

## Financial Highlights

### Monarch Financial Holdings, Inc. and Subsidiaries

(Unaudited)

(Dollars in thousands, except per share data)	Three Months Ended June 30			Six Months Ended June 30		
	2006	2005	Change	2006	2005	Change
<b>EARNINGS</b>						
Interest income	\$ 6,003	\$ 3,470	73.0 %	\$ 11,336	\$ 6,552	73.0 %
Interest expense	2,518	1,166	116.0	4,687	2,177	115.3
Net interest income	3,485	2,304	51.3	6,649	4,375	52.0
Provision for loan losses	179	227	(21.1)	275	400	(31.3)
Noninterest income	848	730	16.2	1,754	1,358	29.2
Noninterest expense	2,886	2,192	31.7	5,663	4,156	36.3
Pre-tax net income	1,268	615	106.2	2,465	1,177	109.4
Income taxes	418	211	98.1	808	402	101.0
Net income	850	404	110.4	1,657	775	113.8
<b>PER COMMON SHARE</b>						
Earnings per share - basic	\$ 0.22	\$ 0.11	100.0 %	\$ 0.42	\$ 0.23	82.6 %
Earnings per share - diluted	0.20	0.11	81.8	0.40	0.22	81.8
Book value				7.98	7.26	9.9
Closing market price (adjusted)				15.80	10.36	52.5
<b>FINANCIAL RATIOS</b>						
Return on average assets	1.01%	0.68%	49.0 %	1.02%	0.68%	50.0 %
Return on average shareholders' equity	10.94%	6.73%	62.6	10.87%	6.80%	59.9
Average equity to average assets	9.26%	10.12%	(8.5)	9.42%	10.04%	(6.2)
Net interest margin (FTE)	4.43%	4.06%	9.1	4.38%	4.01%	9.2
Non-interest revenue/Total revenue	12.4%	17.4%	(28.7)	13.4%	17.2%	(22.1)
<b>PERIOD END BALANCES</b>						
Investment securities				\$ 36,439	\$ 27,013	34.9 %
Total loans				292,756	220,349	32.9
Interest-earning assets				364,649	253,940	43.6
Assets				378,449	264,429	43.1
Total deposits				317,302	202,219	56.9
Other borrowings				28,925	32,750	(11.7)
Shareholders' equity				31,431	28,501	10.3
<b>AVERAGE BALANCES</b>						
Total loans	\$ 286,245	\$ 206,299	38.8 %	\$ 278,495	\$ 198,485	40.3 %
Interest-earning assets	323,562	227,785	42.0	310,339	219,775	41.2
Assets	336,596	237,712	41.6	326,479	229,189	42.4
Total deposits	292,081	194,167	50.4	281,982	187,274	50.6
Other borrowings	12,577	19,364	(35.0)	12,814	18,869	(32.1)
Shareholders' equity	31,165	24,052	29.6	30,741	23,008	33.6
<b>ALLOWANCE FOR LOAN LOSSES</b>						
Beginning balance	\$ 2,783	\$ 1,977	40.8 %	\$ 2,685	\$ 1,804	48.8 %
Provision for loan losses	179	227	(21.1)	275	400	(31.3)
Charge-offs	13	-	0.0	13	-	0.0
Recoveries	-	-	0.0	2	-	0.0
Ending balance	2,949	2,204	33.8	2,949	2,204	33.8
<b>ASSET QUALITY RATIOS</b>						
Nonperforming loans to total loans				0.00	0.00	0 bp
Allowance for loan losses to total loans				1.01	1.00	0.0 %
Allowance for loan losses to nonperforming loans				0.00	0.00	0.0
Charge-off loans to average loans				0.00	0.00	0.0 %
<b>COMPOSITION OF RISK ASSETS</b>						
Nonperforming loans:						
90 days past due				0	0	100.0 %
Nonaccrual				0	0	0.0
OREO				0	0	0.0
Nonperforming assets				-	-	100.0 %

bp - Change is measured as difference in basis points.