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**Allegiance Bank of North America Reports Operating Results for the Year Ended and Quarter Ended December 31, 2006**

**BALA CYNWYD, PENNSYLVANIA – February 13, 2007** – Allegiance Bank of North America (OTCBB: ABPA) (the “Bank”), reported operating results for the year ended and quarter ended December 31, 2006.

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

- ♣ In June 2006, the Bank was named the small business of the year by the Main Line Chamber of Commerce.
- ♣ On December 18, 2006 the Bank opened its fifth office in Berwyn, Pennsylvania. On April 24, 2006, the Bank opened its third office in King of Prussia, Pennsylvania and on September 11, 2006, opened its fourth office in Worcester, Pennsylvania. As of December 31, 2006, the Bank’s King of Prussia and Worcester branch offices had each generated over \$9 million in deposits during the period they have been open in 2006 deposits.
- ♣ In October 2006, the Bank strengthened its senior management team by hiring Kevin J. Gallagher as the Bank’s senior vice president and chief lending officer who brings over 25 years of Delaware Valley banking experience to the Bank.
- ♣ For the twelve months ended December 31, 2006, the Bank’s net interest margin was 5.31%.
- ♣ For the three months ended December 31, 2006, the Bank’s net interest margin was 5.11%.

The Bank lost \$134 thousand or \$0.03 per share during the three months ended December 31, 2006 as compared to net income of \$244 thousand or \$0.05 per share for the three months ended December 31, 2005. This decrease in earnings was primarily the result of a \$287 thousand increase in non-interest expense. The increase in non-interest expense was primarily attributable to the expenses associated in opening the Bank’s new branch offices as well as staff restructuring expenses.

Net interest income for the fourth quarter of 2006 decreased 3.9% to \$1.5 million from \$1.6 million for the fourth quarter of 2005 reflecting a \$293 thousand increase in interest income offset by a \$348 thousand increase in interest expense. The decrease in net interest income was

primarily due to a compression of the Bank's net interest margin. The net interest margin for the three months ended December 31, 2006 decreased 60 bp to 5.11% from 5.71% during the three months ended December 31, 2005. The decrease in the net interest margin was primarily due to increased funding costs in 2006.

Non-interest income decreased \$45 thousand or 52.3% in the fourth quarter of 2006 to \$41 thousand compared to \$86 thousand for the same period in 2005. The decrease in non-interest income was primarily due to rising interest rates which reduced mortgage banking activities. Mortgage banking services decreased \$37 thousand, or 58.7%, for the three months ended December 31, 2006 to \$26 thousand from \$63 thousand for the same period in 2005. Non-interest expenses increased \$287 thousand, or 22.3%, from \$1.3 million for the three months ended December 31, 2005 to \$1.6 million for the three months ended December 31, 2006. This increase in non-interest expenses reflects the additional compensation and occupancy costs of the Bank's three new branch offices opened in 2006 and staff restructuring expenses.

The provision for loan losses decreased \$15 thousand from \$123 thousand in the fourth quarter of 2005 to \$108 thousand in 2006. The Bank had five non-performing loans at December 31, 2006 that totaled \$1.9 million, or 1.5%, of total assets and one non-performing loan at December 31, 2005 that totaled \$425 thousand, or 0.35%, of total assets.

For the year ended December 31, 2006, the Bank earned \$153 thousand or \$0.03 per share compared to \$1 million or \$0.22 per share during the prior year period. The decrease in earnings was primarily driven by a \$1.2 million, or 27.0%, increase non-interest expense and a \$221 thousand decrease in non-interest income. The increase in non-interest expense was primarily attributable to the expenses associated in opening the Bank's new branch offices as well as staff restructuring expenses. The decrease in non-interest income was primarily due to a \$188 thousand, or 61.4%, decrease in mortgage banking activities for the year ended December 31, 2006 as compared to 2005.

Net interest income for the year ended December 31, 2006 increased \$638 thousand, or 11.4%, to \$6.3 million from \$5.6 million for 2005. Interest income increased \$2.1 million, or 25.9%, which was partially offset by a \$1.4 million increase in interest expense. The increase in the Bank's net interest income was due to the growth in earning assets. For the year ended December 31, 2006, our net interest margin was 5.31% versus 5.47% for 2005. The 16 bps decrease in the net interest margin resulted mainly from the increase in the Bank's cost of funds.

Non-interest income for 2006 was \$203 thousand, a decrease of \$221 thousand, or 52.1%, from \$424 thousand for the same period in 2005, mainly driven by mortgage banking revenues that decreased \$188 thousand for the year ended December 31, 2006 as compared to the same period in 2005. Non-interest expenses totaled \$5.7 million for the year ended December 31, 2006, a 27.0% increase from the \$4.5 million reported in 2005. The increase in non-interest expenses reflects the addition of three branch offices and staff restructuring expenses.

Assets increased 6.3% to \$130.3 million at December 31, 2006 from \$122.6 million at December 31, 2005. Investments increased \$7.1 million, or 34.9%, from \$20.3 million at December 31,

2005 to \$27.4 million at December 31, 2006 while loans decreased \$40 thousand to \$98.3 million at December 31, 2006 from \$98.4 million at December 31, 2005. Total deposits increased \$13.2 million, or 15.8%, to \$96.8 million at December 31, 2006 from \$83.6 million at December 31, 2005. Short-term borrowings decreased \$5.8 million, or 40.2%, to \$8.6 million at December 31, 2006 from \$14.3 million at December 31, 2005 due to the growth in the deposit portfolio.

At year-end, the Bank's allowance for loan losses equaled \$1.9 million or 1.98% of total loans and 100% of non-performing loans as compared to \$1.5 million, or 1.48% of total loans and 344% of non-performing loans at December 31, 2005. At December 31, 2006, non-performing loans totaled \$1.9 million or 1.98% of total loans and 1.50% of total assets as compared to nonperforming loans at December 31, 2005 of \$425 thousand or 0.43% of total loans and 0.35% of total assets. The Bank is aggressively pursuing collection efforts on the three real-estate based non-performing credits.

Stockholders' equity increased \$382 thousand, or 1.7%, to \$23.2 million at December 31, 2006 from \$22.8 million at December 31, 2005. Stockholders' equity equaled 17.8% of total assets at December 31, 2006. The Bank's regulatory capital ratios are all significantly above the "well-capitalized" threshold.

"Allegiance has made great strides in the past two years with the opening of four new branches" said C. Andrew Cook, Allegiance's President and Chief Executive Officer. "The opening of the branches, while costly, is an investment in building the franchise value of the organization. We intend to allow for the growth in loan and deposit customers and business at these additional branch locations before analyzing additional branch site locations. This strategy will strengthen our reach into markets currently served as well as building long-term franchise value."

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.