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Allegiance Bank of North America Reports Operating Results for the Quarter Ended, September 30, 2008

BALA CYNWYD, PENNSYLVANIA – October 24, 2008 – Allegiance Bank of North America (OTCBB: ABPA) (the "Bank"), reported operating results for the quarter ended September 30, 2008.

The Bank's third quarter net loss was $670,000, or ($0.14) per share, compared to a $168,000 net loss, or ($0.04) per share, during the third quarter of 2007. The third quarter of 2008 included a loss of $192,000 from Paramount Mortgage and Capital, LLC (Paramount), a non–active subsidiary. The Bank experienced a $1.8 million net loss, or ($0.38) per share during the second quarter of 2008. The loss related to Paramount during the second quarter of 2008 was $1.0 million. The decrease in the loss related to Paramount in the third quarter was the result of the stabilization of the collateral values supporting the portfolio and the reduced impact on interest income related to loans being classified as non-accrual. The remaining loss recognized during the third quarter of 2008 was primarily related to the performance of the Bank's branch network. The Bank recorded a year to date 2008 net loss of $2.97 million, or ($0.62) per share, compared to a year to date 2007 net loss of $572,000, or ($0.12) per share.

The Bank continues to take aggressive action to improve its performance. The following steps were taken during the third quarter of 2008:

- In an effort to reduce expenses, the Bank reduced its workforce over 10% at September 30, 2008, compared to June 30, 2008.
- The Bank developed both a new organization structure for the branches and a targeted marketing strategy focused on building new customer relationships.
- To attract the growing numbers of customers using the internet as their primary source for banking services, the Bank began the development of an internet branch. Use of technology and current bank resources has minimized the costs to develop the internet branch. Implementation by the end of the first quarter of 2009.

Gregg J. Wagner, President and Chief Executive Officer noted "during this period of turmoil in our financial markets, we continue to make positive strides to strengthen the foundation of Allegiance Bank."

The Bank noted the following financial highlights as of September 30, 2008:

- The Bank's "well-capitalized" regulatory capital ratio of 15.8% far exceeds the "well-capitalized" regulatory threshold of 10.0%

- The Bank achieved positive loan growth from commercial customers of approximately $18.1 million or 15.5% for the period from September 30, 2007 to September 30, 2008.

- The level of core deposits improved from 30.1% of total deposits at September 30, 2007 to 40.3% of total deposits at September 30, 2008.

- The balance sheet grew $18.7 million or 12.7% to $166.4 million as of September 30, 2008 from $147.7 million as of September 30, 2007, primarily as a result of an $18.1 million increase in loans.

- The Bank's net interest margin was 3.84% for the three months ended September 30, 2008, which remains consistent in comparison to peer organizations.

- The Bank's credit issues continue to be primarily isolated in the Paramount portfolio, but are improving overall as noted in the following chart:

Non-Performing Assets*	September 30, 2008	June 30, 2008	December 30, 2007
Bank-non-performing loans	$ 122,283	$ 1,627,389	$ 2,348,650
Bank-other real estate owned	$ 668,462	$------------	$-------------
Paramount-non-performing loans	$5,309,608	$ 5,721,428	$ 2,977,038
Paramount-other real estate owned	$ 413,700	$ 375,000	$ 678,900
Total non-performing assets	$ 6,553,210	$ 7,776,954	$ 6,005,588

***Non-Performing Assets** – includes loans that are not earning income and: (1) full payment of principal and interest is no longer anticipated, (2) principal or interest is 90 days or more delinquent, or (3) the maturity date has passed and payment in full has not been made, and (4) other real estate owned.

The provision for loan losses for both the three and nine month periods of 2008 was $0 and $835,000, respectively, compared to $12,000 and $160,000 for the same periods in 2007. The higher provision for loan losses prior to the third quarter of 2008 reflects the higher level of non-performing loans and impairment in collateral values related to the Paramount loan portfolio during the first half of 2008. Management's efforts to manage through the Paramount portfolio have been successful to date and the bank is pleased to report that, because of these efforts, a decrease in non-performing assets has been realized as of September 30, 2008. Additional provisions for loan losses for the third quarter ended September 30, 2008 were not required.

At September 30, 2008, the Bank's allowance for loan losses equaled $3.5 million or 2.6% of total loans and 64.4% of non-performing loans. In total, the Bank and Paramount had $6.5

million of non-performing assets, or 3.9% of the Bank's total assets, at September 30, 2008 compared to, $7.8 million of non-performing assets, or 4.8% of total assets at June 30, 2008 and $6.0 million of non-performing assets, or 4.0% of the Bank's total assets at December 31, 2007. Non-performing Paramount assets represented $5.7 million or 3.4% of the Bank's total assets, as of September 30, 2008, $6.1 million or 3.7% of total assets, as of June 30, 2008 and $3.6 million or 2.4% of total assets, as of December 31, 2007.

Allegiance Bank is a Pennsylvania state-chartered full-service commercial bank formed in 1999 and headquartered in Bala Cynwyd, Pennsylvania. Allegiance Bank offers a package of services beyond traditional bank offerings, such as Allegiance University: free educational business classes for customers and community members. The Bank provides additional non-bank services, including financial planning, life and health insurance and retirement programs. The common stock of Allegiance Bank is traded on the 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.