



FOR IMMEDIATE RELEASE

CONTACT:

Susan H. Reeves, SVP 610-235-1505

sreeves@stonebridgebank.com

Stonebridge Financial Corp. Reports First Quarter Earnings

WEST CHESTER, Pa., May 6, 2009/PRNewswire-FirstCall/ -- Stonebridge Financial Corp., the parent company of Stonebridge Bank, reported a net income of \$328,000, or \$0.06 per diluted share, for the three months ended March 31, 2009. In comparison, for the same period in 2008, net income was \$437,000, or \$0.14 per diluted share.

As of March 31, 2009, Stonebridge's total assets were \$488.4 million and total deposits were \$360.9 million. From a regulatory capital standpoint, Stonebridge Bank continues to be "well capitalized" under all guidelines imposed by financial institution regulators. Stonebridge Bank's Tier 1 Risk-Based Capital and Total Risk-Based Capital Ratios are 10.7 percent and 12.0 percent, respectively, compared to 8.9 percent and 10.2 percent at December 31, 2008.

"We are pleased that we earned \$328,000 in the first quarter of 2009. However, our results continue to be impacted by the severe economic recession that we face," said Joseph C. Spada, President and Chief Executive Officer. "At this point, we are concerned about the increase in loan problems and their impact on our financial results. We continue to add to our loan loss reserve as we work diligently to reduce the amount of problem loans. We do not expect a quick rebound in the economy, so our ability to reduce the amount of problem loans will not happen quickly. We are also apprehensive about our ability to maintain our interest margin as interest rates are falling. Offsetting these pressures we have moved to reduce expenses throughout the organization."

Loans net of unearned income, decreased \$6.5 million, or 1.7 percent to \$375.9 million at March 31, 2009, compared to \$382.3 million at December 31, 2008. The allowance for loan losses as of March 31, 2009 was \$6.4 million, which represented 1.71 percent of total loans outstanding, compared to 1.62 percent at December 31, 2008. Non-performing assets were \$20.6 million, or 4.22 percent of total assets, at March 31, 2009, compared to \$16.6 million, or 3.42 percent, at December 31, 2008.

For the three months ended March 31, 2009 net charge-offs on an annualized basis were 0.11 percent of average total loans, compared to 1.19 percent of average total loans in annualized net charge-offs for the quarter ended December 31, 2008, and 0.04 percent for the quarter ended March 31, 2008. The provision for loan losses was \$350,000 in the first quarter of 2009, as compared to \$300,000 for the same period in 2008.

Total deposits increased \$1.8 million, or 0.5 percent to \$360.9 million at March 31, 2009, compared to \$359.1 million at December 31, 2008. Money market accounts increased \$2.9 million, or 3.9 percent; time deposits increased \$0.7 million, or 0.3 percent; offset by

a \$1.1 million, or 12.2 percent decrease in checking accounts and a \$0.7 million, or 6.0%, decrease in non-interest bearing demand deposits.

For the three months ended March 31, 2009, the net interest margin on a fully taxable equivalent basis was 2.44 percent, compared to 2.63 percent for the same period in 2008. Net interest income for the first quarter of \$2.8 million decreased \$0.1 million compared to the same period of 2008.

Non-interest income, excluding investment gains and losses, decreased \$6,000, or 3.4 percent, for the first quarter of 2009 compared to the first quarter of 2008.

For the three months ended March 31, 2009, there were no gains or losses on investment securities compared to gains of \$186,000 for the same period of 2008.

Non-interest expense decreased \$178,000, or 7.5 percent, compared to the first quarter of 2008, due to cost savings from Bank initiated efforts that were partially offset by increases in FDIC premiums.

Stonebridge Financial Corp.
SELECTED BALANCE SHEET DATA (unaudited)
(Dollars in thousands, except per share data)

	March 31	December 31	March 31	Dec 31	March 31
	2009	2008	2008	2008	2008
	Percent change from				
	March 31				
	2008				
Securities	\$ 89,600	\$ 96,501	\$ 100,889	-7.2 %	-11.2 %
Loans	375,851	382,333	367,493	-1.7 %	2.3 %
Allowance for loan losses	6,423	6,180	3,573	3.9 %	79.8 %
Total assets	488,438	487,339	482,239	0.2 %	1.3 %
Total deposits	360,878	359,069	341,736	0.5 %	5.6 %
Stockholders' equity	32,193	20,947	22,932	53.7 %	40.4 %
Number of common shares outstanding	3,174,877	3,174,877	3,168,669	0.0%	0.2%
Book value per common share	\$ 6.68	\$ 6.60	\$ 7.24	1.2%	-7.7%

Stonebridge Financial Corp.
SELECTED INCOME STATEMENT DATA (unaudited)
(in thousands, except per share data)

	Quarter Ended March 31,	
	2009	2008
Interest income	\$ 6,571	\$ 7,548
Interest expense	3,776	4,651
Net interest income	2,795	2,897
Provision for loan losses	350	300
Non-interest income	180	373
Non-interest expense	2,206	2,385
Pre-tax income	419	585
Income tax expense	91	148
Net income	\$ 328	\$ 437
Earnings per share-basic	\$ 0.06	\$ 0.14
Earnings per share-diluted	\$ 0.06	\$ 0.14

Cautionary Statement

This news release may contain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Act of 1995, such as statements of the Corporation’s goals, targets, plans, expectations, projections, estimates and intentions. Stonebridge Financial Corp. cautions potential investors that results and events subject to forward-looking statements could differ materially due to the following factors: possible changes in economic and business conditions, possible changes in monetary and fiscal policies, laws and regulation; possible changes in credit worthiness of customers and the possible impairment of loans; the effects of changing interest rates and other risks and factors.

About Stonebridge Financial Corp.

Stonebridge Bank is positioned as the Delaware Valley's Local Internet Bank™, combining community banking with advanced online technology. Based in West Chester, PA, Stonebridge Bank serves commercial banking customers through its four full-service banking offices in West Chester, Exton, Warminster and Blue Bell, PA, and a loan production office in Bel Air, MD. In addition, Stonebridge Bank offers customers around the nation a complete range of retail banking services through its website, www.stonebridgebank.com.

##