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**Allegiance Bank of North America Reports Operating Results for the Quarter Ended,
June 30, 2008**

BALA CYNWYD, PENNSYLVANIA – August 26, 2008 – Allegiance Bank of North America (OTCBB: ABPA) (the “Bank”), reported operating results for the quarter ended June 30, 2008.

The Bank’s second quarter net loss of \$1.8 million, or (\$0.38) per share, was primarily attributed to earnings issues in its non-active subsidiary, Paramount Mortgage and Capital, LLC (Paramount) and expenses associated with branch expansion. The second quarter 2008 financial impact of Paramount included an additional loan loss provision related to the continued impairment in real estate collateral values, a reduction in interest income connected to loans being classified as non-accrual and the increase in operating expenses associated with the collection efforts of those loans. Contributing to the loss during the second quarter of 2008 was \$1.0 million related to the continued workout of the Paramount loan portfolio. In addition, during the second quarter of 2008, the Bank recognized a one-time, pre-tax charge of \$350,000 relating to contractual payments due to a former executive officer of the Bank as a result of his termination of employment. Due to the rise in delinquencies, management made the decision to shut down Paramount operations on February 29, 2008. The Bank recorded a \$227,000 net loss, or (\$0.05) per share, during the second quarter of 2007. The year to date 2008 net loss was \$2.3 million, or (\$0.48) per share, compared to a year to date 2007 net loss of \$404,000, or (\$0.08) per share.

The Bank began the formation and execution of a turnaround plan during the second quarter which focused on improving the profitability of its branches and limiting the ongoing exposure of the Paramount portfolio. This turnaround plan provides decisive and aggressive initiatives to return the bank to profitability and enhance shareholder value. During the second quarter, bank management with the assistance of an independent third party consultant, completed a loss analysis on each loan within the Paramount portfolio. Issues within the Paramount portfolio have been identified, and collections on loans are being aggressively pursued to protect the Banks’ interests.

Bank management is intent on developing the branches to increase profitability. The Bank is offering new products, improving sales efforts and hiring seasoned professionals to help reach their goals. The introduction of the Star Reward Checking product in March of this year has increased core deposits. Dennis Ryan, a respected bank professional with thirty plus years of

experience, was hired as senior vice president of branch business development and management in May. Mr. Ryan will implement targeted marketing and customer acquisition campaigns to drive the performance of the branch network.

Gregg Wagner, President and Chief Executive Officer noted “we have a dedicated group of seasoned bankers focused on building a foundation to return the bank to profitability and grow shareholder value.”

The Bank noted the following financial highlights as of June 30, 2008:

- The Bank’s “well-capitalized” regulatory capital ratio of 16.6% far exceeds the “well-capitalized” regulatory threshold of 8.0%
- Positive loan growth from commercial customers of approximately \$5.2 million or 4.1% and \$9.5 million or 7.7% for the quarter and period ended June 30, 2008.
- Core deposits grew by approximately \$10 million to \$40.9 million or 32.4% at June 30, 2008, compared to \$30.9 million at June 30, 2007. Contributing to this increase was the Star Rewards Checking product, introduced in March, with deposits totaling \$2.9 million as of June 30, 2008. The mix of the core deposits to total deposits has improved from 34.4 % at June 30, 2007 to approximately 40.0% at June 30, 2008.
- Total deposits decreased 2.82% to \$103.1 million at June 30, 2008 from \$106.1 million at March 31, 2008 due to runoff of higher cost CD’s for the quarter.
- The balance sheet continues to grow with assets increasing by \$22.8 million or 16.3% to \$163.3 million as of June 30, 2008 from \$140.5 million for the same time period in 2007.
- The Bank’s net interest margin was 3.37% for the three months ended June 30, 2008, which remains strong in comparison to peer organizations.
- The Bank’s credit issues continue to be primarily isolated in the Paramount portfolio as noted in the following chart:

<u>Non-Performing Loans*</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>
Bank	\$ 1,627,389	\$ 2,348,650	\$ 1,806,501
Paramount	\$ 5,721,428	\$ 2,977,038	\$ 2,083,822
Total	\$ 7,348,817	\$ 5,325,688	\$ 3,890,323

***Non-Performing loan** -- a loan that is not earning income and: (1) full payment of principal and interest is no longer anticipated, (2) principal or interest is 90 days or more delinquent, or (3) the maturity date has passed and payment in full has not been made.

The provision for loan losses for both the three and six month periods of 2008 increased to \$707,000 and \$835,000, respectively, compared to \$59,000 and \$148,000 for the same periods last year. The higher provision for loan losses reflects the higher level of non-performing loans and impairment in collateral values of the Paramount loan portfolio during 2008.

At quarter-end, the Bank's allowance for loan losses equaled \$4.4 million or 3.3% of total loans and 60.3% of non-performing loans. In total, the Bank and Paramount had \$7.3 million of non-performing loans, or 4.5% of total assets, at June 30, 2008 compared to \$5.3 million of non-performing loans, or 3.5% of total assets at December 31, 2007, and \$3.9 million of non-performing loans, or 2.8% of total assets at June 30, 2007. Non-performing Paramount loans represented \$5.7 million or 3.5% of total assets, as of June 30, 2008, \$3.0 million or 2.0% of total assets, as of December 31, 2007 and \$2.1 million or 1.5% of total assets, as of June 30, 2007. Paramount also has other real estate owned of \$375,000 at June 30, 2008, compared to \$717,000 at December 31, 2007 and \$0 at June 30, 2007.

Allegiance Bank is a Pennsylvania state-chartered full-service commercial bank formed in 1999 and headquartered in Bala Cynwyd, Pennsylvania. Allegiance Bank offers a package of services beyond traditional bank offerings, such as Allegiance University: free educational business classes for customers and community members. The Bank provides additional non-bank services, including financial planning, life and health insurance and retirement programs. The common stock of Allegiance Bank is traded on the 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.