

Contact: Brad E. Schwartz – (757) 222-2100
Executive Vice President/ Chief Operating Officer
www.monarchbank.com

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MONARCH BANK PASSES \$300 MILLION IN ASSETS AND NEARLY TRIPLES NET INCOME

Monarch Bank surpassed \$300 Million in total assets for the first time on September 30, 2005. The Bank also reported a record first nine months net income of \$1,358,681, compared to \$485,509 for the same period in 2004, 2.8 times the previous year's earnings. The annualized return on average assets (ROA) was 0.75%, and the annualized return on average equity (ROE) was 7.20%, a major improvement from the same period in 2004 when these returns were 0.35% and 3.18%, respectively. Year-to-date 2005 basic earnings per share were \$0.52, compared to \$0.20 the previous year, a 160% increase.

Earnings for the third quarter period of 2005 were equally strong with a net income of \$583,176, or 2.9 times the earnings of \$200,453 for the same period in 2004. The annualized return on average assets (ROA) was 0.87%, and the annualized return on average equity (ROE) was 7.88%. Quarterly basic earnings per share were \$0.20, compared to \$0.08 the previous year, a 150% increase.

"2005 continues to be the year for reaching new records. Our communities continue to support Monarch's service-driven operating style and client focus, as shown by our strong loan and deposit growth. Our new Downtown Norfolk and Virginia Beach Town Center offices are already adding to our great results," stated William 'Tree' Rountree, President and Chief Executive Officer. "Our new Prime Money Market Account has been well accepted and has assisted in our growth and in the improvement of our net interest margin during the third quarter. We remain committed to great asset quality, and although we did have one small non-performing consumer loan at quarter-end, it was paid off in early October."

At September 30, 2005 total assets were \$300.2 million, up \$83.5 million or 39% from \$216.7 million at September 30, 2004. Total loans increased \$71.3 million to \$236.7 million, up 43% from the same period in 2004, while deposit growth of \$74.9 million was concentrated in lower cost checking accounts and money market accounts.

The Bank's capital position remains strong with shareholders' equity growing to \$29.1 million at September 30, 2005, which represented 9.7% of total assets. Monarch remains "Well Capitalized," the highest rating of capital strength by bank regulatory standards.

Net interest income for the nine months ending September 30, 2005 grew 62% or \$2.7 million compared to the same period in 2004. Non-interest income increased 23% for the same period, fueled by increased production from Monarch Home Funding, the Bank's residential mortgage subsidiary, and increases in deposit service charges. Non-interest expense grew 24%, with the majority of the increase related to opening three new banking offices since March of 2004 and the hiring of additional lenders, mortgage originators and other critical staffing positions. Due to the strong loan growth, the Bank had a 282% increase in the loan loss provision expense, a non-cash expense that reduced current earnings.

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 forty-two 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 (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 (full-service insurance agency). The shares of Monarch Bank are publicly traded on the NASDAQ 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.