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Allegiance Bank of North America Reports Strong Operating Results for Quarter Ended March 31, 2006.

BALA CYNWYD, P.A. – May 8, 2006 – Allegiance Bank of North America (OTCBB: ABPA), reported operating results for the quarter ended March 31, 2006.

Significant events during 2006 include the following:

- ♣ The first quarter of 2006 recorded the Bank's fifteenth consecutive quarter of profitable operations;
- ♣ Earnings per share were \$0.06 in the 2006 first quarter, up 20% from the \$0.05 reported in the 2005 first quarter;
- ♣ Further expansion of our strong net interest margin. For the quarter ended March 31, 2006, the Bank's net interest margin grew 12 bps to 5.43% from the prior year period of 5.31%;
- ♣ Total assets increased to \$126.7 million at March 31, 2006 from \$100.8 million at March 31, 2005, representing a 25.7% increase over the same period in 2005;
- ♣ Successfully opened the Bank's third branch in King of Prussia, a northern suburb of Philadelphia, Pennsylvania. The branch commenced operations on April 24, 2006.

Net income for the first quarter 2006 was \$294 thousand, up 27.3% compared to \$231 thousand for the first quarter of 2005. Diluted earnings per share increased 20.0% to \$0.06 in the 2006 first quarter from \$0.05 in the comparable 2005 period. The rise in net income is primarily attributable to an increase in net interest income of \$397 thousand or 33.4% to \$1.6 million in the first quarter of 2006 from \$1.2 million for the corresponding period of 2005. This increase was partially offset by a \$68 thousand or 60.7% decrease in non-interest income to \$44 thousand in the first quarter of 2006 from \$112 thousand in the first quarter of 2005 and a \$274 thousand or 29.1% increase in non-interest expenses to \$1.2 million in the first quarter of 2006. The increase in net interest income was primarily driven by a \$769 thousand, or 46.8% increase in interest income to \$2.4 million in the first quarter of 2006 from \$1.6 million in the prior period in 2005. The majority of the increase in interest income can be attributed to an increase in interest on loans receivable, which increased by \$640 thousand. The increase in loan interest income principally resulted from a 20.3% expansion in the Bank's loan portfolio to \$99.5 million at March 31, 2006 from \$82.7 million at March 31, 2005.

Net interest income for the first quarter of 2006 was up 33.4% to \$1.6 million from \$1.2 million for the first quarter of 2005 reflecting continued growth in assets, primarily loans. Our already strong net interest margin expanded 12 basis points to 5.43% for the first quarter 2006 compared

to 5.31% for the same period in 2005. On a linked quarter basis, our net interest margin contracted 28 basis points from 5.71% in the fourth quarter of 2005. The decline in the linked quarter margin is primarily attributable to a 33 basis point increase in the Bank's cost of funding due to competitive market pressure on deposit rates. To further support continued growth of our franchise, the Bank opened its third branch in April 2006 which should stimulate further deposit growth and improve our funding mix by emphasizing lower cost core deposit generation.

Non-interest income declined by 60.7% in the first quarter of 2006 to \$44 thousand compared to \$112 thousand for the same period in 2005. Non-interest income was negatively impacted by a \$66 thousand decline in income generated from mortgage banking activities compared to the corresponding period of 2005.

Assets increased 25.7% to \$126.7 million from \$100.8 million at March 31, 2005 fueled by a \$3.3 million or 4.4% increase in deposits from \$76.4 million at March 31, 2005 to \$79.7 million at March 31, 2006 and additional borrowings of \$21.5 million from \$1.7 million at March 31, 2005 to \$23.2 million at March 31, 2006. The increase in assets was also a result of a 20.3% increase in the loan portfolio. The Bank's loan portfolio increased 20.3% or \$16.8 million to \$99.5 million at March 31, 2006 from \$82.7 million one year earlier. Investment securities totaled \$22.5 million at March 31, 2006, an increase of \$10.0 million over the year earlier period as a result of the purchase of short-term investments during the quarter.

At quarter-end, the Bank's allowance for loan losses equaled \$1.6 million or 1.58% of total loans and 370% of non-performing loans. Non-performing loans totaled \$425 thousand or 0.34% of total loans and 0.43% of total assets at March 31, 2006 as compared to non-performing loans of \$165,000 at year-end 2005. The \$425 thousand non-accrual loan at March 31, 2006 was repaid in full at the end of April 2006.

Stockholders' equity increased by \$968 thousand to \$23.1 million at March 31, 2006 from \$22.1 million at March 31, 2005. At quarter end, stockholders' equity represented 18.2% of total assets as compared to 21.9% a year earlier. The Bank's regulatory capital ratios are all well in excess of the "well-capitalized" threshold.

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.