

FIRST FINANCIAL HOLDINGS, INC.

P. O. Box 118068 Charleston, S.C. 29423-8068

843-529-5933 FAX: 843-529-5883

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Dear Shareholders,

These were the worst of times – for our customers, our staff, our communities, and our bank. First Federal was formed in 1934 – also a time of great economic distress. In 1934, our Board of Directors knew the struggle they were confronting. In spite of these obstacles, they made a commitment to help people finance their homes. Now some 75 years after the Great Depression, our strategy today is much the same – providing financing for people’s homes and businesses and supporting our communities.

In challenging times throughout First Federal’s history, our Board of Directors, management and staff have always made the critical contributions to our success – sometimes at great sacrifice. They have never let us down and in today’s demanding economic environment; they have contributed their very best performance – just when we needed it. It is difficult to find the words to truly express my pride and deep appreciation for our staff and the extraordinary commitment and contributions they made in fiscal 2009.

The depths of this recession have challenged all of us, particularly homeowners. In light of these challenges, our strategy of helping people retain their homes has positioned our staff on the front line of foreclosure relief. We have partnered with an extraordinary nonprofit organization – the Home Ownership Resource Center in Charleston and have been battling foreclosures and the financial challenges facing our businesses and families in our markets since the credit crisis began. Together we have saved thousands of families from foreclosure.

The availability of effective foreclosure relief efforts continues to be the most difficult problem for families throughout our markets. We are committed to this fight and we will not withdraw until we have given our full measure of support to help families save their homes.

Despite these most difficult operating conditions, we continue to outperform the banking industry. Earnings for fiscal 2009 were \$26.2 million and included an extraordinary gain from our April 2009 acquisition of Cape Fear Bank through an FDIC assisted transaction.

We continue to provide significant credit resources to all borrowers. Our lending operations remained focused on providing a full array of home, consumer, commercial, and personal loan products. Loans increased \$269 million to \$2.6 billion at September 30, 2009.

We had an extraordinary year of single-family lending with the origination of more than \$439 million in new loans. Many customers had opportunities to finance home purchases at some of the lowest interest rates in years and first time homebuyers received additional support from economic stimulus programs.

Our net interest margin was very strong for the year at 3.79%. Other income of \$54.3 million was a key contributor in sustaining our profitability for fiscal 2009.

In response to a loss of confidence and trust in many financial service companies, First Financial launched a significant expansion of our investment, trust, and retirement services through the development of a new wealth management platform. We attracted a very experienced wealth management team with extensive experience in all of our markets. Late in 2009, we also acquired American Pensions, Inc. (API), one of the most successful 401k, retirement planning and servicing organizations in the south. These strategic additions to our capabilities will help to rebuild customer retirement assets and wealth; will significantly fuel growth in assets under management and build a strong customer relationships based on trust at First Financial. The quality of investment advice, our products and services to our customers are more important than any other time in our history.

Despite the many challenges we face, we are optimistic about the future of the markets we serve. South Carolina and North Carolina continue to attract economic growth such as the significant expansion planned by The Boeing Company in the Charleston region and we expect to make significant progress in our newest market in Wilmington, North Carolina.

We also believe that our acquisition in Wilmington, North Carolina will serve as a model for future growth. We believe that we have the experience, capability and capital resources to successfully compete in future FDIC assisted transactions in nearby markets that offer long term growth. We have the capital resources to respond to both challenges and

opportunities and we are focused on putting capital to work for our shareholders and producing results that will exceed market expectations.

In difficult times like these, it is easy to lose your way, your mission, and your culture. We have maintained a very strong culture of enduring values for many, many years and through many different operating environments, opportunities and challenges. Our culture and values remain the foundation of our company- integrity, honesty, leadership, decency, respect, customer focus (doing what is right for the customer) and caring for employees. We deeply appreciate the investment, confidence and support of our shareholders. We too have a significant investment in this great company. We strongly believe that better times are ahead and we are positioned to take advantage of significant opportunities for growth and future profitability.

Through this 75 year experience, we have developed a strong set of strategic values and long term direction that is well defined and acknowledged by our customers and the markets we serve.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Thomas Hood". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

A. Thomas Hood

President and Chief Executive Officer