

## **PRESS RELEASE**

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### **ALLIANCE BANK REPORTS SECOND QUARTER RESULTS.**

Broomall, Pennsylvania. July 17, 2002 – Peter J. Meier, Senior Vice President and Chief Financial Officer of Alliance Bank (NASDAQ Small Cap -- ALLB) today announced results for the quarter ended June 30, 2002.

The Bank reported net income of \$456,000 or \$.13 per share for the quarter ended June 30, 2002 as compared to \$700,000 or \$.20 per share for the quarter ended June 30, 2001. The decrease in net income of \$244,000 or 34.9% was primarily due to an increase in other expenses. These expenses increased \$460,000 or 22.7% to \$2.5 million, which was partially offset by a \$188,000 decrease in the provision for income taxes for the quarter ended June 30, 2002 as compared to the same period in 2001. The increase in other expenses resulted from higher costs associated with certain nonperforming loans, the opening of a new full-service office in March 2002 and increases in salaries and benefits for new and existing personnel. Net interest income increased \$18,000 or 0.6% to \$2.8 million and other income increased \$10,000 or 4.1% to \$254,000 for the quarter ended June 30, 2002 as compared to the same period in 2001.

For the six months ended June 30, 2002, net income amounted to \$1.1 million or \$.31 per share as compared to \$1.4 million or \$.41 per share for the six months ended June 30, 2001. The decrease in net income of \$332,000 or 23.5% was primarily due to a decrease in net interest income and an increase in other expenses. Net interest income decreased \$118,000 or 2.1% to \$5.4 million and other expenses increased \$582,000 or 14.7% to \$4.5 million. These changes were partially offset by a \$320,000 decrease in the provision for income taxes for the six months ended June 30, 2002 as compared to the same period in 2001. The increase in other expenses was primarily due to the same reasons noted above. Other income increased \$48,000 or 9.7% to \$544,000 for the six months ended June 30, 2002 as compared to the same period in 2001.

The Bank's total assets decreased \$6.2 million or 1.6% and amounted to \$370.9 million at June 30, 2002 as compared to \$377.1 million at December 31, 2001. Investment and mortgage-backed securities increased \$3.2 million or 2.7% while net loans receivable decreased \$8.8 million or 4.4% to \$193.1 million at June 30, 2002 as compared to \$201.9 million at December 31, 2001. Customer deposits declined \$6.9 million or 2.5% to \$271.3 million at June 30, 2002 from \$278.2 million at December 31, 2001. Total stockholders' equity amounted to \$35.6 million or 9.6% of total assets at June 30, 2002. Nonperforming assets amounted to \$11.3 million or 3.1% of total assets at June 30, 2002 as compared to \$7.2 million or 1.9% of total assets at December 31, 2001. The increase in nonperforming assets primarily resulted from two participation loans being placed on nonaccrual status due to cash flow difficulties experienced by the borrowers. At June 30, 2002,

nonperforming assets consisted of \$1.7 million of single-family real estate loans, \$3.1 million in multi-family and commercial real estate loans, \$5.4 million in real estate construction loans, \$94,000 in consumer and other loans and \$1.0 million in real estate owned. The allowance for loan losses was \$2.8 million or 27.3% of nonperforming loans at June 30, 2002 as compared to \$2.9 million or 41.4% 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		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
Interest income	\$5,712	\$6,428	\$11,488	\$12,836
Interest expense	2,905	3,639	6,049	7,279
Net interest income	2,807	2,789	5,439	5,557
Provision for loan losses	120	120	240	240
Other income	254	244	544	496
Other expenses	2,485	2,025	4,547	3,965
Income before income taxes	456	888	1,196	1,848
Income tax expense	--	188	116	436
Net income	<u>\$ 456</u>	<u>\$ 700</u>	<u>\$1,080</u>	<u>\$1,412</u>
Basic earnings per share (1)	<u>\$0.13</u>	<u>\$0.21</u>	<u>\$0.32</u>	<u>\$0.41</u>
Diluted earnings per share (1)	<u>\$0.13</u>	<u>\$0.20</u>	<u>\$0.31</u>	<u>\$0.41</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)

	June 30,	Dec. 31,
	2001	2001
Total assets	\$370,928	\$377,145
Cash and cash equivalents	36,490	37,757
Investment and mortgage-backed securities	123,387	120,141
Loans receivable - net	193,074	201,890
Deposits	271,278	278,186
Total borrowings	62,046	62,358
Total stockholders' equity	35,562	34,647