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Stonebridge Financial Corp. to Recognize Second Quarter 2008 Impairment Charge for Investment in Shay AMF Ultra Short Mortgage Fund

WEST CHESTER, Pa., July 3, 2008-- Stonebridge Financial Corp., the parent company of Stonebridge Bank, announced today that the Bank has terminated its investment in the Shay AMF Ultra Short Mortgage Fund (the "Fund") as of June 16, 2008 because of the continuing decline in the net asset value ("NAV") of the fund as well as the recent credit rating downgrade of certain non-agency private label mortgage backed securities held by the Fund. As a result of the NAV decrease, which was caused in large part by the uncertainty in spreads in the bond market for mortgage-related securities along with the performance of a small number of the bonds within the Fund, the Bank has determined that its investment in the Fund should be classified as other than temporarily impaired. Rather than continue as an investor in the Fund, the Bank elected to redeem its shares in the Fund and received a pro rata distribution of the securities held by the Fund on June 26, 2008. As a result, the Bank will incur an \$829,000 after tax charge, which includes a loss recognized as the fair value of the securities received being less than the carrying value of the mutual fund shares exchanged. The charge will be recognized for the quarter ended June 30, 2008, and Stonebridge expects that a substantial portion, but not all, of the charge will be offset by earnings for the quarter. A listing of the non-agency private label securities held in the Fund as of May 30, 2008 is available at <http://www.amffunds.com>.

The Bank will benefit from the receipt of the securities from the Fund by directly receiving all of the principal payments, including prepayments, made each month on the securities and will eliminate the 46 basis point fund management fees of approximately \$42,000 per year.

At June 16, 2008, prior to the redemption in kind, the Bank owned 967,037 shares of the Fund.

After giving effect to the charges relating to the redemption of its investment in the Fund, the Bank's capital ratios will continue to exceed the amounts necessary for the Bank to be considered well capitalized under applicable regulatory standards (5.00% for tier 1 leverage capital, 6.00% for tier 1 risk-based capital and 10.00% for total risk-based capital).

About Stonebridge Financial Corp.

The Company owns all the capital stock of the Bank. 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, <http://www.stonebridgebank.com>.

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.

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