



**FOR IMMEDIATE RELEASE**

CONTACT:

Susan H. Reeves, SVP 610-235-1505

[sreeves@stonebridgebank.com](mailto:sreeves@stonebridgebank.com)

**Stonebridge Financial Corp. Reports Record Earnings for 2007  
25 percent Increase over 2006 Net Income**

WEST CHESTER, Pa., February 26, 2008/PRNewswire-FirstCall/ -- Stonebridge Financial Corp., the parent company of Stonebridge Bank, earned \$2.0 million for the year ended December 31, 2007, a 24.2 percent increase over the same period in 2006. Diluted net income per share increased to 63 cents, a 23.5 percent increase over the 51 cents reported in 2006.

Net income was \$495 thousand for the fourth quarter ended December 31, 2007, an 8.3 percent increase over the same period in 2006. Diluted net income per share for the quarter increased to 16 cents, a 14.3 percent increase over the 14 cents reported in 2006.

Commenting on the Bank's 2007 performance, Joseph C. Spada, Stonebridge President and Chief Executive Officer, said, "Stonebridge Bank continued to perform well during very difficult times for the banking industry. We reported solid increases in earnings, loans and assets in 2007 over 2006. However, as we stated in our press release from last quarter, we do not want to be overly optimistic with the housing industry and economy headed for what looks like a recession. We continue to see problems in this environment and are wary of how they will impact our performance going forward."

Spada added, "With that being said, Stonebridge Bank continues to grow and plan for the future. We are pleased with the performance of our new lending team in Blue Bell which has done very well in penetrating the Montgomery County marketplace and shortly, we will be announcing the opening of our new branch office to support their efforts and new initiatives that will assist us in our growth."

Stonebridge's 2007 earnings produced annualized returns on average assets and average stockholders' equity of 0.46 percent and 9.58 percent, respectively. For the same period in 2006, the annualized returns on average assets and average stockholders' equity were 0.42 percent and 8.46 percent, respectively.

As of December 31, 2007, Stonebridge's total assets were \$457.7 million, total loans and leases outstanding grew to \$343.0 million and total deposits were \$322.0 million. The allowance for loan and lease losses as of December 31, 2007 was \$3.3 million, which represented 0.96 percent of total loans and leases outstanding.

Loans net of unearned income, increased \$68.6 million, or 25.0 percent to \$343.0 million at December 31, 2007, compared to \$274.4 million at December 31, 2006. This increase was primarily realized in commercial real estate and construction loans, which increased

\$80.2 million, while repayments of loans and leases purchased from others totaled \$9.7 million. Stonebridge Bank has not purchased any loans or leases in 2007, as the strong demand for internally generated loans has reduced the need for supplementing the loan portfolio with loans purchased from others. In comparison to the third quarter of 2007, loans net of unearned income increased \$11.3 million or 3.4 percent. This increase was also primarily realized in commercial real estate and construction loans, which increased \$13.4 million.

Non-performing assets were \$2.6 million, or 0.57 percent of total assets, at December 31, 2007, compared to \$3.8 million, or 0.93 percent, at December 31, 2006, and \$2.3 million, or 0.49 percent, at September 30, 2007.

Net charge-offs for the year ended December 31, 2007 were 0.12 percent of average total loans, compared to net charge-offs of 0.04 percent for the year ended December 31, 2006.

Total deposits increased \$6.0 million, or 1.9 percent to \$322.0 million at December 31, 2007, compared to \$316.0 million at December 31, 2006. Time deposits increased \$16.7 million, or 8.1 percent and demand deposits increased \$1.5 million, or 18.5 percent, offset by a \$10.3 million or 11.2 percent decrease in money market accounts. In comparison to the third quarter of 2007, total deposits decreased \$11.3 million or 3.4 percent, due to a \$5.7 million decrease, or 36.7 percent, in demand deposits and a \$3.9 million decrease, or 1.7 percent, in time deposits.

For the three months ended December 31, 2007, the net interest margin on a fully taxable equivalent basis was 2.75 percent, compared to 2.52 percent for the same period in 2006. For the year ended December 31, 2007, the net interest margin on a fully taxable equivalent basis was 2.75 percent, compared to 2.64 percent for the same period in 2006.

Net interest income of \$3.0 million for the quarter ended December 31, 2007 increased \$565,000, or 23.1 percent, compared to the fourth quarter of 2006. For the year ended December 31, 2007 net interest income increased \$1.5 million, or 15.3 percent, compared to the same period in 2006. These increases were primarily due to the growth of our internally generated loans and the overall growth of the Bank.

The provision for loan and lease losses was \$150,000 for the quarter ended December 31, 2007, compared to no provision in 2006. For the year ended December 31, 2007 the provision for loan and lease losses increased \$205,000, or 63.1 percent, compared to the same period in 2006.

Non-interest income was \$286,000 for the quarter ended December 31, 2007, compared to \$159,000 in 2006, an increase of 79.5 percent. For the year ended December 31, 2007 non-interest income increased \$221,000, or 35.2 percent, compared to the same period in 2006. Gains on securities held for trading, prepayment fees on loans and the gain on sale of other real estate owned contributed to the increase.

In the fourth quarter of 2007, non-interest expense increased \$0.5 million or 27.4 percent over the same period in 2006 to \$2.5 million. For the year ended December 31, 2007 non-interest expense increased \$1.1 million or 14.2 percent, compared to the same period

in 2006. These increases were primarily due to increased staff from the growth of the Bank and the FDIC's re-implementation of the deposit insurance premium in 2007.

Stockholders' equity increased \$2.1 million or 10.4 percent year-to-date due to 2007's net income and an increase in accumulated other comprehensive income partially offset by cash dividends of \$314,000 paid to common shareholders.

Stonebridge Financial Corp.

SELECTED BALANCE SHEET DATA (unaudited)

(in thousands)

	December 31	December 31	September 30	% Change from	
	2007	2006	2007	Dec 31	Sept 30
				2006	2007
Securities	\$104,489	\$122,650	\$124,242	-14.8%	-15.9%
Loans	343,001	274,436	331,716	25.0%	3.4%
Allowance for Loan and Lease Losses	3,310	3,139	3,393	5.4%	-2.4%
Total Assets	457,710	409,263	468,247	11.8%	-2.3%
Total Deposits	322,002	315,999	333,263	1.9%	-3.4%
Stockholders' Equity	22,359	20,250	21,279	10.4%	5.1%

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

	Quarter Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Interest income	\$ 7,983	\$ 6,657	\$ 29,930	\$ 24,965
Interest expense	4,973	4,212	18,597	15,135
Net interest income	3,010	2,445	11,333	9,830
Provision for loan and lease losses	150	-	530	325
Non-interest income	286	159	849	628
Non-interest expense	2,476	1,944	8,934	7,822
Pre-tax income	670	660	2,718	2,311
Income tax expense	175	203	718	701
Net income	\$ 495	\$ 457	\$ 2,000	\$ 1,610
Earnings per share-basic	\$ 0.16	\$ 0.15	\$ 0.63	\$ 0.51
Earnings per share-diluted	\$ 0.16	\$ 0.14	\$ 0.63	\$ 0.51

**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](http://www.stonebridgebank.com).

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