

# *FIRST FINANCIAL HOLDINGS, INC.*

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***NEWS NEWS NEWS NEWS NEWS***

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## **FIRST FINANCIAL HOLDINGS, INC. REPORTS SECOND QUARTER RESULTS AND QUARTERLY DIVIDEND PAYMENT**

Charleston, South Carolina (April 24, 2009) – First Financial Holdings, Inc. (“First Financial” or the “Company”) (NASDAQ GSM: FFCH), the holding company for First Federal Savings and Loan Association of Charleston (“First Federal”), today reported results for the second quarter of its fiscal year ended September 30, 2009. Net Income for the quarter ended March 31, 2009 was \$3.1 million compared to a \$6.5 million loss for the quarter ended December 31, 2008 and \$7.5 million earned on the comparative quarter ended March 31, 2008. Basic and diluted earnings per common share available to common shareholders were \$0.19 for the current quarter, compared to basic and diluted earnings per common share of \$0.65 and \$0.64, respectively, for the quarter ended March 31, 2008.

President and Chief Executive Officer A. Thomas Hood commented, “We are pleased with our overall earnings given our higher level of charge-offs and loan loss provisions. We are very committed to working in cooperation with our retail and business customers during this time of economic uncertainty and while many challenges face our industry. On February 18, 2009 the Company announced a moratorium on single-family foreclosures in an effort to work closely with customers at risk of losing their homes. First Federal continues to provide housing solutions to homeowners in our markets through our partnership with several non-profit agencies. Our foreclosure clinics are helpful to both our customers and to customers of many other financial institutions.”

Hood continued, “Our loan loss provisions were significant for the quarter ended March 31, 2009, and these higher provisions strengthen our ability to navigate through this unprecedented and uncertain economic cycle.” Hood noted, “The Company recognized a provision for loan losses of \$12.8 million for the quarter ended March 31, 2009 compared to \$20.5 million for the quarter ended December 31, 2008, and \$3.6 million for the quarter ended March 31, 2008. The increase in the provision during the quarter ended March 31, 2009 compared to the comparable quarter in 2008 is attributable to significant increases in non-accrual loans and net charge-offs, overall loan growth and uncertainties in the markets served by the Company.” Non-accrual loans were \$54.8 million at March 31, 2009 compared to \$35.1 million for the linked quarter and \$12.8 million for the quarter ended March 31, 2008. The Company increased its allowance for loan losses as a percent of total loans from 175 basis points during the quarter ended December 31, 2008 to 199 basis points during the quarter ended March 31, 2009. Problem assets, which include problem loans as well as real estate owned, as a percentage of total assets was 1.91% at March 31, 2009 compared with 1.33% at December 31, 2008 and 0.60% at March 31, 2008.

The Company’s loan loss reserve coverage of non-performing loans was 86.6% at March 31, 2009 compared to 118.0% at December 31, 2008 and 138.8% at March 31, 2008. Annualized net loan charge-offs as a percentage of net loans totaled 1.14% for the quarter ended March 31, 2009 compared with 0.49% for the quarter ended December 31, 2008 and 0.43% for the comparable quarter one year ago.

During the quarter ended March 31, 2009, mortgage banking income was \$2.7 million compared to \$1.8 million for quarter ended December 31, 2008 and \$3.0 million for the comparative quarter ended March 31, 2008. As in the past quarters, the Company has certain economic hedging strategies in place to protect the value of our capitalized mortgage servicing asset from interest rate risk.

Insurance revenues, including contingent income, for the quarter ended March 31, 2009 were \$7.0 million compared to \$5.2 million for the linked quarter and \$6.8 million for the comparable quarter one year ago. In prior years, contingent revenues were typically distributed by the insurance companies during the March quarter. A number of insurance carriers are now providing guidance allowing contingent income to be recognized each quarter.

Our net interest margin was up significantly at 3.64% for the quarter ended March 31, 2009 compared to a net interest margin of 3.48% for the quarter ended December 31, 2008 and 3.35% for the quarter ended March 31, 2008. Hood noted, "We continue to see improvement in our margin as a result of lower interest rates on both deposits and borrowings. Rates in our markets have declined since last quarter but they are still higher than wholesale rates." Net interest income increased to \$27.0 million for the quarter ended March 31, 2009, an increase of \$1.9 million or 7.6% from \$25.1 million for the linked quarter and an increase of \$4.8 million or 21.8% for the comparative quarter ended March 31, 2008. The increase was as a result of improvement in our net interest margin along with loan and investment portfolio growth. In total, average earning assets increased \$137 million or 4.8% to \$3.0 billion for the quarter ended March 31, 2009 compared to \$2.9 billion for the linked quarter and 13.2% or \$349 million for the comparative quarter ended March 31, 2008.

Non-interest income totaled \$14.6 million for the second quarter of fiscal 2009, a decrease of \$3.2 million from \$17.8 million for the quarter ended March 31, 2008. This decrease is primarily attributable to lower levels of service charges and fees on deposit accounts. The company also recognized other than temporary impairment ("OTTI") on three collateralized debt obligations ("CDOs") and one collateralized mortgage obligation ("CMO"). The Company has determined that approximately \$857 thousand of the contractual cash flows will not be received due to credit-related factors, and accordingly this amount has been realized in current earnings.

Total revenues, defined as net interest income plus total other income, excluding credit-related OTTI, gains on sales of investments and gains on disposition of assets, increased to \$42.4 million, for the quarter ended March 31, 2009, an increase of \$3.2 million or 8.1% from \$39.2 million during the comparable quarter ended March 31, 2008.

Total non-interest expenses for the quarter ended March 31, 2009 totaled \$23.8 million, a slight decrease of \$218 thousand or 0.9% from \$24.1 million for the comparable quarter one year ago and a decrease of \$2.8 million, or 10.3% from \$26.6 million for the linked quarter ended December 31, 2008. In January 2009, the Company announced several significant cost savings initiatives, including decreases in salaries and employee benefits, which resulted in the decrease in non-interest expenses for the current quarter. Prior to the announcement of those initiatives, the Company began construction on a new financial service center at Centre Pointe in North Charleston and on April 6, 2009 we relocated our existing Mall Drive financial center to the new facility. First Federal's Federal Deposit Insurance Corporation ("FDIC") insurance premium increased during the quarter ended March 31, 2009, which is attributed to the FDIC's new assessment rate that was effective for all FDIC insured institutions on January 1, 2009.

On April 10, 2009, First Federal announced that it entered into an agreement with the FDIC to assume all of the deposits (excluding certain brokered deposits) and certain assets of Cape Fear Bank, a full service community bank headquartered in Wilmington, North Carolina. With this acquisition, First Federal will now operate 66 retail banking centers in North and South Carolina. Commenting on the acquisition, Hood noted, "We are delighted to welcome Cape Fear Bank customers to the First Federal family of financial services companies. First Federal has served customers' financial needs since 1934 with a deep commitment to building strong relationships with its customers, employees and communities."

The Company also announced today that its Board of Directors has declared a regular quarterly cash dividend of five cents (\$0.05) per share. The dividend is payable May 22, 2009, to stockholders of record as of May 8, 2009. Hood concluded, "Our board of directors carefully evaluates the level of our dividend. Given the

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continuing weakness in the economy in our markets, and the critical need to preserve our strong capital base through the recession, we believe this conservative approach is the appropriate action at this time."

On December 5, 2008, the Company issued 65,000 shares of its preferred stock to the U.S. Treasury in return for \$65 million in cash pursuant to the Treasury's Capital Purchase Program. This program is designed to make capital available to the nation's healthiest and strongest financial institutions. To date, we have used this capital to mitigate foreclosures in our markets, and to expand our loan and investment portfolios. The Company paid a dividend of \$632 thousand to the U. S. Treasury for their investment during the second quarter of 2009.

As of March 31, 2009, First Financial's total assets were \$3.2 billion, loans receivable totaled \$2.3 billion and deposits were \$2.0 billion. Total stockholders' equity was \$254 million and book value per common share totaled \$16.18 at March 31, 2009. First Federal's capital ratio (i.e., equity divided by assets) was 7.1% at March 31, 2009, compared to 5.9% and 7.0% at December 31, 2008 and March 31, 2008, respectively. Tangible equity to assets was 7.1% at March 31, 2009, compared to 6.9% and 7.1% at December 31, 2008 and March 31, 2008, respectively. First Financial's tangible common equity ratio (i.e., tangible equity divided by assets) was 4.9% at March 31, 2009, compared to 4.0% and 5.7% at December 31, 2008 and March 31, 2008, respectively. As of March 31, 2009, First Federal remained categorized "well capitalized" under regulatory standards.

First Financial is the holding company for First Federal Savings and Loan Association of Charleston ("First Federal"), which operates 66 offices located in the Charleston metropolitan area, Horry, Georgetown, Florence and Beaufort counties in South Carolina and in Brunswick, New Hanover and Pender counties in coastal North Carolina offering banking and trust services. The Company also provides insurance and brokerage services through First Southeast Insurance Services, The Kimbrell Insurance Group and First Southeast Investor Services.

NOTE: A. Thomas Hood, President and CEO of the Company, and R. Wayne Hall, Executive Vice President and CFO, will discuss these results in a conference call at 2:00 PM (EDT), April 24, 2009. The call can be accessed via a webcast available on First Financial's website at [www.firstfinancialholdings.com](http://www.firstfinancialholdings.com).

#### Forward Looking Statements

*Certain matters in this news release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to, among others, expectations of the business environment in which the Company operates, projections of future performance, including operating efficiencies, perceived opportunities in the market, potential future credit experience, and statements regarding the Company's mission and vision. These forward-looking statements are based upon current management expectations, and may, therefore, involve risks and uncertainties. Management's ability to predict results or the effect of future plans or strategies is inherently uncertain. The Company's actual results, performance or achievements may differ materially from those suggested, expressed or implied by forward-looking statements as a result of a wide range of factors including, but not limited to, the general business environment, general economic conditions nationally and in the States of North and South Carolina, interest rates, the North and South Carolina real estate markets, the demand for mortgage loans, the credit risk of lending activities, including changes in the level of and trend of loan delinquencies and charge-offs, results of examinations by our banking regulators, competitive conditions between banks and non-bank financial services providers, regulatory changes and other risks detailed in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K for the fiscal year ended September 30, 2008. Accordingly, these factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on these statements.*

*Such forward-looking statements may include projections. Such projections were not prepared in accordance with published guidelines of the American Institute of Certified Public Accountants or the SEC regarding projections and forecasts nor have such projections been audited, examined or otherwise reviewed by independent auditors of the Company. In addition, such projections are based upon many estimates and inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of management of the Company. Accordingly, actual results may be materially higher or lower than those projected. The inclusion of such projections herein should not be regarded as a representation by the Company that the projections will prove to be correct. The Company does not undertake to update any forward-looking statement that may be made on behalf of the Company.*

*For additional information about First Financial, please visit our website at [www.firstfinancialholdings.com](http://www.firstfinancialholdings.com) or contact Dorothy B. Wright, Vice President-Investor Relations and Corporate Secretary, (843) 529-5931.*

FIRST FINANCIAL HOLDINGS, INC.  
Unaudited Condensed Consolidated Financial Highlights  
(in thousands, except share data)

	Three Months Ended			Six Months Ended		3 Months
	03/31/09	03/31/08	12/31/08	03/31/09	03/31/08	12/31/07
<b>Statements of Income</b>						
Interest income	\$ 43,731	\$ 43,810	\$ 43,984	\$ 87,715	\$ 88,172	\$ 44,363
Interest expense	16,770	21,669	18,853	35,623	44,972	23,303
Net interest income	26,961	22,141	25,131	52,092	43,200	21,060
Provision for loan losses	(12,765)	(3,567)	(20,471)	(33,236)	(6,814)	(3,248)
Net interest income after provision	14,196	18,574	4,660	18,856	36,386	17,812
<b>Other income</b>						
Net gain on sale of investments and mortgage-backed securities		645	-		746	100
Brokerage fees	632	906	480	1,112	1,586	680
Commissions on insurance	6,656	6,532	4,942	11,598	10,569	4,037
Other agency income	310	237	303	613	487	250
Impairment on investment securities	(857)		(2,144)	(3,001)		
Service charges and fees on deposit accounts	5,280	5,780	5,669	10,949	11,857	6,077
Mortgage banking income	2,652	2,961	1,760	4,412	4,810	1,849
Gains on disposition of assets	36	59	52	88	96	36
Other	(69)	681	197	129	1,290	611
Total other income	14,640	17,801	11,259	25,899	31,441	13,640
<b>Other expenses</b>						
Salaries and employee benefits	13,637	15,963	17,162	30,799	33,971	18,007
Occupancy costs	2,129	2,012	2,145	4,274	4,046	2,034
Marketing	422	570	650	1,072	1,264	694
Furniture and equipment expense	1,572	1,481	1,684	3,067	3,013	1,532
Other	6,085	4,036	4,955	11,230	8,408	4,373
Total other expenses	23,844	24,062	26,596	50,441	50,702	26,640
Income before income taxes	4,991	12,313	(10,677)	(5,686)	17,125	4,812
Provision for income taxes	1,872	4,783	(4,130)	(2,258)	6,698	1,915
Net income (loss)	3,119	7,530	(6,547)	(3,428)	10,427	2,897
Preferred stock dividend	813	-	235	1,038	-	
Accretion on preferred stock discount	130	-	42	166	-	
Net income (loss) available to common shareholders	2,176	7,530	(6,824)	(4,632)	10,427	2,897
<b>Earnings per common share:</b>						
Basic	0.19	0.65	(0.58)	(0.40)	0.89	0.25
Diluted	0.19	0.64	(0.58)	(0.40)	0.89	0.25
Average shares outstanding	11,699	11,659	11,694	11,697	11,652	11,646
Average diluted shares outstanding	11,699	11,675	11,694	11,697	11,701	11,727
<b>Ratios:</b>						
Return on average equity	5.26%	16.11%	-12.98%	-3.13%	11.18%	6.21%
Return on average assets	0.40%	1.06%	-0.87%	-0.22%	0.74%	0.42%
Net interest margin	3.64%	3.35%	3.48%	3.56%	3.30%	3.23%
Total other expense / average assets	3.06%	3.37%	3.54%	3.28%	3.61%	3.86%
Efficiency ratio (1)	55.74%	61.39%	68.20%	61.71%	65.93%	71.10%
Net charge-offs / average loans, annualized	1.14%	0.43%	0.49%	0.82%	0.40%	0.36%

(1) Excludes from income - (losses) gains on sales of securities, net real estate operations, gains on disposition of assets, realized impairment on investments, and VISA litigation

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

**FIRST FINANCIAL HOLDINGS, INC.**  
**Unaudited Condensed Consolidated Financial Highlights**  
(in thousands, except share data)

	03/31/09	03/31/08	12/31/08
<b>Statements of Financial Condition</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 66,007	\$ 77,322	\$ 62,334
Investments	52,548	65,042	57,585
Mortgage-backed securities	538,402	370,848	403,797
Loans receivable, net	2,333,846	2,218,027	2,334,254
Loan held for sale	48,319	14,031	11,804
Office properties, net	81,751	76,708	82,322
Real estate owned	6,312	4,310	5,346
Intangible assets	35,968	22,420	36,156
Mortgage servicing rights	8,221	10,685	8,225
Other assets	35,165	29,111	35,470
<b>Total Assets</b>	<b>3,206,539</b>	<b>2,888,504</b>	<b>3,037,293</b>
<b>Liabilities</b>			
Deposits	1,995,057	1,875,099	1,926,624
Advances from FHLB	609,000	719,000	746,000
Other borrowings	310,204	52,204	125,204
Other liabilities	38,043	55,575	19,387
<b>Total Liabilities</b>	<b>2,952,304</b>	<b>2,701,878</b>	<b>2,817,215</b>
<b>Stockholders' equity</b>			
Stockholders' equity	361,559	295,545	358,508
Treasury stock	(103,563)	(103,268)	(103,563)
Accumulated other comprehensive loss	(3,761)	(5,651)	(34,867)
<b>Total stockholders' equity</b>	<b>254,235</b>	<b>186,626</b>	<b>220,078</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,206,539</b>	<b>2,888,504</b>	<b>3,037,293</b>
Stockholders' equity/assets	7.93%	6.46%	7.25%
Common shares outstanding	11,699	11,663	11,697
Book value per share	\$ 16.18	\$ 16.00	\$ 13.26
	03/31/09	03/31/08	12/31/08
<b>Credit quality-quarterly results</b>			
Total reserves for loan losses	\$ 47,490	\$ 17,901	\$ 41,528
Loan loss reserves / loans	1.99%	0.80%	1.75%
Reserves/non-performing loans	86.57%	138.78%	118.02%
Provision for losses	\$ 12,765	\$ 3,567	\$ 20,471
Net loan charge-offs	\$ 6,803	\$ 2,358	\$ 2,933
<b>Problem assets</b>			
Non-accrual loans	\$ 54,769	\$ 12,800	\$ 35,070
Accruing loans 90 days or more past due	86	99	116
REO through foreclosure	6,312	4,310	5,346
<b>Total</b>	<b>\$ 61,167</b>	<b>\$ 17,209</b>	<b>\$ 40,532</b>
As a percent of total assets	1.91%	0.60%	1.33%