

PRESS RELEASE

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ALLIANCE BANK REPORTS FOURTH QUARTER AND YEAR-END RESULTS.

Broomall, Pennsylvania. January 17, 2003 – Alliance Bank (NASDAQ Small Cap -- ALLB) today announced results for the quarter and year ended December 31, 2002.

The Bank reported a net loss of \$276,000 or \$.08 per share for the quarter ended December 31, 2002 as compared to net income of \$338,000 or \$.10 per share for the quarter ended December 31, 2001. The decrease in net income of \$614,000 was primarily due to an increase in the provision for loan losses and, to a lesser extent, an increase in other expenses. The provision for loan losses increased \$800,000 or 129.0% to \$1.4 million and other expenses increased \$355,000 or 16.9% to \$2.5 million. These increases were partially offset by a \$334,000 decrease in the provision for income taxes and an increase of \$216,000 in net interest income for the quarter ended December 31, 2002 as compared to the same period in 2001. The increase in the provision for loan losses primarily resulted from \$1.1 million in partial charge-offs related to three large nonperforming commercial construction loans. The increase in other expenses resulted from carrying and operating costs associated with these nonperforming loans, an increase in the provision for loss on real estate owned and the opening of a new full-service office in March 2002. The Bank anticipates that other expenses will continue to be higher than historical levels until the Bank is able to reduce its nonperforming assets. Other income decreased \$9,000 or 3.0% to \$289,000 for the quarter ended December 31, 2002 as compared to the same period in 2001.

For the year ended December 31, 2002, net income amounted to \$1.0 million or \$.30 per share as compared to \$2.3 million or \$.68 per share for the year ended December 31, 2001. The decrease in net income of \$1.3 million or 56.5% was primarily due to an increase in other expenses and an increase in the provision for loan losses. Other expenses increased \$1.5 million or 17.8% to \$9.6 million and the provision for loan losses increased \$920,000 or 88.5% to \$2.0 million. These increases were partially offset by a \$900,000 decrease in the provision for income taxes for the year ended December 31, 2002 as compared to the same period in 2001. The increase in other expenses and the provision for loan losses for the year was primarily due to the same reasons noted for the three months ended December 31, 2002. Net interest income increased \$88,000 or 0.8% to \$11.2 million and other income increased \$66,000 or 6.4% to \$1.1 million for the year ended December 31, 2002 as compared to the same period in 2001.

The Bank's total assets decreased \$8.9 million or 2.3% and amounted to \$368.3 million at December 31, 2002 as compared to \$377.1 million at December 31, 2001. Cash and cash equivalents increased \$8.9 million or 23.7%, while net loans receivable decreased \$14.9 million or 7.4% to \$187.0 million and investment and mortgage-backed securities decreased \$4.8 million or

4.0% to \$115.4 million at December 31, 2002. The increase in cash and cash equivalents has resulted from the continued high volume of repayments on loans and mortgage-backed securities. Customer deposits declined \$9.3 million or 3.3% to \$268.9 million at December 31, 2002 from \$278.2 million at December 31, 2001. Total stockholders' equity amounted to \$35.2 million or 9.6% of total assets at December 31, 2002.

Nonperforming assets amounted to \$10.6 million or 2.9% of total assets at December 31, 2002 as compared to \$10.9 million or 2.9% of total assets at September 30, 2002 and \$7.2 million or 1.9% of total assets at December 31, 2001. The increase in nonperforming assets between December 31, 2001 and December 31, 2002 primarily resulted from two commercial construction loans and two commercial real estate loans being placed on nonaccrual status due to cash flow difficulties experienced by the borrowers. At December 31, 2002, the aggregate outstanding balance of these four loans amounted to \$5.1 million. At December 31, 2002, nonperforming assets consisted of \$1.4 million in single-family real estate loans, \$3.7 million in commercial real estate loans, \$4.1 million in commercial construction loans, \$19,000 in consumer and other loans and \$1.4 million in real estate owned. The allowance for loan losses was \$3.3 million or 36.4% of nonperforming loans and 1.73% of total loans, respectively, at December 31, 2002 as compared to \$2.9 million or 41.1% and 1.40%, respectively, at December 31, 2001.

Alliance Bank is a Pennsylvania chartered stock savings bank, headquartered in Broomall, Pennsylvania and conducts business through eight full-service offices, all located in Delaware County, Pennsylvania. In March 2002, the Bank opened its newest full-service office located in Concordville.

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ALLIANCE BANK

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(In thousands except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2002	2001	2002	2001
Interest income	\$5,340	\$6,215	\$22,304	\$25,449
Interest expense	2,389	3,480	11,146	14,379
Net interest income	2,951	2,735	11,158	11,070
Provision for loan losses	1,420	620	1,960	1,040
Other income	289	298	1,095	1,029
Other expenses	2,457	2,102	9,634	8,178
Income (loss) before income taxes	(637)	311	659	2,881
Income tax expense (benefit)	(361)	(27)	(360)	540
Net income (loss)	\$ (276)	\$ 338	\$1,019	\$2,341

Basic earnings (loss) per share	<u>\$ (0.08)</u>	<u>\$ 0.10</u>	<u>\$ 0.30</u>	<u>\$ 0.69</u>
Diluted earnings (loss) per share	<u>\$ (0.08)</u>	<u>\$ 0.10</u>	<u>\$ 0.30</u>	<u>\$ 0.68</u>

(1) In April 2001, a 5% stock dividend was declared, and, accordingly, the per share data for the prior periods has been restated.

SELECTED FINANCIAL DATA
(In thousands)

	<u>At December 31,</u>	
	<u>2002</u>	<u>2001</u>
Total assets	\$368,283	\$377,145
Cash and cash equivalents	46,698	37,757
Investment and mortgage-backed securities	115,383	120,141
Loans receivable - net	187,016	201,890
Deposits	268,904	278,186
Total borrowings	62,106	62,358
Total stockholders' equity	35,195	34,647