

PRESS RELEASE

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ALLIANCE BANK REPORTS THIRD QUARTER RESULTS AND QUARTERLY DIVIDEND.

Broomall, Pennsylvania. October 18, 2002 – Alliance Bank (NASDAQ Small Cap -- ALLB) today announced results for the quarter ended September 30, 2002 and declared its regular quarterly cash dividend on common stock of \$.09 per share payable on November 14, 2002 to stockholders of record on October 31, 2002.

The Bank reported net income of \$215,000 or \$.06 per share for the quarter ended September 30, 2002 as compared to \$591,000 or \$.17 per share for the quarter ended September 30, 2001. The decrease in net income of \$376,000 or 63.6% was primarily due to an increase in other expenses and, to a lesser extent, an increase in the provision for loan losses. Other expenses increased \$519,000 or 24.6% to \$2.6 million and the provision for loan losses increased \$120,000 or 66.7% to \$300,000. These increases were partially offset by a \$246,000 decrease in the provision for income taxes for the quarter ended September 30, 2002 as compared to the same period in 2001. The increase in other expenses resulted from costs associated with certain 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. Net interest income decreased \$10,000 or 0.4% to \$2.8 million and other income increased \$27,000 or 11.5% to \$262,000 for the quarter ended September 30, 2002 as compared to the same period in 2001.

For the nine months ended September 30, 2002, net income amounted to \$1.3 million or \$.38 per share as compared to \$2.0 million or \$.59 per share for the nine months ended September 30, 2001. The decrease in net income of \$708,000 or 35.3% was primarily due to an increase in other expenses, a decrease in net interest income and an increase in the provision for loan losses. Other expenses increased \$1.1 million or 18.1% to \$7.2 million, while net interest income decreased \$128,000 or 1.5% to \$8.2 million and the provision for loan losses increased \$120,000 or 28.6% to \$540,000. These changes were partially offset by a \$566,000 decrease in the provision for income taxes for the nine months ended September 30, 2002 as compared to the same period in 2001. The increase in other expenses for the nine-month period was primarily due to the same reasons noted for the three months ended September 30, 2002. Other income increased \$75,000 or 10.3% to \$806,000 for the nine months ended September 30, 2002 as compared to the same period in 2001.

The Bank's total assets decreased \$1.3 million or 0.3% and amounted to \$375.8 million at September 30, 2002 as compared to \$377.1 million at December 31, 2001. Cash and cash

equivalents increased \$14.1 million or 37.3%, while net loans receivable decreased \$14.4 million or 7.1% to \$187.5 million and investment and mortgage-backed securities decreased \$3.3 million or 2.7% to 116.9 million at September 30, 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 \$2.6 million or 0.9% to \$275.6 million at September 30, 2002 from \$278.2 million at December 31, 2001. Total stockholders' equity amounted to \$35.8 million or 9.5% of total assets at September 30, 2002.

Nonperforming assets amounted to \$10.9 million or 2.9% of total assets at September 30, 2002 as compared to \$11.3 million or 3.1% of total assets at June 30, 2002 and \$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 September 30, 2002, nonperforming assets consisted of \$1.5 million of single-family real estate loans, \$3.1 million in commercial real estate loans, \$5.4 million in real estate construction loans, \$139,000 in commercial business loans, \$24,000 in consumer and other loans and \$814,000 in real estate owned. The allowance for loan losses was \$3.1 million or 30.6% of nonperforming loans and 1.59% of total loans, respectively, at September 30, 2002 as compared to \$2.9 million or 41.4% and 1.42%, 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 September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Interest income	\$5,476	\$6,398	\$16,964	\$19,234
Interest expense	2,708	3,620	8,757	10,899
Net interest income	2,768	2,778	8,207	8,335
Provision for loan losses	300	180	540	420
Other income	262	235	806	731
Other expenses	2,630	2,111	7,177	6,076
Income before income taxes	100	722	1,296	2,570
Income tax expense (benefit)	(115)	131	1	567
Net income	<u>\$ 215</u>	<u>\$ 591</u>	<u>\$1,295</u>	<u>\$2,003</u>
Basic earnings per share	<u>\$0.06</u>	<u>\$0.17</u>	<u>\$0.38</u>	<u>\$0.59</u>
Diluted earnings per share	<u>\$0.06</u>	<u>\$0.17</u>	<u>\$0.38</u>	<u>\$0.59</u>

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

SELECTED FINANCIAL DATA (In thousands)

	Sept. 30,	Dec. 31,
	2002	2001
Total assets	\$375,827	\$377,145
Cash and cash equivalents	51,836	37,757
Investment and mortgage-backed securities	116,856	120,141
Loans receivable - net	187,493	201,890
Deposits	275,585	278,186
Total borrowings	62,301	62,358

Total stockholders' equity

35,817

34,647