

April 17, 2006

## **First Chester County Corporation Reports Earnings for First Quarter 2006**

**West Chester, PA**, First Chester County Corporation (OTC: FCEC), parent company of First National Bank of Chester County (the "Bank"), announced first quarter net income of \$1.85 million for the three-months ended March 31, 2006. Compared to the three-months ended March 31, 2005, net income increased \$828 thousand or 81%. Basic earnings per share for the three months ended March 31, 2006 and March 31, 2005 were \$0.36 and \$0.20, respectively.

“Our focus continues to be a strong, independent, profitable, full service provider of quality financial products and services with a commitment to client service excellence and community involvement. The first quarter results directly reflect this goal. We believe that we have the talent at all levels of the organization to ensure our continued success,” said John A. Featherman, III, First National’s Chairman and CEO.

Net income for the first quarter 2006 in comparison to the first quarter of 2005, was directly affected by a significant decrease in several non-interest expense categories as well as a decrease in the provision for loan losses.

During the three month period ended March 31, 2006, the Corporation recorded a provision for loan losses of \$3 thousand as compared to \$507 thousand during the same period in 2005. The reduced provision is a direct reflection of our improved asset quality and a \$1.1 million reduction in non-accrual loans as compared to December 31, 2005. At March 31, 2006, the allowance for loan and lease losses as a percentage of loans and leases outstanding was 1.25% as compared to 1.16% at March 31, 2005.

Net income also benefited from a reduction in non-interest expenses attributed to decreased costs associated with recruiting, marketing re-branding and Sarbanes-Oxley compliance efforts.

Net interest income benefited from continued growth in the loan portfolio and from increases in interest rates on the variable portion of the loan portfolio. These gains were partially offset by increases in net interest expense as the cost of funds increased as well. Gross loans and leases grew 7% or \$44.8 million from \$640.8 million at March 31, 2005, to \$685.6 million as of March 31, 2006. Gross loans and leases grew 3.2% for the three-month period ended March 31, 2006.

“In addition to growth, we will continue to look for opportunities to better manage our expenses. Through better use of technology and management information, streamlining processes and improved training for our staff, we will make profitability the core of our progress,” said Kevin C. Quinn, First National’s President.

Total assets grew 10.2% or \$80.2 million from \$788.4 million at March 31, 2005, to \$868.6 million as of March 31, 2006, and deposits increased 11.7% or \$75.4 million from \$642.6 million to \$718.0 million for the same period. Total assets increased \$23.5 million or 2.8% from December 31, 2005 and total deposits increased \$21.9 million or 3.1% during the same time period.

The First National Bank of Chester County is the largest independent national bank headquartered in Chester County and provides quality financial services to individuals, businesses, governmental entities, nonprofit organizations, and community service groups.

First Chester County Corporation

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All per share data has been adjusted for the 10% stock dividend declared April 19, 2005. Please refer to the attached financial data for further details.

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on current intentions and expectations. However, because such statements pertain to future events and circumstances, any of the statements could prove to be inaccurate. Therefore, there can be no assurance that the forward-looking statements contained in this release will prove to be accurate. Additional information that could cause future events to vary materially from the results anticipated may be found in the Corporation's most recent Form 10-K and other reports filed with the Securities and Exchange Commission. Furthermore, the Corporation disclaims any obligation or intent to update any such factors or forward-looking statements in light of future events and developments. First Chester County Corporation has 5,138,792 shares outstanding and is traded in the over-the-counter market under the symbol of "FCEC." For more information, please contact the Bank's Shareholder Relations Department at 484-881-4141 or visit our interactive website at [www.1nbank.com](http://www.1nbank.com).

See attached data schedule for additional information.

**First Chester County Corporation**  
**SELECTED FINANCIAL DATA (unaudited)**

(Dollars in thousands, except per share data)

<u>SELECTED FINANCIAL DATA</u>	<u>MARCH 31,</u>		<u>December 31,</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Total assets	\$ 868,601	\$ 788,395	\$ 845,108
Gross loans and leases	685,607	640,841	664,276
Allowance for loan & lease losses	8,579	7,449	8,549
Total investment securities	92,318	110,000	97,088
Deposits	717,990	642,570	696,097
Shareholders equity	59,803	54,784	58,677
Average assets	842,391	799,849	825,955
Average equity	59,913	55,930	56,692
Non-accrual loans	7,298	8,373	8,358
Financial Management Services			
Assets under management & custody *	556,483	535,370	561,030

<u>STATEMENT OF INCOME</u>	<u>THREE MONTHS ENDED MARCH 31,</u>	
	<u>2006</u>	<u>2005</u>
Interest income	\$ 12,259	\$ 10,184
Interest expense	4,135	2,566
Net interest income	<b>8,124</b>	<b>7,618</b>
Provision for loan losses	3	507
Net interest income after provision for loan losses	<b>8,121</b>	<b>7,111</b>
Trust and Investment Services revenue	809	869
Service charges on deposit accounts	453	473
Net (losses) gains on sales of Investment securities	(80)	67
Operating lease rental income	268	228
Gains on sale of premises and other real-estate owned	10	1
Net gains on the sales of residential mortgages	78	81
Other	580	565
Non-interest income	<b>2,118</b>	<b>2,284</b>
Salaries and employee benefits	4,387	4,092
Occupancy, equipment, and data processing	1,351	1,383
Depreciation expense on operating leases	232	200
Bank shares tax	271	173
Professional services	464	796
Other	971	1,323
Non-interest expense	<b>7,676</b>	<b>7,967</b>
Income before income taxes	2,563	1,428
Income Taxes	717	410
Net Income	<b>\$ 1,846</b>	<b>\$ 1,018</b>

PER SHARE DATA \*\*

Net income per share (Basic)	\$ 0.36	\$ 0.20
Net income per share (Diluted)	\$ 0.35	\$ 0.19
Cash dividend declared	\$ 0.1350	\$ 0.1283
Book value	\$ 11.64	\$ 10.87
Average bid/ask	\$ 21.19	\$ 24.32
Basic weighted average shares outstanding	5,154,182	5,034,483
Diluted Weighted Average Shares	5,243,928	5,215,017

\* These assets are managed by the Trust & Investment Services Division of the Bank and are not assets of the Bank or the Corporation.

\*\* All per share data has been adjusted for the 10% stock dividend declared on April 19, 2005.