

**FIRST FINANCIAL SERVICE CORPORATION**  
**Consolidated Balance Sheets**  
**(Unaudited)**

(Dollars in thousands, except share data)	June 30, <u>2008</u>	December 31, <u>2007</u>
<b>ASSETS:</b>		
Cash and due from banks	\$ 28,744	\$ 14,948
Federal funds sold	<u>6,950</u>	<u>-</u>
Cash and cash equivalents	<u>35,694</u>	<u>14,948</u>
Securities available-for-sale	19,980	22,004
Securities held-to-maturity, fair value of \$8,308 (Jun 2008) and \$17,624 (Dec 2007)	<u>8,283</u>	<u>17,681</u>
Total securities	<u>28,263</u>	<u>39,685</u>
Loans held for sale	3,186	780
Loans, net of unearned fees	841,356	767,256
Allowance for loan losses	<u>(8,917)</u>	<u>(7,922)</u>
Net loans	<u>835,625</u>	<u>760,114</u>
Federal Home Loan Bank stock	8,409	7,621
Cash surrender value of life insurance	8,470	8,290
Premises and equipment, net	29,446	26,335
Real estate owned:		
Acquired through foreclosure	3,459	1,749
Held for development	45	45
Other repossessed assets	52	52
Goodwill	12,262	8,384
Core deposit intangible	1,910	-
Accrued interest receivable	4,249	4,324
Other assets	<u>1,783</u>	<u>1,144</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 969,667</u></b>	<b><u>\$ 872,691</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits:		
Non-interest bearing	\$ 77,124	\$ 46,978
Interest bearing	<u>707,962</u>	<u>642,265</u>
Total deposits	<u>785,086</u>	<u>689,243</u>
Short-term borrowings	33,000	42,800
Advances from Federal Home Loan Bank	53,015	53,083
Subordinated debentures	18,000	10,000
Accrued interest payable	487	1,093
Accounts payable and other liabilities	2,525	1,789
Deferred income taxes	<u>1,862</u>	<u>1,223</u>
<b>TOTAL LIABILITIES</b>	<b><u>893,975</u></b>	<b><u>799,231</u></b>
Commitments and contingent liabilities	-	-
<b>STOCKHOLDERS' EQUITY:</b>		
Serial preferred stock, 5,000,000 shares authorized and unissued	-	-
Common stock, \$1 par value per share; authorized 10,000,000 shares; issued and outstanding, 4,664,235 shares (Jun 2008), and 4,661,083 shares (Dec 2007)	4,664	4,661
Additional paid-in capital	34,018	33,886
Retained earnings	37,435	35,225
Accumulated other comprehensive loss	<u>(425)</u>	<u>(312)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>75,692</u></b>	<b><u>73,460</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 969,667</u></b>	<b><u>\$ 872,691</u></b>

**FIRST FINANCIAL SERVICE CORPORATION**  
**Consolidated Statements of Income**  
**(Unaudited)**

(Dollars in thousands, except per share data)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Interest and Dividend Income:</b>				
Loans, including fees	\$ 13,348	\$ 14,364	\$ 27,380	\$ 28,305
Taxable securities	309	536	693	1,148
Tax exempt securities	105	107	205	215
Total interest income	<u>13,762</u>	<u>15,007</u>	<u>28,278</u>	<u>29,668</u>
<b>Interest Expense:</b>				
Deposits	4,808	6,440	10,494	12,387
Short-term borrowings	183	413	505	988
Federal Home Loan Bank advances	601	341	1,197	676
Subordinated debentures	167	154	334	382
Total interest expense	<u>5,759</u>	<u>7,348</u>	<u>12,530</u>	<u>14,433</u>
Net interest income	8,003	7,659	15,748	15,235
Provision for loan losses	514	127	1,098	208
Net interest income after provision for loan losses	<u>7,489</u>	<u>7,532</u>	<u>14,650</u>	<u>15,027</u>
<b>Non-interest Income:</b>				
Customer service fees on deposit accounts	1,632	1,489	3,048	2,763
Gain on sale of mortgage loans	239	166	387	292
Gain on sale of real estate held for development	-	-	-	227
Losses on securities transactions	(216)	-	(216)	-
Brokerage commissions	125	106	243	202
Other income	360	278	632	500
Total non-interest income	<u>2,140</u>	<u>2,039</u>	<u>4,094</u>	<u>3,984</u>
<b>Non-interest Expense:</b>				
Employee compensation and benefits	3,480	3,105	6,898	6,229
Office occupancy expense and equipment	679	596	1,332	1,162
Marketing and advertising	209	217	423	449
Outside services and data processing	766	670	1,483	1,336
Bank franchise tax	253	234	503	465
Write off of issuance cost of Trust Preferred Securities	-	-	-	229
Other expense	1,130	979	2,213	1,946
Total non-interest expense	<u>6,517</u>	<u>5,801</u>	<u>12,852</u>	<u>11,816</u>
Income before income taxes	3,112	3,770	5,892	7,195
Income taxes	1,013	1,226	1,910	2,334
<b>Net Income</b>	<u>\$ 2,099</u>	<u>\$ 2,544</u>	<u>\$ 3,982</u>	<u>\$ 4,861</u>
(1) Shares applicable to basic income per share	4,664,235	4,736,315	4,663,784	4,767,824
<b>(1) Basic income per share</b>	<u>\$ 0.45</u>	<u>\$ 0.54</u>	<u>\$ 0.85</u>	<u>\$ 1.02</u>
(1) Shares applicable to diluted income per share	4,692,565	4,783,131	4,695,358	4,821,215
<b>(1) Diluted income per share</b>	<u>\$ 0.45</u>	<u>\$ 0.53</u>	<u>\$ 0.85</u>	<u>\$ 1.01</u>
<b>Cash dividends declared per share</b>	<u>\$ 0.190</u>	<u>\$ 0.173</u>	<u>\$ 0.380</u>	<u>\$ 0.346</u>

(1) Adjusted to reflect the impact of the 10% stock dividend declared August 16, 2007.



**FIRST FINANCIAL SERVICE CORPORATION**  
**Unaudited Selected Ratios and Other Data**

<u>Selected Data</u>	As of and For the Three Months Ended June 30,	
	<u>2008</u>	<u>2007</u>
<b>Performance Ratios</b>		
Return on average assets	0.94%	1.22%
Return on average equity	11.14%	14.10%
Average equity to average assets	8.40%	8.62%
Net interest margin	3.88%	3.93%
Efficiency ratio from continuing operations	64.25%	59.82%
Book value per share		
<b>Average Balance Sheet Data</b>		
Average total assets	\$ 902,889	\$ 839,470
Average interest earning assets	834,872	787,260
Average loans	797,436	729,017
Average interest-bearing deposits	661,799	647,332
Average total deposits	721,399	692,216
Average total stockholders' equity	75,837	72,393
<b>Asset Quality Ratios</b>		
Non-performing loans as a percent of total loans (1)		
Non-performing assets as a percent of total loans (1)		
Allowance for loan losses as a percent of total loans (1)		
Allowance for loan losses as a percent of non-performing loans		
Annualized net charge-offs to total loans (1)		

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(1) Excludes loans held for sale.