

Alliance Financial Corporation Increases Quarterly Dividend

Syracuse, NY, August 26, 2008 - Alliance Financial Corporation (the "Company") (NASDAQ: ALNC), the holding company for Alliance Bank, N.A., announced that its Board of Directors has declared a quarterly dividend of \$0.26 per common share. This declaration represents an increase of \$0.02 per share or 8.3% from the previous quarter. The dividend is payable on October 8, 2008 to shareholders of record on September 26, 2008.

With approximately \$1.3 billion in assets, Alliance Financial Corporation is an independent financial holding company whose primary subsidiary, Alliance Bank, N.A., provides banking, commercial leasing, trust and investment services. Alliance Bank has 29 locations throughout Central New York.

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