

**Consolidated Balance Sheets**  
**Monarch Financial Holdings, Inc. and Subsidiaries**

(In thousands)  
Unaudited

	September	
	2007	2006
<b>ASSETS:</b>		
Cash and due from banks.....	\$ 9,881	\$ 8,018
Interest bearing bank balances.....	5,899	1,840
Federal funds sold.....	299	876
Investment securities:		
Securities available for sale.....	8,395	13,651
Securities held to maturity.....	12,086	33,568
Total investment securities.....	<u>20,481</u>	<u>47,219</u>
Mortgages held for sale.....	9,341	3,043
Loans.....	392,550	312,836
Less allowance for loan losses.....	<u>(3,732)</u>	<u>(3,157)</u>
Net loans.....	<u>388,818</u>	<u>309,679</u>
Bank premises and equipment.....	9,549	6,077
Restricted equity securities.....	4,330	3,383
Bank owned life insurance.....	6,484	6,235
Intangible Assets.....	1,995	-
Accrued interest receivable and other assets.....	<u>5,071</u>	<u>3,684</u>
Total assets.....	<u>\$ 462,148</u>	<u>\$ 390,054</u>
<b>LIABILITIES:</b>		
Demand deposits--non-interest bearing.....	\$ 69,697	\$ 56,160
Demand deposits--interest bearing.....	9,968	8,349
Money market deposits.....	142,789	167,219
Savings deposits.....	5,629	6,978
Time deposits.....	<u>137,175</u>	<u>67,524</u>
Total deposits.....	<u>365,258</u>	<u>306,230</u>
FHLB borrowings.....	49,900	39,900
Trust preferred subordinated debt.....	10,000	10,000
Accrued interest payable and other liabilities.....	<u>1,669</u>	<u>1,083</u>
Total liabilities.....	<u>426,827</u>	<u>357,213</u>
MINORITY INTERESTS IN SUBSIDIARY.....	58	-
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$5 par value, 2,000,000 shares authorized, none issued .....	-	-
Common stock, \$5 par, 20,000,000 shares authorized, issued 4,797,947 shares outstanding at September 30, 2007 and 4,788,658 shares outstanding at September 30, 2006.....	23,990	23,943
Capital in excess of par value.....	5,032	5,793
Retained earnings.....	6,289	3,245
Accumulated other comprehensive loss.....	<u>(48)</u>	<u>(140)</u>
Total shareholders' equity.....	<u>35,263</u>	<u>32,841</u>
Total liabilities and shareholders' equity.....	<u>\$ 462,148</u>	<u>\$ 390,054</u>