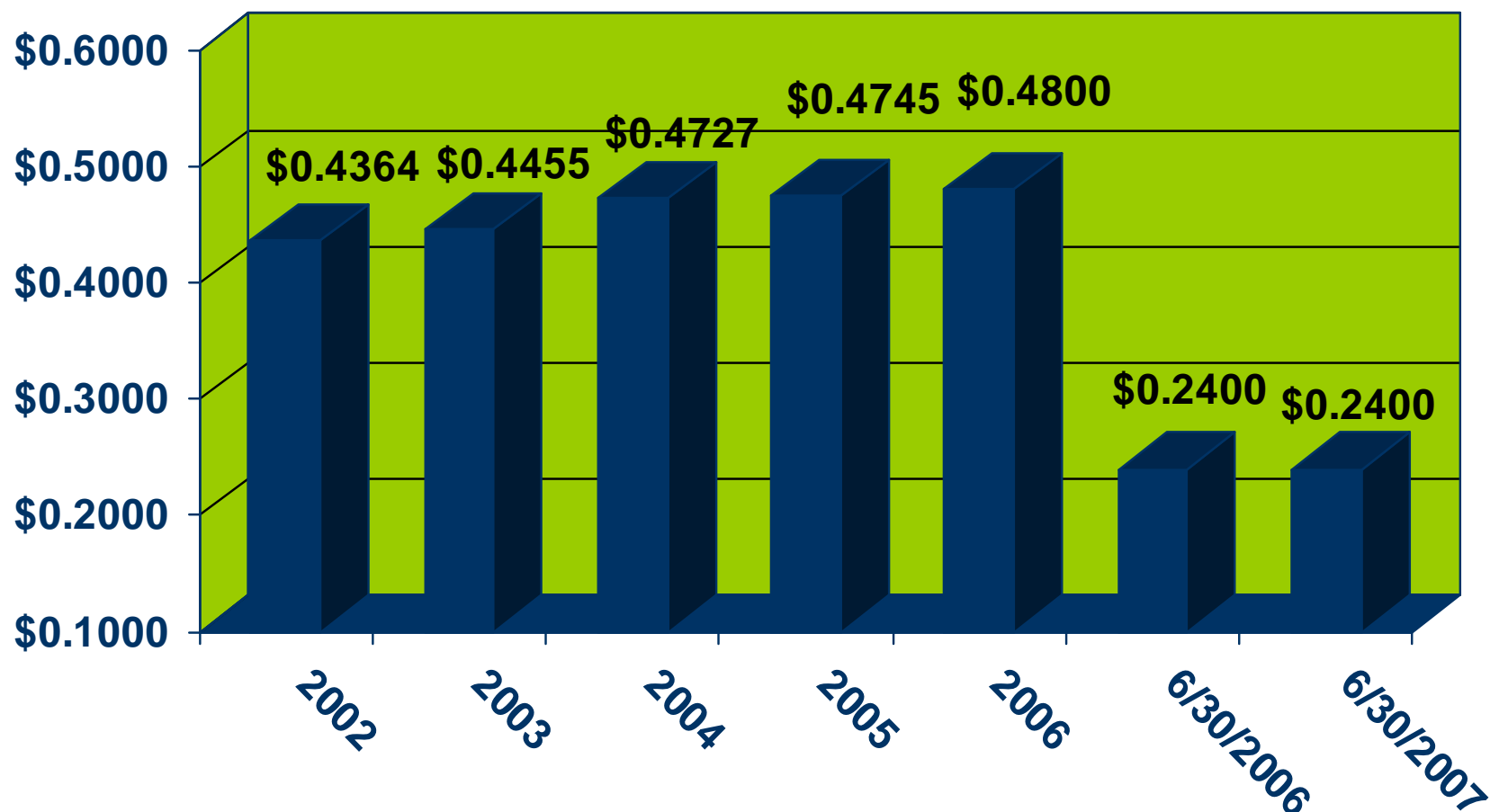




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## Dividends Per Share



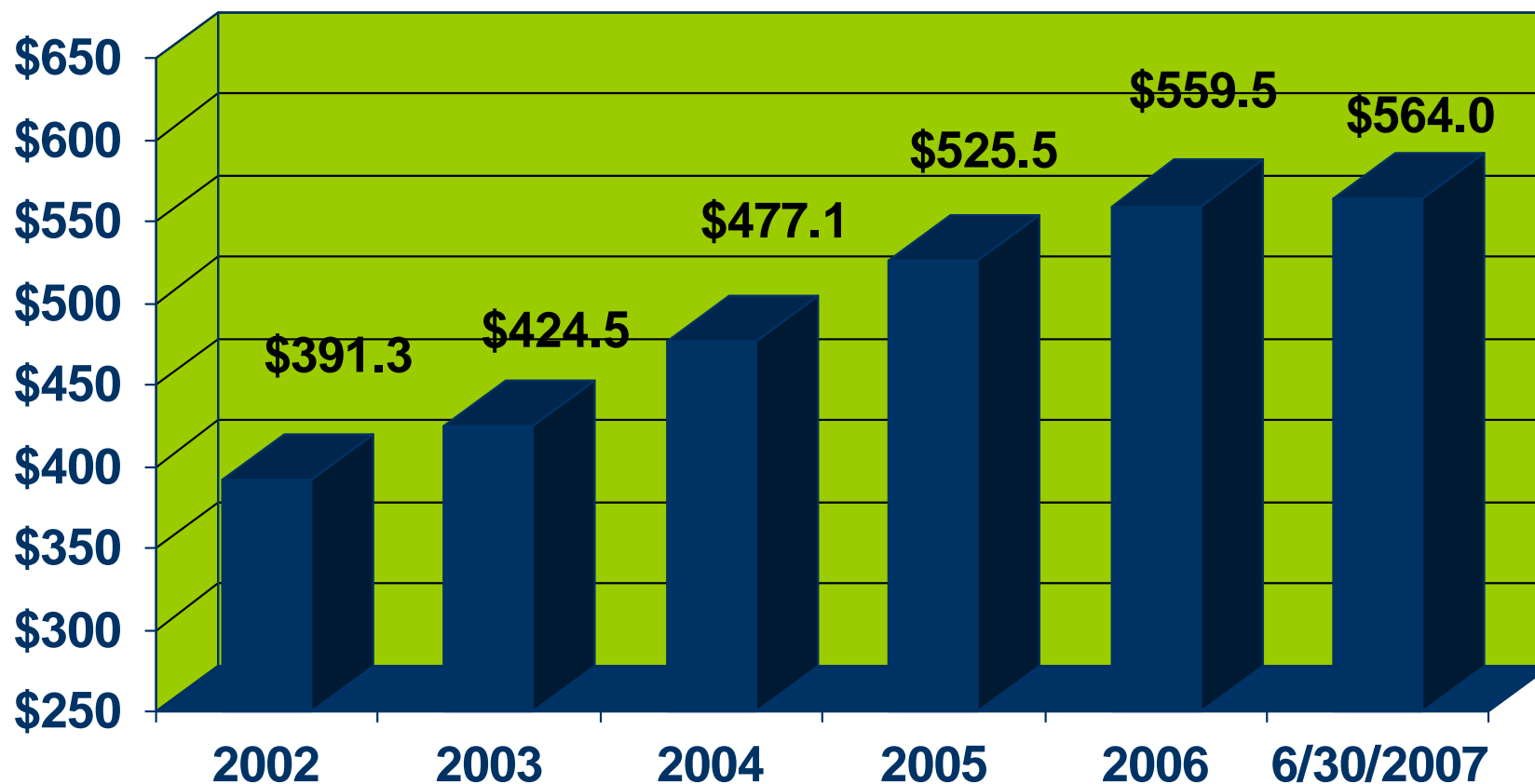
**18 Consecutive Years of Dividend Increases**



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## Total Loans (Dollars in Millions)



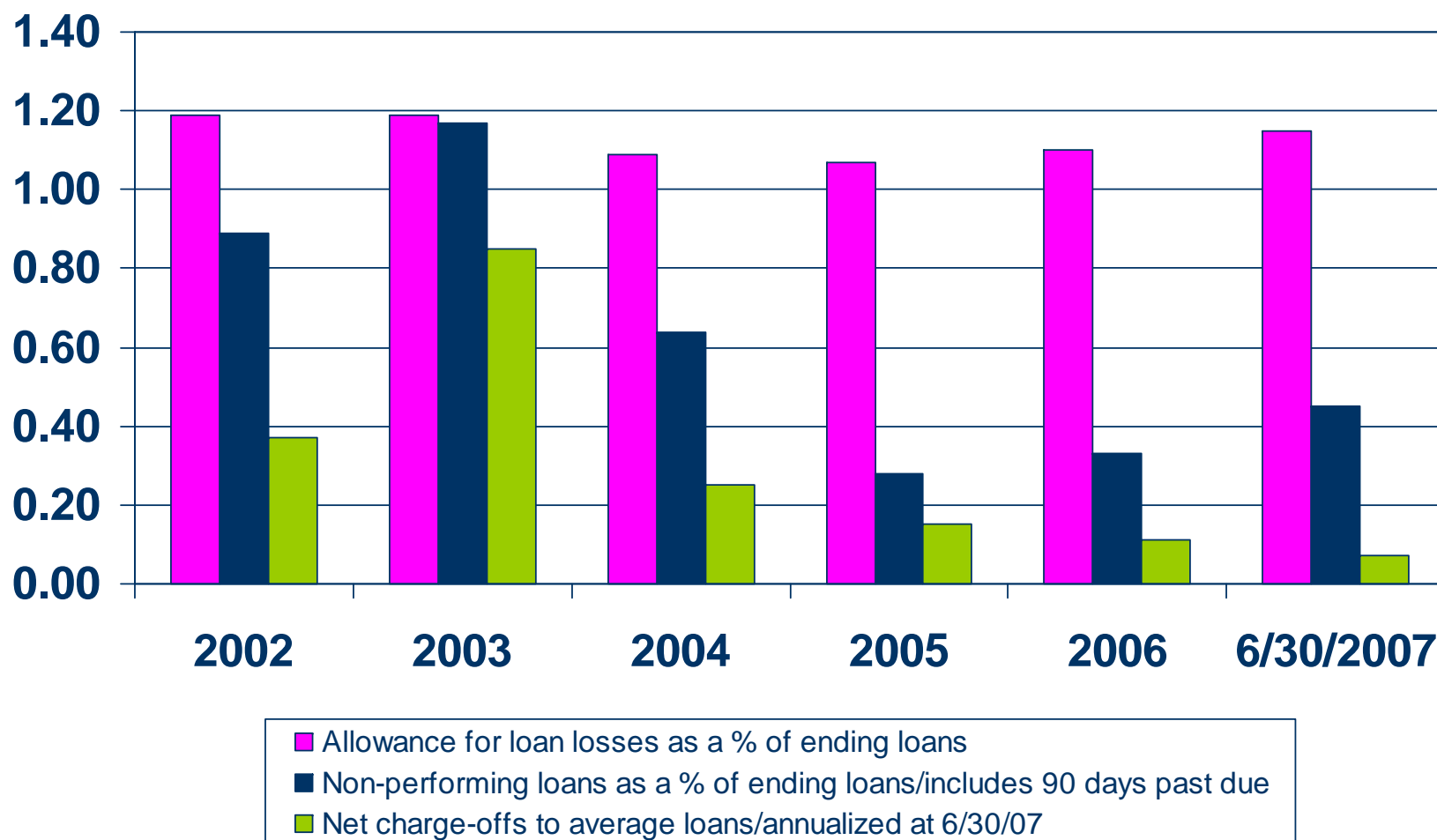
**Compound Annual Growth Rate – 8.46%**



**MONROE BANCORP**

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# Credit Quality

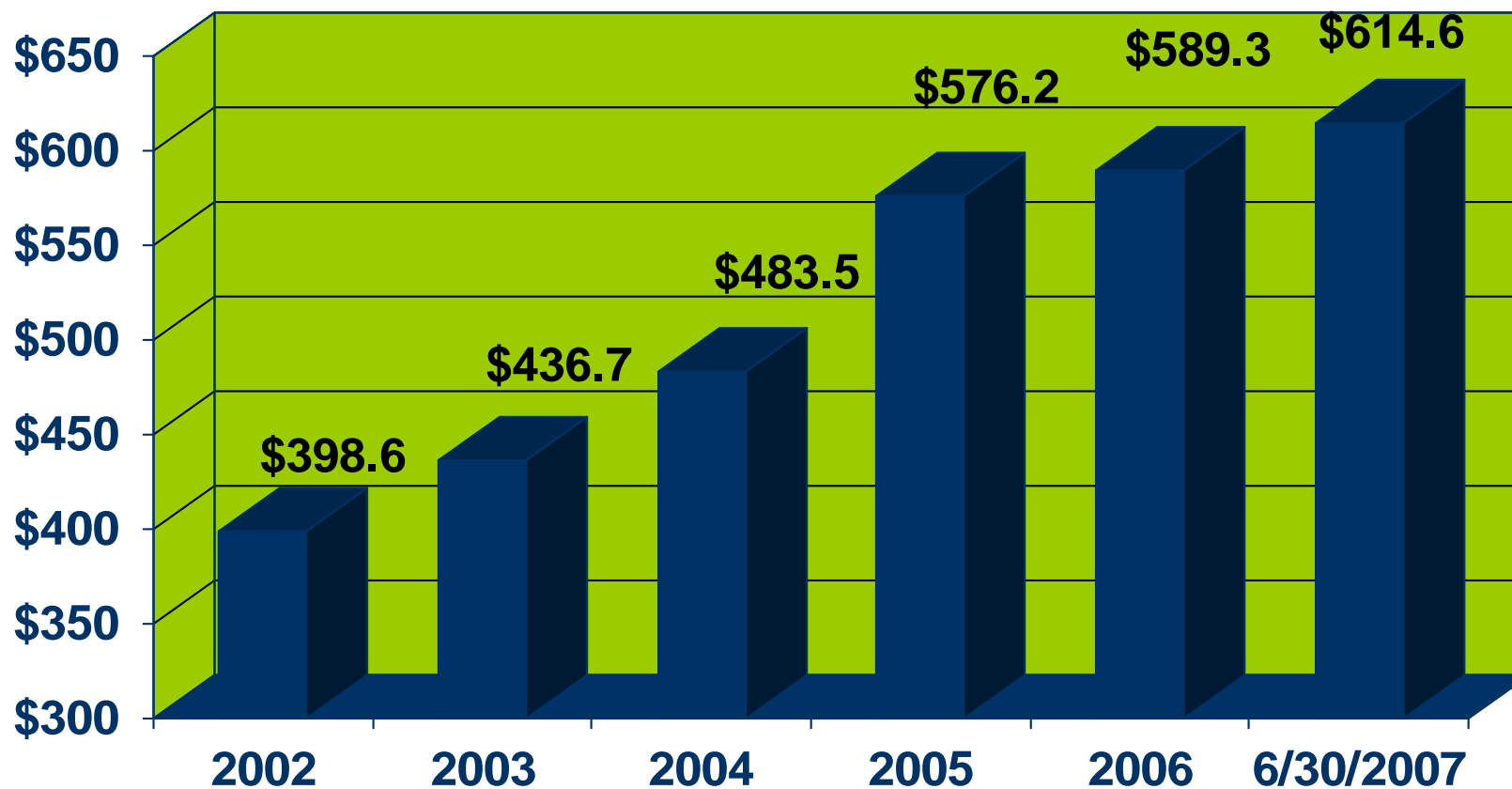




**MONROE BANCORP**

NASDAQ Symbol: MROE

# Total Deposits (Dollars in Millions)



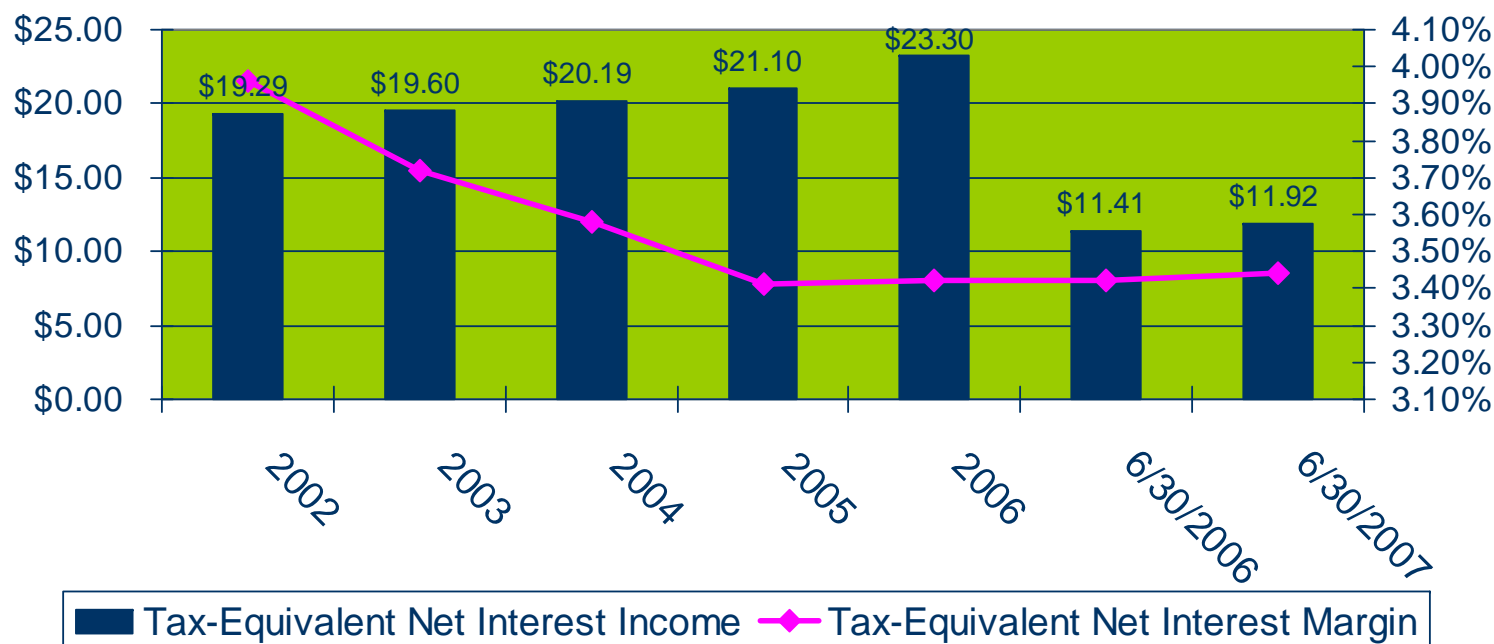
**Compound Annual Growth Rate – 10.10%**



**MONROE BANCORP**

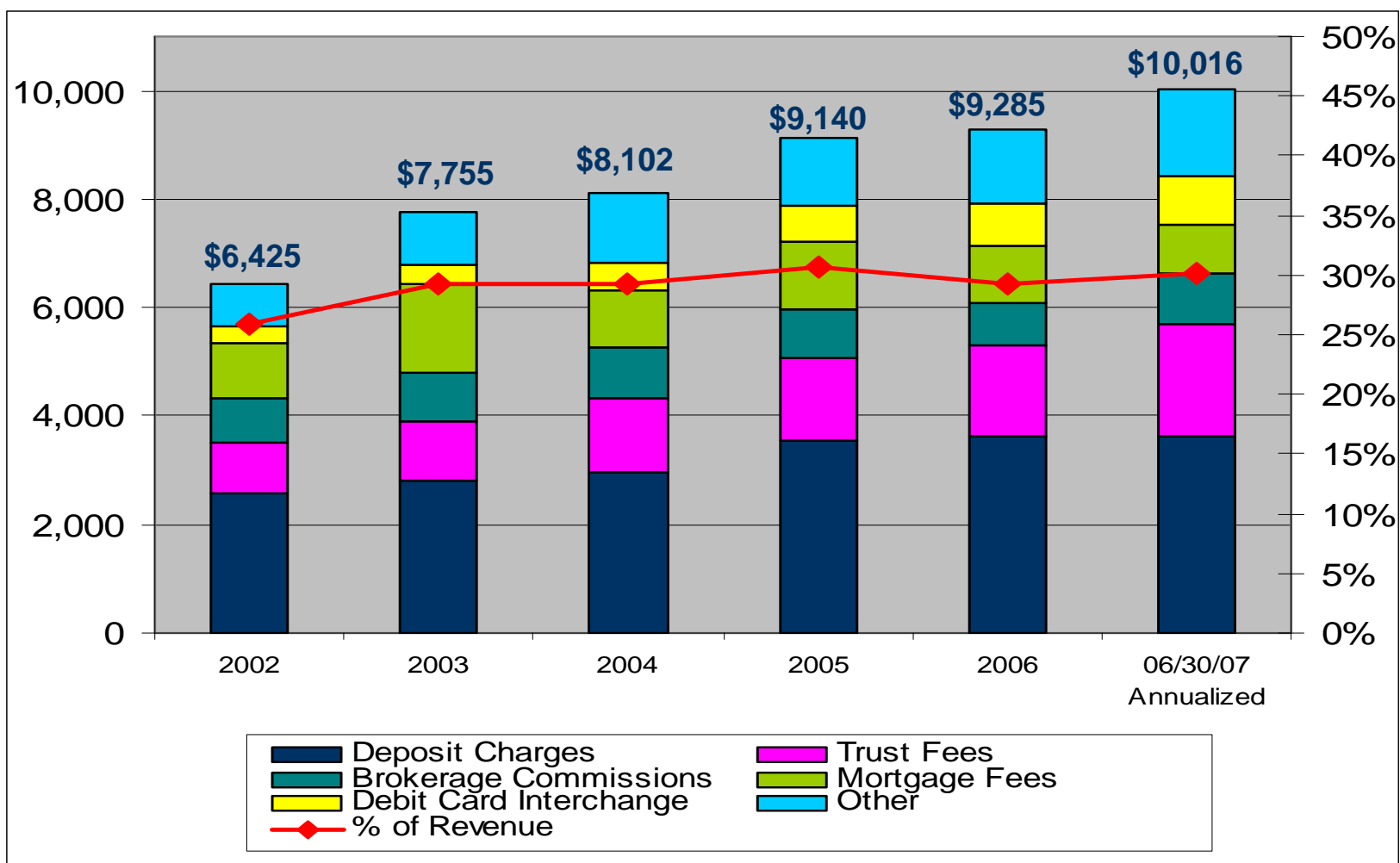
NASDAQ Symbol: MROE

## Tax-Equivalent Net Interest Income/Margin (Dollars in Millions)



Note that the "Net Interest Income / Net Interest Margin" section of the discussion is focused on tax-equivalent rates and margin. Municipal bond and municipal loan interest has been converted to a tax-equivalent rate using a federal tax rate of 34 percent. Management believes a discussion of the changes in tax-equivalent rates and margin is more relevant because it better explains changes in after-tax net income.

# Non-Interest Income (Dollars in Thousands)



# Comparative Financial Performance

	<b>MROE 2006</b>	<b>Peer (1) 2006</b>	<b>MROE 06/30/07</b>
<b>ROAA</b>	1.04%	.82%	1.14%
<b>ROAE</b>	14.59%	9.20%	16.09%
<b>NIM</b>	3.42%	3.56%	3.44%
<b>Efficiency</b>	59.29%	66.30%	60.17%
<b>Price/2007 EPS</b>		14.60x	12.80x

(1) Midwest Public Banks with Assets Between \$500M to \$1.5B (SNL) – Median Values



# Keys to Company's Success

- I. Financial Results
- II. Geographic Expansion
- III. Products – Digital Deposit
- IV. Program – Prime Time
- V. Customer Service/Community Involvement



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# Geographic Expansion

# Expansion Plans

- Targeted Indianapolis Metropolitan Market
- 12<sup>th</sup> Largest City in the U.S.
- Metro Population of 1.6 million
- #10 on Forbes Top 100 Best Places for Business (2006)



# Expansion Plans

- 4.1% unemployment rate (April 2007)
- Major Employers
  - Eli Lilly and Company (14,000)
  - Community Health Network (8,800)
  - Clarian Health Partners (7,503)
  - Fed Ex (6,311)





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# Expansion Plans

Home  
of the 2007  
Super Bowl  
Champions  
&  
Peyton Manning



## Hendricks County Full Service Retail Strategy

- 2006 Population 131,204
- Percent Change 1990 to 2000 37.5% - 2<sup>nd</sup> in State
- Median Household Income in 2004 \$63,058 – 2<sup>nd</sup> in State
- Monroe Bank Deposit Market Share as of June 30, 2006 – 4.7% (10<sup>th</sup>)



# Hendricks County Full Service Retail Strategy

	Opening Date Limited Service Branch	Opening Date Full Service Branch
Brownsburg	May 2002	January 2006
Avon	September 2001	December 2007
Plainfield	October 2001	December 2007



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# Brownsburg Banking Center

(Dollars in Thousands)

	12/31/05	06/30/07	% Change
Number of DDA's	114	554	386.0%
Average Balance of DDA's	\$640	\$1,494	133.4
Monthly Average Deposit Balance	\$25,995	\$44,816	72.4





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## Future Expansion – Hendricks County

(Dollars in Thousands)

	06/30/07 Avon	06/30/07 Plainfield	06/30/07 Total
Number of DDA's	190	177	367
Average Balance of DDA's	\$1,112	\$508	\$1,620
Monthly Average Deposit Balance	\$17,967	\$15,924	\$33,891

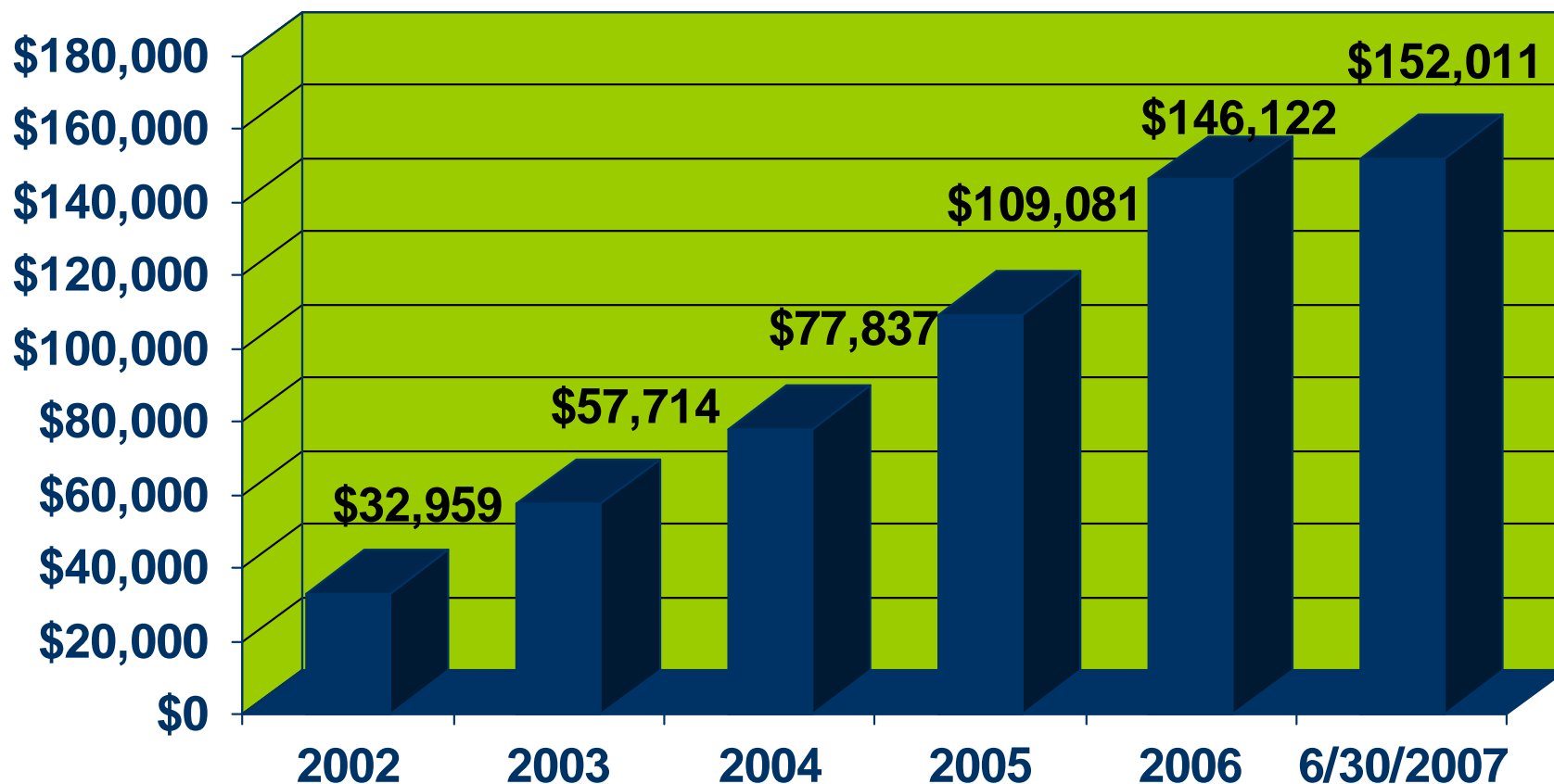


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## Indianapolis Metropolitan Area Loan Growth

(Dollars in Thousands)



**Compound Annual Growth Rate – 35.76%**

## Indianapolis Metropolitan Area Consolidation

- 11/3/06 – Sky Financial completes merger with Union Federal Bank
- 7/1/07 – Huntington Bancshares completes merger with Sky Financial
- 7/9/07 – First Indiana announced its intent to merge with Marshall & Ilsey



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# Products – Digital Deposit

## Effective Use of Technology - Digital Deposit

- Most exciting product I have seen in my 16 years of banking
- Business customers take digital image of checks received
- Transmit online to bank
- Integrates easily into Accounts Receivable systems

# Advantages

- Faster funds availability
- Eliminates trips to the Bank
- Extends deposit window
- Reduced transportation/liability costs
- Faster notification when a check is NSF
- Fingertip access to more information

# Successful Launch

- Launched product in December 2006
- Hosted three demonstrations - 53 attendees
- Installed 31 machines for 41 customers
- Prospect list of 20 customers
- Processed 4,156 items in June 2007
- Future focus
  - **Non-Customers**
  - **Indianapolis Market**
  - **Consumer Application**



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# Programs – Prime Time



## Prime Time

- Celebrating 18th anniversary in 2007
- Travel Club for customers 50 years or older
- Host numerous social and educational events
- Stayed with program through difficult times
  - September 11, 2001
  - Leadership turnover
  - Injuries in foreign countries

## Prime Time - Facts

- 3,781 households - 6,459 members
- \$151.3 million of total deposits
- Prime Time event attendance in 2006 – 1,553
- Prime Time members attending - 732

## Prime Time (continued)



CALIFORNIA ZEPHYR TRIP  
SEPTEMBER 15-22, 2006

- **Strong/stable leadership**
  - Bill Bennett - 10 years with Bank, 9 years with Prime Time
  - Sally Samuels - 8 years with Bank, 7 years with Prime Time
  - Stephanie Carnegie - 10 years with Bank 8 years with Prime Time



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# Customer Service/ Community Involvement



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## Low Cost/High Touch

Year	# Shops	Average Score
<b>2002</b>	<b>1,236</b>	<b>93.0%</b>
<b>2003</b>	<b>1,331</b>	<b>92.6%</b>
<b>2004</b>	<b>1,202</b>	<b>94.2%</b>
<b>2005</b>	<b>1,164</b>	<b>94.5%</b>
<b>2006</b>	<b>1,486</b>	<b>95.4%</b>
<b>06/30/07</b>	<b>856</b>	<b>95.1%</b>

## Give Back to the Community

- Over 8,600 volunteer hours recorded during the Fiscal year ended June 30, 2007
- Signature Event – Day of Caring. For 12 consecutive years all employees provided half day off to volunteer in force.





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## **Dominate Monroe County Market**

(Dollars in Thousands)

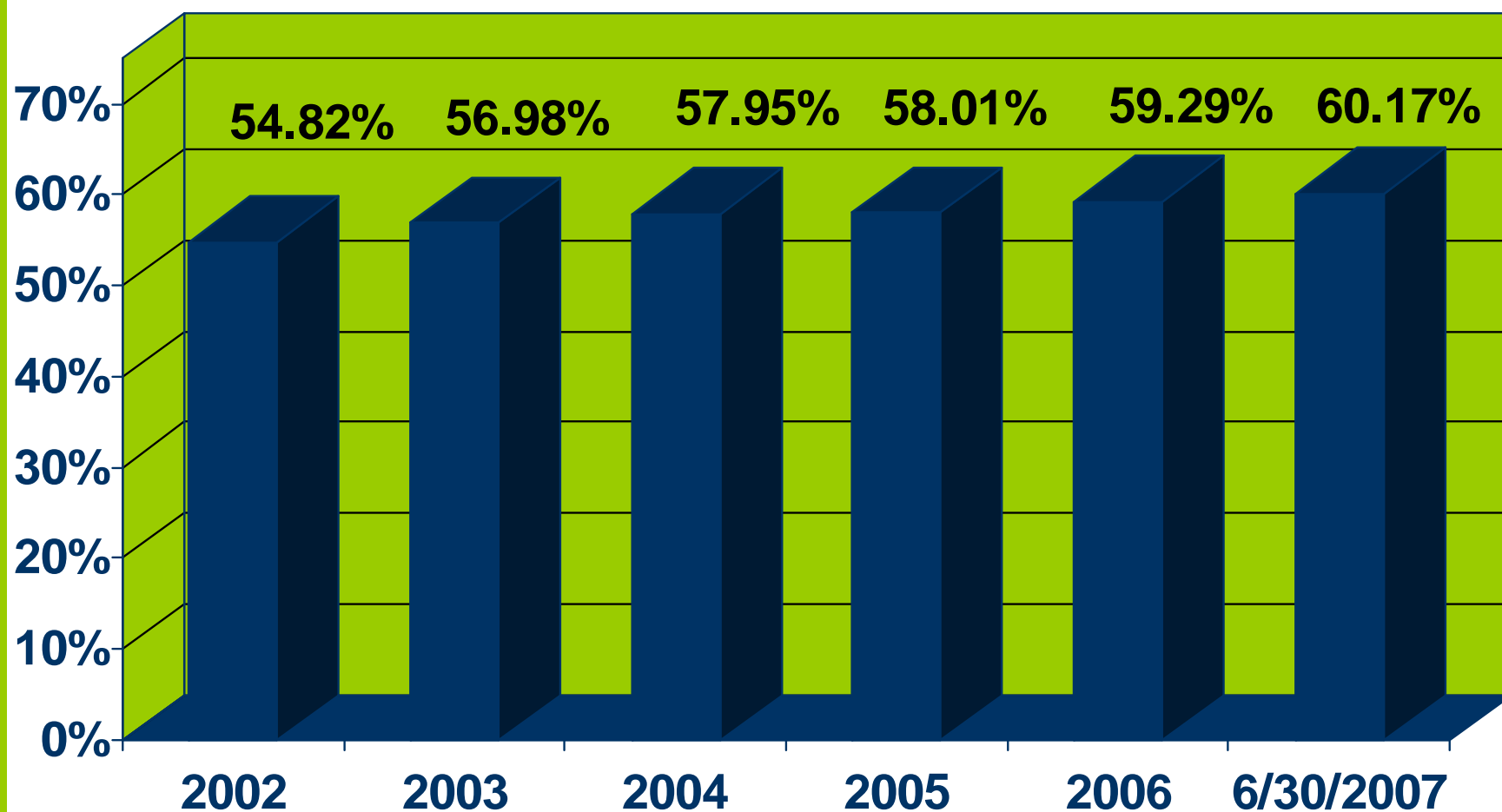
	<u>6/30/96</u>	<u>6/30/06</u>
Monroe Bank		
Total Deposits	\$225,593	\$467,311
Market Share	21.8%	31.2%
Rank	Second	First
Bank One/Chase		
Total Deposits	\$310,014	\$281,600
Market Share	30.0%	18.8%
Rank	First	Second



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# Efficiency Ratio







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# Summary

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- II. Geographic Expansion
- III. Products – Digital Deposit
- IV. Program – Prime Time
- V. Customer Service/Community Involvement