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Stonebridge Financial Corp. Reports First Quarter Earnings

WEST CHESTER, Pa., April 12, 2010 -- Stonebridge Financial Corp., the parent company of Stonebridge Bank, reported a net income available to common shareholders of \$104,000, or \$0.03 per diluted share, for the three months ended March 31, 2010. In comparison, for the same period in 2009, net income available to common shareholders was \$194,000, or \$0.06 per diluted share.

As of March 31, 2010, Stonebridge's total assets were \$448.4 million and total deposits were \$345.9 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 Leverage Ratio and Total Risk-Based Capital Ratios are 8.0 percent and 12.0 percent, respectively, compared to 7.6 percent and 11.9 percent at December 31, 2009.

Loans net of unearned income, decreased \$6.0 million, or 1.8 percent to \$333.4 million at March 31, 2010, compared to \$339.4 million at December 31, 2009. The allowance for loan losses as of March 31, 2010 was \$10.1 million, which represented 3.02 percent of total loans outstanding, compared to 2.92 percent at December 31, 2009. Non-performing assets were \$40.4 million, or 9.0 percent of total assets, at March 31, 2010, compared to \$35.7 million, or 8.0 percent, at December 31, 2009.

For the three months ended March 31, 2010 net charge-offs on an annualized basis were 0.41 percent of average total loans, compared to 1.30 percent of average total loans in annualized net charge-offs for the quarter ended December 31, 2009, and 0.11 percent for the quarter ended March 31, 2009. The provision for loan losses was \$500,000 in the first quarter of 2010, as compared to \$350,000 for the same period in 2009.

Total deposits increased \$1.3 million, or 0.4 percent to \$345.9 million at March 31, 2010, compared to \$344.6 million at December 31, 2009. For the first quarter of 2010, Money market accounts increased \$4.9 million, or 6.3 percent; time deposits increased \$1.1 million, or 0.4 percent; offset by a \$4.2 million, or 30.9 percent decrease in non-interest bearing demand deposits and a \$0.5 million, or 6.2%, decrease in checking accounts.

For the three months ended March 31, 2010, the net interest margin on a fully taxable equivalent basis was 2.81 percent, compared to 2.44 percent for the same period in 2009. Net interest income for the first quarter of \$3.0 million increased \$0.2 million compared to the same period of 2009.

Non-interest income, excluding investment gains and losses, decreased \$55,000, or 30.5 percent, for the first quarter of 2010 compared to the first quarter of 2009, mostly due to higher prepayment penalties on loans collected in 2009 compared to 2010.

For the three months ended March 31, 2010, the Bank recorded other than temporary impairment charges of \$73,000 partially offset by \$63,000 in gains on sales of securities compared to no gains or losses on investment securities for the same period of 2008.

Non-interest expense increased \$51,000, or 2.3 percent, compared to the first quarter of 2009, due to higher expenses incurred working out problem loans.

Stonebridge Financial Corp.

SELECTED BALANCE SHEET DATA (unaudited)

(Dollars in thousands, except per share data)

	March 31 2010	December 31 2009	Percent change from		
			March 31 2009	Dec 31 2009	March 31 2009
Securities	\$85,382	\$81,764	\$84,136	4.4%	1.5%
Loans	333,378	339,410	375,851	-1.8%	-11.3%
Allowance for loan losses	10,080	9,927	6,423	1.5%	56.9%
Total assets	448,415	444,957	488,438	0.8%	-8.2%
Total deposits	345,882	344,561	360,878	0.4%	-4.2%
Stockholders' equity	28,186	28,062	32,193	0.4%	-12.4%
Number of common shares outstanding	3,202,064	3,202,064	3,174,877	0.0%	0.9%
Book value per common share	\$ 5.34	\$ 5.31	\$ 6.68	0.6%	-20.0%

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

	Quarter Ended March 31,	
	2010	2009
Interest income	\$5,418	\$6,571
Interest expense	2,411	3,776
Net interest income	3,007	2,795
Provision for loan losses	500	350
Non-interest income	115	180
Non-interest expense	2,257	2,206
Pre-tax income	365	419
Income tax expense	84	91
Net income	\$281	\$328
Preferred dividends and accretion	177	134
Net income attributable for common shareholders	\$104	\$194
Earnings per share-basic	\$0.03	\$0.06
Earnings per share-diluted	\$0.03	\$0.06

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.