

# ROYAL BANCSHARES OF PA MEDIA ALERT

NASDAQ: RBPAA

FOR IMMEDIATE RELEASE

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## Branch Locations

Bridgeport

Jenkintown

King of Prussia (2)

Narberth

Philadelphia (5)

Phoenixville

Reading

Shillington

Trooper

Turnersville, NJ

Upper Darby

Villanova

## ROYAL BANK AMERICA'S PARENT COMPANY REPORTS:

- **7% INCREASE IN NET INCOME FOR THE 3rd QUARTER**
- **38th CONSECUTIVE QUARTERLY CASH DIVIDEND**

(Narberth, PA) – October 25, 2004 - Royal Bank America reports that consolidated earnings for its holding company, Royal Bancshares of Pennsylvania, Inc., (NASDAQ: RBPAA) for the quarter ended September 30, 2004, were \$5.1 million as compared to \$4.8 million for the same three-month period ended September 30, 2003, a 7% increase. Consolidated basic earnings per share for the three-months ended September 30, 2004 and 2003, were \$0.42 and \$0.39, respectively. Consolidated earnings for the nine-month period ended September 30, 2004 were \$14.7 million or \$1.20 per basic share as compared to \$13.1 million or \$1.08 per basic share for nine-month period ended September 30, 2003.

Consolidated total assets increased 2.3% to \$1.18 billion at September 30, 2004, as compared to \$1.15 billion at December 31, 2003. Investment securities increased to \$576 million at September 30, 2004, as compared to \$565 million at December 31, 2003, an increase of 2.0%. Total consolidated stockholders' equity rose to \$140.4 million for the period ending September 30, 2004, as compared to \$134.8 million for the period ended December 31, 2003.

On October 20, 2004, the Board of Directors of Royal Bancshares of Pennsylvania, Inc. declared its 38<sup>th</sup> consecutive quarterly cash dividend. This dividend is twenty-five cents (\$.25) per share for holders of Class A common stock and twenty-eight and seventy-five hundredths cents (\$.2875) per share for holders of Class B common stock of Royal Bancshares of Pennsylvania, Inc. The record date is November 5, 2004, and the payment date is November 22, 2004.

"As we announce our 38<sup>th</sup> consecutive quarterly cash dividend, I am pleased to acknowledge the efforts put forth by our management team and staff. This achievement is a direct testament to their commitment to the goals of our organization," stated Joseph P. Campbell, President and CEO.

Royal Bancshares of Pennsylvania, headquartered in Narberth, Pennsylvania, operates 17 full-service branch offices throughout southeastern Pennsylvania and southern New Jersey under the nameplates Royal Bank America and Royal Asian Bank. Together, Royal Bank America and Royal Asian Bank offer a wide variety of products and services, including commercial real estate loans, business loans, residential mortgages, deposit accounts and Internet Banking solutions at [www.royalbankamerica.com](http://www.royalbankamerica.com) and [www.royalasianbank.com](http://www.royalasianbank.com).

*The foregoing material is unaudited and may contain forward-looking statements. We caution that such statements may be subject to a number of uncertainties, and actual results could differ materially; therefore, readers should not place undue reliance on any forward-looking statements. Royal Bancshares does not undertake, and specifically disclaims, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.*

ROYAL BANCSHARES OF PENNSYLVANIA CONDENSED INCOME STATEMENT (Unaudited)

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
(in thousands, except for earnings per share)				
Interest Income	\$16,515	\$18,197	\$50,551	\$54,382
Interest Expense	<u>6,793</u>	<u>7,230</u>	<u>20,492</u>	<u>22,888</u>
Net Interest Income	9,722	10,967	30,059	31,494
Provision for Loan Losses	<u>1</u>	<u>197</u>	<u>6</u>	<u>514</u>
Net Interest Income after Provision	9,721	10,770	30,053	30,980
Non Interest Income	3,822	926	10,469	2,155
Non Interest Expense	<u>6,225</u>	<u>4,712</u>	<u>19,583</u>	<u>13,938</u>
Income before Taxes	7,318	6,984	20,939	19,197
Income Taxes	<u>2,206</u>	<u>2,222</u>	<u>6,269</u>	<u>6,055</u>
Net Income	5,112	4,762	14,670	13,142
Earnings per share –basic	\$0.42	\$0.39	\$1.20	\$1.08

SELECTED RATIOS:

Return on Average Assets	1.7%	1.7%	1.6%	1.5%
Return on Average Equity	14.7%	15.3%	14.3%	13.9%
Average Equity to Assets	11.6%	10.8%	11.4%	10.9%
Book Value Per Share	\$11.45	\$10.69		

CONDENSED BALANCE SHEET

(in thousands)	Sept 30, 2004 (unaudited)	Dec. 31, 2003
Cash and Cash Equivalents	\$22,174	\$25,070
Investment Securities	576,452	565,337
Loans Held for Sale	1,544	3,157
Loans (net)	449,518	500,131
Premises (net)	71,610	7,480
Accrued Interest receivable	16,252	16,353
Other Assets	<u>43,333</u>	<u>36,882</u>
Total Assets	<u>\$1,180,883</u>	<u>\$1,154,410</u>
Deposits	\$736,384	\$791,059
Borrowings	283,358	212,000
Other Liabilities	17,144	15,653
Minority Interest	3,582	865
Shareholders' Equity	<u>140,415</u>	<u>134,833</u>
Total Liabilities and Shareholders Equity	<u>\$1,180,883</u>	<u>\$1,154,410</u>

The above financial statements include consolidation of Equity Real Estate Investments, owned by Royal Bancshares, which are required as a result of FIN 46(R) "Variable Interest Entities."