



Media Alert



NASDAQ: RBPAA

Bridgeport

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Jenkintown

600 Old York Rd.
215-884-5200

King of Prussia

106 Beidler Rd.
610-265-5842

Rt. 202 @ Wilson Rd.
610-265-5300

Narberth

732 Montgomery Ave.
610-668-4700

Philadelphia

30 South 15th St.
215-972-5300

1230 Walnut St.
215-735-6200

1650 Grant Ave.
215-464-3665

w/Royal Asian Bank
6526 Castor Ave.
215-744-0640

401 Fairmount Ave.
215-922-4500

Phoenixville

808 Valley Forge Rd.
610-933-1195

Reading

501 Washington St.
610-375-4000

Shillington

516 E. Lancaster Ave.
610-777-3300

Trooper

2603 Egypt Rd.
610-631-1140

Turnersville, NJ

3501 Black Horse Pike
856-262-8811

Villanova

801 E. Lancaster Ave.
610-520-0555

FOR IMMEDIATE RELEASE

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ROYAL BANK AMERICA'S PARENT COMPANY REPORTS:

- **10% INCREASE IN NET INCOME FOR THE 2nd QUARTER**
- **37th CONSECUTIVE QUARTERLY CASH DIVIDEND**

(Narberth, PA) – July 22, 2004 - Royal Bank America reports that consolidated earnings for its holding company, Royal Bancshares of Pennsylvania, Inc., (NASDAQ-RBPAA) for the quarter ended June 30, 2004, were \$4.4 million as compared to \$4.0 million for the same three-month period ended June 30, 2003, a 10% increase. Consolidated basic earnings per share for the three-months ended June 30, 2004 and 2003, were \$0.36 and \$0.33, respectively. Consolidated earnings for the six-month period ending June 30, 2004 were \$9.6 million or \$0.78 per basic share as compared to \$8.4 million or \$0.69 per basic share for six-month period ending June 30, 2003.

Consolidated total assets increased 3% to \$1.19 billion at June 30, 2004, as compared to \$1.15 billion at December 31, 2003. Investment securities increased to \$581 million at June 30, 2004, as compared to \$565 million at December 31, 2003, an increase of 3%. Total consolidated capital rose to \$135.1 million for the period ending June 30, 2004, as compared to \$134.8 million for the period ended December 31, 2003.

On July 21, 2004, the Board of Directors of Royal Bancshares of Pennsylvania, Inc. declared its 37th 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 August 6, 2004, and the payment date is August 20, 2004.

Royal Bancshares of Pennsylvania, headquartered in Narberth, Pennsylvania, operates 16 full-service branch offices throughout southeastern Pennsylvania and southern New Jersey under the name Royal Bank America and one location in Northeast Philadelphia under the name 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 and 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.

Joseph P. Campbell, President and CEO
Royal Bancshares of Pennsylvania, Inc
Parent Company of Royal Bank America/Royal Asian Bank

ROYAL BANCSHARES OF PENNSYLVANIA
CONDENSED INCOME STATEMENT (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except for earnings per share)	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Interest Income	\$16,508	\$17,753	\$34,036	\$36,185
Interest Expense	<u>6,969</u>	<u>7,630</u>	<u>13,699</u>	<u>15,658</u>
Net Interest Income	9,539	10,123	20,337	20,527
Provision for Loan Losses	<u>4</u>	<u>167</u>	<u>5</u>	<u>317</u>
Net Interest Income after Provision	9,535	9,956	20,332	20,210
Non Interest Income	3,464	605	6,647	1,229
Non Interest Expense	<u>6,782</u>	<u>4,682</u>	<u>13,358</u>	<u>9,226</u>
Income before Taxes	6,217	5,879	13,621	12,213
Income Taxes	<u>1,823</u>	<u>1,899</u>	<u>4,063</u>	<u>3,833</u>
Net Income	4,394	3,980	9,558	8,380
Earnings per share –basic	\$0.36	\$0.33	\$0.78	\$0.69

SELECTED RATIOS:

Return on Average Assets	1.5%	1.4%	1.6%	1.5%
Return on Average Equity	13.3%	12.5%	14.2%	13.4%
Average Equity to Assets	11.1%	11.0%	11.3%	11.0%
Book Value Per Share	\$11.03	\$10.81		

CONDENSED BALANCE SHEET

(in thousands)	June 30, 2004 (unaudited)	Dec. 31, 2003
Cash and Cash Equivalents	\$49,543	\$25,070
Investment Securities	581,333	565,337
Loans Held for Sale	2,087	3,157
Loans (net)	423,156	500,131
Premises (net)	70,824	7,480
Accrued Interest receivable	15,222	16,353
Other Assets	<u>43,569</u>	<u>36,882</u>
Total Assets	<u>\$1,185,734</u>	<u>\$1,154,410</u>
Deposits	\$763,672	\$791,059
Borrowings	267,762	212,000
Other Liabilities	15,609	15,653
Minority Interest	3,598	865
Shareholders' Equity	<u>135,093</u>	<u>134,833</u>
Total Liabilities and Shareholders Equity	<u>\$1,185,734</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."