

Contact: Brad E. Schwartz – (757) 389-5111
www.monarchbank.com

Date: May 4, 2006

MONARCH BANK DECLARES 25% STOCK DIVIDEND AND RECEIVES REGULATORY APPROVAL FOR HOLDING COMPANY

Chesapeake, VA – Monarch Bank (Nasdaq MNRK) announced at their annual shareholders meeting, their fourth stock dividend in the Bank's history. The Board of Directors of Monarch Bank, at their April 19, 2006 meeting, declared a 25% stock split, to be effected as a stock dividend. This 5-for-4 stock split equals one additional share for every four shares owned, and is payable June 30, 2006 to shareholders of record on June 9, 2006. Monarch Bank's stock closed at \$22.40 per share on May 4th, a new record high.

The Bank also announced today they have received both state and federal regulatory approval to form the new holding company, and is expecting shareholder approval by June 1, 2006. Five directors, who will also serve on the board of directors for Monarch Financial Holdings, Inc. upon formation in June, were also elected to office for varying terms. Those elected were Joe P. Covington, Jr., Taylor B. Grissom, Elizabeth T. Patterson, Dwight C. Schaubach and Brad E. Schwartz.

Monarch Bank is a community bank with two offices in Chesapeake, three offices in Virginia Beach, and two offices in Norfolk, Virginia. Services are also provided through fifty ATMs located in the South Hampton Roads area and the Outer Banks of North Carolina, "Monarch Online" consumer and business internet banking (www.monarchbank.com), and our 24-hour phone banking system. Our subsidiaries include Monarch Home Funding, LLC (secondary mortgage origination) and Monarch Capital, LLC (commercial mortgage brokerage). Monarch offers investment services through its ownership in BI Investments, LLC (retail brokerage), and insurance services through its ownership in Bankers Insurance, LLC (full-service insurance agency). The shares of Monarch Bank are publicly traded on the NASDAQ Capital Market under the symbol "MNRK".

This press release may contain "forward-looking statements," within the meaning of federal securities laws that involve significant risks and uncertainties. Statements herein are based on certain assumptions and analyses by the Bank and are factors it believes are appropriate in the circumstances. Actual results could differ materially from those contained in or implied by such statements for a variety of reasons including, but not limited to: changes in interest rates; changes in accounting principles, policies, or guidelines; significant changes in the economic scenario; significant changes in regulatory requirements; and significant changes in securities markets. Consequently, all forward-looking statements made herein are qualified by these cautionary statements and the cautionary language in the Bank's most recent Form 10-K and 10-Q reports and other documents filed with Federal Reserve Bank. Monarch Bank does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.