

# ***FIRST FINANCIAL HOLDINGS, INC.***

December 31, 2009

## **Parent Company of First Federal Savings and Loan Association of Charleston; First Southeast Insurance Services, Inc.; The Kimbrell Insurance Group, Inc.; and First Southeast Investor Services, Inc.**

- Holding company incorporated in Delaware in September 1987 with reorganization of First Federal into holding company effective June 30, 1988.
- First Financial acquired Peoples Federal Savings and Loan Association, Conway, SC, on October 9, 1992.
- First Financial's acquisition of Investors Savings Bank of South Carolina in Florence, SC was completed on November 7, 1997. Investors Savings was merged into Peoples Federal.
- First Federal and Peoples Federal consolidated into one charter on August 30, 2002.
- First Federal acquired the loans and deposits of the former Cape Fear Bank, Wilmington, NC on April 10, 2009.
- First Southeast Insurance Services, Inc., a subsidiary of First Financial Holdings, Inc., has offices in Beaufort, Bluffton, Charleston, Columbia, Conway, Florence, Hilton Head, Myrtle Beach, Ridgeland (SC); Burlington and Sunset Beach (NC). Associated Insurors, Inc., a Myrtle Beach-based independent insurance agency was acquired by First Financial and merged into First Southeast Insurance in June 2000. First Financial purchased the assets of Kinghorn Insurance Agency in June 2001, expanding our insurance market presence to Bluffton, Hilton Head and Ridgeland. In August, 2002, First Financial purchased the assets of Johnson Insurance Associates and Benefit Administrators, Inc. in Columbia. On March 21, 2003, First Financial purchased Woodruff and Company in Columbia. More recently, on June 27, 2006, First Federal purchased Employer Benefits Strategies, Inc. in Summerville, on October 5, 2006 Peoples Insurance Agency in Beaufort, South Carolina and on April 10, 2008 Somers-Pardue Agency in Burlington, North Carolina.
- First Financial acquired The Kimbrell Co., Preferred Markets and Atlantic Acceptance Corporation on January 29, 2004. Kimbrell is a managing general agency providing excess and surplus lines insurance products to retail agents in North and South Carolina, Virginia, Florida, Georgia, Alabama and Tennessee. Preferred Markets utilizes the same retail base as Kimbrell offering standard lines insurance products, which includes workers compensation. Atlantic Acceptance Corporation is a premium finance company.
- First Southeast Investor Services, Inc., a subsidiary of First Financial Holdings, Inc., offering full brokerage services, has 25 registered offices located in Charleston (6), Bluffton, Conway, Florence, Hilton Head (2), Laurens, Litchfield, Little River, Mt. Pleasant (2), Myrtle Beach, Rock Hill, Summerville, Sunset Beach, Surfside Beach, Union, Wilmington (2) and Winnsboro.
- First Federal acquired the assets of American Pensions, Inc. (API), on July 1, 2009. API is one of South Carolina's largest retirement plan consulting, fiduciary and administration firms.
- Visit our website [www.firstfinancialholdings.com](http://www.firstfinancialholdings.com).

## **First Financial Stock**

- First Federal converted to a federally-chartered stock S & L through the sale of 924,609 shares at \$11 per share in November 1983. (\$1.25 - adjusted for splits)
- 10% stock dividend paid in May 1985
- Secondary Offering of 575,000 shares at \$18 per share in October 1985. (\$2.25 - adjusted for splits)
- Two-for-one stock splits in March 1986, October 1993 and March 1998
- First Federal issued 4,193,550 shares at \$15.50 on September 29, 2009.
- First Federal issued 629,032 shares at \$15.50 on October 9, 2009.
- First cash dividend paid \$.0125 per share (adjusted for splits) in February 1986. The most recent dividend paid \$.05 on November 27, 2009.
- There are 16,526,002 shares outstanding as of December 31, 2009.

## **Statistical Highlights as of 12/31/2009**

(dollars in thousands)

- Total assets = \$3,476,148
- Total stockholders' equity = \$354,454
- Stockholders' equity to assets = 10.20%
- Subsidiary exceeds all regulatory capital requirements and meets the definition of a "well capitalized" financial institution.
- Total employees (all companies): 1,108

## **First Federal of Charleston**

- In business since 1934
- South Carolina operations include 24 offices and an operations center in Charleston metropolitan area, one full service office in Georgetown, one full service office at Pawleys Island, two full service offices in Hilton Head, and one full service office in Bluffton, 11 branch offices in Horry and Florence Counties, a branch in each super Wal\*Mart store in Charleston, Conway, Florence (2), Georgetown, Goose Creek, Mt. Pleasant, Myrtle Beach (3), North Charleston, North Myrtle Beach, Summerville, and Surfside Beach, a branch in the Kroger at Carolina Forest in Myrtle Beach, a branch in the Lowes Foods store in Murrells Inlet. North Carolina operations include one full service branch office in Sunset Beach, (3) full service branches in Wilmington, one full service branch office in South Port, one full service branch in Leland, two branches in Lowes Foods stores in Wilmington, and a full service branch office in Hampstead.
- Holds 15.7% of deposits in Charleston County, 15% of deposits in Charleston metropolitan area, 12% in Georgetown County, 7.8% share of deposits in Florence County, 4.6% share in Horry County and a 5.4% share of deposits in Wilmington, NC metropolitan area. (Source: FDIC, June 2009).

*First Financial Holdings, Inc.*  
As of the Quarter Ended (Unaudited)  
(dollars in thousands)

<b>BALANCE SHEET</b>	<u>12/31/09</u>	<u>09/30/09</u>	<u>06/30/09</u>	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>	<u>03/31/08</u>	<u>12/31/07</u>
<b>Assets</b>									
Cash and investments	\$ 147,836	\$ 160,368	\$ 177,121	\$ 118,555	\$ 119,919	\$ 123,918	\$ 134,495	\$ 142,360	\$ 137,844
Loans receivable, net	2,570,668	2,593,269	2,609,498	2,333,846	2,334,254	2,324,537	2,263,965	2,218,027	2,184,611
Loans held for sale	22,903	25,603	63,311	48,319	11,804	8,731	4,519	14,031	10,361
Mortgage-backed securities	465,983	478,980	522,355	538,402	403,797	351,110	353,257	370,848	345,397
Office properties and equip.	80,113	81,021	81,136	81,751	82,322	78,796	77,732	76,766	74,850
Real estate owned	20,864	22,002	12,927	6,312	5,346	4,286	5,442	4,310	2,748
FDIC indemnification, net	64,130	62,754	61,541	-	-	-	-	-	-
Other assets	103,651	86,290	79,177	79,354	79,851	82,616	84,618	62,162	61,896
Total assets	<u>\$ 3,476,148</u>	<u>\$ 3,510,287</u>	<u>\$ 3,607,066</u>	<u>\$ 3,206,539</u>	<u>\$ 3,037,293</u>	<u>\$ 2,973,994</u>	<u>\$ 2,924,028</u>	<u>\$ 2,888,504</u>	<u>\$ 2,817,707</u>
<b>Liabilities</b>									
Deposits	\$ 2,277,439	\$ 2,303,611	\$ 2,341,055	\$ 1,995,057	\$ 1,926,624	\$ 1,851,102	\$ 1,865,261	\$ 1,875,099	\$ 1,806,585
Advances-FHLB	565,622	492,751	492,880	609,000	746,000	818,000	747,000	719,000	708,000
Other borrowed money	228,204	305,205	420,204	310,204	125,204	75,205	69,204	52,204	52,206
Other liabilities	50,429	57,071	59,898	38,043	19,387	46,209	54,585	55,609	63,650
Total liabilities	<u>3,121,694</u>	<u>3,158,638</u>	<u>3,314,037</u>	<u>2,952,304</u>	<u>2,817,215</u>	<u>2,790,516</u>	<u>2,736,050</u>	<u>2,701,912</u>	<u>2,630,441</u>
Total stockholders' equity	<u>354,454</u>	<u>351,649</u>	<u>293,029</u>	<u>254,235</u>	<u>220,078</u>	<u>183,478</u>	<u>187,978</u>	<u>186,592</u>	<u>187,266</u>
Total liabilities and stockholders' equity	<u>\$ 3,476,148</u>	<u>\$ 3,510,287</u>	<u>\$ 3,607,066</u>	<u>\$ 3,206,539</u>	<u>\$ 3,037,293</u>	<u>\$ 2,973,994</u>	<u>\$ 2,924,028</u>	<u>\$ 2,888,504</u>	<u>\$ 2,817,707</u>
<b>Equity/Assets</b>									
Total shares o/s	16,526	15,897	11,699	11,699	11,697	11,692	11,674	11,663	11,657
Book value per share	\$ 17.52	\$ 18.03	\$ 19.49	\$ 16.18	\$ 13.26	\$ 15.69	\$ 16.10	\$ 16.00	\$ 16.07
Equity/assets	10.20%	10.02%	8.12%	7.93%	7.25%	6.17%	6.43%	6.46%	6.65%
<b>AVERAGE BALANCES</b>									
Total assets	\$ 3,493,218	\$ 3,558,677	\$ 3,613,406	\$ 3,121,916	\$ 3,005,644	\$ 2,949,011	\$ 2,906,266	\$ 2,853,106	\$ 2,764,539
Earning assets	3,311,040	3,382,326	3,427,813	3,004,582	2,867,614	2,763,247	2,714,252	2,655,387	2,584,426
Gross Loans	2,652,972	2,662,870	2,661,990	2,418,595	2,368,767	2,314,352	2,269,463	2,227,139	2,189,044
Costing liabilities	3,057,530	3,262,178	3,232,640	2,950,628	2,807,944	2,730,439	2,671,260	2,612,019	2,523,927
Deposits	2,293,892	2,419,451	2,168,056	2,031,280	1,931,978	1,875,748	1,884,688	1,841,855	1,841,414
Equity	353,052	322,339	288,061	237,157	201,778	185,728	187,302	186,961	186,506

First Financial Holdings, Inc.  
(dollars in thousands)

	Quarter Ended (Unaudited)								Fiscal Year		
	12/31/09	09/30/09	06/30/09	03/31/09	12/31/08	09/30/08	06/30/08	03/31/08	12/31/07	09/30/09	09/30/08
<b>STATEMENT OF OPERATIONS</b>											
Total interest income	\$ 48,100	\$ 49,815	\$ 51,266	\$ 43,731	\$ 43,984	\$ 43,398	\$ 43,219	\$ 43,801	\$ 44,355	\$ 188,796	\$ 174,772
Total interest expense	15,212	15,764	15,727	16,770	18,853	19,243	19,209	21,660	23,295	67,114	83,408
Net interest income	32,888	34,051	35,539	26,961	25,131	24,155	24,010	22,141	21,060	121,682	91,364
Provision for loan losses	(25,327)	(21,280)	(12,367)	(12,765)	(20,471)	(5,218)	(4,907)	(3,567)	(3,248)	(66,883)	(16,939)
Net int. inc. after provision	7,561	12,771	23,172	14,196	4,660	18,937	19,103	18,574	17,812	54,799	74,425
Other income											
Gain on investment securities							4	645	100	-	750
Brokerage fees	496	532	383	632	480	672	665	906	680	2,028	2,923
Insurance revenues	5,423	5,918	6,535	6,966	5,245	6,352	7,420	6,771	4,287	24,667	24,830
Impairment on investment securities	(494)	(614)	(377)	(857)	(2,144)	(486)				(3,993)	(486)
Svc. chgs/fees-dep. accts	5,817	5,865	5,688	5,280	5,669	6,133	5,911	5,780	6,077	22,501	23,901
Mortgage banking income	2,411	2,672	986	2,652	1,760	821	1,826	2,961	1,849	8,070	7,456
Gains (losses) on disposition of properties	1,275	37	37	36	52	913	43	59	36	162	1,052
Other	166	981	(281)	(69)	197	663	375	738	700	826	2,475
Total other income	15,094	15,391	12,971	14,640	11,259	15,068	16,244	17,860	13,729	54,261	62,901
Other expenses											
Salaries & employee benefits	17,878	18,227	15,640	13,636	17,162	14,697	16,603	15,965	18,007	64,666	65,271
Occupancy costs	2,444	2,446	2,215	2,129	2,145	2,120	2,037	2,001	2,053	8,935	8,210
Marketing	568	586	479	422	650	460	685	570	694	2,137	2,408
Furniture and equipment expense	2,139	2,277	2,202	1,572	1,495	1,629	1,438	1,374	1,426	7,546	5,867
Other	7,522	7,089	7,609	6,086	5,144	5,002	4,809	4,211	4,549	25,928	18,573
Total other expenses	30,551	30,625	28,145	23,845	26,596	23,908	25,572	24,121	26,729	109,212	100,329
Income (loss) before taxes	(7,896)	(2,463)	7,998	4,991	(10,677)	10,097	9,775	12,313	4,812	(152)	36,997
Provision for income taxes	(3,364)	(1,199)	2,842	1,872	(4,130)	3,789	3,873	4,783	1,915	(615)	14,359
Income before extraordinary items	(4,532)	(1,264)	5,156	3,119	(6,547)	\$ 6,308	\$ 5,902	\$ 7,530	\$ 2,897	\$ 463	\$ 22,638
Extraordinary items											
Gain on acquisition, less income tax of \$18,833			28,857							28,857	
Net Income	(4,532)	(1,264)	34,013	3,119	(6,547)	6,308	5,902	7,530	2,897	29,320	22,638
Preferred stock dividend	813	802	813	813	235					2,663	
Accretion on preferred stock discount	136	127	132	130	42					431	
Net Income (loss) available to common shareholders	\$ (5,481)	\$ (2,193)	\$ 33,068	\$ 2,176	\$ (6,824)	\$ 6,308	\$ 5,902	\$ 7,530	\$ 2,897	\$ 26,226	\$ 22,638
Pre-tax, pre-provision earnings	\$ 17,431	\$ 18,817	\$ 20,365	\$ 17,756	\$ 9,794	\$ 15,315	\$ 14,682	\$ 15,880	\$ 8,060	\$ 66,731	\$ 53,936

**Note: Certain prior period amounts have been reclassified to conform to current period presentation.**

Average shares o/s, basic	16,464	11,791	11,699	11,699	11,694	11,683	11,668	11,659	11,646	11,721	11,664
Average shares o/s, diluted	16,464	11,791	11,699	11,699	11,694	11,688	11,679	11,675	11,727	11,721	11,692
Earnings per share before extraordinary items -basic	\$ (0.28)	\$ (0.11)	\$ 0.44	\$ 0.27	\$ (0.56)	\$ 0.54	\$ 0.51	\$ 0.65	\$ 0.25	\$ 0.04	\$ 1.94
Earnings per share before extraordinary items -diluted	\$ (0.28)	\$ (0.11)	\$ 0.44	\$ 0.27	\$ (0.56)	\$ 0.54	\$ 0.51	\$ 0.64	\$ 0.25	\$ 0.04	\$ 1.94
Earnings per share Net Income -basic	\$ (0.28)	\$ (0.11)	\$ 2.91	\$ 0.27	\$ (0.56)	\$ 0.54	\$ 0.51	\$ 0.65	\$ 0.25	\$ 2.50	\$ 1.94
Earnings per share Net Income -diluted	\$ (0.28)	\$ (0.11)	\$ 2.91	\$ 0.27	\$ (0.56)	\$ 0.54	\$ 0.51	\$ 0.64	\$ 0.25	\$ 2.50	\$ 1.94
Earnings per share Available to common shareholders - basic	\$ (0.33)	\$ (0.19)	\$ 2.83	\$ 0.19	\$ (0.58)	\$ 0.54	\$ 0.51	\$ 0.65	\$ 0.25	\$ 2.24	\$ 1.94
Earnings per share Available to common shareholders - diluted	\$ (0.33)	\$ (0.19)	\$ 2.83	\$ 0.19	\$ (0.58)	\$ 0.54	\$ 0.51	\$ 0.64	\$ 0.25	\$ 2.24	\$ 1.94
Dividends paid per share, authorized	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.255	\$ 0.255	\$ 0.255	\$ 0.255	\$ 0.255	\$ 0.41	\$ 1.02

First Financial Holdings, Inc.  
(dollars in thousands)

	Quarter Ended (unaudited)									Fiscal Year	
	12/31/09	09/30/09	06/30/09	03/31/09	12/31/08	09/30/08	06/30/08	03/31/08	12/31/07	09/30/09	09/30/08
<b>OTHER RATIOS</b>											
Return on Average Assets	-0.52%	-0.14%	0.61%	0.40%	-0.87%	0.86%	0.81%	1.06%	0.42%	0.01%	0.79%
Return on Average Equity	-5.14%	-1.57%	7.54%	5.26%	-12.98%	13.59%	12.60%	16.11%	6.21%	0.17%	12.16%
Average yield on earning assets	5.76%	5.84%	6.00%	5.90%	6.08%	6.24%	6.40%	6.63%	6.81%	5.90%	6.53%
Average cost of paying liabilities	1.97%	1.90%	1.94%	2.29%	2.64%	2.80%	2.89%	3.34%	3.67%	2.18%	3.17%
Gross spread	3.79%	3.94%	4.06%	3.61%	3.44%	3.44%	3.51%	3.29%	3.14%	3.72%	3.36%
Net interest margin	3.94%	3.99%	4.16%	3.64%	3.48%	3.48%	3.56%	3.35%	3.23%	3.79%	3.41%
Operating exp./avg. assets	3.50%	3.44%	3.30%	3.06%	3.54%	3.24%	3.54%	3.37%	3.86%	3.26%	3.50%
Efficiency ratio	60.20%	60.46%	56.42%	55.74%	68.20%	61.36%	63.47%	61.39%	71.10%	59.62%	64.33%

Note: Average yields, costs and margins for prior periods adjusted to actual days

**COMPOSITION OF GROSS LOAN PORTFOLIO**

Mortgage Loans (1-4 Family)	\$ 966,211	\$ 949,518	\$ 927,296	\$ 882,511	\$ 882,857	\$ 886,488	\$ 874,216	\$ 871,774	\$ 870,122
Construction Loans (1-4 Family)	32,804	41,133	56,683	56,438	67,980	70,396	73,064	75,590	76,169
Commercial Real Estate	436,842	435,298	435,923	322,663	314,516	307,903	291,712	286,316	278,948
Commercial Construction	48,439	53,219	47,397	41,490	39,380	40,827	36,791	31,142	27,274
Commercial Business Loans	88,728	96,559	106,053	93,024	95,638	89,764	90,070	85,797	83,831
Land - Residential	105,902	169,367	171,412	143,329	145,757	146,694	145,213	141,355	137,270
Land - Commercial	173,080	130,763	135,398	107,774	106,956	101,168	98,182	94,241	91,964
Home Equity Lines of Credit	400,803	394,075	394,794	356,281	344,526	325,354	301,184	284,696	273,399
Mobile Home Loans	250,124	244,214	239,043	232,515	227,698	223,476	218,312	211,657	206,909
Credit Cards	18,471	17,483	16,949	16,128	16,790	16,125	15,824	15,638	16,198
Marine	73,799	76,748	77,819	77,836	79,901	83,464	83,964	81,170	81,466
Other Consumer Loans	48,999	53,365	55,230	51,347	53,783	56,868	56,499	56,561	57,753
	<u>2,644,202</u>	<u>2,661,742</u>	<u>2,663,997</u>	<u>2,381,336</u>	<u>2,375,782</u>	<u>2,348,527</u>	<u>2,285,031</u>	<u>2,235,937</u>	<u>2,201,303</u>
Less:									
Allowance for Loan Losses	73,534	68,473	54,499	47,490	41,528	23,990	21,066	17,910	16,692
Total	<u>\$ 2,570,668</u>	<u>\$ 2,593,269</u>	<u>\$ 2,609,498</u>	<u>\$ 2,333,846</u>	<u>\$ 2,334,254</u>	<u>\$ 2,324,537</u>	<u>\$ 2,263,965</u>	<u>\$ 2,218,027</u>	<u>\$ 2,184,611</u>
Loans Held for Sale	<u>\$ 22,903</u>	<u>\$ 25,603</u>	<u>\$ 63,311</u>	<u>\$ 48,319</u>	<u>\$ 11,804</u>	<u>\$ 8,731</u>	<u>\$ 4,519</u>	<u>\$ 14,031</u>	<u>\$ 10,361</u>

Note: The Composition of Gross Loans has been changed to collateral type consistent with 10Qs as filed with the SEC.

**COMPOSITION OF DEPOSITS**

Checking	\$ 562,060	\$ 527,795	\$ 543,232	\$ 500,750	\$ 461,179	\$ 474,301	\$ 488,595	\$ 483,472	\$ 459,457
Passbook	153,674	154,342	145,541	137,853	126,261	129,466	133,414	130,863	127,694
Money Market	338,930	344,220	341,209	296,427	303,866	345,327	372,617	379,380	364,639
Core Deposits	<u>1,054,664</u>	<u>1,026,357</u>	<u>1,029,982</u>	<u>935,030</u>	<u>891,306</u>	<u>949,094</u>	<u>994,626</u>	<u>993,715</u>	<u>951,790</u>
Time Deposits	<u>1,222,775</u>	<u>1,277,254</u>	<u>1,311,073</u>	<u>1,060,027</u>	<u>1,035,318</u>	<u>902,008</u>	<u>870,635</u>	<u>881,384</u>	<u>854,795</u>
TOTAL DEPOSITS	<u>\$ 2,277,439</u>	<u>\$ 2,303,611</u>	<u>\$ 2,341,055</u>	<u>\$ 1,995,057</u>	<u>\$ 1,926,624</u>	<u>\$ 1,851,102</u>	<u>\$ 1,865,261</u>	<u>\$ 1,875,099</u>	<u>\$ 1,806,585</u>

**ASSET QUALITY**

Non-accrual loans	\$ 108,742	\$ 80,432	\$ 66,300	\$ 54,769	\$ 35,070	\$ 20,557	\$ 16,562	\$ 12,800	\$ 10,133
Loans 90 days or more past due	124	121	153	86	116	76	79	99	68
REO through foreclosure	<u>20,864</u>	<u>22,002</u>	<u>12,927</u>	<u>6,312</u>	<u>5,346</u>	<u>4,286</u>	<u>5,442</u>	<u>4,310</u>	<u>2,748</u>
	<u>\$ 129,730</u>	<u>\$ 102,555</u>	<u>\$ 79,380</u>	<u>\$ 61,167</u>	<u>\$ 40,532</u>	<u>\$ 24,919</u>	<u>\$ 22,083</u>	<u>\$ 17,209</u>	<u>\$ 12,949</u>

**LOAN AND REO LOSS RESERVES**

Total reserves for loan losses	\$ 73,534	\$ 68,473	\$ 54,499	\$ 47,490	\$ 41,528	\$ 23,990	\$ 21,066	\$ 17,910	\$ 16,692
Loan loss reserves/ loans	2.78%	2.57%	2.05%	1.99%	1.74%	1.02%	0.92%	0.80%	0.76%
Provision for losses	25,327	21,280	12,367	12,765	20,471	5,218	4,907	3,567	3,248
Net loan charge-offs	20,266	7,307	9,490	6,803	2,933	2,251	1,785	2,358	1,983
Net charge-offs/avg gross loans	0.76%	0.27%	0.36%	0.28%	0.12%	0.10%	0.08%	0.11%	0.09%
Annualized net charge-offs/avg gross loans	3.04%	1.10%	1.43%	1.13%	0.49%	0.39%	0.32%	0.43%	0.36%

First Financial Holdings, Inc.  
(dollars in thousands)

	Quarter Ended (unaudited)	
	12/31/09	09/30/09
<b>COMPOSITION OF LOAN LOSSES (NET CHARGE OFFS)</b>		
Mortgage Loans (1-4 Family)	\$ 1,328	\$ 943
Construction Loans (1-4 Family)	807	569
Commercial Real Estate	1,022	166
Commercial Construction	953	-
Commercial Business Loans	652	654
Land - Residential	4,395	955
Land - Commercial	6,262	546
Home Equity Lines of Credit	2,618	1,549
Mobile Home Loans	745	866
Credit Cards	254	228
Marine Loans	612	377
Other Consumer Loans	618	454
	<u>\$ 20,266</u>	<u>\$ 7,307</u>

	12/31/09	09/30/09
<b>COMPOSITION OF DELINQUENT AND NONACCRUAL LOANS</b>		
Mortgage Loans (1-4 Family)	\$ 38,485	\$ 33,423
Construction Loans (1-4 Family)	4,988	5,110
Commercial Real Estate	25,794	11,045
Commercial Construction	-	2,284
Commercial Business Loans	6,093	1,264
Land - Residential	19,339	24,830
Land - Commercial	34,449	22,850
Home Equity Lines of Credit	12,717	7,697
Mobile Home Loans	6,412	5,411
Credit Cards	239	224
Marine Loans	2,000	892
Other Consumer Loans	1,225	935
	<u>\$ 151,741</u>	<u>\$ 115,965</u>

	12/31/09	09/30/09
<b>% OF DELINQUENT LOANS TO GROSS LOAN BALANCE</b>		
Mortgage Loans (1-4 Family)	3.98%	3.52%
Construction Loans (1-4 Family)	15.21%	12.42%
Commercial Real Estate	5.90%	2.54%
Commercial Construction	0.00%	4.29%
Commercial Business Loans	6.87%	1.31%
Land - Residential	18.26%	14.66%
Land - Commercial	19.90%	17.47%
Home Equity Lines of Credit	3.17%	1.95%
Mobile Home Loans	2.56%	2.22%
Credit Cards	1.29%	1.28%
Marine Loans	2.71%	1.16%
Other Consumer Loans	2.50%	1.75%
	<u>5.74%</u>	<u>4.36%</u>

## Markets Served by First Federal

- Charleston, Beaufort, Berkeley, Dorchester, Florence, Georgetown, Horry Counties in South Carolina and Brunswick, Pender and New Hanover Counties in North Carolina.
- Unemployment – December 2009: Charleston MSA – 10.2%; Beaufort County – 9.3%; Florence County – 12.7%; Georgetown County – 14.9%; Horry County – 14.8%; S.C. – 12.6%; N.C. – 11.2%; U.S. – 10.0%.

## Charleston MSA

- Charleston MSA is composed of Charleston, Berkeley and Dorchester counties.
- Charleston major employers: Military; tourism; health care and educational facilities.
- Welded Tube-Berkeley will expand its current product line in the fire protection market with a new product line in the fire protection market with a new product to be used in the transmission of air, water, and gas utilities, and for well water removal. (June 2009)
- American LaFrance plans to consolidate all of its operations to its Berkeley County headquarters and production facility, allowing the company to streamline production of three distinct product categories thus gaining manufacturing efficiency. (April 2009)
- Sunland Distribution, Inc. acquired a 211,000 square foot warehouse facility in North Charleston. (April 2009)
- Charleston is ranked #2 on a list of best small cities for young professionals to live and work. (June 2009)
- Permits for single family home construction in 2008 in the region dropped by 33.5%. A total of 1,104 permits were issued for multi-family units in 2008, a decline of 6.3% from the previous year. The forecast is for the total number of residential permits to increase by 12% in 2009 and another 18.5% in 2010 as the economy begins to recover. (April 2009)
- Forbes.com has listed metro Charleston in America's 25 Strongest Housing Markets. (January 2009)
- Total container volume through the Port of Charleston dropped 6.8% in 2008, the third straight year of decline in volumes. The forecast is for Port activity to drop again in 2009 and then begin to expand in 2010 as the global economy begins to recover. The total number of TEUs is expected to decline by 7.5% in 2009 and then increase by 3% in 2010. (April 2009)
- Total passenger activity at Charleston International Airport increased in 2008 by 2.6%. The forecast calls for total passenger activity to remain relatively flat for the next two years with the number of passengers increasing by 2% in 2009 and 2.5% in 2010. (April 2009)
- The region's visitor industry held steady through most of 2008 before experiencing declines in the fourth quarter of the year. (April 2009)
- Total attendance at area attractions dropped by 10% during 2008. The forecast is for total attraction attendance to decline by 2.2% in 2009 and remain flat in 2010. (April 2009)
- The overall occupancy rate for area hotels and accommodations averaged 71.5% in 2008, a slight decline of 1.5% from 2007. The average daily rate charged by area accommodations increased during the year to an average of \$171.45. Total hotel occupancy is expected to average 72.7% in 2009, an increase of 1.68%. Occupancy should be flat for 2010, primarily as a result of new hotel rooms being added to the market. The average daily rate is expected to increase at just over 3% in 2009 and another 2% the following year. (April 2009)
- The Family Circle Cup of Tennis on Daniel Island hosted its eighth tournament in April 2009. The tournament brings in over \$3 million annually to the Charleston economy. (June 2009)
- Retail sales growth in 2008 in Charleston is 0.8%. The region has had two years of flat retail sales. The strength in the area's tourism industry has helped total retail sales to remain positive in both of the past two years. (May 2009)
- 100 Best Places to Live and Launch-Charleston ranks 81 out of 100 top US cities in 2008 ranking CNNMoney.com (March 2009)
- Over 4 million visitors came to the Charleston region to enjoy the area's history, arts and culture, beaches, golfing, shopping and dining each year – or one of the many reasons Charleston ranks among the nation's top travel destinations. (March 2009)

- The economic impact of visitors is estimated at over \$3 billion annually. Visitors to the Charleston area spend an average of \$235 per person per day. Top reasons for visiting Charleston include history, food, area attractions, local hospitality and area beaches. (March 2009)
  - The Port of Charleston handles nearly two million TEUs (twenty foot equivalent units) of cargo a year. It operates five terminals in the region and has recently begun construction on a new terminal to be located on the former Navy Base Complex. The new \$600 million facility is slated to open in 2012, providing room for expansion and additional capacity. (March 2009)
  - In total, there are 22,000 active-duty, reserve personnel, civilians and civilian contractors employed in the region by the area's defense facilities. In total, the area's military have an annual economic impact estimated at \$3 billion. (March 2009)
  - A 610-acre certified industrial site near St. George is the latest effort to develop logistics, manufacturing and warehousing acreage in Dorchester County. With this certified site, Dorchester County can take full advantage of the intersection of I-95 and I-26. (February 2009)
  - American Synthetics, a recyclable packaging manufacturer, is starting operations in Berkeley County. American Synthetics produces polywoven, tear-resistant packaging. Initially employing 50 workers, the company's business plan calls for the addition of 200 more over the next five years. (April 2009)
  - In a joint venture with NP Aerospace Limited, Force Protection has been awarded a \$122.6 million contract for 97 Wolfhound vehicles for the United Kingdom Ministry of Defence. (April 2009)
  - Job growth has clearly slowed in 2008 and the forecast is for a slight negative growth in both 2009 and 2010. The Port is the driving force for the region's economy and until the Port begins to experience growth in volumes, employment in the region will suffer. (April 2009)
  - TBC Corporation (TBC), one of the largest marketers of automotive replacement tires, plans a 1.1 million square foot distribution center to be developed in Rockefeller Group Foreign Trade Zone/Charleston in Berkeley County, South Carolina. (September 2009)
  - Maersk Line has inked an agreement with the S.C. State Ports Authority that will keep the world's largest shipping line calling on Charleston until at least 2014. (September 2009)
  - Scientific Research Corporation (SRC), an Atlanta Based advanced engineering company, will add 300 jobs over the next five years. (September 2009)
- New** ➤ Boeing will locate its second 787 Dreamliner final assembly line in the Charleston region to accommodate a growing market demand for the aircraft. (October 2009)
- New** ➤ A new wind turbine drivetrain testing facility will be constructed at Clemson University Restoration Institute (CURI) Wind Energy R&D Center. (November 2009)
- New** ➤ Lonely Planet, a global travel information provider, selected Charleston as one of their Top 10 Cities to visit in 2010. (November 2009)
- New** ➤ Gildan Activewear is consolidating its Eastern U.S. retail distribution operations into a 580,000-square-foot facility in Berkeley County. (December 2009)
- New** ➤ Mankiewicz Coatings LLC plans to locate its new operations to Berkeley County to strengthen its North American market presence. The facility will be used primarily as a distribution center for products coming in through the Port of Charleston.
- New** ➤ *U.S. News & World Reports's* annual ranking of "America's Best High Schools" rated 22 schools in South Carolina among the best in the country. Charleston County's Academic Magnet High School ranked first among magnet schools and twelfth among the nation's top 100 high schools – earning a gold award. (December 2009)
- New** ➤ Next Generation Consulting chose Charleston as one of their "Next Cities," naming it second among cities with populations between 100,000 and 200,000. "Next Cities" are hotspots for young professionals to live and work. (June 2009)

### **Myrtle Beach MSA**

- Ocean 10 Studios, Inc. will open a new production facility in Myrtle Beach. The \$2.8 million investment is expected to create 15 new jobs. Its decision to locate to Myrtle Beach is because Myrtle Beach and Horry County are very film friendly. (June 2009)
- Navas Instruments, LLC, will open a new facility in Horry County. The \$1.6 million capital investment is expected to generate 13 jobs for Horry County. This area offers a reasonable cost of doing business, affordable property, and an incredible quality of life with close proximity to the beach and a great climate. (June 2009)
- Coastal Biodiesel Group Inc. will open a new facility in Horry County. The \$4.5 million investment is expected to generate 50 new jobs. Horry County provides a positive business environment and excellent labor pool, as well as an excellent market access. (March 2009)
- Horry County is renewing efforts to expand the existing airport. (February 2009)
- Myrtle Beach ranked 15<sup>th</sup> for 2009 Healthiest Housing Markets as listed by Hanley Wood Market Intelligence. (February 2009)

**New** ➤ Coca-Cola Bottling Co. Consolidated will locate its new facility in Horry County. The \$4 million investment is expected to create 10 new jobs. The company will also relocate 40 employees to the facility. (October 2009)

### **Georgetown County**

- The Port of Georgetown will soon welcome the first ship call as part of a new, 20-year contract that will bring business to the port while supporting local manufacturing and maritime jobs. In March Renewed World Energies, an organic fuel maker, announced its intention to locate a new facility in Georgetown County, SC creating 60 new jobs. The \$29.3 million operation is expected to be at 100% production in 2010. (April 2009)
- Trinity Iron Works will locate its new facility in Georgetown County. The \$500,000 investment is expected to generate 15 new jobs. Georgetown County provides an excellent business environment, with a skilled workforce, terrific market access with the Port of Georgetown and close proximity to the Port of Charleston. (May 2009)

### **Florence County**

- Johnson Controls Inc. plans to locate its new facility in Florence County. The company expects to invest more than \$100 million and plans to create 250 new jobs. (June 2009)

**New** ➤ Materials Innovation Technology (MIT), a manufacturer of advanced materials, has selected Lake City as the new home of their manufacturing operations. The company will create 120 new jobs and make a capital investment of \$5 million over the next five years. (November 2009)

### **Beaufort County**

- The state ports authorities of South Carolina and Georgia will jointly own a 1,500 acre site in Jasper County which has been identified by both states as a prime location for a new seaport. (February 2009)
- *Conde Nast Traveler* magazine's November 2008 publication names The Inn at Harbor Town on Hilton Head Island in the Reader's Choice Awards "Top 100 United States Hotels". (February 2009)

**New** ➤ Plumm Design, a manufacturer specializing in customized metal designs will locate its new operations in Beaufort County. The \$3.2 million investment is expected to generate 50 new jobs over the next five years. (January 2010)

## Wilmington MSA

- GE Hitachi (GEH) intends to build new manufacturing capacity, training centers, simulation buildings and test facilities at its 1,600-acre campus in New Hanover county. The move brings the region more than \$700 million in new investment and 900 technical, operational and support jobs averaging \$85,000 in annual pay. (April 2009)
- Independent Container Line, Ltd. (ICL) has served the North Atlantic trade for 24 years and began in March 2009 to call in Wilmington on a weekly basis. Key sectors served are the automotive, construction equipment, high tech textiles, chemical and forest trades. (April 2009)
- The 2008 *Forbes* special report on America's best colleges, ranked UNCW second among the public universities in North Carolina, behind only UNC Chapel Hill. It was also ranked in the top 25 "Best Values" among public universities in the nation according to *Kiplinger's Personal Finance*. (April 2009)
- For the 11th consecutive year, UNCW is ranked as one of the top 10 public master's universities in the South by *U.S. News & World Report*. The publication also placed UNCW fifth on its list of "up-and-coming" master's universities in the South. (April 2009)
- *Princeton Review* awarded UNCW its 2009 "Best in the Southeast" designation. (April 2009)
- N.C. ranks as the 10th largest state in the U.S. with a population of 9,222,414. Since 2003, the state experienced the second-highest growth rate (9.7%) among comparison states. (April 2009)
- From 2000 and 2007, N.C. experienced a significant increase in people migrating from other regions of the U.S. (April 2009)  
Sixty percent of N.C.'s population is between the ages of 20 and 64, suggesting that the state's potential workforce should remain a robust size for the next several decades. (April 2009)
- **New** ➤ *Forbes* ranked Wilmington the 13<sup>th</sup> Best Place for Business and Careers. (March 2009)

## Innovative Products and Services

- Health Savings Account – with online calculators
  - First Federal Rx – drug savings card
  - Checking accounts: 50-Plus Checking, Checking Choice, Moolah Checking, New Start Checking, FastTrack Checking Account
  - Free Commercial Checking accounts line-up
  - Children's savings programs: Squirrels Club, Student Savings, Educator CD, Bank-In-School
  - CDs such as Money Builder CD, Win-Win CD, Escalator CD and Goal Setter CD
  - Regular online CD offerings/specials.
  - Premium Money Market: Signature Money Management Account; MarketPreferred Account
  - "Quick-Close" Mortgage, First-Time Home-buyer Mortgage, 100% Loans, Homeowner First Program, Community Solutions™ mortgages, online mortgage calculators. We will guarantee a mortgage loan closing date.
  - Menu of Consumer Loans with debt protection options offered on most consumer loans and online option for manufactured housing loans.
  - Indirect Manufactured Home Lending
  - Equity AccessLine, Equity AccessLine Prime, Lock-In Equity Lines
  - Credit Cards: Visa, MasterCard, MasterCard Gold, Business MasterCard, CashBack Scorecard®
  - Training, cross-selling, and incentive programs are used to promote various products and services.
  - TeleBanker Interactive Voice Response system allows customers to make loan payments, transfers and other account transactions as well as check balances.
  - Online Banking – Personal and Commercial: 24 hour access; *Improved* Bill Pay; online account opening options; e-statements
  - ID Theft 911® – Free Identity Theft Resolution Services
  - Visit our new improved commercial and retail online banking, including walkthroughs and tutorials at [www.firstfederal.com](http://www.firstfederal.com).
  - CDARS® – Certificate of Deposit Account Registry Service. A vehicle which allows depositors to receive up to \$50 million in FDIC insurance coverage on CDs.
  - *FLASH*deposit<sup>sm</sup> – Remote Deposit Capture allows commercial clients to process deposits right from their business location.
  - Community Solutions Mortgages™ are designed to boost home ownership for public servants and enable them to live in the communities they serve.
  - First Federal is now a member of the MoneyPass Surcharge-Free ATM Network.
  - Extended Call Center hours, Monday – Friday, 7 a.m. – 7 p.m.
  - First Federal Excellence in Financial Education and FDIC partnership offering Money Smart – structured online lessons to help enhance money management skills with programs especially designed for youth and adults.
  - First Federal Gift Cards in denominations of \$25 to \$500.
  - First Federal offers Mortgage Foreclosure Clinics for area communities.
  - First Federal accepts online donations for nonprofit clients.
  - Non Profit Referral Program offering fund-raising opportunities for nonprofit business customers.
  - Wealth Management Services offered through our new Premier Relationship Group.
- New ➤ Dollars4Debts™ lets personal online banking account holders earn cash back on debit card purchases through targeted offers.
- New ➤ Mobile Banking through text messaging, mobile website or iPhone site.