



FOR IMMEDIATE RELEASE

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Stonebridge Financial Corporation Reports Results for Q1, 2005

West Chester, Pa. May 3, 2005 -- Stonebridge Financial Corp., parent company of Stonebridge Bank, the Delaware Valley's Local Internet Bank™, today announced quarterly net income for the three months ended March 31, 2005 of \$737,000. This level is 106% higher than the \$357,000 reported in the same three-month period of 2004.

Total assets at March 31, 2005 were \$365.0 million, an increase of \$46.6 million, or 15%, above March 31, 2004. This level was also \$6.7 million, or 2% above year-end 2004.

The total loan portfolio increased \$56.0 million or 28% from \$201.8 million to \$257.8 million from March 31, 2004 to March 31, 2005 but decreased \$1.9 million, or 1%, from December 31, 2004.

Total deposits decreased \$22.8 million or 10%, to \$211.6 million compared to \$234.4 million at March 31, 2004 due to maturities in certain time deposits, which were replaced by alternative institutional funding sources. Total borrowings at March 31, 2005, were \$121.8 million, compared to \$52.4 million at March 31, 2004.

Growth aside, the credit quality of the loan portfolio continues to be strong. Non-performing loans at March 31, 2005 totaled \$1.0 million, compared to \$2.2 million at March 31, 2004 and non-performing loans were only 0.38% of total loans at March 31, 2005 as compared to 1.08% at March 31, 2004. The provision for loan and lease losses was \$35,000 for the quarter ended March 31, 2005 compared to \$83,000 during the first quarter of 2004. The current quarter's provision for loan losses was significantly lower than that of the same quarter in the prior year due to positive developments in a specific impaired loan relationship, lower net charge-offs on purchased leases, and fewer credit deteriorations than in the prior year. The allowance for loan and lease losses to total loans and leases was 0.99% at March 31, 2005 compared to 1.41% at March 31, 2004.

Net interest income for the quarter ended March 31, 2005 increased \$605,000 or 32%, compared to the first quarter of 2004 and the net interest margin increased to 2.88% from

2.82% in the same time period. The average rate on interest-earning assets increased 58 basis points to 5.38% from 4.80% for the same quarter in the previous year as rising market interest rates particularly impacted the loan and investment portfolios. The average rate on interest-bearing liabilities increased 54 basis points to 2.71% from 2.17% for the same quarter the previous year due largely to effects of the Federal Reserve raising the discount rate by 1.75% since June of 2004.

Non-interest income of \$284,000 for the quarter ended March 31, 2005 was \$53,000 higher than the first quarter of 2004. During the first quarter of 2005, the Company recognized a gain of \$82,000 on the sale of its membership interest in the Pulse EFT Association, Inc. to Discover Financial Services, Inc.

First quarter non-interest expense of \$1.7 million was \$173,000, or 11.5%, higher than non-interest expense for the first quarter of 2004. This increase is due to higher staff expenses in 2005 related to increased employees required by the growth of the company.

During the first quarter of 2005, the Company completed the issuance of \$10.3 million of trust preferred securities. Proceeds from the issuance will be used to retire existing convertible preferred stock and for general corporate purposes.

Stonebridge Financial Corp.
SELECTED BALANCE SHEET DATA
(Unaudited, in thousands)

	March 31, 2005	December 31, 2004	March 31, 2004
Investment securities	\$ 98,624	\$ 90,850	\$ 101,980
Loans and leases receivable	257,810	259,711	201,805
Allowance for loan and lease losses	2,544	2,577	2,837
Total assets	365,040	358,611	318,752
Total deposits	211,556	235,520	234,360
Total stockholders' equity	20,237	20,165	20,050

Stonebridge Financial Corp.
SELECTED INCOME STATEMENT DATA
(Unaudited, in thousands)

	Three months ended	Three months ended
	March 31, 2005	March 31, 2004
Interest income	\$ 4,634	\$ 3,173
Interest expense	2,153	1,297
Net interest income	2,481	1,876
Provision for loan and lease losses	35	83
Other income	284	231
Other expense	1,673	1,500
Income before tax	1,057	524
Tax expense	320	167
Net income	\$ 737	\$ 357

Cautionary Statement

A number of statements in this press release are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform 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 regulations; 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 Financial Corp., a financial holding company, was established in 1998. It's wholly owned subsidiary, Stonebridge Bank, has a unique niche as the Delaware Valley's Local Internet Bank™. Based in West Chester, PA, Stonebridge Bank operates a full service branch in Chester County and loan production offices in Montgomery and Bucks Counties while simultaneously offering customers around the world a complete range of banking services through www.stonebridgebank.com. Stonebridge Bank is insured by the Federal Deposit Insurance Corporation.