

Consolidated Balance Sheets
Monarch Financial Holdings, Inc. and Subsidiaries

(In thousands)

Unaudited

| | March | |
|---|-------------------|-------------------|
| | 2007 | 2006 |
| ASSETS: | | |
| Cash and due from banks..... | \$ 8,284 | \$ 8,199 |
| Interest bearing bank balances..... | 10,321 | 8,364 |
| Federal funds sold..... | 973 | 451 |
| Investment securities: | | |
| Securities available for sale..... | 8,923 | 13,852 |
| Securities held to maturity..... | 23,578 | 28,057 |
| Total investment securities..... | <u>32,501</u> | <u>41,909</u> |
| Mortgages held for sale..... | 1,226 | 3,662 |
| Loans..... | 338,510 | 273,585 |
| Less allowance for loan losses..... | <u>(3,378)</u> | <u>(2,783)</u> |
| Net loans..... | <u>335,132</u> | <u>270,802</u> |
| Bank premises and equipment..... | 7,104 | 3,755 |
| Restricted equity securities..... | 3,979 | 2,535 |
| Bank owned life insurance..... | 6,358 | 6,115 |
| Accrued interest receivable and other assets..... | <u>3,600</u> | <u>2,926</u> |
| Total assets..... | <u>\$ 409,478</u> | <u>\$ 348,718</u> |
| LIABILITIES: | | |
| Demand deposits--non-interest bearing..... | \$ 59,001 | \$ 59,584 |
| Demand deposits--interest bearing..... | 9,182 | 10,027 |
| Money market deposits..... | 147,257 | 142,937 |
| Savings deposits..... | 6,337 | 8,676 |
| Time deposits..... | 96,488 | 69,192 |
| Total deposits..... | <u>318,265</u> | <u>290,416</u> |
| FHLB borrowings..... | 44,560 | 26,950 |
| Trust preferred subordinated debt..... | 10,000 | - |
| Accrued interest payable and other liabilities..... | 1,183 | 778 |
| Total liabilities..... | <u>374,008</u> | <u>318,144</u> |
| MINORITY INTERESTS IN SUBSIDIARY..... | 33 | - |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, \$5 par value, 2,000,000 shares authorized, none issued | - | - |
| Common stock, \$5 par, 20,000,000 shares authorized, issued 4,078,956 shares outstanding at , March 31, 2007 and 3,937,991 shares outstanding at March 31, 2006 | 20,395 | 19,690 |
| Capital in excess of par value..... | 9,967 | 9,687 |
| Retained earnings..... | 5,187 | 1,443 |
| Accumulated other comprehensive loss..... | <u>(112)</u> | <u>(246)</u> |
| Total shareholders' equity..... | <u>35,437</u> | <u>30,574</u> |
| Total liabilities and shareholders' equity..... | <u>\$ 409,478</u> | <u>\$ 348,718</u> |