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**Allegiance Bank of North America Reports Operating Results for the Quarter Ended
March 31, 2008**

BALA CYNWYD, PENNSYLVANIA – May 16, 2008 – Allegiance Bank of North America (OTCBB: ABPA) (the “Bank”), reported operating results for the quarter ended March 31, 2008.

Gregg Wagner, President and Chief Executive Officer, noted the achievements of the organization:

- We achieved positive loan growth from commercial customers of approximately \$4.3 million or 3.5% for the quarter ended March 31, 2008.
- Total deposits remained level at \$106.1 million for the quarter ended March 31, 2008.
- The balance sheet continues to grow with assets increasing by \$8.6 million or 5.7% to \$159.3 million as of March 31, 2008 from \$150.6 million as of December 31, 2007.
- Despite increased asset and loan growth as noted above, the Bank has experienced continued earnings issues primarily attributable to its non-active subsidiary, Paramount Mortgage and Capital, LLC (Paramount). These issues include an additional provision for continued impairment in collateral values and a reduction in interest income related to loans being classified as non-accrual.
- The Bank's net interest margin was 3.94% for the three months ended March 31, 2008, which remains strong in comparison to peer organizations.
- Capital ratios remained strong with equity to assets of 12.8% at March 31, 2008.
- In March, the Bank introduced the Star Reward Checking product.

The Bank lost \$457 thousand or \$0.10 per share during the three months ended March 31, 2008 as compared to net income of \$177 thousand or \$0.04 per share for the three months ended March 31, 2007. The decline in earnings related to Paramount includes a \$120 thousand increase in the provision for loan losses to adjust for the continued impairment in collateral values; reduction of interest income of \$116 thousand associated with loans being classified as non-accrual and increased legal fees related to continued collection expense. Due to the rise in delinquencies, management made the decision to shut down our mortgage subsidiary, Paramount Mortgage and Capital, LLC (Paramount) on February 29, 2008. Paramount's customers were primarily small real estate contractors.

Net interest income for the first quarter of 2008 decreased \$78 thousand or 5.0% to \$1.47 million from \$1.55 million for the first quarter of 2007 reflecting a \$239 thousand increase in interest expense partially offset by a \$161 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 3.94% for the first quarter of 2008 from 5.08% for the same period in 2007. The reduction in interest income included \$116 thousand related to Paramount loans that were classified as non-accrual during the fourth quarter of 2007 and the first quarter of 2008. Although the Bank's funding costs were higher, deposit liabilities are currently repricing at lower rates during this down market which will help increase the interest spread going forward.

The decrease of \$27 thousand in non-interest income was primarily due to the reduction in mortgage banking activities related to closing down of Paramount during the first quarter of 2008. Non-interest expenses increased \$136 thousand, or 8.0%, from \$1.7 million for the three months ended March 31, 2007 to \$1.8 million for the three months ended March 31, 2008. The rise in non-interest expense is mainly a result of additional compensation and occupancy costs related to the Bank's branch expansion as well as increased legal fees associated with collection efforts relating to loans originated at Paramount and legal fees related to closing down Paramount.

The provision for loan losses increased to \$128 thousand for the first quarter of 2008 from \$89 thousand for the same period last year as a result of management's evaluation of the adequacy of the allowance for loan losses. During the first quarter of 2008, the Bank had no charged off loans and recovered \$8 thousand compared to no charge offs and \$7 thousand respectively, during the same period in 2007. The higher provision for loan losses reflects the higher level of non-performing loans and impairment in collateral values of Paramount's loan portfolio in the first quarter of 2008 compared to first quarter 2007.

Assets increased 14.4% to \$159.3 million from \$139.3 million at March 31, 2007 funded by an \$18.6 million or 21.2% increase in deposits from \$87.5 million at March 31, 2007 to \$106.1 million at March 31, 2008, and additional borrowings of \$6.1 million from \$26.3 million at March 31, 2007 to \$32.5 million at March 31, 2008. The increase in assets was primarily a result of a 20.5% increase in the loan portfolio. Investment securities totaled \$26.1 million at March 31, 2008, an increase of \$647 thousand over the year earlier period as a result of the purchase of investments during the quarter. The Bank's loan portfolio increased 20.5% or \$21.7 million to \$127.9 million at March 31, 2008 from \$106.2 million one year earlier.

At quarter-end, the Bank's allowance for loan losses equaled \$3.8 million or 2.93% of total loans and 113% of non-performing loans. In total, the Bank and Paramount had \$5.0 million of non-performing loans, or 3.9% of total assets, at March 31, 2008 compared to \$1.8 million of non-performing loans, or 1.2% of total assets at March 31, 2007. Non-performing loans were \$4.9 million at December 31, 2007. Non-performing Paramount loans represented \$3.0 million or 2.26% and \$2.4 million or 1.60% at March 31, 2008 and December 31, 2007, respectively. Paramount also has other real estate owned of \$600,000 compared to \$717,000 at December 31, 2007 and \$0 at March 31, 2007.

Stockholders' equity decreased by \$2.8 million to \$20.3 million at March 31, 2008 from \$23.1 million at March 31, 2007. At quarter end, stockholders' equity represented 12.8% of total assets as compared to 16.6% a year earlier. The Bank's regulatory capital ratios are all in excess of the "well-capitalized" threshold.

"We are very encouraged with our continued growth in commercial customer relationships and we are building the foundation to add new retail customers and improve the performance of our branches. The losses incurred in the Paramount portfolio continue to impact earnings. Management is taking a disciplined and focused approach at managing the Paramount portfolio to limit future losses," said Gregg Wagner, Allegiance Bank President and Chief Executive Officer.

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, internet banking and non-bank services, financial planning, life and health insurance and retirement programs through its three subsidiaries, Allegiance Financial Services, Inc. The common stock of the Bank 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 Bank 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 Bank's operations, pricing, products and services.