

Contact:

C. Andrew Cook
President and Chief Executive Officer
(610) 949-0760

**Allegiance Bank of North America Reports Operating Results for the Quarter Ended
March 31, 2007**

BALA CYNWYD, PENNSYLVANIA – May 3, 2007 – Allegiance Bank of North America (OTCBB: ABPA) (the “Bank”), reported operating results for the quarter ended March 31, 2007.

C. Andrew Cook, President and Chief Executive Officer noted the achievements of the organization:

- In 2006, the Bank opened 3 new branch offices as part of its franchise development program.
 - The Bank opened its third branch, King of Prussia, on April 24, 2006.
 - The fourth branch, Worcester, commenced operations on September 11, 2006.
 - Berwyn, Pennsylvania, the fifth Branch, opened on December 18, 2006.
 - At March 31, 2007, the three new offices combined had generated over \$18.7 million in total deposits.
- Total deposits increased 9.8% to \$87.5 million at March 31, 2007 from \$79.7 million at March 31, 2006.
- For the three months ended March 31, 2007, the Bank’s net interest margin was 5.08%.
- In May 2007, the Bank strengthened its senior management team by hiring John A. Carrozza, CPA as the Bank’s senior vice president and chief financial officer. Mr. Carrozza brings over 20 years of Delaware Valley banking experience to the Bank.

The Bank lost \$177 thousand or \$0.04 per share during the three months ended March 31, 2007 as compared to net income of \$294 thousand or \$0.06 per share for the three months ended March 31, 2006. The decline in earnings was principally from a \$492 thousand increase in non-interest expense. The rise in expenses was primarily attributable to the expenses associated in the opening of three new branch offices during 2006.

Net interest income for the first quarter of 2007 decreased \$39 thousand or 2.5% to \$1.5 million from \$1.6 million for the first quarter of 2006 reflecting a \$246 thousand increase in interest expense partially offset by a \$207 thousand increase in interest income. The reduction of net interest income was largely a result of the compression of the Bank’s net interest margin to 5.08% for the first quarter of 2007 from 5.43% for the same period in 2006. The decrease in the net interest margin was primarily attributable to increased funding costs in 2006.

Non-interest income increased \$29 thousand or 65.9% in the first quarter of 2007 to \$73 thousand compared to \$44 thousand for the same period in 2006. The increase in non-interest income was primarily due to the increase in mortgage banking activities. Mortgage banking services increased \$35 thousand, or 91.6%, for the three months ended March 31, 2007 to \$54 thousand from \$18 thousand for the same period in 2006. Non-interest expenses increased \$492 thousand, or 40.5%, from \$1.2 million for the three months ended March 31, 2006 to \$1.7 million for the three months ended March 31, 2007. The rise in non-interest expense is mainly a result of additional compensation and occupancy costs related to the Bank's three new branch offices opened during 2006.

The provision for loan losses decreased \$31 thousand from \$120 thousand in the first quarter of 2006 to \$89 thousand in 2007. The Bank had five non-performing loans at March 31, 2007 which totaled \$1.8 million, or 1.29%, of total assets and one non-performing loan at March 31, 2006 which totaled \$425 thousand, or 0.34%, of total assets.

Assets increased 9.9% to \$139.3 million from \$126.7 million at March 31, 2006 fueled by a \$7.8 million or 9.8% increase in deposits from \$76.7 million at March 31, 2006 to \$87.5 million at March 31, 2007 and additional borrowings of \$3.1 million from \$23.2 million at March 31, 2006 to \$26.3 million at March 31, 2007. The increase in assets was also a result of a 13.0% increase in investments and 6.7% increase in the loan portfolio. Investment securities totaled \$25.4 million at March 31, 2007, an increase of \$2.9 million over the year earlier period as a result of the purchase of investments during the quarter. The Bank's loan portfolio increased 6.7% or \$6.7 million to \$106.2 million at March 31, 2007 from \$99.5 million one year earlier.

At quarter-end, the Bank's allowance for loan losses equaled \$2.0 million or 1.92% of total loans and 113% of non-performing loans. Non-performing loans totaled \$1.8 million or 1.70% of total loans and 1.29% of total assets at December 31, 2006 as compared to non-performing loans of \$1.9 million at year-end 2006 and 1.98% of total loans and 1.50% of total assets.

Stockholders' equity increased by \$17 thousand and remained at \$23.1 million at March 31, 2007 and 2006. At quarter end, stockholders' equity represented 16.6% of total assets as compared to 18.2% a year earlier. The Bank's regulatory capital ratios are all well in excess of the "well-capitalized" threshold.

"Allegiance's growth of its branch network, while expensive, will prove to be an investment in building the company's franchise value," said C. Andrew Cook, Allegiance's President and Chief Executive Officer. "The organization is benefiting the synergies created by the five branch network in advertising, convenience to the customer and market awareness. However, we intend to allow for the growth in the deposit portfolio before analyzing additional branch site locations."

Allegiance Bank of North America is a Pennsylvania state-chartered full-service commercial bank formed in 1999, headquartered in Bala Cynwyd, Pennsylvania. The Bank offers a sophisticated package of services beyond traditional bank services, such as escrow account management, specialty real estate lending programs, internet banking and non-bank services including title insurance, real estate settlement services, financial planning, life and health insurance and retirement programs through its three subsidiaries, Allegiance Financial Services,

Inc., AllSearch Abstract, LLC, and Paramount Mortgage and Capital, LLC. The common stock of the Company is traded on OTC Bulletin Board under the symbol ABPA.

Statements contained in this news release, which are not historical facts, are forward looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. Amounts herein could vary as a result of market and other factors. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors. Such forward-looking statements may be identified by the use of such words as “believe,” “expect,” “anticipate”, “should,” “planned”, “estimated”, and “potential”. Examples of forward-looking statements include, but are not limited to, estimates with respect to the financial condition, expected or anticipated revenue, results of operations and business of the Company that are subject to various factors which could cause actual results to differ materially from these estimates. These factors include, but are not limited to, general economic conditions, changes in interest rates, deposit flows, loan demand, real estate values, and competition; changes in accounting principals, policies, or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory, and technological factors affecting the Company’s operations, pricing, products and services.