

**FIRST  
KEYSTONE  
FINANCIAL, INC.**

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**FOR IMMEDIATE RELEASE**

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***FIRST KEYSTONE FINANCIAL INC.  
ANNOUNCES SECOND QUARTER RESULTS***

**Media, PA, April 28, 2000** - Donald S. Guthrie, President and Chief Executive Officer of First Keystone Financial, Inc. (Nasdaq: FKFS) announced the quarterly earnings for the quarter ended March 31, 2000 earlier today. Net income for the quarter was \$738,000 or \$0.35 per diluted share compared to \$711,000 or \$0.33 per diluted share for the same period last year.

The Company's operating results for the second quarter of fiscal 2000 reflected a modest increase in net interest income compared to the same period last year. Due to the rising interest rate environment, gain on sales of loans and mortgage-related and investment securities significantly declined as compared to the second quarter of fiscal 1999. Other income increased by \$44,000 in the second quarter of fiscal 2000. Operating expenses, excluding the \$300,000 provision for real estate owned in the 1999 period, increased from same period last year due to compensation expenses and expenses incurred in connection with its branch expansion. The Company's interest rate spread increased to 2.86% for the three months ended March 31, 2000 from 2.69% for the same period last year, while the net interest margin remained at 3.00% for the second quarter of fiscal 2000. The increase in the spread was mainly due to improvement in the yield on the Company's investment and mortgage-related securities portfolio during fiscal 2000.

The Company's total assets increased to \$460.7 million at March 31, 2000 from \$450.1 million at September 30, 1999. The asset growth was primarily attributable to a \$7.7 million increase in the net loan portfolio to \$234.1 million at March 31, 2000 from \$226.4 million at September 30, 1999. Asset growth was funded through deposit growth. Total deposits increased to \$276.0 million, or 5.8%, at March 31, 2000 from \$260.8 million at September 30, 1999. The Company's ROE increased to 13.16% for the three months ended March 31, 2000 compared to 10.86% for the same period in 1999, while its ROA was 0.66% for the second quarter compared to 0.67% for the same period last year.

Total non-performing assets decreased to \$3.0 million at March 31, 2000 from \$3.5 million at September 30, 1999. The Company's ratio of non-performing assets and troubled debt restructurings to total assets was reduced from 0.77% at September 30, 1999 to 0.66% at March 31, 2000.

"Although the challenges of a rising rate environment remain, management is pleased with the Bank's increase in its core deposits," stated Donald S. Guthrie. "Our newest branch office continues to gain market share, and we look forward to introducing our on-line banking products in the second half of this fiscal year in order to continue to expand our penetration and better serve our existing customers," Guthrie added.

At March 31, 2000, the Company had total consolidated assets of \$460.7 million, total consolidated liabilities of \$437.3 million and stockholders' equity of \$23.4 million or \$10.41 per share. First Keystone Federal Savings Bank, the Company's wholly owned subsidiary, serves its customers from seven full-service offices in Delaware and Chester Counties.