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# ROYAL BANK AMERICA MEDIA RELEASE

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## ROYAL BANK AMERICA'S PARENT COMPANY INCREASES CASH DIVIDEND 10% Reports 42<sup>nd</sup> Consecutive Quarterly Cash Dividend – 15% Increase in Net Loans

(Narberth, PA) –October 20, 2005 - Royal Bank America President/CEO Joseph P. Campbell reports the quarterly cash dividend for the Bank's holding company, Royal Bancshares of Pennsylvania, Inc.,(NASDAQ: RBPAA) will increase by 10%. Consolidated earnings for the quarter ended September 30, 2005, were \$4.9 million as compared to \$5.1 million for the same three-month period ended September 30, 2004. Consolidated basic earnings per share for the three-months ended September 30, 2005 and 2004, were \$0.39 and \$0.41, respectively. Consolidated earnings for the nine-month period ended September 30, 2005 were \$16.5 million or \$1.31 per basic share as compared to \$14.7 million or \$1.17 per basic share for the nine-month period ended September 30, 2004, a 12% increase.

Consolidated total assets increased 6% to \$1.3 billion at September 30, 2005, as compared to \$1.2 billion at December 31, 2004. Investment securities increased to \$613 million at September 30, 2005, as compared to \$584 million at December 31, 2004, an increase of 5%. Net Loans increased to \$523 million at September 30, 2005, as compared to \$455 million at December 31, 2004, an increase of 15%. Total consolidated capital rose to \$145.2 million for the period ended September 30, 2005, as compared to \$140.9 million for the period ended December 31, 2004.

On October 19, 2005, the Board of Directors of Royal Bancshares of Pennsylvania, Inc. declared its 42<sup>nd</sup> consecutive quarterly cash dividend. This dividend is twenty-seven and five-tenth cents (\$.275) per share for holders of Class A common stock and thirty-one and six hundred twenty-five thousandths cents (\$.31625) per share for holders of Class B common stock of Royal Bancshares of Pennsylvania, Inc. The record date is November 4, 2005, and the payment date is November 18, 2005.

Royal Bancshares of Pennsylvania, headquartered in Narberth, Pennsylvania, operates sixteen full-service branches under the name Royal Bank America and five locations 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, 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 STATEMENTS**

	<i>Three Months Ended September 30</i>		<i>Nine Months Ended September 30</i>	
(in thousands, except for earnings per share)	<u>2005</u> (Unaudited)	<u>2004</u> (Unaudited)	<u>2005</u> (Unaudited)	<u>2004</u> (Unaudited)
Interest Income	\$19,645	\$16,515	\$56,179	\$50,551
Interest Expense	<u>8,751</u>	<u>6,793</u>	<u>23,812</u>	<u>20,492</u>
Net Interest Income	10,894	9,722	32,367	30,059
Provision for Loan Losses	<u>0</u>	<u>1</u>	<u>1</u>	<u>6</u>
Net Interest Income after Provision	10,894	9,721	32,366	30,053
Non Interest Income	3,294	3,822	9,787	10,469
Non Interest Expense	<u>7,526</u>	<u>6,225</u>	<u>21,455</u>	<u>19,583</u>
Income before Taxes	6,662	7,318	20,698	20,939
Income Taxes	<u>1,759</u>	<u>2,206</u>	<u>4,232</u>	<u>6,269</u>
Net Income	<u>\$4,903</u>	<u>\$5,112</u>	<u>\$16,466</u>	<u>\$14,670</u>
Earnings per share –basic	\$0.39	\$0.41	\$1.31	\$1.17
<b>SELECTED RATIOS:</b>				
Return on Average Assets	1.5%	1.7%	1.8%	1.6%
Return on Average Equity	13.3%	14.7%	15.4%	14.3%
Average Equity to Assets	11.5%	11.6%	11.4%	11.4%
Book Value Per Share	\$11.57	\$11.22		

**CONDENSED BALANCE SHEETS**

(in thousands)	<b>SEPT. 30, 2005</b> (unaudited)	<b>DEC. 31, 2004</b>
Cash and Cash Equivalents	\$16,534	\$27,109
Investment Securities	613,444	584,261
Loans Held for Sale	1,155	2,204
Loans (net)	523,136	454,775
Premises and Equipment (net)	53,511	72,433
Accrued Interest receivable	14,747	15,634
Other Assets	<u>52,422</u>	<u>48,858</u>
Total Assets	<u>\$1,274,949</u>	<u>\$1,205,274</u>
Deposits	\$696,217	\$742,382
Borrowings	386,721	278,249
Other Liabilities	17,973	14,338
Subordinated debentures	25,774	25,774
Minority Interest	3,053	3,655
Shareholders' Equity	<u>145,211</u>	<u>140,876</u>
Total Liabilities and Shareholders Equity	<u>\$1,274,949</u>	<u>\$1,205,274</u>