

MONARCH FINANCIAL HOLDINGS REPORTS

CONTINUED STRONG FINANCIAL RESULTS

Chesapeake, VA - Monarch Financial Holdings, Inc. (Nasdaq: MNRK), the bank holding company for Monarch Bank, reported net income of \$926,388 for the first quarter of 2007 compared to \$807,424 in 2006, a 14.7% increase. The quarterly annualized return on average assets (ROA) was 1.01%, and the annualized return on average equity (ROE) was 10.80%. Quarterly basic earnings per share were \$0.23, compared to \$0.21 the previous year, a 9.5% increase.

At March 31, 2007 total assets were \$409.5 million, up \$60.8 million or 17.4% from \$348.7 million one year prior. Total loans increased \$64.9 million to \$338.5 million, up 23.7% from the same period in 2006. Deposits increased \$27.8 million to \$318.3 million, up 9.6% from 2006. The Bank's capital position remains strong with shareholders' equity growing to \$35.4 million at March 31, 2007, which represented 8.7% of total assets. Monarch remains "Well Capitalized," the highest rating of capital strength by bank regulatory standards.

"Loan growth remained strong in the first quarter, and we are extremely pleased with the results of our new Kempsville office in Virginia Beach, which just opened in January. Our new investment and insurance brokerage, the Virginia Asset Group, had a great start to the year as well." stated William 'Tree' Rountree, President and Chief Executive Officer. "We are excited about our recent announcement to enter the Outer Banks market trading under the name "OBX Bank", and plan to have our first office in Kitty Hawk, North Carolina, opened in May. We took swift action in reorganizing our mortgage banking operation in January and are now outsourcing our mortgage backroom to protect us from any additional downside market risk. Our asset quality remains pristine with no non-performing loans at quarter end."

Net interest income for the first quarter of 2007 grew 19.1% compared to the same period in 2006 due to growth in the balance sheet as well as a slight increase in the net interest margin to 4.42%. Non-interest income grew by 15.5% from the year earlier period due to increases in investment and insurance commission income and banking service charges and fees, which were offset by a decline in mortgage loan revenue. Monarch Home Funding was reorganized in January with the majority of non-client contact services outsourced on a per loan basis and salaried staff reduced by 75%. Non-interest expense grew 22.2%, with the majority of the increase related to new facilities, additional staffing related to growth, FDIC Insurance expense and franchise taxes. The Company booked a tax benefit related to the accounting for retirement plans that was partially offset by a salary and employee benefits expense in the first quarter of 2007.

Monarch Financial Holdings, Inc. is the one-bank holding company for Monarch Bank. Monarch Bank is a community bank with two offices in Chesapeake, four offices in Virginia Beach, and three offices in Norfolk, Virginia. Beginning in May 2007, OBX Bank will begin operations as a division of Monarch Bank with one office in Kitty Hawk, North Carolina. Services are also provided through fifty ATMs located in the South Hampton Roads area and the Outer Banks of North Carolina, and “Monarch Online” consumer and business internet banking (www.monarchbank.com). Our subsidiaries/divisions include Monarch Bank, OBX Bank, Monarch Home Funding (secondary mortgage origination), Virginia Asset Group, LLC (investment and insurance solutions) and Monarch Capital, LLC (commercial mortgage brokerage). We offer investment services through our ownership in BI Investments, LLC (investments and asset management), and insurance services through our ownership in Bankers Insurance, LLC (full-service insurance agency). The shares of Monarch Financial Holdings, Inc. 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 Company 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 Company’s most recent Form 10-K and 10-Q reports and other documents filed with the Securities and Exchange Commission. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

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