

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

(In thousands)  
Unaudited

	September	
	2006	2005
<b>ASSETS:</b>		
Cash and due from banks.....	\$ 8,018	\$ 10,190
Interest bearing bank balances.....	1,840	6,370
Federal funds sold.....	876	238
Investment securities:		
Securities available for sale.....	13,651	35,066
Securities held to maturity.....	33,568	1,100
Total investment securities.....	<u>47,219</u>	<u>36,166</u>
Mortgages held for sale.....	3,043	4,989
Loans.....	312,836	236,663
Less allowance for loan losses.....	<u>(3,157)</u>	<u>(2,414)</u>
Net loans.....	<u>309,679</u>	<u>234,249</u>
Bank premises and equipment.....	6,077	3,375
Restricted equity securities.....	3,383	2,014
Bank owned life insurance.....	6,235	-
Accrued interest receivable and other assets.....	<u>3,684</u>	<u>2,649</u>
Total assets.....	<u>\$ 390,054</u>	<u>\$ 300,240</u>
<b>LIABILITIES:</b>		
Demand deposits--non-interest bearing.....	\$ 56,160	\$ 51,696
Demand deposits--interest bearing.....	8,349	9,377
Money market deposits.....	167,219	98,195
Savings deposits.....	6,978	11,069
Time deposits.....	<u>67,524</u>	<u>77,819</u>
Total deposits.....	306,230	248,156
Federal funds purchased.....	-	1,990
FHLB borrowings.....	39,900	20,000
Trust preferred subordinated debt.....	10,000	-
Accrued interest payable and other liabilities.....	<u>1,083</u>	<u>1,034</u>
Total liabilities.....	<u>357,213</u>	<u>271,180</u>
<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 3,990,548 shares outstanding at September 30, 2006 and 3,927,234 shares outstanding at September 30, 2005	19,953	19,636
Capital in excess of par value.....	9,783	7,461
Retained earnings.....	3,245	2,143
Accumulated other comprehensive loss.....	<u>(140)</u>	<u>(180)</u>
Total shareholders' equity.....	<u>32,841</u>	<u>29,060</u>
Total liabilities and shareholders' equity.....	<u>\$ 390,054</u>	<u>\$ 300,240</u>