

Monarch Financial Holdings Earns Sandler O'Neill's Sm-All Star Award for Financial Performance

CHESAPEAKE, VA--(PRNewswire)--July 13, 2007—Monarch Financial Holdings, Inc., parent of Monarch Bank, (NASDAQ:MNRK) today announced it has been named one of the top performing small capitalization banks in the nation by investment banking firm Sandler O'Neill. Sandler O'Neill & Partners is a New York-based investment banking and advisory firm that specializes in financial institutions.

In its "Class of 2007 Bank and Thrift Sm-All Stars" report, Sandler O'Neill recognized the 24 best performing small-capitalization institutions among a field of 610 publicly traded banks and thrifts in the U.S. with market capitalizations less than \$2 billion. This was Monarch's first year to win the prestigious award that was bestowed on only the top 4% of small to mid-size bank's nationwide.

"Inclusion among the top community banks in the country is a wonderful honor. It validates our growth strategy and strategic plan," said William F. "Tree" Rountree, President and CEO. "Credit for this award goes to our team of outstanding and dedicated employees. Our commitment to sound banking practices, aided by strong and expanding local economies has resulted in improving profits and solid balance sheet growth."

Inclusion as a Sm-All Star was based on the company's absolute performance in each of eight financial variables. To assess fundamental momentum in the evaluation, growth trends in (1) EPS, (2) loan and (3) deposits were evaluated. As a measure of profitability, (4) return on average equity was included. In terms of asset quality, (5) nonperforming assets to loans plus OREO ratio and the (6) net charge-off ratio were analyzed. Finally, (7) reserve to nonperforming assets ratio and (8) Tier 1 risk-based capital ratio provided an indication of capital levels. In earning Sm-All Star status, Monarch was above the peer median for all surveyed, and was considered "Well Capitalized" per the Tier 1 risk-based capital ratio.

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, 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). 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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Date: July 13, 2007