



April 30, 2008

Dear Shareholder:

You are cordially invited to attend the 2008 Annual Meeting of the shareholders of Allegiance Bank of North America to be held on Wednesday, June 11, 2008, at 11:00 a.m., at the Villanova Conference Center, 601 County Line Road, Radnor, PA 19087.

I would like to thank you for your faithful support as a shareholder and I look forward to meeting many of you for the first time. If I can help you in any way, please feel free to contact me directly at 610.949.0760 or at gwagner@allegbank.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregg J. Wagner".

Gregg J. Wagner
Chief Executive Officer

ALLEGIANCE BANK OF NORTH AMERICA

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 11, 2008

TO OUR SHAREHOLDERS:

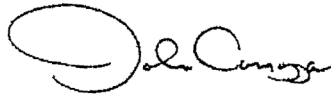
NOTICE IS HEREBY GIVEN THAT the 2008 Annual Meeting of Shareholders (the "Annual Meeting") of Allegiance Bank of North America (the "Bank") will be held on Wednesday, June 11, 2008 at 11:00 a.m., at the Villanova Conference Center, 601 County Line Road, Radnor, PA 19087, to consider and act upon:

1. The election of three (3) Class III directors;
2. The transaction of such other business as properly may be brought before the Annual Meeting or any adjournment or postponement thereof.

Shareholders of record of the Bank at the close of business on April 16, 2008, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

All shareholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly completing, signing, dating and returning your proxy form in the enclosed envelope or by submitting your proxy by telephone or through the internet, according to the instructions included with the enclosed proxy card.

Sincerely,



John A. Carrozza
Chief Financial Officer and
Corporate Secretary

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ALLEGIANCE BANK OF NORTH AMERICA

**One Belmont Avenue
Bala Cynwyd, Pennsylvania 19004**

ANNUAL MEETING OF SHAREHOLDERS

To Be Held on Wednesday, June 11, 2008

PROXY STATEMENT

General Information

This Proxy Statement has been prepared and is being distributed in connection with the solicitation by the Board of Directors of Allegiance Bank of North America (the "Bank") of proxies in the enclosed form for use at the 2008 Annual Meeting of Shareholders of the Bank to be held on Wednesday, June 11, 2008 at 11:00 a.m., at the Villanova Conference Center, 601 County Line Road, Radnor, PA 19087 (such meeting and any adjournment(s) or postponement(s) thereof are herein referred to as the "Annual Meeting"). This Proxy Statement is first being given or sent to shareholders of the Bank on or about April, 30, 2008.

Voting and Revocability of Proxies

Unless contrary instructions are indicated, all shares represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted FOR the election of the nominees for directors named herein. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly completing, signing, dating and returning your proxy form in the enclosed envelope or by submitting your proxy by telephone or through the internet according to the instructions included with the enclosed proxy card. As of the date of this Proxy Statement, the Board of Directors of the Bank (the "Board") knows of no business that will be presented for consideration at the Annual Meeting other than that referred to above. If any other business properly comes before the Annual Meeting, the persons designated in the enclosed proxy will vote on such business in accordance with their best judgment.

Any shareholder who executes a proxy may revoke it at any time before it is voted by delivering a subsequent proxy, or by attending the Annual Meeting and voting in person.

Solicitation of Proxies

Your proxy is being solicited by the Board for use in connection with the Annual Meeting. The cost of such solicitation will be borne by the Bank. Proxies may be solicited in person or by mail, telephone, telegram, mailgram or other means by directors, officers, and employees of the Bank. Such persons will not receive any fees for such solicitation. Brokers, nominees, fiduciaries and other custodians have been requested to forward such soliciting

material to the beneficial owners of shares held of record by them, and such custodians may be reimbursed for their expenses.

Voting Securities, Quorum and Required Vote

As of the close of business on April 16, 2008 the record date for voting at the Annual Meeting, there were issued and outstanding 4,798,062 shares of common stock, par value \$1.00 per share, of the Bank. Holders of shares of the Bank's common stock are entitled to one vote per share on all matters to be voted upon at the Annual Meeting. As of the date hereof, there are no other classes of the Bank's capital stock issued or outstanding.

The presence in person or by proxy of a majority of the shares of common stock outstanding on the Record Date will constitute a quorum for the purpose of conducting business at the Annual Meeting. For the purpose of determining the votes cast with respect to any matter presented for consideration at the meeting, only those votes cast "FOR" or "AGAINST" will be included. Abstentions and broker non-votes (shares held by brokers on behalf of their customers which may not be voted on certain matters because the brokers have not received specific voting instructions from their customers with respect to such matters) will be counted solely for the purpose of determining whether a quorum is present.

The three nominees for directors receiving the highest number of votes cast by the shareholders entitled to vote for the election of directors will be elected. There shall be no cumulative voting in the election of the Bank's directors.

John A. Carrozza, Richard Muntz and Jennifer Miller, and each of them acting individually, shall be appointed the lawful proxies, each with full power of substitution, for and on behalf of the shareholders, to vote as specified in any appropriately executed proxy, the shares of the Bank's common stock held of record by the shareholder.

Shareholder Communications with Directors

The Bank does not have formal procedures for shareholder communication with the Board. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to the Corporate Secretary at Allegiance Bank of North America, One Belmont Avenue, Suite 105, Bala Cynwyd, Pennsylvania 19004, with a request to forward the same to the intended recipient. In general, all shareholder communications delivered to the Corporate Secretary for forwarding to the Board or specified Board members will be forwarded in accordance with the shareholder's instructions. However, the Corporate Secretary reserves the right to not forward to Board members any abusive, threatening or otherwise inappropriate materials.

The Bank encourages all incumbent directors and nominees for election as directors to attend the Annual Meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors of the Bank consists of seven directors. As provided in the Articles of Incorporation, the Board is divided into three classes, as nearly equal in number as possible, with approximately one-third of the directors elected annually for three-year terms. All directors hold office until the annual meeting of shareholders at which their respective terms expire and until the election and qualification of their respective successors.

The incumbent members of the Board are: C. Andrew Cook and Edgar D. Landis, who serve as Class I Directors and whose term expires at the annual meeting to be held in 2009. Lynne C. Davis and Gregg J. Wagner, who serve as Class II Directors and whose term expires at the annual meeting to be held in 2010; and Robert Kramer, Stanley Engle and Amos B. Smith, III, who serve as Class III Directors and whose term expires at this Annual Meeting.

Director Nominees

The following individuals have been nominated for election at this Annual Meeting as Class III Directors to serve for a three-year term expiring at the annual meeting of shareholders to be held in 2011, and until their respective successors shall have been duly elected and qualified. Each of these persons has agreed to stand for election.

Stanley Engle, age 68, has been a member of the Board since 1999. Prior to that, since 1964, he has held various positions in Penn Distributors, a beverage distributor serving the Philadelphia Region, the last of which was President.

Robert Kramer, age 48, has been a member of the Board since 1999 and served as Vice Chairman of the Board from 2005 to 2008. He is the President of Microcision, LLC., a manufacturer of custom medical devices, a position Mr. Kramer has been holding since 1991.

Amos B. Smith, III, age 63, has been a member of the Board since 1999. Dr. Smith is the Rhodes-Thompson Professor of Chemistry at the University of Pennsylvania. He joined the Department of Chemistry in 1973 and served as the Chairman of the Department from 1988 through 1996.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS OF THE BANK UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF ALL THREE NOMINEES.

Continuing Directors

Gregg J. Wagner, age 47, became President and Chief Executive Officer of the Bank and a member of the Bank's Board in March 2008. Mr. Wagner has 26 years of banking experience. Prior to Mr. Wagner joining the Bank, he served as the Chief Financial Officer of Royal Bancshares of Pennsylvania, Inc. From 1994-2006, Mr. Wagner was employed by Harleysville National Corporation, where he served as President and Chief Executive Officer, Chief

Operating Officer and Chief Financial Officer. Mr. Wagner was employed as Chief Financial Officer and Chief Operating Officer of Security National Bank from 1992-1994. He was Vice President and Controller at the Bryn Mawr Trust Company from 1984-1992.

Edgar D. Landis, age 76, was elected Chairman of the Board in 2005 and had been Vice Chairman of the Board since the Bank's inception in 1999. Prior to that, he had been Executive Vice President, Chief Financial Officer and a member of the Board of CDI Corporation, a temporary staffing company in Philadelphia, Pennsylvania from 1973 until his retirement in 1997. Prior to his employment at CDI, Mr. Landis was corporate controller of Carlisle Corporation and later an Executive Vice President of a division of Carlisle. Prior to Carlisle, Mr. Landis was a Certified Public Accountant with Peat, Marwick & Mitchell.

C. Andrew Cook, age 66, has been a member of the Bank's Board since the Bank's inception in 1999 and served as President and Chief Executive Officer of Bank from its inception until March 2008 when he became Vice Chairman of the Board. Mr. Cook has spent 43 years in the financial arena with various institutions. Mr. Cook is currently on the boards of Consumer Credit Counseling Service, the Main Line Chamber of Commerce, the Pennsylvania Association of Community Banks and Bethel Prep Christian Academy.

Lynne C. Davis, age 61, was elected to the Board July, 2006. She is the President of The Davis Group, a consulting practice specializing in the pharmaceutical industry. Mrs. Davis has been providing solutions to the pharmaceutical industry for over 25 years in the areas of finance, pricing, managed care contracting, government compliance and data management, including 17 years at Glaxo SmithKline, a global pharmaceutical company.

Committees of the Board of Directors

The Bank's Board of Directors has organized, among other committees, the following standing committees: Asset/Liability Committee, Audit Committee, Compensation Committee, and the Loan Review Committee.

Asset/Liability Committee. Messrs Smith (Chair), Cook and Engle, and Mrs. Davis serve as members of the Asset/Liability Committee. The Asset/Liability Committee approves the asset/liability management policy and provides oversight to the Bank's management. The purpose of asset/liability management is to strive for a stable net interest income growth by protecting earnings from undue interest rate risk and by managing the risk / return relationships between liquidity, market risk and capital adequacy.

Audit Committee. Mrs. Davis (Chair) and Messrs, Engle, Landis and Smith serve as members of the Audit Committee. All members of the Audit Committee are independent from the management of the Bank. The Audit Committee provides general oversight of the Bank's financial reporting, and the adequacy and integrity of the Bank's internal controls. The Audit Committee selects and engages the certified public accountants to serve as the Bank's independent auditors. The Audit Committee reviews the results of all regulatory examinations and the follow up plans and actions to be implemented by management. The Audit Committee is responsible to determine whether or not all major issues reported by various audit activities made

by the Bank's internal auditor, regulators or other outside advisors have been satisfactorily resolved and to report to the Board all important matters pertaining to the Bank's control processes. The Audit Committee held six meetings during 2007 and it operates under a written charter approved by the Board. The Audit Committee acts only in an oversight capacity and, in doing so, relies solely on the work and assurances provided by management and the Bank's independent auditors.

Compensation Committee. Messrs Smith (Chair), and Kramer and Mrs. Davis serve as members of the Compensation Committee. The Compensation Committee is authorized to grant options, evaluate executive management's performance and approve compensation arrangements for the Bank's Chief Executive Officer. All members of the Compensation Committee are independent from the management of the Bank.

Loan Review Committee. Messrs Engle (Chair), Cook and Kramer serve as members of the Loan Review Committee. The Loan Review Committee reviews all classified or criticized loans and all new loans in amounts of \$375,000 or more, or additions to existing loans that would cause the total relationship exposure to exceed \$375,000. The Loan Review Committee is not an approving authority, but is intended to monitor loan activity on behalf of the Board for total exposures up to the "house limits" that have been set by the Board. Exposures greater than the "house limits" must go to the entire Board for approval.

Meetings of the Board and Board Committees

During 2007, the Board held eleven (11) full Board meetings. All of the directors attended at least seventy five percent (75%) of all of the meetings of the Board with the exception of Mr. Kramer. All Board Members attended 75% of all meetings of Board Committee meetings on which they serve with the exception of Mr. Kramer of the Loan Review Committee.

Executive Officers

The following sets forth certain information regarding the executive officers of the Bank. Information pertaining to C. Andrew Cook and Gregg J. Wagner, who are both Directors and executive officers of the Bank, may be found in the section entitled "Continuing Directors."

Kevin J. Gallagher, age 52, is the Chief Lending Officer of the Bank, joining the Bank in September of 2006. Mr. Gallagher has 29 years of banking/lending experience. Prior to joining the Bank, he held similar positions at Continental Bank, First Penn Bank and Sun National Bank of Pa. In 1988, he was instrumental in the start up of Republic Bank (today known as Republic First Bank) where he spent 11 years as Chief Lending Officer.

John A. Carrozza, age 43, is the Chief Financial Officer, and Corporate Secretary of the Bank, since May of 2007. Prior to joining the Bank, Mr. Carrozza had been the Chief Financial Officer for First Penn Bank in Philadelphia since 2001. Before that Mr. Carrozza was an audit manager for Stockton Bates & Co., where he specialized in audits of financial institutions and SEC registrants. During his combined 20 years of auditing, accounting and banking experience he also became a Certified Public Accountant.

Debora Micka, age 50, became the Chief Credit Officer of the Bank in July, 2006. Ms Micka joined the Bank in May, 2005 as Chief Policy Officer of Credit Administration. Prior to joining the Bank, Ms Micka was the Senior Credit Officer and Senior Real Estate Underwriter with DNB First, NA since 1999. During the years from 1981 to 1999, Ms. Micka held various positions in commercial lending and credit administration with First Union through the CoreStates/Meridian Bank mergers.

Susan E. Dugan, age 54, has been with the Bank since 2003. Mrs. Dugan serves as Chief Retail Officer, BSA Officer, Compliance Officer, and Security Officer. Prior to joining the Bank, Mrs. Dugan spent most of her 29 years of banking in various retail and operational management positions with small community banks.

EXECUTIVE COMPENSATION

The following table shows the annual compensation of the Chief Executive Officer of the Bank and the Bank's other most highly compensated executive officers for the fiscal years ended December 31, 2007, 2006 and 2005:

Summary Compensation Table

<u>Name & Principal Position</u>	<u>Year</u>	<u>Annual Compensation</u>		<u>Other Annual Compensation (\$)⁽¹⁾</u>	<u>Long Term Compensation</u>
		<u>Salary (\$)</u>	<u>Bonus (\$)</u>		<u>Stock option Grants (#)</u>
C. Andrew Cook* President and Chief Executive Officer	2007	167,218	0	6,315	10,000
	2006	148,320	35,000	20,047	5,000
	2005	143,692	26,000	20,227	5,000
John A. Carrozza** Chief Financial Officer	2007	78,233	0	4,176	11,000
Susan E. Dugan Chief Retail Officer	2007	96,359	0	9,593	5,000
Kevin J. Gallagher Chief Lending Officer	2007	136,815	0	12,232	20,000
	2006	38,192	10,000	3,419	10,000
Debora A. Micka Chief Credit Officer	2007	118,072	0	4,176	10,000
	2006	111,308	4,000	6,672	2,500
	2005	63,846	5,000	2,776	5,000

* Mr. Cook Served as President and Chief Executive Officer of the Bank until March 2008 at which time Gregg J. Wagner became President and Chief Executive Officer.

** Mr. Carrozza joined the Bank in May 2007.

(1) In addition to salaries, executive officers, as well as other employees of the Bank, receive a fringe benefit package consisting of some or all of the following: health, major medical and disability insurance and other customary benefits. The Bank may adopt other benefits and programs, including an incentive compensation plan, which may become available to all or selected officers or employees. Mr. Cook currently receives long-

term care coverage for himself and his spouse from the Bank. Mr. Cook receives use of a company car for business and personal use. He is reimbursed for the cost of repairs, gasoline and automobile insurance. See "Employment and Change in Control Agreements" for a more elaborate description of Mr. Cook's terms of employment with the Bank.

Employment and Change in Control Agreements

C. Andrew Cook. Mr. Cook served as the President and Chief Executive Officer until March 2008 and continues as Vice Chairman of the Board under an employment agreement with the Bank, entered into in July 1999 and expiring in September 2010. Mr. Cook is entitled to receive an annual base salary of not less than \$120,000. The annual base salary for Mr. Cook in any period cannot be less than the annual base salary paid to him in any prior period. The agreement provides for an annual bonus at the discretion of the Bank's compensation committee. Mr. Cook is entitled to participate in any incentive compensation and employee benefit plans that the Bank maintains and to the use of a Bank provided automobile and reimbursement for automobile expenses.

In the event the Bank terminates Mr. Cook's employment without cause, he will be entitled to receive, during the remaining term of his agreement, an annual amount equal to his base salary in effect immediately prior to his termination. Mr. Cook will also be entitled, during the remaining term of his agreement, to the continued benefit of all employee benefit plans and programs to which Mr. Cook was entitled prior to the date of termination.

In the event Mr. Cook terminates his employment with the Bank for "Good Reason," as defined in his agreement, he will be entitled to receive the same annual amounts and benefits he would be entitled to receive if he were terminated without Cause. The agreement defines a change of control as a "Good Reason." A change of control includes (i) acquisition of 25% of the stock or substantially all the assets of the Bank by a person or entity or group, other than the Board, acting in concert; (ii) merger consolidation or combination of the Bank with an unaffiliated entity whereby the directors of the Bank prior to the transaction constitute less than a majority in the new entity; (iii) transfer of substantially all the Bank's assets to an unaffiliated company; and (iv) election to the Board during a consecutive three year period of a group of individuals constituting a majority of the Board who were not serving as directors immediately prior to the three year period.

The employment agreement further provides that in the event Mr. Cook's employment is voluntarily terminated or is involuntarily terminated and the Bank is making, or has made severance payments to Mr. Cook, he may not, for a period of one year after the date of termination, enter into or engage in direct competition with the Bank or any subsidiary in the business of commercial banking either on his own or as an independent contractor, agent, employee, officer, director or a shareholder of any entity within a 15 mile radius of the Bank's headquarters. In addition, during his employment and for a period of one year following the termination of his employment, Mr. Cook may not (i) solicit, endeavor to entice away from the Bank, or otherwise interfere with the relationship of the Bank with, any person who at the time of termination was a customer, client, or referral source of the Bank or (ii) solicit any person who is employed by the Bank to leave the employ of the Bank.

Gregg J. Wagner. On March 17, 2008, the Board of Directors unanimously elected Gregg J. Wagner as President and Chief Executive Officer of the Bank. Mr. Wagner has no contractual term of employment. He is paid a base salary of \$4,000 per week and is entitled to participate in all of the Bank's benefit plans for senior management as those plans exist from time to time. On March 17, 2008, Mr. Wagner was granted an Incentive Stock Option under the Bank's 2005 Stock Option Plan to purchase 10,000 shares of Common Stock at an exercise price of \$2.81 per share, which was the closing market price on that day, for a term of ten years, subject to the provisions of the Plan. The options become exercisable to the extent of one-third of the number of shares covered thereby on each of the first three anniversaries of the date of grant and contain terms and conditions similar to those contained in options issued to other executive employees of the Bank. If Mr. Wagner's employment is terminated by him or the Bank following a change in control of the Bank, as defined in the 2005 Stock Option Plan, he will be entitled to be paid his base compensation and benefits for a period of six months following the change in control.

Other Executives. On March 17, 2008, the Board approved commitments to the following officers of the Bank, in a form to be approved by the Compensation Committee, to continue their base compensation for the indicated number of months following a change in control as defined in the 2005 Stock Option Plan: John A. Carrozza -12 months, Susan E. Dugan – 12 months, Kevin J. Gallagher – 18 months and Debora A. Micka – 12 months.

Compensation of Directors

The directors received no stock options or other compensation in 2007. The Bank maintains a directors and officers liability insurance policy. The policy covers all directors and officers of the Bank for certain liability, loss, or damage that they may incur in their capacities as such. To date no claims have been filed under this insurance policy.

OPTION GRANTS TO EXECUTIVE OFFICERS IN LAST FISCAL YEAR

The following table sets forth information concerning the awards of options to purchase common stock made to the named executive officers during fiscal year 2007. All options were granted under the Bank's 2005 stock option plan. All options have a ten-year term, subject in certain cases to earlier expiration following termination of employment. All such options vest with respect to one third of the total number of option shares as of the first anniversary of the date of grant, with respect to an additional one-third of the option shares as of the second anniversary of the date of grant, and with respect to the remainder of the option shares as of the third anniversary of the date of grant; provided all options vest immediately upon the occurrence of a change in control of the Bank. In the event of an optionee's voluntary retirement his or her option lapse at the earlier of three months after retirement or the expiration of the term of the option. In the event of the optionee's death or disability, his stock options lapse at the earlier of one year from the date of death or disability, or the expiration of the term of the option. If the optionee's employment is terminated for misconduct, the options will terminate upon the date of such termination. If the optionee's services are terminated involuntarily for reasons other than misconduct, options terminate at the earlier of six months from the date of involuntary termination or the expiration of the term of the option.

Notwithstanding the foregoing, if the optionee's service is terminated (in a voluntary or involuntary termination) within two years following a change in control of the Bank (as defined in the Plans), the option will expire in accordance with its stated termination date.

<u>Name</u>	<u>Number of Securities Underlying Options Granted (#)</u>	<u>Percent of Total Options granted to Employees in Fiscal Year</u>	<u>Exercise Price \$/Share(1)</u>	<u>Expiration Date</u>
C. Andrew Cook	10,000	15.50%	3.08	12/27/2017
Kevin J. Gallagher	20,000	31.00%	3.08	12/27/2017
John A. Carrozza	10,000	15.50%	3.08	12/27/2017
John A. Carrozza	1,000	1.55%	4.65	5/14/2017
Susan E. Dugan	5,000	7.75%	3.08	12/27/2017
Debora A. Micka	10,000	15.50%	3.08	12/27/2017

(1) Exercise price per share exercise is equal to the fair market value of the Bank's stock at the date of the option Grant as determined by the Compensation Committee.

None of the executive employees: John A. Carrozza, C. Andrew Cook, Susan E. Dugan, Kevin J. Gallagher, or Debora A. Micka, exercised any options during the year ended December 31, 2007.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2007, with respect to the shares of common stock that may be issued under the Bank's existing equity compensation plans:

<u>Plan category</u>	<u>(a) Number of securities to be issued upon exercise of outstanding options</u>	<u>(b) Weighted-average exercise price of outstanding options</u>	<u>(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a))</u>
2000 Stock Option Plan	199,833	\$5.03	- ⁽¹⁾
2003 Stock Option Plan	13,538	\$4.14	- ⁽¹⁾
2005 Stock Option Plan	158,576	\$5.45	307,293
Total	371,947	\$5.20	307,293

⁽¹⁾ No further options may be granted under the 2000 or 2003 Plans.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 16, 2008, information with respect to the beneficial ownership of the Bank's common stock by each director and nominee for director of the Bank, by the Bank's Chief Executive Officer, by each of the Bank's five (5) other most highly compensated executive officers in 2007, and by all of the Bank's officers and directors as a group. No person is known by management of the Bank to be the beneficial owner of 5% or

more of the Banks common stock. Each of the persons named in the table below as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated.

Amount and Nature of Beneficial Ownership ⁽¹⁾

<u>Name of Beneficial Owner</u>	<u>Total Beneficial Ownership</u>	<u>Sole Voting and Investment Power</u>	<u>Shared Voting and Investment Power</u>	<u>Percent of Class ⁽²⁾</u>
John A. Carrozza ⁽³⁾	11,000	11,000	--	0.23%
C. Andrew Cook ⁽⁴⁾	82,000	79,600	2,400	1.69%
Lynne Davis ⁽⁵⁾	6,000	6,000	--	0.12%
Susan E. Dugan ⁽⁶⁾	5,200	5,000	200	0.10%
Stanley H. Engle ⁽⁷⁾	148,362	137,248	11,114	3.07%
Kevin J. Gallagher ⁽⁸⁾	30,000	30,000	--	0.62%
Robert S. Kramer ⁽⁹⁾	92,844	81,324	11,520	1.92%
Edgar D. Landis ⁽¹⁰⁾	128,400	128,400	--	2.65%
Debora A. Micka ⁽¹¹⁾	19,500	19,500	--	0.41%
Amos B. Smith, III ⁽¹²⁾	154,484	114,484	40,000	3.20%
Gregg J. Wagner ⁽¹³⁾	--	--	--	--
All directors and executive officers as a group (11 persons) ⁽¹⁴⁾	677,790	612,556	65,234	13.42%

- (1) Based on our books and records as of April 16, 2008. Shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares. A person is deemed to have beneficial ownership of shares which may be received upon the exercise of outstanding stock options if the option is exercisable within 60 days.
- (2) The percentage is calculated on a fully diluted basis (as if such vested options were exercised).
- (3) Includes 11,000 shares that Mr. Carrozza has the right to acquire upon the exercise of vested stock options.
- (4) Includes 2,400 shares jointly owned by Mr. Cook and his spouse and 55,560 shares that Mr. Cook has the right to acquire upon the exercise of vested stock options.
- (5) Includes 6,000 shares that Mrs. Davis has the right to acquire upon the exercise of vested stock options.
- (6) Includes 5,000 shares that Susan E. Dugan has the right to acquire upon the exercise of vested stock options.
- (7) Includes 5,714 shares owned by Mr. Engle's spouse and 5,400 shares owned by LaSalle-Wayne Family Partnership. Mrs. Engle is the managing partner of LaSalle-Wayne family partnership and through her position exercises voting and investment power over these shares. Includes 31,248 shares that Mr. Engle has the right to acquire upon the exercise of vested stock options.
- (8) Includes 30,000 shares Mr. Gallagher has the right to acquire upon the exercise of vested stock options.
- (9) Includes 11,520 shares jointly owned by Mr. Kramer and his spouse and 29,484 shares that Mr. Kramer has the right to acquire upon the exercise of vested stock options.
- (10) Includes 38,160 shares that Mr. Landis has the right to acquire upon the exercise of vested stock options.
- (11) Includes 9,500 shares that Ms. Micka has the right to acquire upon the exercise of vested stock options.
- (12) Includes 40,000 shares held by Dr. Smith as trustee for his children and 29,484 shares that Dr. Smith has the right to acquire upon the exercise of vested stock options.
- (13) Mr. Wagner was issued an option to purchase 10,000 shares when he joined the Bank in March 2008. The options are not reflected in the table since they are not exercisable within 60 days.
- (14) Includes 254,436 shares that directors and officers and their affiliates, in the aggregate, have the right to acquire upon the exercise of vested stock options.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Indebtedness of Management. The Bank offers various types of loans to its directors, officers, and employees. Pursuant to applicable federal law, any loan made by the Bank to a director, officer, employee or other affiliate is to be made on substantially the same terms and conditions available to non-related borrowers (in particular as to interest rate and collateral). In addition, applicable federal law requires that the risk of nonpayment of loan of related borrowers will not be greater than the risk of nonpayment on loans to non-related borrowers, and that the loans to directors and executive officers must be approved by a majority of the full Board of Directors, with the loan applicant not voting or influencing the vote.

Certain directors and officers of the Bank during year ended December 31, 2007, had banking transactions with the Bank in the ordinary course of business. Similar transactions may be expected to occur in the future. All loans and commitments to lend were made under substantially the same terms, including interest rates, collateral, and repayment terms, as those prevailing at the time for comparable transactions with other persons and, in the opinion of Bank's management, do not involve more than the normal risk of collection or present other unfavorable features. The aggregate amount of loans to such related parties was \$419,715. During the year, ended December 31, 2007, new loans and credit line advances to such related parties amounted to \$184,915, and repayments amounted to \$356,200. All such credit transactions were approved by the Bank's Board with the related director or officer not voting or influencing the vote. The aggregate amount of deposits from related parties was \$630,000 at December 31, 2007.

Other Matters

Management does not know of any other matters to come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons designated as proxies to vote in accordance with their best judgment on such matters. The shareholders, present and voting at the Annual Meeting, may extend by adjournment the Annual Meeting as provided in the Bylaws.

IT IS IMPORTANT THAT YOU EXECUTE YOUR PROXY PROMPTLY, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE COMPLETE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE PROMPTLY, OR SUBMIT A PROXY BY PHONE OR THROUGH THE INTERNET ACCORDING TO THE INSTRUCTIONS INCLUDED WITH THE ENCLOSED PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

By Order of the Board of Directors,
John A. Carrozza,
Chief Financial Officer and
Corporate Secretary