

**FIRST
KEYSTONE
FINANCIAL, INC.**

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FOR IMMEDIATE RELEASE

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

Media, PA, November 5, 2000 - First Keystone Financial, Inc. (Nasdaq: FKFS), the parent company of First Keystone Federal Savings Bank, reported today, net income of \$62,000, or \$0.03 per diluted share, for the quarter ended September 30, 2000 following a \$886,000 loss from the sale of low-yielding fixed rate securities from its available for sale portfolio. As a result of the sale, for the year ended September 30, 2000, net income was \$2.4 million, or \$1.14 per diluted share. Excluding the asset restructuring, net income was \$2.9 million, or \$1.39 per diluted share, compared to \$2.8 million, or \$1.32 per diluted share, for the prior fiscal year.

The Company's operating results for both the quarter and the fiscal year were affected by the sale of \$24.3 million of low-yield, fixed-rate securities available for sale during the fourth quarter as part of an asset restructuring program. The proceeds of the restructuring are being invested in securities with higher yields and shorter maturities in order to improve the Company's interest rate spread and net interest margin. In addition, the restructuring has reduced the Company's exposure to interest rate risk and will facilitate the funding of the Company's activities, including stock repurchase programs.

The Company's interest rate spread decreased to 2.55% for the three months ended September 30, 2000 from 2.74% for the same period last year, while the net interest margin decreased to 2.80% for the fourth quarter of fiscal 2000 from 3.01% for the same period last year. The decrease in the spread was mainly due to the margin compression resulting from several interest rate increases implemented by the Federal Reserve increasing the Company's cost of funds. Other income, excluding the securities loss, increased to \$443,000 from \$350,000 for the fourth quarter of fiscal 2000 primarily due to income generated by the Company's bank owned life insurance and, to a lesser degree, other fee income services. Operating expenses increased \$99,000, or 4.3%, from same period last year due to general increases in compensation and occupancy and equipment expenses associated with the Company's branch expansion.

The Company's total assets increased to \$463.5 million at September 30, 2000 from \$450.1 million at September 30, 1999. The asset growth was primarily attributable to a \$4.3 million increase in the net loan portfolio to \$230.7 million at September 30, 2000 from \$226.4 million at September 30, 1999. Other assets also increased approximately \$6.3 million due to receivables from brokers resulting from the sale of securities. Asset growth was funded through deposit growth with a 4.5% increase over the prior year. Total deposits increased \$11.8 million to \$272.6 million at September 30, 2000 from \$260.8 million at September 30, 1999. Due to the loss incurred in the asset restructuring, the Company's ROE was .98% for the three months ended September 30, 2000 compared to 12.56% for the same period in 1999, while its ROA was 0.05% for the fourth quarter compared to 0.69% for the same period last year.

Total non-performing assets remained at \$3.5 million at September 30, 2000. The Company's ratio of non-performing assets and troubled debt restructurings to total assets decreased slightly from 0.77% at September 30, 1999 to 0.75% at September 30, 2000.

"Restructuring the Company's balance sheet will enable us to improve our interest rate risk exposure as well as improving our net interest margins. Improving the Company's interest rate risk exposure frees up capital to allow us to implement stock repurchases in the open market and improve shareholder returns," stated Donald S. Guthrie, President and Chief Executive Officer of First Keystone Financial, Inc.

At September 30, 2000, the Company had total consolidated assets of \$463.5 million, total consolidated liabilities of \$436.9 million and stockholders' equity of \$26.6 million or \$11.80 per share. The Company is the parent holding company for First Keystone Federal Savings Bank which serves its customers from seven full-service offices in Delaware and Chester Counties.