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Allegiance Bank of North America Reports Operating Results for the Three and Six Month Periods Ended June 30, 2006.

BALA CYNWYD, P.A. – August 11, 2006 – Allegiance Bank of North America (OTCBB: ABPA), reported its sixteenth consecutive profitable quarter of operations for the quarter ended June 30, 2006.

C. Andrew Cook, President and Chief Executive Officer, noted the achievements of the organization in 2006 to date:

- ♣ The second quarter of 2006 marked the Bank's sixteenth consecutive quarter of profitable operations. Earnings for the second quarter of 2006 increased to \$233 thousand from \$215 thousand during the year ago period, an increase of 8.4%. Earnings per share for the second quarter of 2006 were \$0.05, which is equal to earnings per share in the second quarter of 2005.
- ♣ Net income for the six months ended June 30, 2006 grew 18.2% over net income for the prior year period. Net income for the six months ended June 30, 2006 increased to \$527 thousand or \$0.11 per share from \$446 thousand or \$0.10 per share in 2005.
- ♣ Increased an already strong net interest margin. For the six months ended June 30, 2006, the Bank expanded its net interest margin by 56 basis points from 4.91% for the prior year period to 5.47% for 2006;
- ♣ Total assets increased by 16.5% year over year to \$126.2 million at June 30, 2006 from \$108.4 million a year earlier;
- ♣ Total loans increased by \$8.6 million or 9.5% to \$99.5 million at June 30, 2006 from \$90.9 million at June 30, 2005;
- ♣ Opened a new branch, the Bank's third full service retail location, in King of Prussia, a suburb of Philadelphia on April 24, 2006;

Net income for the second quarter of 2006 was \$233 thousand or \$0.05 per share compared to \$215 thousand or \$0.05 per share for the second quarter of 2005. The increase in earnings is primarily the result of a 24.2% increase in net interest income to \$1.6 million from \$1.3 million. These increases were offset by a \$46 thousand or 42.2% decrease in non-interest income to \$63 thousand in the second quarter of 2006 from \$109 thousand in the prior year period. Coupled with the decrease in net-interest income, the Bank also had a 25.2% or \$266 thousand increase in other expenses from \$1.1 million during the second quarter of 2005 to \$1.3 million in the second quarter of 2006. The increase in net interest income was primarily due to a \$664 thousand increase in interest income driven by a 48.2% increase in the Bank's investment portfolio and a

9.5% increase in the Bank's loan portfolio. The increase in the operating expenses was related to the additional costs of the Bank's third branch office that opened on April 24, 2006.

Net interest income for the second quarter of 2006 increased by 24.2% to \$1.6 million from \$1.3 million for the second quarter of 2005 reflecting continued growth in earning assets, primarily investments and loans, and a higher net interest margin. The Bank opened its third office on April 24, 2006 to further support its franchise growth in attractive markets and stimulate further loan and deposit growth while improving its deposit mix by emphasizing lower cost core deposit generation.

Non-interest income decreased 42.2% in the second quarter of 2006 to \$63 thousand compared to \$109 thousand for the same period in 2005. The decrease in non-interest income was primarily due to a 41.1% or \$41 thousand decrease in mortgage banking activities in the second quarter of 2006 as compared to the second quarter of 2005.

For the six months ended June 30, 2006, the Bank earned \$527 thousand or \$0.11 per share compared to \$446 thousand or \$0.10 per share during the prior year period. Driven by continued growth in the investment and loan portfolio and higher interest rates, interest income for the first half of 2006 increased 40.8% to \$4.9 million compared to \$3.5 million reported in the year ago period. For the six months ended June 30, 2006, the net interest margin was 5.47% versus 4.91% for the first six months of 2005. Net interest income for the six months ended June 30, 2006 amounted to \$3.2 million, a 28.6% increase over the \$2.5 million recorded in the same six month period in 2005.

Non-interest income for the first six months of 2006 was \$107 thousand, a decrease of \$114 thousand from the same period in 2005, mainly driven by mortgage banking revenues which decreased \$116 thousand as compared to the six month period in 2005. Non-interest expenses amounted to \$2.5 million for the six months ended June 30, 2006, a 27.1% increase from the \$2.0 million reported in the first half of 2005. The increase in non-interest expenses reflects the Bank's overall growth in loans, deposits and the addition of a third branch office.

Total assets increased 16.5% to \$126.2 million at June 30, 2006 from \$108.4 million at June 30, 2005. Investments increased by \$7.2 million or 48.2% from \$14.9 million at June 30, 2005 to \$22.1 million at June 30, 2006 while loans increased by 9.5% or \$8.6 million to \$99.5 million at June 30, 2006 from \$90.9 million one year earlier. Deposits increased 7.1% to \$90.2 million at June 30, 2006 from \$84.2 million at June 30, 2005. Short-term borrowings increased to \$11.3 million at June 30, 2006 from the \$424 thousand reported twelve months ago as short-term borrowings were used to leverage investment purchases.

At June 30, 2006, the Bank's allowance for loan losses equaled \$1.7 million or 1.71% of total loans compared to \$1.2 million or 1.33% of total loans at June 30, 2005. The Bank has \$1.0 million in non-performing loans at June 30, 2006 compared to \$425 thousand at March 31, 2006. The largest of these non-accrual loans, approximately \$763,000, is well secured by real estate collateral and the Bank anticipates little to no loss on this credit. The Bank is aggressively pursuing collection efforts on the remaining smaller credits.

Stockholders' equity increased by \$888 thousand to \$23.2 million at June 30, 2006 compared to \$22.3 million a year earlier. Stockholders' equity equaled 18.4% of total assets at June 30, 2006. Regulatory capital ratios are all well in excess of the "well-capitalized" threshold.

Commenting on the operating results, C. Andy Cook, President and Chief Executive Officer stated "We are pleased to be able to report increased earnings despite the costs associated with opening the Bank's third branch office in April 2006."

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.