

Consolidated Statements of Income
Monarch Financial Holdings, Inc. and Subsidiaries

Unaudited

	Three Months Ended	
	March 31	
	2008	2007
INTEREST INCOME:		
Interest on federal funds sold.....	\$ 3,500	\$ 5,086
Interest on other bank accounts.....	18,090	17,317
Dividends on restricted securities.....	59,397	36,322
Interest & dividends on investment securities:		
Taxable.....	119,535	161,253
Interest and fees on loans.....	7,392,560	6,759,212
Total interest income.....	<u>7,593,082</u>	<u>6,979,190</u>
INTEREST EXPENSE:		
Interest on deposits.....	3,333,689	2,757,625
Interest on trust preferred subordinated debt.....	162,536	174,094
Interest on other borrowings.....	504,001	277,786
Total interest expense.....	<u>4,000,226</u>	<u>3,209,505</u>
NET INTEREST INCOME.....	3,592,856	3,769,685
PROVISION FOR LOAN LOSSES.....	395,082	143,000
NET INTEREST INCOME AFTER PROVISION		
FOR LOAN LOSSES.....	<u>3,197,774</u>	<u>3,626,685</u>
NON-INTEREST INCOME:		
Service charges on deposit accounts.....	329,054	249,839
Mortgage banking income.....	4,325,326	460,547
Investment and insurance commissions.....	287,358	245,365
Security gains, net.....	3,146	-
Other income.....	103,815	90,994
Total non-interest income.....	<u>5,048,699</u>	<u>1,046,745</u>
NON-INTEREST EXPENSE:		
Salaries and employee benefits.....	4,605,422	2,008,312
Occupancy and equipment.....	788,366	427,155
Loan Expense.....	467,509	127,628
Data processing	167,375	153,951
Other expenses.....	733,970	602,082
Total non-interest expense.....	<u>6,762,642</u>	<u>3,319,128</u>
INCOME BEFORE TAXES		
AND MINORITY INTERESTS.....	<u>1,483,831</u>	<u>1,354,302</u>
MINORITY INTEREST IN SUBSIDIARY'S INCOME.....	(47,430)	(20,430)
NET INCOME BEFORE TAXES	<u>1,436,401</u>	<u>1,333,872</u>
Income tax provision.....	468,200	407,484
NET INCOME.....	<u>\$ 968,201</u>	<u>\$ 926,388</u>
NET INCOME PER COMMON SHARE:		
Basic.....	\$ 0.20	\$ 0.19
Diluted.....	\$ 0.20	\$ 0.18