FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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FILER

MONROE JAMES BANCORP INC

CIK:**1114868**| IRS No.: **541941875** | State of Incorp.:**VA** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-32641** | Film No.: **04969060**
SIC: **6035** Savings institution, federally chartered

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ARLINGTON VA 22201

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ARLINGTON VA 22201
7035248100

U. S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from _____________to _______________________

Commission file number 000-32641

JAMES MONROE BANCORP, INC.
(Exact Name of Small Business Issuer as Specified in its Charter)

VIRGINIA	54-1941875
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3033 WILSON BLVD., ARLINGTON, VIRGINIA 22201
(Address of Principal Executive Offices)

703-524-8100
(Issuer's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X_ No |_|.

State the number of shares outstanding of each of the issuer's classes of common equity, as of July 31, 2004.

Common stock, $1 par value-- 4,437,369 shares outstanding.

JAMES MONROE BANCORP, INC.
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PART I. Financial Information

Item 1. Financial Statements

JAMES MONROE BANCORP, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2004, December 31, 2003, and June 30, 2003
(Dollars in thousands, except share data)

<TABLE>
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	(Unaudited) JUNE 30, 2004	(Audited) DECEMBER 31, 2003	(Unaudited) JUNE 30, 2003
<S>	<C>	<C>	<C>
ASSETS			
Cash and due from banks	$ 23,604	$ 11,908	$ 22,182
Interest bearing deposits in banks	-	-	547
Federal funds sold	42,129	-	42,424
Securities available for sale, at fair value	84,875	122,328	81,580
Mortgages held for sale	250	561	3,484
Loans, net of allowance for loan losses of $2,305 at June 30, 2004, $1,955 at December 31, 2003 and $1,669 at June 30, 2003	202,320	167,092	144,018
Bank premises and equipment, net	2,196	1,388	1,416
Accrued interest receivable	1,235	1,336	1,084
Other assets	1,860	1,038	319
TOTAL ASSETS	$ 358,469	$ 305,651	$ 297,054
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest bearing deposits	$ 93,427	$ 65,598	$ 106,861
Interest bearing deposits	220,794	189,518	164,238
Total deposits	314,221	255,116	271,099
Federal funds purchased	-	6,886	-
Trust preferred capital notes	9,000	9,000	5,000
Accrued interest payable and other liabilities	703	758	741
Total liabilities	323,924	271,760	276,840
STOCKHOLDERS' EQUITY			
Common stock, $1 par value; authorized 10,000,000 shares; issued and outstanding 4,437,369 at June 30, 2004, 2,943,802 shares at December 31, 2003, 2,303,275 at June 30, 2003	4,437	2,944	2,303
Capital surplus	24,197	25,425	12,946
Retained earnings	6,928	5,491	3,963
Accumulated other comprehensive income (loss)	(1,017)	31	1,002
Total stockholders' equity	34,545	33,891	20,214
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 358,469	$ 305,651	$ 297,054

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

JAMES MONROE BANCORP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

<TABLE>
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	(Unaudited) THREE MONTHS ENDED JUNE 30,		(Unaudited) SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
INTEREST AND DIVIDEND INCOME:				
Loans, including fees	$3,027	$2,383	$5,810	$4,573
Loans held for sale	10	25	18	25
Securities, taxable	802	692	1,825	1,390
Federal funds sold	41	62	50	99
Other interest income	-	-	-	1
Total interest and dividend income	3,880	3,162	7,703	6,088
INTEREST EXPENSE:				
Deposits	887	838	1,718	1,650
Borrowed funds	115	63	246	127
Total interest expense	1,002	901	1,964	1,777
Net interest income	2,878	2,261	5,739	4,311
PROVISION FOR LOAN LOSSES	194	171	493	349
Net interest income after provision for loan losses	2,684	2,090	5,246	3,962
NONINTEREST INCOME:				
Service charges and fees	98	80	182	155
Gain on sale of securities	14	41	54	56
Gain on sale of mortgage loans	108	85	171	85
Other	89	74	183	133
Total noninterest income	309	280	590	429
NONINTEREST EXPENSES:				
Salaries and wages	972	642	1,816	1,228
Employee benefits	163	105	342	209
Occupancy expenses	163	148	328	303
Equipment expenses	92	104	166	200
Other operating expeses	551	449	986	848
Total noninterest expenses	1,941	1,448	3,638	2,788
Income before income taxes	1,052	922	2,198	1,603
PROVISION FOR INCOME TAXES	366	312	758	529
Net income	$ 686	$ 610	$1,440	$1,074
EARNINGS PER SHARE, basic	$ 0.15	$ 0.17	$ 0.32	$ 0.31
EARNINGS PER SHARE, diluted	$ 0.15	$ 0.17	$ 0.31	$ 0.29

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

JAMES MONROE BANCORP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2004 and 2003
(Dollars in thousands)
(Unaudited)

<TABLE>
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	COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCE, JANUARY 1, 2003	$ 1,841	$ 13,354	$ 2,894	$ 1,106		$ 19,195
Comprehensive income:						
Net income			1,074		$ 1,074	1,074
Net change in unrealized gain on available for sale securities, net of deferred taxes of $54				(104)	(104)	(104)
Total comprehensive income					$ 970	
Issuance of common stock	2	52				54
Effect of stock split	460	(460)				-
Cash paid in lieu of fractional shares			(5)			(5)
BALANCE, JUNE 30, 2003	$ 2,303	$ 12,946	$ 3,963	$ 1,002		$ 20,214

<CAPTION>

	COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCE, JANUARY 1, 2004	$ 2,944	$ 25,425	$ 5,491	$ 31		$ 33,891
Comprehensive income:						
Net income			1,440		$ 1,440	1,440
Net change in unrealized (loss) on available for sale securities, net of deferred taxes of $540				(1,048)	(1,048)	(1,048)
Total comprehensive income					$ 392	
Exercise of stock options	12	179				191
Issuance of common stock	3	71				74
Effect of stock split	1,478	(1,478)				-
Cash paid in lieu of fractional shares			(3)			(3)
BALANCE, JUNE 30, 2004	$ 4,437	$ 24,197	$ 6,928	$(1,017)		$ 34,545

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

JAMES MONROE BANCORP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2004 and 2003
(Dollars in thousands)
(Unaudited)

<TABLE>
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	SIX MONTHS ENDED JUNE 30, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,440	$ 1,074
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	131	151
Provision for loan losses	493	349
Amortization of bond premium	176	234
Accretion of bond discount	(18)	(40)
Realized (gain) on sales of securities available for sale	(54)	(56)
Realized (gain) on sales of mortgage loans held-for-sale	(171)	(85)
Originiation of mortgage loans held-for-sale	(8,589)	(17,039)
Proceeds from sales of mortgage loans held-for-sale	9,071	13,640
Deferred income tax (benefit)	(185)	(106)
(Increase) decrease in accrued interest receivable	101	(168)

(Increase) decrease in other assets	(97)	188
Increase (decrease) in accrued interest payable and other liabilities	(55)	13
Net cash provided by (used in) operating activities	2,243	(1,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities available for sale	(14,322)	(59,932)
Proceeds from calls and maturities of securities available for sale	13,917	12,391
Proceeds from sales of securities available for sale	36,169	41,728
Purchases of premises and equipment	(939)	(234)
(Increase) in Federal funds sold	(42,129)	(13,490)
Net (increase) in loans	(35,721)	(24,710)
Net cash (used in) investing activities	(43,028)	(44,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in demand deposits, savings deposits and money market accounts	54,964	55,414
Net increase in time deposits	4,141	1,815
Net (decrease) in Federal funds purchased	(6,886)	-
Proceeds from issuance of common stock	265	54
Cash paid in lieu of fractional shares	(3)	(5)
Net cash provided by financing activities	52,481	57,278
Increase in cash and due from banks	$ 11,696	$ 11,131
CASH AND DUE FROM BANKS		
Beginning	$ 11,908	$ 11,051
Ending	$ 23,604	$ 22,182
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid on deposits and borrowed funds	$ 1,897	$ 1,816
Income taxes paid	$ 851	$ 443
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES, unrealized (loss) on securities available for sale	$ (1,588)	$ (158)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

JAMES MONROE BANCORP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1.

Organization. James Monroe Bancorp, Inc. was incorporated under the laws of the Commonwealth of Virginia on April 9, 1999 to be the holding company for James Monroe Bank. James Monroe Bancorp acquired all of the shares of James Monroe Bank on July 1, 1999 in a mandatory share exchange under which each outstanding share of common stock of James Monroe Bank was exchanged for one share of James Monroe Bancorp common stock. James Monroe Bank, a Virginia chartered commercial bank, which is a member of the Federal Reserve System, is James Monroe Bancorp's sole operating subsidiary. James Monroe Bank commenced banking operations on June 8, 1998. As of June 30, 2004 the Company operated the main office in Arlington, Virginia, one branch in Annandale, Virginia, one branch and a drive-up facility in Leesburg, Virginia, and one branch in Fairfax City, Virginia.

Basis of Presentation. In the opinion of management, the accompanying unaudited consolidated financial statements of James Monroe Bancorp, Inc. and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all the information and footnotes required for complete financial statements. In the opinion of management, all adjustments and reclassifications necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004, or any other period. The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes for the year ended December 31, 2003.

Stock Compensation Plans. At June 30, 2004, the Company had three stock based compensation plans. The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. No stock based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of the grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock Based Compensation, to stock based employee compensation. The per share calculations have been restated to reflect the 3-for-2 stock split discussed in Note 7 and all preceding stock splits.

<TABLE>
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(Dollars in thousands, except per share data)	THREE-MONTH ENDED JUNE 30, 2004	THREE-MONTH ENDED JUNE 30, 2003	SIX-MONTH ENDED JUNE 30, 2004	SIX-MONTH ENDED JUNE 30, 2003
Net income, as reported	$ 685	$ 610	$ 1,440	$ 1,074
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(111)	(9)	(442)	(18)
Pro forma net income	$ 575	$ 601	$ 998	$ 1,056
Earnings per share:				
Basic- as reported	0.15	0.17	0.32	0.31
Basic- pro forma	0.13	0.17	0.23	0.31
Diluted- as reported	0.15	0.17	0.31	0.29
Diluted- pro forma	0.12	0.16	0.21	0.29

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average results:

	2004
Dividend yield	0.00%
Expected life	8.1 years
Expected volatility	37.69%
Risk free interest rate	3.86%

NOTE 2.

Earnings Per Share. The following table discloses the calculation of basic and diluted earnings per share for the three months and six months ended June 30, 2004 and 2003. The average shares outstanding and per share calculations have been restated to reflect the 3-for-2 stock split discussed in Note 7 and all preceding stock splits.

<TABLE>
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(Dollars in thousands, except per share data)	THREE-MONTHS ENDED JUNE 30, 2004	THREE-MONTHS ENDED JUNE 30, 2003	SIX-MONTHS ENDED JUNE 30, 2004	SIX-MONTHS ENDED JUNE 30, 2003
Net Income	$ 686	$ 610	$ 1,440	$ 1,074
Weighted average shares outstanding--basic	4,435,638	3,452,919	4,432,540	3,451,943
Common share equivalents for stock options	240,877	262,952	237,088	244,710

Weighted average shares outstanding--diluted	4,676,515	3,715,871	4,669,628	3,696,653
Earnings per share-basic	$ 0.15	$ 0.17	$ 0.32	$ 0.31
Earnings per share-diluted	$ 0.15	$ 0.17	$ 0.31	$ 0.29

</TABLE>

NOTE 3.

Securities available for sale. Securities available for sale are reported at fair value with unrealized gains and losses (net of income taxes) recorded in stockholders' equity as a component of "accumulated other comprehensive income." Actual gains and losses on the sales of these securities, if any, are computed using the specific identification method and included in "gain (loss) on sale of securities" on the income statement. The amortized cost and carrying value (estimated market value) of securities available for sale at June 30, 2004, December 31, 2003, and June 30, 2003, are summarized in the tables that follow. The Company classifies all securities as available for sale.

<TABLE>
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	June 30, 2004			
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Government and federal agency	$ 66,193	$ 21	$ (1,290)	$ 64,924
Mortgage-backed securities	17,077	115	(416)	16,776
Corporate notes	2,157	55	(25)	2,187
Restricted Stock	988	-	-	988
	$ 86,415	$ 191	$ (1,731)	$ 84,875

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	December 31, 2003			
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Government and federal agency	$ 95,196	$ 322	$ (589)	$ 94,929
Mortgage-backed securities	19,883	206	(162)	19,927
Corporate notes	6,301	279	(9)	6,571
Restricted Stock	901	-	-	901
	$ 122,281	$ 807	$ (760)	$ 122,328

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	June 30, 2003			
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Government and federal agency	$ 47,550	$ 392	$ (20)	$ 47,922
Mortgage-backed securities	19,045	411	(6)	19,450
Corporate notes	12,626	757	(16)	13,367
Restricted Stock	841	-	-	841
	$ 80,062	$ 1,560	$ (42)	$ 81,580

</TABLE>

NOTE 4.

Loans. Major classifications of loans at June 30, 2004, December 31, 2003, and June 30, 2003 are summarized in the following table.

(Dollars in thousands)	JUNE 30, 2004	DECEMBER 31, 2003	JUNE 30, 2003
Construction loans	$ 22,691	$ 18,130	$ 17,342
Commercial loans	30,112	24,885	23,430
Commercial real estate loans	138,783	113,316	93,952
Real estate-1-4 family residential	1,638	3,801	1,251
Home equity loans	4,720	3,193	2,935
Consumer loans	6,482	5,691	6,709
Deposit overdrafts	199	31	68
	204,625	169,047	145,687
Less allowance for loan losses	(2,305)	(1,955)	(1,669)
Net Loans	$ 202,320	$ 167,092	$ 144,018

Changes in the allowance for loan losses are as follows:

(Dollars in thousands)	SIX-MONTHS ENDED JUNE 30, 2004	YEAR ENDED, DECEMBER 31, 2003	SIX-MONTHS ENDED JUNE 30, 2003
Beginning balance	$ 1,955	$ 1,390	$ 1,390
Loan charge-offs:			
Commercial	(135)	(71)	(34)
Consumer	(9)	(41)	(36)
Total charge-offs	(144)	(112)	(70)
Recoveries of loans previously charged-off:			
Commercial	-	15	-
Consumer	1	-	-
Total recoveries	1	15	-
Net charge-offs	(143)	(97)	(70)
Provision for loan losses	493	662	349
Ending balance	$ 2,305	$ 1,955	$ 1,669

The following table presents the amounts of nonperforming assets at the dates indicated.

(Dollars in thousands)	JUNE 30, 2004	DECEMBER 31, 2003	JUNE 30, 2003
Nonaccrual loans			
Commercial	$334	$510	$188
Consumer	-	-	-
Total nonaccrual loans	334	510	188
Loans past-due 90-days or more			
Commercial	30	-	-
Consumer	1	34	-
Total loans past-due 90-days or more	31	34	-
Restructured loans	-	-	228
Total nonperforming assets	$365	$544	$416

NOTE 5.

Deposits. Interest bearing deposits consist of the following:

<TABLE>
<CAPTION>

(Dollars in thousands)	JUNE 30, 2004	DECEMBER 31, 2003	JUNE 30, 2003
<S>	<C>	<C>	<C>
NOW accounts	$ 17,098	$ 12,068	$ 11,716
Savings accounts	3,326	2,846	1,809
Money market accounts	147,717	126,091	110,577
Certificates of deposit under $100,000	12,096	13,115	13,291
Certificates of deposit $100,000 and over	38,986	33,694	25,130
Individual retirement accounts	1,571	1,704	1,715
	$220,794	$189,518	$164,238

</TABLE>

NOTE 6.

Trust Preferred Capital Securities. On March 25, 2002, James Monroe Statutory Trust I, a subsidiary of the Company, was formed for the purpose of issuing redeemable trust preferred securities and purchasing the Company's junior subordinated debentures, which are its sole assets. The Company owns all of Trust I's outstanding common securities. On March 26, 2002, $5 million of the trust preferred securities were issued in a pooled underwriting totaling approximately $500 million. The securities bear interest at a rate equal to the three month LIBOR plus 360 basis points, subject to a cap of 11% which is set and payable on a quarterly basis. During 2003, the interest rates ranged from 5.00% to 4.61%. The rate for the quarterly period beginning March 26, 2004, was 4.71%. The securities have a maturity date of March 25, 2032, and are subject to varying call provisions beginning March 26, 2007.

On July 16, 2003, James Monroe Statutory Trust II, a newly formed subsidiary of the Company, was formed for the purpose of issuing redeemable trust preferred securities and purchasing the Company's junior subordinated debentures, which are its sole assets. The Company owns all of Trust II's outstanding common securities. On July 31, 2003, $4 million of the trust preferred securities were issued in a private placement transaction. The securities bear interest at a rate equal to the three month LIBOR plus 310 basis points, subject to a cap of 12% which is set and payable on a quarterly basis. During 2003, the interest rates ranged from 4.21% to 4.24%. The rate for the quarterly period beginning March 31, 2004 was 4.21%. The securities have a maturity date of July 31, 2033, and are subject to ranging call provisions beginning July 31, 2008.

The trust preferred securities may be included in Tier 1 capital for regulatory capital adequacy determination purposes up to 25% of Tier 1 capital. The portion of the securities not considered as Tier 1 capital will be included in Tier 2 capital. At June 30, 2004, all of the trust preferred securities qualified as Tier 1 capital.

The Company and the Trusts believe that, taken together, the Company's obligations under the junior subordinated debentures, the Indentures, the Trust Declarations and the Guarantees entered into in connection with the issuance of the trust preferred securities constitute a full and unconditional guarantee by the Company of the Trusts' respective obligations with respect to the trust preferred securities.

Subject to certain exceptions and limitations, the Company may elect from time to time to defer interest payments on the junior subordinated debt securities, which would result in a deferral of distribution payments on the related trust preferred securities.

NOTE 7.

Common Stock Split. On June 1, 2004 the Company issued 1,478,317 additional shares necessary to effect a 3-for-2 common stock split for shareholders of record on May 14, 2004. The earnings per common share for all periods presented have been restated to reflect the stock split.

On May 16, 2003, the Company issued 459,968 additional shares necessary to effect a 5-for-4 common stock split for shareholders of record April 25, 2003. The earnings per common share for all periods prior to May 2003 have been restated to reflect the stock split.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis and other portions of this report contain forward looking statements within the meaning of the Securities Exchange Act of 1934, as amended, including statements of goals, intentions, and expectations as to future trends, plans, events or results of Company operations and policies and regarding general economic conditions. In some cases, forward looking statements can be identified by use of such words as "may," "will," "anticipate," "believes," "expects," "plans," "estimates," "potential," "continue," "should," and similar words or phases. These statements are based upon current and anticipated economic conditions, nationally and in the Company's market, interest rates and interest rate policies, competitive factors, government agencies and other third parties, which by their nature are not susceptible to accurate forecast, and are subject to significant uncertainty. Because of these uncertainties and the assumptions on which this discussion and the forward looking statements are based, actual future operations and results in the future may differ materially from those indicated herein. Readers are cautioned against placing undue reliance on any such forward looking statement.

INTRODUCTION

This Management's Discussion and Analysis reviews the financial condition and results of operations of the Company and its subsidiaries as of and for the three and six months ended June 30, 2004 and 2003. Some tables cover more than these periods to comply with Securities and Exchange Commission disclosure requirements or to illustrate trends over a period of time. When reading this discussion, reference should be made to the consolidated financial statements and related notes that appear herein and to our consolidated financial statements and footnotes thereto for the year ended December 31, 2003.

CRITICAL ACCOUNTING POLICIES

There were no changes to the Company's critical accounting policies in the second quarter of 2004. Critical accounting policies are those applications of accounting principles or practices that require considerable judgment, estimation, or sensitivity analysis by management. In the financial service industry, examples, albeit not an all inclusive list, of disclosures that may fall within this definition are the determination of the adequacy of the allowance for loan losses, valuation of mortgage servicing rights, valuation of derivatives or securities without a readily determinable market value, and the valuation of the fair value of intangibles and goodwill. Except for the determination of the adequacy of the allowance for loan losses, the Company does not believe there are other practices or policies that require significant sensitivity analysis, judgments, or estimations.

Allowance for Loan Losses. The Company has developed a methodology to determine, on a quarterly basis, an allowance to absorb probable loan losses inherent in the portfolio based on evaluations of the collectibility of loans, historical loss experience, peer bank loss experience, delinquency trends, economic conditions, portfolio composition, and specific loss estimates for loans considered substandard or doubtful. All commercial and commercial real estate loans that exhibit probable or observed credit weaknesses are subject to individual review. If necessary, reserves would be allocated to individual loans based on management's estimate of the borrower's ability to repay the loan given the availability of collateral and other sources of cash flow. Any reserves for impaired loans are measured based on the present rate or fair value of the underlying collateral. The Company evaluates the collectibility of both principal and interest when assessing the need for a loss accrual. A composite allowance factor that considers the Company's and other peer bank loss experience ratios, delinquency trends, economic conditions, and portfolio composition are applied to the total of commercial and commercial real estate loans not specifically evaluated. A percentage of this composite allowance factor is also applied to the aggregate of unused commercial lines of credit which the Company has an obligation to honor but where the borrower has not elected to draw on their lines of credit.

Homogeneous loans, such as consumer installment, residential mortgage loans, home equity loans, and smaller consumer loans are not individually risk graded. Reserves are established for each homogeneous pool of loans based on the expected net charge offs from a current trend in delinquencies, losses or historical experience and general economic conditions. The Company has no material delinquencies in these types of loans, and has not, since inception, had a trend or an indication of a trend that would guide the Company in expected material losses in these types of homogeneous pools of loans.

The Company's allowance for loan losses is determined based upon a methodology developed by management as described above and is approved by the board of directors each quarter.

COMPANY HIGHLIGHTS SINCE DECEMBER 31, 2003 ARE:

- Assets grew $52.8 million (17%).
- Loans grew $35.6 million (21%).
- Deposits grew $59.1 million (23%).
- Net interest margin was 3.85% for the first six months of 2004 compared to 3.73% for the full year 2003 and 3.83% during the first six months of 2003.
- Asset quality remained strong as nonperforming assets declined $179 thousand to $365 thousand and the allowance for loan losses totaled 1.13% of total loans outstanding.
- The Company ended the quarter with excellent liquidity and adequate capital to support further growth.
- The Company opened a sixth banking office in Chantilly, Virginia on July 26, 2004. In addition to the branch site, the Company leased 7,000 square feet of space on the second floor of the branch building to accommodate expanding administrative, operational support and mortgage services departments. The move into the new operations space was accomplished on July 10, enabling the Bank to maintain its focus on excellent customer service while continuing to grow at a rapid rate.
- The Company received regulatory approval to establish a seventh banking office in Manassas, Virginia which is expected to open in September 2004. The Bank has hired three lenders who have spent a significant part of their banking careers working in the Manassas market.
- The Company's expansion into the Chantilly and Manassas markets, along with the opening of the new operations center, are growth oriented initiatives taken after additional capital was raised in the fourth quarter of 2003. While these pro-active initiatives have increased operating expenses, as evidenced by the rise in the bank's efficiency ratio to 61% for the second quarter of 2004, the Company's focus remains on a long term strategy of expanding our franchise throughout the Northern Virginia market.
- The Company issued a three for two stock split for shareholders of record on May 14, 2004, payable June 1, 2004.

FINANCIAL OVERVIEW

The following discussion provides information about the results of operations and financial condition, liquidity, and capital resources of Bancorp and should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2003.

BALANCE SHEET

June 30, 2004 vs. December 31, 2003 and June 30, 2003. Total assets increased to $358.5 million at June 30, 2004, an increase of $52.8 million from December 31, 2003, and an increase of $61.4 million from June 30, 2003. The increase in assets since December 31, 2003 resulted from the Company's emphasis on deposit generation as much as loan generation. During the six months ended June 30, 2004, deposits increased $59.1 million over December 31, 2003, with noninterest bearing deposits increasing $27.8 million, and interest bearing deposits increasing $31.3 million. With the growth in deposits, the Company was able to fund $35.6 million net increase in loans. Securities declined $37.5 million due to a combination of the sale of securities and the call of a number of government agency securities, resulting in the short term liquidity position of the Company improving $49.0 million. Net loans increased $58.9 million at June 30, 2004 from June 30, 2003, as deposits increased $43.1 million between the same periods. During the three months ended June 30, 2004, loans increased $15.3 million as deposits increased $30.8 million.

RESULTS OF OPERATIONS

Six Months 2004 vs. Six Months 2003. For the six months ended June 30, 2004, the Company had net income of $1,440 thousand, or $.31 per diluted share, compared to $1,074 thousand, or $.29 per diluted share, for the comparable period of 2003. The comparable earnings per share are impacted by the 600,000 shares issued in November 2003, coupled with the 3-for-2 stock split this year, resulting in approximately 900,000 more shares outstanding in computing the 2004 earnings per share. Annualized return on average assets was .91% for the six months ended June 30, 2004, compared to .90% for the same six month period in 2003. Return on average equity was 8.27% for the six months ended June 30, 2004, compared with 10.93% for the same six month period in 2003. The substantial increase in capital resulting from the completion of the November 2003 offering and the time lag until such additional capital can be fully leveraged significantly contributed to the reduced returns on equity in 2004.

Second Quarter 2004 vs. Second Quarter 2003. For the quarter ended June 30, 2004, the Company had net income of $686 thousand, or $.15 per diluted share, compared to $610 thousand, or $.17 per diluted share, for the comparable quarter of 2003. As mentioned above, comparable earnings per share are impacted by shares issued in November 2003, coupled with the 3-for-2 stock split this year, resulting in more shares outstanding in computing the 2004 earnings per share. Annualized return on average assets was .84% for the three months ended June 30, 2004, compared to .96% for the same quarter in 2003. Return on average equity was 7.85% for the quarter ended June 30, 2004, compared with 12.00% for the second quarter of 2003.

During the second quarter of 2004, the Company continued to focus on managing its net interest margin, especially in light of the low interest rate environment we have experienced over the past two and a half years. In 2001, the Federal Reserve reduced interest rates 11 times, for a total reduction of 475 basis points, an unprecedented reduction both in terms of the number of, and amount of, rate changes in a 12 month period. The Federal Reserve reduced interest rates an additional 50 basis points in November 2002, and further reduced rates by 25 basis points in June 2003. These dramatic reductions in a relatively short period continued to impact the loan and investment portfolios in 2003, as loans repriced on a delayed basis or renewed at lower interest rates, and as investment securities matured or were called, and were reinvested at lower rates. This was partially offset by continued repricing upon renewal of certificates of deposit. These rate reductions resulted in a reduction in the net interest margin, which declined from 5.09% in 2000 to 4.56% in 2001 to 3.90% in 2002 to 3.73% in 2003. Despite these reductions, the Company's practice of managing its interest rate risk process has mitigated the negative effect of such a severely declining rate environment. In fact, the net interest margin improved in the second quarter of 2004 compared to the second quarter of 2003, increasing to 3.81%.

Although the Company has continued to grow in asset size since its inception in 1998 it has been able to control its operating efficiency. The Company's efficiency ratio improved in the first six months of 2004 to 57.5% compared to 58.8% during the first six months of 2003. The efficiency ratio is a non-GAAP financial measure, which we believe provides investors with important information regarding our operational efficiency. We compute our efficiency ratio by dividing noninterest expense by the sum of net interest income on a tax equivalent basis and noninterest income, which includes securities gains or losses and gains or losses on the sale of mortgage loans. Comparison of our efficiency ratio with those of other companies may not be possible, because other companies may calculate the efficiency ratio differently.

QUARTERLY RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

	2004		2003		
(Dollars in thousands except share data)	SECOND	FIRST	FOURTH	THIRD	SECOND
<S>	<C>	<C>	<C>	<C>	<C>
RESULTS OF OPERATIONS:					
Net interest income	$ 2,878	$ 2,861	$ 2,602	$ 2,495	$ 2,261
Provision for loan losses	194	299	190	123	171
Other income	309	281	360	358	280
Noninterest expense	1,941	1,697	1,568	1,608	1,448
Income before taxes	1,052	1,146	1,204	1,122	922
Net income	686	754	792	735	610
PER SHARE DATA:					
Earnings per share, basic (1)	$ 0.15	$ 0.17	$ 0.21	$ 0.21	$ 0.17
Earnings per share, diluted (1)	$ 0.15	$ 0.16	$ 0.19	$ 0.19	$ 0.17
Weighted average shares (1)					
outstanding - basic	4,435,638	4,429,442	3,956,060	3,499,775	3,452,919
- diluted	4,676,515	4,662,740	4,187,978	3,738,317	3,715,871
AT PERIOD END					
Loans	$ 204,625	$ 189,314	$ 169,047	$ 154,012	$ 145,687
Earning assets	331,879	316,427	291,936	272,959	273,722
Total assets	358,469	334,104	305,651	288,914	297,054
Deposits	314,221	283,381	255,116	258,527	271,099

Stockholders' equity	34,545	35,581	33,891	20,696	20,214
Book value per share (1)	$ 7.79	$ 8.02	$ 7.67	$ 5.91	$ 5.85
Shares outstanding (1)	4,437,369	4,435,331	4,415,703	3,500,463	3,454,913
PERFORMANCE RATIOS:					
Return on average assets	0.84%	0.98%	1.05%	1.01%	0.96%
Return on average equity	7.85%	8.70%	11.50%	14.50%	12.00%
Net interest margin	3.81%	3.91%	3.64%	3.65%	3.77%
Efficiency ratio (2)	60.90%	54.01%	52.93%	56.36%	56.99%
OTHER RATIOS:					
Allowance for loan losses to total loans	1.13%	1.12%	1.16%	1.15%	1.15%
Equity to assets	9.64%	10.66%	11.09%	7.16%	6.80%
Nonperforming loans to total loans	0.18%	0.18%	0.30%	0.27%	0.29%
Net charge-offs to total loans	0.00%	0.08%	0.07%	0.02%	0.01%
Risk adjusted capital ratios:					
Tier 1	19.4%	20.4%	21.9%	14.7%	13.5%
Total	20.4%	21.4%	22.9%	16.9%	14.4%
Leverage ratio	13.6%	14.2%	14.3%	9.4%	9.5%

</TABLE>

(1) Information has been adjusted to reflect the 3-for-2 stock split paid on June 1, 2004, and the 5-for-4 stock split paid on May 16, 2003.

(2) Computed by dividing noninterest expense by the sum of net interest income on a tax equivalent basis and noninterest income, including securities gains or losses and gains or losses on the sale of loans. This is a non-GAAP financial measure, which we believe provides investors with important information regarding our operational efficiency. Comparison of our efficiency ratio with those of other companies may not be possible, because other companies may calculate the efficiency ratio differently.

NET INTEREST INCOME, AVERAGE BALANCES AND YIELDS

Net interest income is the difference between interest and fees earned on assets and the interest paid on deposits and borrowings. Net interest income is one of the major determining factors in the Bank's performance as it is the principal source of revenue and earnings. Unlike the larger regional or mega-banks that have significant sources of fee income, community banks, such as James Monroe Bank, rely on net interest income from traditional banking activities as the primary revenue source.

Tables 1 and 2 provide certain information relating to the Company's average consolidated statements of financial condition and reflect the interest income on interest earning assets and interest expense of interest bearing liabilities for the six months and quarters ended June 30, 2004 and 2003 and the average yields earned and rates paid during those periods. These yields and costs are derived by dividing income or expense by the average daily balance of the related asset or liability for the periods presented. The Company did not have any tax exempt income during any of the periods presented in Tables 1 and 2. Nonaccrual loans have been included in the average balances of loans receivable.

Six Months 2004 vs. Six Months 2003. For the six month period ended June 30, 2004, net interest income increased $1.4 million, or 33%, to $5.7 million from $4.3 million earned during the same period in 2003. This was primarily a result of the increase in the volume of earning assets, and partially offset by the effect of declining interest rates, loan repricing, and short term investments. During the six months ended June 30, 2004, total average earning assets increased by $72.4 million, or 32%, from the same period of 2003. Average loans outstanding grew by $53.4 million, or 40%, during the first six months of 2004 compared to the same period in 2003, but, at the same time, the yield on such loans decreased by 63 basis points. Average securities increased $28.0 million, or 39%, during the first six months of 2004 compared to the same period in 2003 while the yield on the securities portfolio declined by 97 basis points. Many securities were called throughout 2003 and into 2004. These called bonds were reinvested in lower yielding securities. Additional securities were purchased from the liquidity generated throughout the past year and invested in securities at yields greater than federal funds, but less than yields generated by loans.

During the six months ended June 30, 2004, total interest bearing liabilities increased $47.7 million, or 30% from the same period of 2003. Interest bearing deposits increased $38.1 million and borrowings, which includes fed funds purchased and trust preferred capital notes, increased $9.6 million. Interest expense paid on these liabilities for the first six months of 2004 was $2.0 million compared with $1.8 million for the same period of 2003.

The yield on earning assets declined 24 basis points from 5.41% for the six month period ending June 30, 2004 to 5.17% during the same period in 2004. The overall yield on loans dropped 63 basis points and the securities portfolio declined 97 basis points reflecting the overall decline in interest rates from the first six months of 2003 to the same period this year. The cost of funds declined 33 basis points from 2.22% for the six month period ending June 30, 2004 to 1.89% during the same period in 2004.

The resulting effect of the changes in interest rates between the six month periods ended June 30, 2004 and 2003, offset by changes in the volume and mix of earning assets and interest bearing liabilities resulted in a virtually stable net interest margin of 3.85% in 2004 versus 3.83% in 2003. Management believes this stability is indicative of the Company's interest rate risk management process.

TABLE 1: AVERAGE BALANCE SHEETS, NET INTEREST INCOME, AND YIELDS/RATES

<TABLE>
<CAPTION>

	Six Months Ended June 30, 2004			Six Months Ended June 30, 2003		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans:						
Commercial	$ 49,451	$ 1,362	5.54%	$ 39,109	$ 1,243	6.41%
Commercial real estate	125,075	4,071	6.55%	81,955	2,889	7.11%
Consumer	13,399	377	5.66%	13,472	441	6.60%
Total loans	187,925	5,810	6.22%	134,536	4,573	6.85%
Mortgage loans held for sale	653	18	5.48%	1,092	25	6.85%
Taxable securities	100,675	1,825	3.65%	72,645	1,390	4.62%
Federal funds sold and cash equivalents	10,250	50	0.99%	18,852	100	1.07%
TOTAL EARNING ASSETS	299,503	7,703	5.17%	227,125	6,088	5.41%
Less allowance for loan losses	(2,107)			(1,508)		
Cash and due from banks	16,738			12,296		
Premises and equipment, net	1,648			1,386		
Other assets	2,912			1,585		
TOTAL ASSETS	$ 318,694			$ 240,884		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing demand deposits	$ 12,351	$ 41	0.66%	$ 8,933	$ 39	0.88%
Money market deposit accounts	131,037	1,116	1.71%	105,321	1,029	1.97%
Savings accounts	3,064	19	1.24%	1,465	11	1.51%
Time deposits	48,276	542	2.26%	40,916	571	2.81%
Trust preferred capital notes	9,000	210	4.68%	5,000	127	5.12%
Other borrowed funds	5,593	36	1.30%	-	-	0.00%
TOTAL INTEREST-BEARING LIABILITIES	209,321	1,964	1.89%	161,635	1,777	2.22%
Net interest income and net yield on interest earning assets		$ 5,739	3.85%		$ 4,311	3.83%
Noninterest-bearing demand deposits	73,250			58,619		
Other liabilities	1,134			819		
Stockholders' equity	34,989			19,811		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUTIY	$ 318,694			$ 240,884		

</TABLE>

Second Quarter 2004 vs. Second Quarter 2003. For the quarter ended June 30, 2004, net interest income increased $617 thousand, or 27%, to $2.9 million from $2.3 million earned during the same period in 2003. This was primarily a result of the increase in the volume of earning assets, and partially offset by the effect of declining interest rates, loan repricing, and short term investments. During the quarter ended June 30, 2004, total average earning assets increased by $64.0 million, or 27%, from the same period of 2003. Average loans outstanding grew by $57.8 million, or 41%, during the second quarter of 2004 compared to the same period in 2003, but, at the same time, the yield on such loans decreased by 66 basis points. Average securities increased $11.6 million, or 15%, during the second quarter of 2004 compared to the same period in 2003 while the yield on the securities portfolio increased slightly by 3 basis points.

During the quarter ended June 30, 2004, average interest bearing liabilities increased $46.8 million, or 28% from the same period of 2003. Interest bearing deposits increased $39.3 million and borrowings, which includes fed funds purchased and trust preferred capital notes, increased $7.5 million. Interest expense paid on these liabilities during the second quarter of 2004 was $1.0 million compared with $900 thousand for the same period of 2003.

The yield on earning assets declined 15 basis points from 5.27% for the quarter ending June 30, 2004 to 5.12% during the same period in 2004. The overall yield on loans dropped 66 basis points reflecting the overall decline in interest rates from the second quarter of 2003 to the same period this year. The cost of funds declined 28 basis points from 2.17% for the quarter ending June 30, 2004 to 1.89% during the same period in 2004.

The resulting effect of the changes in interest rates between the quarters ended June 30, 2004 and 2003, offset by changes in the volume and mix of earning assets and interest bearing liabilities resulted in a virtually stable net interest margin of 3.81% in 2004 versus 3.77% in 2003. Management believes this stability is indicative of the Company's interest rate risk management process.

TABLE 2: AVERAGE BALANCE SHEETS, NET INTEREST INCOME, AND YIELDS/RATES

<TABLE>
<CAPTION>

(Dollars in thousands)	Three Months Ended June 30, 2004 Average Balance	Interest	Yield/ Rate	Three Months Ended June 30, 2003 Average Balance	Interest	Yield/ Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans:						
Commercial	$ 51,496	$ 761	5.94%	$ 40,066	$ 632	6.33%
Commercial real estate	133,266	2,075	6.26%	87,049	1,531	7.05%
Consumer	13,769	191	5.58%	13,632	220	6.47%
Total loans	198,531	3,027	6.13%	140,747	2,383	6.79%
Mortgage loans held for sale	730	10	5.51%	2,170	25	4.62%
Taxable securities	86,956	802	3.71%	75,366	692	3.68%
Federal funds sold and cash equivalents	18,555	41	0.89%	22,491	62	1.11%
TOTAL EARNING ASSETS	304,772	3,880	5.12%	240,774	3,162	5.27%
Less allowance for loan losses	(2,200)			(1,586)		
Cash and due from banks	20,561			13,091		
Premises and equipment, net	1,812			1,408		
Other assets	3,462			1,813		
TOTAL ASSETS	$ 328,407			$ 255,500		

LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing demand deposits	$ 12,993	$ 22	0.68%	$ 9,689	$ 21	0.87%
Money market deposit accounts	135,707	582	1.72%	109,087	528	1.94%
Savings accounts	3,370	10	1.19%	1,607	6	1.50%
Time deposits	49,014	273	2.24%	41,434	283	2.74%
Trust preferred capital notes	9,000	105	4.69%	5,000	63	5.05%
Other borrowed funds	3,499	10	1.15%	-	-	0.00%
TOTAL INTEREST-BEARING LIABILITIES	213,583	1,002	1.89%	166,817	901	2.17%
Net interest income and net yield on interest earning assets		$ 2,878	3.81%		$ 2,261	3.77%
Noninterest-bearing demand deposits	78,490			67,480		
Other liabilities	1,229			807		
Stockholders' equity	35,105			20,396		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUTIY	$ 328,407			$ 255,500		

</TABLE>

Table 3 shows the composition of the net change in net interest income for the periods indicated, as allocated between the change in net interest income due to changes in the volume of average earning assets and interest bearing liabilities, and the changes in net interest income due to changes in interest rates. As the table shows, the increase in net interest income of $617 thousand for the three months ended June 30, 2004, as compared to the three months ended June 30, 2003, is due to the growth in the volume of earning assets and interest bearing liabilities. While the decrease in interest rates has, to date, affected total interest income, and to a lesser extent, total interest expense, management has controlled its exposure to changes in interest rates such that the negative effect of the decline in interest rates and the decline in loan yields, as adjustable rate loans have repriced downward over the past several years, resulted in a modest $110 thousand reduction of net interest income, whereas the growth in earning assets and deposits resulted in an increase of $727 thousand to net interest income. Interest expense during these comparable quarters, second quarter 2004 versus second quarter 2003, increased $101 thousand or 11%, from $901 thousand in interest expense in 2003 to $1.0 million in interest expense in 2004. The overall cost of interest bearing liabilities decreased 28 basis points from 2.17% in 2003 to 1.89% in 2004.

The increase in net interest income of $1.4 million for the six months ended June 30, 2004, as compared to the six months ended June 30, 2003, is due to growth in earning assets and interest bearing liabilities. Management has controlled its exposure to changes in interest rates such that the negative effect of the decline in interest rates and the decline in loan yields, as adjustable rate loans have repriced downward over the past several years, resulted in a modest $358 thousand reduction of net interest income, whereas the growth in earning assets and deposits resulted in an increase of $1.8 million to net interest income. Interest expense during the first six months of 2004 compared to the same period in 2003 grew $187 thousand with a $629 thousand increase attributable to growth in interest bearing liabilities offset by $442 thousand decrease in interest expense as a result of reducing interest rates on interest bearing liabilities.

TABLE 3

<TABLE>
<CAPTION>

	Three Months Ended June 30, 2004 vs. 2003			Six Months Ended June 30, 2004 vs. 2003		
	Increase or	Due to Change in Average		Increase or	Due to Change in Average	
(Dollars in thousands)	(Decrease)	Volume	Rate	(Decrease)	Volume	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>

EARNING ASSETS:						
Loans	$ 644	$ 981	$ (337)	$ 1,237	$ 1,829	$ (592)
Mortgage loans	(15)	(67)	52	(7)	(15)	8
Taxable securities	110	107	3	435	647	(212)
Federal funds sold and cash equivalents	(21)	(11)	(10)	(50)	(46)	(4)
Total interest income	718	1,010	(292)	1,615	2,415	(800)
INTEREST BEARING LIABILITIES:						
Interest bearing demand deposits	1	7	(6)	2	15	(13)
Money market deposit accounts	54	129	(75)	87	253	(166)
Savings deposits	4	-	4	8	12	(4)
Time deposits	(10)	52	(62)	(29)	103	(132)
Borrowed funds	52	95	(43)	119	246	(127)
Total interest expense	101	283	(182)	187	629	(442)
Net interest income	$ 617	$ 727	$ (110)	$ 1,428	$ 1,786	$ (358)

</TABLE>

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The provision for loan losses is based upon a methodology that includes among other factors, a specific evaluation of commercial and commercial real estate loans that are considered special mention, substandard or doubtful. All other loans are then categorized in pools of loans with common characteristics. A potential loss factor is applied to these loans which considers the historical charge off history of the Company and its peer group, trends in delinquencies and loan grading, current economic conditions, and factors that include the composition of the Company's loan portfolio. At June 30, 2004, the Company had a $184,000 impaired loan on nonaccrual status and an additional $181,000 in loans on nonaccrual status or past due 90 days or more and still accruing. See Note 4 to the unaudited consolidated financial statements for additional information regarding the Company's asset quality and allowance for loan losses.

A methodology established in 2003 determining an appropriate allowance for loan losses was approved by the Audit Committee and the Board of Directors. The quarterly provision is approved by the Board. The methodology is reevaluated on a quarterly basis. Pending the development of a negative trend with respect to past due loans or charge offs or significant changes in economic conditions, the Company continues to maintain an allowance it believes is adequate.

As reflected in Table 4 below, the allowance is allocated among the various categories of loans based upon the methodology described herein.

TABLE 4

The following table shows the allocation of the allowance for loan losses at the dates indicated. The allocation of portions of the allowance to specific categories of loans is not intended to be indicative of future losses, and does not restrict the use of the allowance to absorb losses in any category of loans. See Note 4 to the unaudited consolidated financial statements included in this report for additional information regarding the allowance for loan losses and nonperforming assets.

<TABLE>
<CAPTION>

	JUNE 30, 2004		DECEMBER 31, 2003		JUNE 30, 2003	
(Dollars in thousands)	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Construction loans	$ 58	11.1%	$ 50	10.8%	$ 45	11.3%
Commercial loans	1,182	14.7%	984	14.7%	678	18.7%
Commercial real estate loans	1,006	67.8%	823	67.0%	841	61.8%
Real estate 1-4 family residential	18	0.8%	4	2.2%	4	3.4%
Home equity loans	15	2.3%	9	1.9%	9	2.1%
Consumer loans	26	3.3%	85	3.4%	92	2.8%
Balance end of the period	$2,305	100%	$1,955	100%	$1,669	100%

</TABLE>

LOANS

The loan portfolio is the largest component of earning assets and accounts for the greatest portion of total interest income. At June 30, 2004, total loans were $204.6 million, a 40.5% increase from the $145.7 million in loans outstanding at June 30, 2003. Total loans at June 30, 2004 represented a 21.0% increase from the $169.0 million of loans at December 31, 2003. In general, loans are internally generated with the exception of a small percentage of participation loans purchased from other local community banks. Lending activity is largely confined to our market of Northern Virginia. We do not engage in highly leveraged transactions or foreign lending activities.

Loans in the commercial category, as well as commercial real estate mortgages, consist primarily of short term (five year or less final maturity) and/or floating or adjustable rate commercial loans made to small to medium sized companies. We do not have any agricultural loans in the portfolio. There are no substantial loan concentrations to any one industry or to any one borrower.

Virtually all of the Company's commercial real estate mortgage and development loans, which account for approximately 68% of our total loans at June 30, 2004, relate to property in the Northern Virginia market. As such, they are subject to risks relating to the general economic conditions in that market, and the market for real estate in particular. While the region has experienced some decline in economic activity during 2002 and 2003, the local real estate market remains generally strong, and the Company attempts to mitigate risk though careful underwriting, including primary reliance on the borrower's financial capacity and ability to repay without resort to the property, and lends primarily with respect to properties occupied or managed by the owner.

The Company's 1-4 family residential real estate loans are generally not the typical purchase money first mortgage loan or refinancing, but are loans made for other purposes and the collateral obtained is a first deed of trust on the residential property of the borrower. The underlying loan would have a final maturity much shorter than the typical first mortgage and may be a variable or fixed rate loan. As reflected in Table 5, 31% of the Company's loans are fixed rate loans and 69% of the Company's loans reprice or have a maturity date that falls within five years.

Consumer loans consist primarily of secured installment credits to individuals. The consumer portfolio, which includes consumer loans, home equity loans, and 1-4 family residential loans, represents 6.4% of the loan portfolio at June 30, 2004, as compared to 8.3% at June 30, 2003 and 7.5% at December 31, 2003.

TABLE 5

Table 5 shows the maturities of the loan portfolio and the sensitivity of loans to interest rate fluctuations at June 30, 2004. Maturities are based on the earlier of contractual maturity or repricing date. Demand loans, loans with no contractual maturity and overdrafts are represented in one year or less.

<TABLE>
<CAPTION>

	JUNE 30, 2004			
(Dollars in thousands)	WITHIN ONE YEAR	AFTER ONE YEAR THROUGH FIVE YEARS	AFTER FIVE YEARS	TOTAL
<S>	<C>	<C>	<C>	<C>
Construction loans	$ 22,691	$ -	$ -	$ 22,691
Commercial loans	26,687	3,425	-	30,112
Commercial real estate loans	55,427	78,242	5,114	138,783
Real estate 1-4 family residential	375	944	319	1,638
Home equity loans	4,720	-	-	4,720
Consumer loans	4,833	1,649	-	6,482
Deposit overdrafts	199	-	-	199
Total	$114,932	$ 84,260	$ 5,433	$204,625

<CAPTION>

(Dollars in thousands)	WITHIN ONE YEAR	AFTER ONE YEAR THROUGH FIVE YEARS	AFTER FIVE YEARS	TOTAL
<S>	<C>	<C>	<C>	<C>
Fixed rate	$ 24,577	$ 34,259	$ 5,433	$ 64,269
Variable/Adjustable rate	90,355	50,001	-	140,356

Total	$114,932	$ 84,260	$ 5,433	$204,625

</TABLE>

INVESTMENT SECURITIES

The Company currently, and for all periods shown, classifies its entire securities portfolio as available for sale. Increases in the portfolio have occurred whenever deposit growth has outpaced loan demand and the forecast for loan growth is such that the investment of excess liquidity in investment securities (as opposed to short term investments such as federal funds) is warranted. In general, our investment philosophy is to acquire high quality government agency securities or high grade corporate bonds, with a maturity of five to six years or less in the case of fixed rate securities. In the case of mortgage backed securities, the policy is to invest only in those securities whose average expected life is projected to be approximately five to six years or less. Mortgage backed securities with a maturity of ten years or more are either adjustable rate securities or the expected life of the mortgage pool is generally no more than five or six years. To the extent possible, we attempt to "ladder" the one time call dates for all our securities. The Company's investment policy is driven by its interest rate risk process and the need to minimize the effect of changing interest rates to the entire balance sheet.

The following table provides information regarding the composition of our investment portfolio at the dates indicated.

TABLE 6

<TABLE>
<CAPTION>

(Dollars in thousands)	AT JUNE 30, 2004 Balance	AT JUNE 30, 2004 Percent of Portfolio	AT JUNE 30, 2003 Balance	AT JUNE 30, 2003 Percent of Portfolio
<S>	<C>	<C>	<C>	<C>
AVAILABLE FOR SALE (FAIR VALUE):				
U.S. Agency	$64,924	76.5%	$47,922	58.7%
Mortgage-backed securities	14,795	17.4%	14,598	17.9%
Adjustable rate mortgage-backed securities	1,981	2.3%	4,852	6.0%
Corporate bonds	2,187	2.6%	13,367	16.4%
Restricted stock	988	1.2%	841	1.0%
TOTAL	$84,875	100.0%	$81,580	100.0%

</TABLE>

TABLE 7

The following table provides information regarding the maturity composition of our investment portfolio, at fair value, at June 30, 2004.

MATURITY OF SECURITIES
Years to Maturity

<TABLE>
<CAPTION>

(Dollars in thousands)	Within 1 Year Amount	Within 1 Year Yield	Over 1 Year through 5 Years Amount	Over 1 Year through 5 Years Yield	Over 5 Years through 10 Years Amount	Over 5 Years through 10 Years Yield	Over 10 Years Amount	Over 10 Years Yield	Total Amount	Total Yield
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
AVAILABLE FOR SALE (FAIR VALUE):										
U. S. Agency	$36,377	3.99%	$28,547	3.86%	$ -	-	$ -	-	$64,924	3.93%
Mortgage-backed securities	46	6.47%	1,268	4.74%	487	4.21%	12,994	4.78%	14,795	4.76%
Adjustable rate mortgage-backed securities	-	-	-	-	-	-	1,981	4.41%	1,982	4.41%
Corporate bonds	-	-	2,187	5.36%	-	-	-	-	2,187	5.36%
Restricted stock	-		-	-	-	-	988	5.41%	988	5.41%
Total debt securities Available for sale	$36,423	3.99%	$32,002	4.00%	$ 487	4.21%	$15,963	4.77%	$84,875	4.14%

</TABLE>

LIQUIDITY AND INTEREST RATE SENSITIVITY MANAGEMENT

The primary objectives of asset and liability management are to provide for the safety of depositor and investor funds, assure adequate liquidity, and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers, who may be depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs.

We define liquidity for these purposes as the ability to raise cash quickly at a reasonable cost without principal loss. The primary liquidity measurement we utilize is called the Basic Surplus, which captures the adequacy of our access to reliable sources of cash relative to the stability of our funding mix of deposits. Accordingly, we have established borrowing facilities with other banks (Federal funds) and the Federal Home Loan Bank as sources of liquidity in addition to the deposits.

The Basic Surplus approach enables us to adequately manage liquidity from both tactical and contingency perspectives. At June 30, 2004, our Basic Surplus ratio (net access to cash and secured borrowings as a percentage of total assets) was approximately 9.5% compared to the present internal minimum guideline range of 5% to 10%.

Financial institutions utilize a number of methods to evaluate interest rate risk. Methods range from the original static gap analysis (the difference between interest sensitive assets and interest sensitive liabilities repricing during the same period, measured at a specific point in time), to running multiple simulations of potential interest rate scenarios, to rate shock analysis, to highly complicated duration analysis.

One tool that we utilize in managing our interest rate risk is the matched funding matrix. The matrix arrays repricing opportunities along a time line for both assets and liabilities. The longer term, more fixed rate sources are presented in the upper left hand corner while the shorter term, more variable rate items, are at the lower left. Similarly, uses of funds, such as assets, are arranged across the top moving from left to right.

The body of the matrix is derived by allocating the longest fixed rate funding sources to the longest fixed rate assets and shorter term variable sources to shorter term variable uses. The result is a graphical depiction of the time periods over which we expect to experience exposure to rising or falling rates. Since the scales of the liability and assets sides are identical, all numbers in the matrix would fall within the diagonal lines if we were perfectly matched across all repricing time frames. Numbers outside the diagonal lines represent two general types of mismatches: liability sensitive in time frames when numbers are to the left of the diagonal line and asset sensitive in time frames when numbers are to the right of the diagonal line.

At June 30, 2004, we were modestly liability sensitive in the short term and then we become asset sensitive out beyond two years. This is primarily caused by the assumptions used in allocating a repricing term to nonmaturity deposits--demand deposits, savings accounts, and money market deposit accounts. The actual impact due to changes in interest rates is difficult to quantify in that the administrative ability to change rates on these products is influenced by competitive market conditions in changing rate environments, prepayments of loans, customer demands, and many other factors. These products may not reprice consistently with assets such as variable rate commercial loans or other loans that immediately reprice as the prime rate changes. While the traditional gap analysis and the matched funding matrix show a general picture of our potential sensitivity to changes in interest rates, it cannot quantify the actual impact of interest rate changes.

Thus, the Company manages its exposure to possible changes in interest rates by simulation modeling or "what if" scenarios to quantify the potential financial implications of changes in interest rates. In practice, each quarter approximately 14 different "what if" scenarios are evaluated which include the following scenarios: Static Rates, Most Likely Rate Projection, Rising Rate Environment, Declining Rate Environment, Ramp Up 100bp and 200bp over 12-months, and Ramp Down 100bp and 200bp over 12-months scenarios. In addition, 8 rate shock scenarios are modeled at 50bp up and 50bp down increments but not below zero. At June 30, 2004, the following 12-month impact on net interest income is estimated to range from a positive impact of 9.3% if rates rise dramatically, to a negative impact of (3.2)% if rates decline from current levels. See the summary that follows. The Company believes these ranges of exposure to changes in interest rates to be well within acceptable range given a wide variety of potential rate change scenarios. This process is performed each quarter to ensure the Company is not materially at risk to possible changes in interest rates.

The following are the projected potential percentage impact on the Company's net interest income over the next 12 months for the most likely to occur scenarios, but measured against a static interest rate environment as of June 30, 2004. The Company is positioned to improve earnings if rates continue to rise. With respect to further reductions in rates, Declining Rate scenario and the Ramp Down scenarios, the Company would experience further negative implications on margins and earnings; however, the Company does not believe that a 200 basis point decline is realistic given the already extremely low interest rates. Thus management believes the exposure to further changes in interest rates would not have a material negative effect on the results of operations.

Static Rates	-0-%
Most Likely Rates	6.4%
Ramp Up 100bp- 12 months	2.0%
Ramp Up 200bp- 12 months	4.3%
Ramp Down 100bp- 12 months	(1.2)%
Rising Rate Scenario	9.3%
Low Rate Environment	(2.4)%

NONINTEREST INCOME AND EXPENSE

Noninterest income consists primarily of services charges on deposit accounts and fees and other charges for banking services. Noninterest expense consists primarily of salary and benefit costs and occupancy and equipment expense. To date, the company has not been required to pay any premiums for deposit insurance. To the extent that deposit premiums may become required, the Company's results of operations will be adversely affected.

The following table shows the detail of noninterest income for the three and six month periods ended June 30, 2004 and 2003.

TABLE 8

The categories of noninterest income that exceed 1% of operating revenue are as follows:

<TABLE>
<CAPTION>

	THREE-MONTHS ENDED JUNE 30,		SIX-MONTHS ENDED JUNE 30,	
(Dollars in thousands)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	$ 98	$ 80	$ 182	$ 155
Cash management fees	24	27	48	53
Other fee income	65	47	135	80
Gain on sale of mortgages	108	85	171	85
Gain on sale of securities	14	41	54	56
Total noninterest income	$ 309	$ 280	$ 590	$ 429

</TABLE>

The increases in noninterest income for the each period shown are the result of the continued growth of the Company and the expansion of products resulting in fee income. During the second quarter of 2003, we began originating conforming residential mortgage loans on a pre-sold basis, for sale to secondary market investors, servicing released.

TABLE 9

The categories of noninterest expense that exceed 1% of operating revenue are as follows:

<TABLE>
<CAPTION>

	THREE-MONTHS ENDED JUNE 30,		SIX-MONTHS ENDED JUNE 30,	
(Dollars in thousands)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>

Salaries and benefits	$ 1,135	$ 747	$ 2,158	$ 1,437
Occupancy cost, net	163	148	328	303
Equipment expense	92	104	166	200
Professional fees	56	36	101	72
Data processing costs	98	98	203	197
Courier and express services	35	30	76	59
Advertising and public relations	61	15	105	46
State franchise tax	66	50	131	93
Director fees	52	29	86	53
Other outside services	63	11	76	20
Other	120	180	208	308
Other noninterest expense	$ 1,941	$ 1,448	$ 3,638	$ 2,788

</TABLE>

Noninterest expense increased $850 thousand or 30% from $2.8 million to $3.6 million for the first six months of 2004, as compared to the same period in 2003. Approximately 85% of this increase is in salary and benefit costs. In the second quarter of 2003 the Company added personnel to staff the newly formed mortgage division and during 2003 the Company added a number of commercial loan officers and processing staff to develop new business and support the growth in customers and transactions being processed. The increase in state franchise tax is due to the increased capital of the Bank from earnings retention and a capital infusion in January 2004. Noninterest expense increased $493 thousand or 34% from $1.4 million to $1.9 million for the second quarter of 2004 as compared to the same period in 2003. Approximately 79% of this increase is in salary and benefit costs.

DEPOSITS AND OTHER BORROWINGS

The principal sources of funds for the Bank are core deposits (demand deposits, NOW accounts, money market accounts, savings accounts and certificates of deposit less than $100,000) from the local market areas surrounding the Bank's offices. The Bank's deposit base includes transaction accounts, time and savings accounts and accounts which customers use for cash management and which provide the Bank with a source of fee income and cross marketing opportunities as well as a low cost source of funds. Time and savings accounts, including money market deposit accounts, also provide a relatively stable and low cost source of funding.

TABLE 10

The following table reflects deposits by category for the periods indicated.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,			
	2004		2003	
(Dollars in thousands)	Average Balance	Average Rate	Average Balance	Average Rate
<S>	<C>	<C>	<C>	<C>
Deposits				
Noninterest-bearing demand	$ 78,490	- %	$ 67,480	- %
Interest-bearing demand	12,993	0.68	9,689	0.87
Money Market	135,707	1.72	109,087	1.94
Savings	3,370	1.19	1,607	1.50
Certificates of deposit of $100,000 or more	34,834	2.22	26,962	2.75
Other time	14,180	2.29	14,472	2.72
Total interest bearing deposits	201,084	1.77 %	161,817	2.08 %
Total deposits	$ 279,574		$ 229,297	

</TABLE>

TABLE 11

The following table indicates the amount of certificates of deposit of less than $100,000 and $100,000 or more, and their remaining maturities as of June 30, 2004.

<TABLE>
<CAPTION>

(Dollars in thousands)	3 MONTHS OR LESS	4 TO 6 MONTHS	7 TO 12 MONTHS	OVER 12 MONTHS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Certificates of deposit less than $100,000	$ 3,954	$ 3,275	$ 4,524	$ 1,914	$13,667
Certificates of deposit of $100,000 or more	10,023	7,971	19,176	1,816	38,986
	$13,977	$11,246	$23,700	$ 3,730	$52,653

</TABLE>

CAPITAL MANAGEMENT

Management monitors historical and projected earnings, asset growth, as well as its liquidity and various balance sheet risks in order to determine appropriate capital levels. At June 30, 2004, stockholders' equity increased $14.3 million to $34.5 million from the $20.2 million in equity at June 30, 2003 as a result of the $3.0 million increase in retained earnings over the past twelve months and the $12.8 million net proceeds from the equity sold in November 2003, offset by a decline in other comprehensive income of $2.0 million resulting from unrealized gains and losses on securities.

Capital Requirement. A comparison of the Company's and the Bank's regulatory capital at June 30, 2004, compared to minimum regulatory capital guidelines is shown in the table that follows.

TABLE 12

<TABLE>
<CAPTION>

	Actual	Minimum Guidelines	Minimum To Be "Well Capitalized"
<S>	<C>	<C>	<C>
Total Risk-Based Capital			
Company	20.4%	8.0%	N/A
Bank	12.7%	8.0%	10.0%
Tier 1 Risk-Based Capital			
Company	19.4%	4.0%	N/A
Bank	11.7%	4.0%	6.0%
Tier 1 Leverage Ratio			
Company	13.5%	4.0%	N/A
Bank	8.5%	4.0%	5.0%

</TABLE>

ITEM 3. CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated, as of the last day of the period covered by this report, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were adequate. There were no changes in the Bank's internal control over financial reporting (as defined in Rule 13a-15 under the Securities Act of 1934) during the quarter ended June 30, 2004 that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings
None

Item 2 - Changes in Securities and Small Business Issuer Purchases of Equity Securities

(a) Modification of Rights of Registered Securities. None

(b) Issuance or Modification of Other Securities Affecting Rights of Registered Securities. None

(c) Sales of Unregistered Securities. None

(d) Use of Proceeds. Not Applicable.

(e) Small Business Issuer Purchases of Securities. None

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders

On April 29, 2004, the annual meeting of shareholders of the Company was held for the purpose of electing eleven (11) directors to serve until the next annual meeting and until their successors are duly elected and qualified. The name of each director elected at the meeting, who constitute the entire Board of Directors in office upon completion of the meeting, and the votes cast for such persons are set forth below.

Name	For	Against	Abstain
Dr. Terry L. Collins	2,317,590	14,392	-
Norman P. Horn	2,317,590	14,392	-
Dr. David C. Karlgaard	2,314,188	17,794	-
Richard I. Linhart	2,317,590	14,392	-
Richard C. Litman	2,317,590	14,392	-
John R. Maxwell	2,317,590	14,392	-
Dr. Alvin E. Nashman	2,317,955	18,027	-
Helen L. Newman	2,317,590	14,392	-
Thomas L. Patterson	2,317,590	14,392	-
David W. Pijor	2,317,590	14,392	-
Russell E. Sherman	2,302,607	29,375	-

At the annual meeting, the shareholders were also asked to vote on an amendment to the Company's Articles of Incorporation increasing the number of authorized shares of common stock to 10,000,000. The votes cast on the amendment were as follows:

For	Against	Abstain	Broker Non-votes
2,292,933	37,056	1,893	-

Item 5. Other Information
None

Item 6. Exhibits and reports on Form 8-K

(a) Exhibits

Number	Description
3(a)	Articles of Incorporation of James Monroe Bancorp (1)
3(b)	Bylaws of James Monroe Bancorp (2)
4(a)	Indenture, dated as of March 26, 2002 between James Monroe Bancorp, Inc. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (3)
4(b)	Amended and Restated Declaration of Trust, dated as of March 26, 2002 among James Monroe Bancorp, Inc., State Street Bank and Trust Company of Connecticut, National Association, as Institutional Trustee, and John R. Maxwell, David W. Pijor and Richard I. Linhart as Administrators (3)
4(c)	Guarantee Agreement dated as of March 26, 2002, between James Monroe Bancorp, Inc. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (3)
4(d)	Indenture, dated as of July 31, 2003 between James Monroe Bancorp, Inc. and U.S. Bank, National Association, as trustee (3)
4(e)	Amended and Restated Declaration of Trust, dated as of July 31, 2003 among James Monroe Bancorp, Inc., U.S. Bank, National Association, as Institutional Trustee, and John R. Maxwell, David W. Pijor and Richard I. Linhart as Administrators (3)
4(f)	Guarantee Agreement dated as of July 31, 2003, between James Monroe Bancorp, Inc. and U.S. Bank, National Association, as trustee (3)
10(a)	Employment contract between James Monroe Bancorp and John R. Maxwell(4)
10(b)	Employment contract between James Monroe Bancorp and Richard I. Linhart

(5)

10(c) James Monroe Bancorp 1998 Management Incentive Stock Option Plan (6)
10(d) James Monroe Bancorp 2000 Director's Stock Option Plan (7)
10(e) James Monroe Bancorp, Inc. 2003 Equity Compensation Plan (8)
11 Statement re: Computation of Per Share Earnings

Please refer to Note 2 to the financial statements included in this report.

21 Subsidiaries of the Registrant
31(a) Certification of Chief Executive Officer
31(b) Certification of Chief Financial Officer
32(a) Certification of Chief Executive Officer
32(b) Certification of Chief Financial Officer

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(1) Incorporated by reference to exhibit 3(a) to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2004.
(2) Incorporated by reference to exhibit 3(b) to the Company's registration statement on Form SB-2 (No. 333-38098).
(3) Not filed in accordance with the provisions of Item 601(b)(4)(iii) of Regulation SK. The Company agrees to provide a copy of these documents to the Commission upon request.
(4) Incorporated by reference to exhibit of same number to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002.
(5) Incorporated by reference to exhibit of same number to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003.
(6) Incorporated by reference to exhibit 10(b) to the Company's registration statement on Form SB-2 (No. 333-38098).
(7) Incorporated by reference to exhibit 10(c) to the Company's registration statement on Form SB-2 (No. 333-38098).
(8) Incorporated by reference to exhibit 10(e) to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003.

(b) Reports on Form 8-K

On April 19, 2004, the Company filed a current report on Form 8-K reporting earnings for the quarter ended March 31, 2004.

On May 5, 2004, the Company filed a current report on Form 8-K reporting the announcement of the 3 for 2 stock split.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 11, 2004

BY: /s/John R. Maxwell

John R. Maxwell, President &
Chief Executive Officer

Date: August 11, 2004

BY: /s/ Richard I. Linhart

Richard I. Linhart, Executive Vice
President & Chief Operating and
Financial Officer

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

<TABLE>
<CAPTION>

Name	Jurisdiction of Organization	Ownership
<S>	<C>	<C>
James Monroe Bank	Virginia	100%
James Monroe Statutory Trust I	Connecticut	100% of the common voting securities
James Monroe Statutory Trust II	Connecticut	100% of the common voting securities

</TABLE>

Exhibit 31(a)

CERTIFICATION

I, John R. Maxwell, President and Chief Executive Officer of James Monroe Bancorp, Inc, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of James Monroe Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting;

and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 11, 2004

/s/ John R. Maxwell

John R. Maxwell
President and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Richard I. Linhart, Executive Vice President and Chief Financial Officer of James Monroe Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of James Monroe Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting;

and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 11, 2004 /s/ Richard I. Linhart

Richard I. Linhart
Executive Vice President and Chief Financial Officer

Exhibit 32(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-QSB of James Monroe Bancorp, Inc. for the quarter ended June 30, 2004, I, John R. Maxwell, President and Chief Executive Officer of James Monroe Bancorp, Inc., hereby certify pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 10-QSB for the quarter ended June 30, 2004, fully complies with the requirements of section 13(a) or 15(d) of the Securities Act of 1934; and

(2) the information contained in such Form 10-QSB for the quarter ended June 30, 2004, fairly presents, in all material respects, the financial condition and results of operations of James Monroe Bancorp, Inc.

/s/ John R. Maxwell

John R. Maxwell
President and Chief Executive Officer

Exhibit 32(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-QSB of James Monroe Bancorp, Inc. for the quarter ended June 30, 2004, I, Richard I. Linhart, Executive Vice President and Chief Operating Officer and Chief Financial Officer of James Monroe Bancorp, Inc., hereby certify pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 10-QSB for the quarter ended June 30, 2004, fully complies with the requirements of section 13(a) or 15(d) of the Securities Act of 1934; and

(2) the information contained in such Form 10-QSB for the quarter ended June 30, 2004, fairly presents, in all material respects, the financial condition and results of operations of James Monroe Bancorp, Inc.

/s/ Richard I. Linhart

Richard I. Linhart
Executive Vice President and Chief Financial Officer