



**FOR IMMEDIATE RELEASE**

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### **Stonebridge Financial Corp. Reports Second Quarter Earnings**

WEST CHESTER, Pa., August 14, 2009/PRNewswire-FirstCall/ -- Stonebridge Financial Corp., the parent company of Stonebridge Bank, reported a net income of \$168,000, or \$0.00 per diluted share, for the three months ended June 30, 2009. In comparison, the Company reported a net loss of \$296,000, or \$0.09 per diluted share, for the same period in 2008.

Net income was \$496,000 for the six months ended June 30, 2009, compared to \$141,000 for the same period in 2008. Diluted earnings per share were \$0.06 compared to \$0.04 for the same period in 2008.

As of June 30, 2009, Stonebridge's total assets were \$483.8 million and total deposits were \$359.1 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.

"Net Income in the second quarter fell as we absorbed an increase of \$305,000 in FDIC premiums over the same period in 2008," said Joseph C. Spada, President and Chief Executive Officer. "We continue to control expenses, build capital, and reduce loan problems. Though we see signs of economic recovery, we expect that loan problems will continue through the rest of 2009."

Loans net of unearned income, decreased \$22.8 million, or 6.0 percent to \$359.6 million at June 30, 2009, compared to \$382.3 million at December 31, 2008. The allowance for loan losses as of June 30, 2009 was \$6.0 million, which represented 1.66 percent of total loans outstanding, compared to 1.62 percent at December 31, 2008. Non-performing assets were \$21.4 million, or 4.43 percent of total assets, at June 30, 2009, compared to \$16.6 million, or 3.42 percent, at December 31, 2008.

For the three months ended June 30, 2009 net charge-offs on an annualized basis were 0.85 percent of average total loans, compared to 0.29 percent for the same period in 2008. For the six months ended June 30, 2009 net charge-offs on an annualized basis were 0.46 percent of average total loans, compared to 0.17 percent for the same period in 2008.

The provision for loan losses was \$300,000 in the second quarter of 2009, as compared to \$347,000 for the same period in 2008. For the six months ended June 30, 2009, the provision for loan losses was \$650,000 in the second quarter of 2009, as compared to \$647,000 for the same period in 2008

Total deposits remained steady at \$359.1 million at June 30, 2009, compared to December 31, 2008. Money market accounts increased \$0.9 million, or 1.2 percent; non-interest bearing demand deposits increased \$0.7 million, or 5.7 percent; offset by a \$1.1 million, or 12.8 percent decrease in checking accounts and a \$0.4 million, or 0.2%, decrease in time deposits.

For the three months ended June 30, 2009, the net interest margin on a fully taxable equivalent basis was 2.42 percent, compared to 2.64 percent for the same period in 2008. Net interest income for the first quarter of \$2.8 million decreased \$0.2 million compared to the same period of 2008.

For the six months ended June 30, 2009, the net interest margin on a fully taxable equivalent basis was 2.43 percent, compared to 2.62 percent for the same period in 2008. Net interest income for the six months ended June 30, 2009, of \$5.6 million decreased \$0.3 million compared to the same period of 2008.

Non-interest income, excluding investment gains and losses, decreased \$46,000, or 20.9 percent, for the second quarter of 2009 compared to the second quarter of 2008. For the six months ended June 30, 2009, non-interest income, excluding investment gains and losses, decreased \$52,000, or 12.9 percent compared to the same period in 2008.

For the three months ended June 30, 2009, there were \$1,000 in gains on investment securities compared to gains of \$0 for the same period of 2008. The second quarter of 2008 included an other than temporary impairment (OTTI) charge of \$0.7 million on investment securities.

Non-interest expense increased \$335,000, or 15.6 percent, compared to the second quarter of 2008, due to a \$305,000 increase in FDIC premiums, which included the second quarter FDIC special assessment of \$222,000. For the six months ended June 30, 2009, non-interest expense increased \$156,000, or 3.4 percent.

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

	June 30	December 31	June 30	Dec 31	June 30
	2009	2008	2008	2008	2008
	Percent change from				
Securities	\$ 101,195	\$ 96,501	\$ 98,109	4.9 %	3.1 %
Loans	359,559	382,333	376,428	-6.0 %	-4.5 %
Allowance for loan losses	5,965	6,179	3,755	-3.5 %	58.9 %
Total assets	483,848	487,339	487,482	-0.7 %	-0.7 %
Total deposits	359,082	359,069	345,531	0.0 %	3.9 %
Stockholders' equity	31,936	20,947	22,333	52.5 %	43.0 %
Number of common shares outstanding	3,202,064	3,174,877	3,169,603	0.9%	1.0%
Book value per common share	\$ 6.54	\$ 6.60	\$ 7.05	-1.0%	-7.3%

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**SELECTED INCOME STATEMENT DATA** (unaudited)  
(in thousands, except per share data)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest income	\$ 6,281	\$ 7,376	\$ 12,852	\$ 14,924
Interest expense	3,500	4,372	7,276	9,023
Net interest income	2,781	3,004	5,576	5,901
Provision for loan losses	300	347	650	647
Non-interest income	175	(522)	355	(149)
Non-interest expense	2,483	2,148	4,689	4,533
Pre-tax income	173	(13)	592	572
Income tax expense	5	283	96	431
Net income	\$ 168	\$ (296)	\$ 496	\$ 141
Preferred dividends	177	-	311	-
Net income attributable to common shareholders	\$ (9)	\$ (296)	\$ 185	\$ 141
Earnings per share-basic	\$ 0.00	\$ (0.09)	\$ 0.06	\$ 0.04
Earnings per share-diluted	\$ 0.00	\$ (0.09)	\$ 0.06	\$ 0.04

**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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