

**Contact:** Brad E. Schwartz – (757) 389-5111, [www.monarchbank.com](http://www.monarchbank.com)  
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## **MONARCH FINANCIAL HOLDINGS RELEASES FINANCIAL RESULTS AND ANNOUNCES STOCK REPURCHASE PLAN**

Chesapeake, VA -The directors of Monarch Financial Holdings, Inc. (Nasdaq: MNRK) yesterday approved the repurchase of up to 250,000 shares of its common stock in the open market and in private transactions at prices that management determines to be prudent. William F. Rountree, Jr., President and CEO, commented, "Based on our growth and strong fundamentals we believe our stock is undervalued and repurchasing shares in the open market will have a positive impact on the return on equity and earnings per share. We feel the legal concerns related to our mortgage expansion that have hurt our stock's recent performance will be cleared as the legal process unfolds". Management will consider current market conditions and the Company's current capital level, in addition to other factors, when deciding whether to repurchase stock, and the shares will be retired. The repurchase program will remain in effect until otherwise rescinded by the Board.

The Company reported net income of \$787,195 for the second quarter of 2007, compared to \$849,878 for the same period in 2006. The annualized return on average assets (ROA) was 0.81%, and the annualized return on average equity (ROE) was 8.74%. Basic earnings per share were \$0.19 compared to \$0.22 one year prior. For the first six months of 2007 net income was \$1,713,583, compared to \$1,657,302 for the same period in 2006. The annualized return on average assets (ROA) was 0.93%, and the annualized return on average equity (ROE) was 9.75%. Year-to-date 2007 basic earnings per share were \$0.42, compared to \$0.42 the previous year.

At June 30, 2007 total assets were \$427.5 million, up \$49.1 million or 13.0% from \$378.4 million at June 30, 2006. Total loans increased to \$357.5 million, up \$64.8 million or 22.1% year over year. Total deposits were \$342.9 million, up \$25.6 million or 8.1% over previous year levels. Loan quality remains strong with no non-performing loans or losses for the quarter.

The Company's capital position remains well capitalized with shareholders' equity growing to \$36.3 million at June 30, 2007, which represented 8.5% of total assets. Monarch remains "Well Capitalized," the highest rating of capital strength by regulatory standards.

“This year and especially this most recent quarter were focused on growth at Monarch. We launched OBX Bank in the Outer Banks of North Carolina in May and have been well received in this great new market as the hometown bank. From our name to our directors to our staffing, we are locals serving locals in Northeastern North Carolina. We also greatly expanded our Mortgage operations through Monarch Mortgage with the addition of Ted Yoder, William Morrison and their loyal team. While the startup costs associated with these two major initiatives had an impact on our net income in the second quarter, we feel these are excellent investments for our future and we remain proud of our performance,” stated William ‘Tree’ Rountree, President and Chief Executive Officer. “We continue to grow our loan and deposit portfolios, and remain committed to maintaining our historically sound asset quality as we grow. We are also working diligently to fight the charges against Monarch Bank by Resource Bank/Fulton Financial related to the hiring of our new mortgage group. As stated before, we properly hired this group of high performance mortgage bankers and know we have an extremely strong case.”

Net interest income for the first six months of 2007 grew 17.6% or \$1.2 million compared to the same period in 2006 due to growth in balances. The net interest margin for the second quarter and the first six months of 2007 grew to 4.46% and 4.44% respectively, over the previous year. Non-interest income increased 30.4% for the same period, fueled by increased production from Virginia Asset Group, the Company’s investment subsidiary, and income from bank deposit fees. Non-interest expense grew 28.2%, with the majority of the increase related to opening a new retail banking office in Virginia Beach, the opening of OBX Bank, the expansion of mortgage operations, and the hiring of additional bankers 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, four offices in Virginia Beach, and three offices in Norfolk, Virginia. OBX Bank, a division of Monarch Bank, operates 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](http://www.monarchbank.com)). Our subsidiaries/divisions include Monarch Bank, OBX Bank, Monarch Mortgage (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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