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**Allegiance Bank of North America Reports Operating Results  
For the Quarter and Six Months Ended June 30, 2007**  
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Allegiance Bank of North America (OTCBB: ABPA) (the “Bank”) reported a net loss of \$227,000 for the three-months ended June 30, 2007 compared to net income of \$230,000 for the three-months ended June 30, 2006. Basic and dilutive loss and earnings per share for the three months ended June 30, 2007 and June 30, 2006 were \$(0.05) and \$0.05, respectively. Net loss for the six months ended June 30, 2007 was \$404,000 or \$(0.08) per diluted share compared to net income of \$527,000 or \$0.11 per diluted share during the same period in 2006.

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

- The Bank continues to develop the 3 new branch offices that opened in 2006 as part of its franchise development program.
- Positive loan growth of approximately \$8.1 million for the quarter ended June 30, 2007 and \$15.9 million or 15.98% for the year to date.
- Total deposits remained level at \$90.0 million at June 30, 2007 from \$90.2 million at June 30, 2006. An integral component of the Bank’s new strategic plan is to focus on the generation of core deposits to reduce overall dependence on higher cost certificates of deposit.
- The Bank’s net interest margin was 4.87% for the second quarter of 2007, which remains very strong in comparison to peer organizations.
- Equity to assets ratio of 16.1% remained strong at June 30, 2007.

The decline in earnings for the second quarter was principally from a \$443 thousand increase in non-interest expense. The increase in expenses was primarily attributable to the increased salaries and benefits and occupancy expense related to the three branches the Bank opened in 2006.

Net interest income for the quarter ended June 30, 2007 decreased \$60,000 or 3.7% to \$1.546 million from \$1.606 million for the second quarter ended 2006 reflecting a \$361 thousand increase in interest expense partially offset by a \$301 thousand increase in interest income. Net interest income for the first six months of 2007 decreased \$104 thousand or 3.3% to \$3.091 million from \$3.195 million for the second quarter of 2006 reflecting a \$607 thousand increase in interest expense partially offset by a \$503 thousand increase in interest income.

The reduction of net interest income for the three and six months ended June 30, 2007, was largely a result of the compression of the Bank’s net interest margin to 4.87% for the second quarter of 2007 from 5.47% for the same period in 2006. The decrease in the net

interest margin was primarily attributable to a shift in the deposit mix to higher cost deposits. As previously stated, one of the primary objectives of the Bank's strategic plan and branch expansion strategy is to gather retail deposits to replace the higher cost of funding methods that have historically been relied upon to support the growth in earning assets

The provision for loan losses decreased for both the three and six-month periods ended June 30, 2007. Management's determination of the appropriate amount to record as a provision for loan losses follows an evaluation of the adequacy of the Bank's allowance for loan losses and the quality of the Bank's loan portfolio.

Non-interest income decreased to \$49,000 for the three-month period ended June 30, 2007 from \$67,000 for the comparable period in 2006. For the six-month period ended June 30, 2007, non-interest income increased to \$122,000 from \$107,000 for the comparable period in 2006. The six-month increase is due to the fact that the Company had additional income from fees associated with the increase in mortgage banking activities.

Non-interest expenses increased \$443,000, or 33.5%, from \$1.321 million for the three months ended June 30, 2006 to \$1.764 million for the three months ended June 30, 2007. For the six months ended June 30, 2007, the bank reported an increase in non-interest expenses of \$935,000 or 36.9%. The increase in non-interest expense for the three and six months ended June 30, 2007 was primarily due to higher salaries and employee benefits expense, mainly due to a higher average employee headcount; specifically, staffing for new branches as well as new key employees in the business development, credit administration and back office operations.

"Management is acutely aware of the need for expense control in this environment of increased competitive pricing and stronger consumer demand for higher interest-bearing deposit accounts. As we are faced with the challenge of an uncertain interest rate environment, we are particularly pleased that our margin continues to remain strong and in addition, we continue to focus on fee income opportunities particularly in areas where we have a competitive market advantage" said C. Andrew Cook, Allegiance's President and Chief Executive Officer.

Total assets increased 11.3% to \$140.5 million at June 30, 2007 from \$126.2 million at June 30, 2006. Investments decreased by \$2.0 million or 8.9% from \$22.1 million at June 30, 2006 to \$20.1 million at June 30, 2007 while gross loans increased by 14.9% or \$14.8 million to \$114.3 million at June 30, 2007 from \$99.5 million one year earlier. Deposits remained constant at approximately \$90 million at June 30, 2007 and 2006, as part of the bank's new strategic plan to redirect the deposit growth into more core deposits and allow some of the higher cost deposits to runoff.

At June 30, 2007, the Bank's allowance for loan losses equaled \$2.1 million or 1.84% of total loans compared to \$1.7 million or 1.78% of total loans at June 30, 2006. The Bank has \$3.2 million in non-performing loans at June 30, 2007 compared to \$1.8 million at March 31, 2007. This increase is related to eight loans totaling approximately \$1.4 million placed on non-accrual status in the second quarter of 2007, Management has

reviewed these loans on an individual basis and determined that they are well secured by real estate collateral and the Bank anticipates little to no loss on these credits. The Bank is aggressively pursuing collection efforts on all non-accrual credits.

Stockholders' equity decreased by \$597 thousand to \$22.6 million at June 30, 2007, compared to \$23.2 million at June 30, 2006. At quarter end, stockholders' equity represented 16.1% of total assets as compared to 18.4% a year earlier. The Bank's regulatory capital ratios are all well in excess of the "well-capitalized" threshold.

Please refer to the attached financial data for further details.

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 principles, 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.

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