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MONARCH FINANCIAL MORE THAN DOUBLES NET INCOME AND CONTINUES LOAN AND DEPOSIT GROWTH

Chesapeake, VA - Monarch Financial Holdings, Inc. (Nasdaq: MNRK), the bank holding company for Monarch Bank, reported record net income of \$849,878 for the second quarter of 2006, compared to \$403,651 for the same period in 2005, approximately 2.1 times the previous year's earnings. The annualized return on average assets (ROA) was 1.01%, and the annualized return on average equity (ROE) was 10.94%, a noteworthy improvement from the same period in 2005 when these returns were 0.68% and 6.73%, respectively. Basic earnings per share were \$0.22, twice the previous year's \$0.11.

The Company also reported a record net income for the first six months of 2006 of \$1,657,302, compared to \$775,504 for the same period in 2005, 2.1 times the previous year's earnings. The annualized return on average assets (ROA) was 1.02%, and the annualized return on average equity (ROE) was 10.87%, an improvement from the same period in 2005 when these returns were 0.68% and 6.80%, respectively. Year-to-date 2006 basic earnings per share were \$0.42, compared to \$0.23 the previous year, an 83% increase.

At June 30, 2006 total assets were \$378.5 million, up \$114.0 million or 43.1% from \$264.4 million at June 30, 2005. Total loans increased to \$292.8 million, up \$72.4 million or 32.9%, while deposits were over the \$300 million threshold for the first time. Deposit growth remains strong with total deposits of \$317.3 million, up \$115.1 million or 56.9% over previous year levels. Deposit growth was in money market accounts and lower cost demand deposits. Loan quality remains strong, as there were no non-performing loans and one nominal loan loss for the quarter.

The Company's capital position remains strong with shareholders' equity growing to \$31.4 million at June 30, 2006, which represented 8.3% of total assets. Monarch remains "Well Capitalized," the highest rating of capital strength by regulatory standards. On July 5, 2006, the Company added an additional \$10 million in capital from the issuance of trust preferred securities, which further strengthened the Company's capital position.

“The past quarter was an extremely busy time for Monarch. We formed our new one-bank holding company Monarch Financial Holdings, Inc., which now owns 100% of Monarch Bank. Despite a slowing real estate market, we continue to grow our loan portfolio due to our client-focused lending,” stated William ‘Tree’ Rountree, President and Chief Executive Officer. “We also had great deposit growth driven primarily by money market accounts and checking products. During the quarter we added several talented bankers, mortgage loan officers, and an additional investment consultant. We remain committed to maintaining our historically sound asset quality as we grow.”

Net interest income for the first six months of 2006 grew 52.0% or \$2.2 million compared to the same period in 2005 due to growth in balances as well as an expansion of the net interest margin to 4.38% from 4.01%. Non-interest income increased 29.2% for the same period, fueled by increased production from Monarch Home Funding, LLC, the Company’s residential mortgage subsidiary, and income from bank owned life insurance. Non-interest expense grew 36.3%, with the majority of the increase related to opening the new corporate office, a retail banking office and mortgage office since June of 2005, and the hiring of additional lenders, mortgage originators and other critical staffing positions.

Monarch Financial Holdings, Inc. is the one-bank holding company for Monarch Bank. 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 fifty 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 LLC (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 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 Federal Reserve Bank. 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.