



**FOR IMMEDIATE RELEASE**

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### **Stonebridge Financial Corp. Reports 12.1% Decrease in First Quarter Net Income**

WEST CHESTER, Pa., April 28, 2008/PRNewswire-FirstCall/ -- Stonebridge Financial Corp., the parent company of Stonebridge Bank, reported first quarter 2008 net income totaling \$437 thousand, or \$0.14 per diluted share. Net income decreased 12.1% compared to \$497 thousand earned in the first quarter of 2007, and diluted earnings per share decreased 12.5% from diluted earnings per share of \$0.16 in first quarter of 2007.

The following significant events have occurred recently:

- Launched a new branch location in Blue Bell, Pennsylvania;
- Increased net interest income 10.6% in 2008 compared to 2007;
- Increased net loans 7.1% since year-end; and
- Increased provision for loan losses by \$225,000 in 2008 compared to 2007;

Stonebridge's first quarter earnings produced annualized returns on average assets and average stockholders' equity of 0.37% and 7.77%, respectively. For the first three months of 2007, the annualized returns on average assets and average stockholders' equity were 0.48% and 9.91%, respectively.

As of March 31, 2008, Stonebridge's total assets were \$482.2 million, total loans outstanding grew to \$367.5 million and total deposits were \$341.7 million. The allowance for loan losses as of March 31, 2008 was \$3.6 million, which represented 0.97% of total loans outstanding. Commenting on first quarter 2008, Joseph C. Spada, Stonebridge President and Chief Executive Officer, said, "We are extremely pleased with our new Blue Bell Office and team of lenders. Our presence in this market has already resulted in significant loan and asset growth. We feel that the increase in net interest income related to this growth will improve income in future periods."

Loans increased \$24.5 million or 7.1% to \$367.5 million at March 31, 2008, compared to \$343.0 million at December 31, 2007. This increase was primarily realized in commercial and commercial real estate loans, which increased \$28.8 million, while repayments of loans purchased from others totaled \$4.3 million.

Non-performing assets were \$4.1 million, or 0.84 percent of total assets, at March 31, 2008, compared to \$2.6 million, or 0.57 percent, at December 31, 2007, and \$3.4 million, or 0.80 percent, at March 31, 2007.

Net charge-offs for the quarter ended March 31, 2008 were 0.01 percent of average total loans, compared to net charge-offs of 0.02 percent for the quarter ended March 31, 2007.

Total deposits increased \$19.7 million, or 6.1 percent to \$341.7 million at March 31, 2008, compared to \$322.0 million at December 31, 2007. Money market accounts increased \$9.7 million, demand deposits increased \$6.5 million and time deposits increased \$2.8 million.

For the three months ended March 31, 2008, the net interest margin on a fully taxable equivalent basis was 2.63 percent, compared to 2.71 percent for the same period in 2007.

Net interest income of \$2.9 million for the quarter ended March 31, 2008 increased \$278,000, or 10.6% compared to the first quarter of 2007. This increase was primarily due to the growth of our internally generated loans and the overall growth of the Bank.

The provision for loan losses was \$300,000 for the quarter ended March 31, 2008, compared to \$75,000 for the same period in 2007. The higher provision was due in large part to the growth in the loan portfolio generated by our Blue Bell office.

Non-interest income was \$373,000 for the quarter ended March 31, 2008, compared to \$179,000 in 2007. This increase was due in part to gains on the sale of securities available for sale. In the first quarter of 2008, non-interest expense increased \$335,000 over the same period in 2007 to \$2.4 million primarily due to increased salary and operating expenses from the addition of a new branch.

Stockholders' equity increased \$573 thousand or 2.6% in 2008 primarily due to retaining 2008's net income combined with a slight increase in market value of the Bank's available for sale securities.

Stonebridge Financial Corp.

SELECTED BALANCE SHEET DATA (unaudited)

(in thousands, except share data)

	March 31 2008	December 31 2007	March 31 2007
Securities	\$ 100,889	\$ 104,489	\$ 121,595
Loans	367,493	343,001	292,224
Allowance for Loan Losses	3,573	3,310	3,154
Total Assets	482,239	457,710	425,864
Total Deposits	341,736	322,002	317,897
Stockholders' Equity	22,932	22,359	20,777
Number of Shares Outstanding	3,168,669	3,162,669	3,143,031
Book Value per Share	\$ 7.24	\$ 7.07	\$ 6.61

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

	Quarter Ended March 31,	
	2008	2007
Interest income	\$ 7,548	\$ 6,942
Interest expense	4,651	4,323
Net interest income	2,897	2,619
Provision for loan losses	300	75
Non-interest income	373	179
Non-interest expense	2,385	2,050
Pre-tax income	585	673
Income tax expense	148	176
Net income	\$ 437	\$ 497
Earnings per share-basic	\$ 0.14	\$ 0.16
Earnings per share-diluted	\$ 0.14	\$ 0.16

**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 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 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 banking customers through its four full-service banking offices in West Chester, Exton, Warminster and Blue Bell, Pennsylvania, 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](http://www.stonebridgebank.com).