



FOR IMMEDIATE RELEASE

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Stonebridge Financial Corp. Reports Second Quarter Net Income

WEST CHESTER, Pa., August 25, 2010 -- Stonebridge Financial Corp. today reported net income of \$122,000, for the quarter ended June 30, 2010, compared to \$168,000, for the same quarter in the previous year.

Joseph C. Spada, President and Chief Executive Officer, said, “Despite lower earnings during the second quarter due to large loan loss provisions, expenses related to loan workouts and other real estate owned, and the interest income lost from loans on nonaccrual, we were able to increase net interest income by over 6 percent to \$2.9 million over the same period in the previous year. We are hopeful that the loans on nonaccrual will start to decrease during the second half of 2010. To assist with resolving these problem assets, Stonebridge Bank has hired Anthony N. Renzo as Chief Lending Officer. Also, during the second quarter, Stonebridge chose to defer payments on its Subordinated Debt and Preferred Stock from the Treasury’s Capital Purchase Program (CPP) to preserve capital.”

Net interest margins widened due to lower cost of funds. Second quarter net interest margin equaled 2.81% compared to 2.42% as of June 30, 2009. Non-interest income, derived primarily from securities gains, continued to have a positive impact on earnings, increased \$151,000 year over year.

Second quarter provision for loan loss was \$600,000, an increase of \$300,000 over the same period in 2009. As of June 30, 2010, the Bank held reserves equal to 2.69% of outstanding loan balances compared to 1.66% as of June 30, 2009.

The Bank and the Company remained well capitalized under risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System (FRB).

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
	2010	2009	2009	2009	2009
					Percent change from
Securities	\$ 79,462	\$ 81,764	\$ 101,195	-2.8%	-21.5%
Loans	320,182	339,410	359,559	-5.7%	-11.0%
Allowance for loan losses	8,599	9,927	5,965	-13.4%	44.2%
Total assets	413,421	444,957	483,848	-7.1%	-14.6%
Total deposits	317,272	344,561	359,082	-7.9%	-11.6%
Stockholders' equity	28,655	28,062	31,936	2.1%	-10.3%
Number of common shares outstanding	3,198,567	3,202,064	3,202,064	-0.1%	-0.1%
Book value per common share	\$ 5.48	\$ 5.31	\$ 6.54	3.2%	-16.2%

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Interest income	\$ 5,077	\$ 6,281	\$ 10,496	\$ 12,852
Interest expense	2,128	3,500	4,538	7,276
Net interest income	2,949	2,781	5,958	5,576
Provision for loan losses	600	300	1,100	650
Non-interest income	326	175	440	355
Non-interest expense	2,507	2,483	4,765	4,689
Pre-tax income	168	173	533	592
Income tax expense	46	5	130	96
Net income	\$ 122	\$ 168	\$ 403	\$ 496
Preferred dividends	177	177	354	311
Net income(loss) attributable to common shareholders	\$ (55)	\$ (9)	\$ 49	\$ 185
Earnings(loss) per share-basic	\$ (0.02)	\$ 0.00	\$ 0.02	\$ 0.06
Earnings (loss) per share-diluted	\$ (0.02)	\$ 0.00	\$ 0.02	\$ 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.

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