

# *FIRST FINANCIAL HOLDINGS, INC.*

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**NEWS NEWS NEWS NEWS NEWS**

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## **FIRST FINANCIAL HOLDINGS, INC. REPORTS STRONG SECOND QUARTER RESULTS**

Charleston, South Carolina (April 17, 2008) – First Financial Holdings, Inc. (“Company”) (NASDAQ GSM: FFCH) today reported net income for the second quarter of its fiscal year ending September 30, 2008. Net income for the quarter ended March 31, 2008 remained unchanged at \$7.5 million compared with the quarter ended March 31, 2007. Basic and diluted earnings per share totaled \$0.65 and \$0.64, respectively, for the current quarter, compared to \$0.62 per diluted share and \$.63 per basic share for the quarter ended March 31, 2007. Net income and diluted earnings per share for the six months ended March 31, 2008 totaled \$10.4 million, or \$0.89, compared with \$13.4 million, or \$1.09 per diluted share, for the six months ended March 31, 2007.

President and Chief Executive Officer A. Thomas Hood commented, “We are very pleased with our results this quarter. Net income and earnings per share were consistent with the comparable quarter and increased 160% over the linked quarter. Net interest income for the quarter ended March 31, 2008 was \$22.1 million, increasing from \$21.1 million or 5.1% for the linked quarter ended December 31, 2007. Mortgage banking income increased by \$2.2 million or 285.6% from the comparative quarter ended March 31, 2007. Because of the strategies we have in place to protect the value of our capitalized mortgage servicing asset from interest rate risk and the increased demand for mortgage loans and refinancing of existing mortgage loans, we had a significant increase in our mortgage banking income for the quarter ended March 31, 2008.

The March quarter also typically results in seasonally higher revenues from our insurance subsidiary, First Southeast Insurance Services. Insurance revenues for the quarter ended March 31, 2008 were \$6.5 million and met our expectation.”

“The net interest margin was 3.35% for the quarter ended March 31, 2008 compared to a net interest margin of 3.38% for the quarter ended March 31, 2007. Compared with the most recent quarter, the net interest margin increased by 12 basis points from a net interest margin of 3.23% for the quarter ended December 31, 2007. We have been able to lower funding costs as a result of recent declines in the Fed Funds rate and similar declines in deposit rates in our markets.”

The Company recognized a loan loss provision of \$3.6 million for the quarter ended March 31, 2008 compared to \$3.2 million for the quarter ended December 31, 2007, and \$1.1 million for the quarter ended March 31, 2007. The increase in the provision on both a linked and comparative quarter basis is attributable to increased charge offs and the current economic slow down. It should be noted that we increased our loan loss reserve as a percent of total loans from 76 basis points during the quarter ended December 31, 2007 to 80 basis points during the quarter ended March 31, 2008. Problem assets, which include problem loans as well as real estate owned, as a percentage of total assets were 0.60% at March 31, 2008 compared with 0.24% at March 31, 2007 and 0.46% at December 31, 2007. The Company’s loan loss reserve coverage of non-performing loans was 138.8% at March 31, 2008 compared to 289.1% at March 31, 2007 and 163.6% at December 31, 2007.

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Hood noted, "We continue to carefully analyze and monitor credit trends in our loan portfolio. The Company continues to experience higher levels of non-performing loans and net loan charge-offs. Annualized net loan charge-offs as a percentage of net loans totaled 0.43% for the quarter ended March 31, 2008 compared with 0.20% for the comparable quarter one year ago and 0.36% for the quarter ended December 31, 2007. We also experienced an increase in our home equity loan charge-offs during this quarter."

The Company's operating results for the second quarter of 2008 were favorably affected by a \$645 thousand pre-tax gain from the redemption of VISA Inc. Class B common stock in connection with its initial public offering in March 2008, and the reversal of a pre-tax charge of \$260 thousand recognized in the first quarter of fiscal 2008 related to a reserve established for the Company's share of the VISA Inc. litigation settlements. We reversed the litigation settlement reserve as a result of VISA Inc. establishing an escrow account to satisfy this obligation as part of its initial public offering. The net after-tax effect of these two VISA Inc. items increased net income for the second quarter of 2008 by \$552 thousand.

Non-interest income totaled \$17.8 million for the second quarter of fiscal 2008, an increase of \$3.1 million from \$14.7 million for the quarter ended March 31, 2007. Again, this increase during the quarter is primarily attributable to increases in mortgage banking operations and service charges and fees on deposit accounts. Total revenues, defined as net interest income plus total other income, excluding gains on sales of investments and gains on disposition of assets, increased to \$39.2 million, for the quarter ended March 31, 2008, an increase of \$4.4 million, or 12.6%, from \$34.8 million during the comparable quarter ended March 31, 2007.

Total non-interest expenses, net of the reversal of VISA litigation expenses discussed earlier, decreased by \$2.1 million, or 7.8%, to \$24.3 million for the quarter ended March 31, 2008 compared to \$26.4 million for the quarter ended December 31, 2007. While the effects of our early retirement program have reduced salary and employee benefits costs, we continue to see higher occupancy expenses related to our ongoing property renovations. This renovation work is nearly complete and we anticipate starting to lease the unoccupied space in the near future.

Hood continued, "One of our ongoing goals is to increase non-interest revenues and to improve our operating efficiency. With the recently completed early retirement program announced in the quarter ending December 31, 2007, we are seeing positive results in our efficiency trends. We are also working on technology initiatives such as merchant capture systems and document imaging systems that will further improve our efficiency."

"In-store expansion and diversification continued with the February 2008 opening of our 14<sup>th</sup> in-store sales center in the Lowe's Food Store in Murrells Inlet, South Carolina. Two additional in-store sales centers are expected to open in late fiscal 2008. In order to take advantage of emerging markets, we are relocating our Shoppers Port branch on Highway 17 South in Charleston. Likewise, in Florence, South Carolina we are consolidating our Second Loop and South Park branches into one office near our current South Park location."

Hood continued, "Last week, we announced that our subsidiary, First Southeast Insurance Services, Inc. acquired the operations of The Somers-Pardue Agency, Inc., a Burlington, North Carolina-based independent insurance agency. We are very excited to have their team of professionals join the First Financial family. They will be strategic partners in our insurance and financial services businesses, contributing further to the diversification of our non-interest revenues. First Southeast Insurance now represents more than 40 major insurance companies offering an extensive group of personal and business insurance products."

"While current market conditions continue to present many challenges, we are dedicated to finding the best financial solutions for our customers and the best results for our shareholders. Our Board of Directors, officers and employees are very focused on achieving financial and operational goals for fiscal 2008," Hood concluded.

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As of March 31, 2008, First Financial's total assets were \$2.9 billion, loans receivable totaled \$2.2 billion and deposits were \$1.9 billion. Stockholders' equity was \$186.6 million and book value per common share totaled \$16.00 at March 31, 2008.

First Financial is the holding company for First Federal Savings and Loan Association of Charleston, which operates 57 offices located in the Charleston metropolitan area, Horry, Georgetown, Florence and Beaufort counties in South Carolina and Brunswick County in coastal North Carolina. The Company also provides insurance, brokerage and trust services through First Southeast Insurance Services, The Kimbrell Insurance Group, First Southeast Investor Services and First Southeast Fiduciary and Trust 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 (ET), April 17, 2008. 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 due to a wide range of factors including, but not limited to, the general business environment, general economic conditions nationally and in the State of South Carolina, interest rates, the South Carolina real estate market, the demand for mortgage loans, 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, including the Annual Report on Form 10-K for the fiscal year ended September 30, 2007. 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 web site 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 Consolidated Financial Highlights  
(in thousands, except share data)

	Three Months Ended			Six Months Ended	
	03/31/08	03/31/07	12/31/07	03/31/08	03/31/07
<b>Statements of Income</b>					
Interest income	\$ 43,810	\$ 41,388	\$ 44,363	\$ 88,172	\$ 82,573
Interest expense	21,669	20,933	23,303	44,972	41,416
Net interest income	22,141	20,455	21,060	43,200	41,157
Provision for loan losses	(3,567)	(1,071)	(3,248)	(6,814)	(1,924)
Net interest income after provision	18,574	19,384	17,812	36,386	39,233
<b>Other income</b>					
Net gain on sale of investments and mortgage-backed securities	645	266	100	746	266
Brokerage fees	906	709	680	1,586	1,316
Commissions on insurance	6,532	6,970	4,037	10,569	10,900
Other agency income	237	325	250	487	572
Service charges and fees on deposit accounts	5,780	4,938	6,077	11,857	10,028
Mortgage banking income	2,961	768	1,849	4,810	2,055
Gains on disposition of assets	59	19	36	96	75
Other	681	689	611	1,290	1,136
Total other income	17,801	14,684	13,640	31,441	26,348
<b>Other expenses</b>					
Salaries and employee benefits	15,963	14,840	18,007	33,971	30,013
Occupancy costs	2,012	1,566	2,034	4,046	3,221
Marketing	570	562	694	1,264	989
Furniture and equipment expense	1,481	1,380	1,532	3,013	2,753
Other	4,036	3,978	4,373	8,408	7,861
Total other expenses	24,062	22,326	26,640	50,702	44,837
Income before income taxes	12,313	11,742	4,812	17,125	20,744
Provision for income taxes	4,783	4,202	1,915	6,698	7,361
Net income	7,530	7,540	2,897	10,427	13,383
<b>Earnings per common share:</b>					
Basic	0.65	0.63	0.25	0.89	1.11
Diluted	0.64	0.62	0.25	0.89	1.09
Average shares outstanding	11,659	12,043	11,646	11,652	12,044
Average diluted shares outstanding	11,675	12,223	11,727	11,701	12,242
<b>Ratios:</b>					
Return on average equity	16.11%	15.99%	6.21%	11.18%	14.31%
Return on average assets	1.06%	1.13%	0.42%	0.74%	1.00%
Net interest margin	3.35%	3.38%	3.23%	3.30%	3.37%
Total other expense/average assets	3.37%	3.41%	3.86%	3.61%	3.43%
Efficiency ratio (1)	61.39%	64.21%	71.10%	65.93%	66.95%
Net charge-offs/loans, annualized	0.43%	0.20%	0.36%	0.40%	0.18%

(1) Excludes from income - (losses) gains on sales of securities, net real estate operations, gains on disposition of assets; excludes from expenses - early retirement expenses, expenses related to VISA litigation.

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

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

	03/31/08	03/31/07	12/31/07
<b>Statements of Financial Condition</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 77,722	\$ 118,653	\$ 74,448
Investments	64,642	50,885	63,399
Mortgage-backed securities	370,848	285,321	345,397
Loans receivable, net	2,232,058	2,107,651	2,194,972
Office properties, net	76,708	63,349	74,791
Real estate owned	4,310	1,277	2,748
Intangible assets	22,420	22,823	22,523
Other assets	39,796	41,395	39,429
<b>Total Assets</b>	<b>2,888,504</b>	<b>2,691,354</b>	<b>2,817,707</b>
<b>Liabilities</b>			
Deposits	1,875,099	1,877,084	1,806,585
Advances from FHLB	719,000	454,000	708,000
Other borrowings	52,204	104,730	52,206
Other liabilities	55,575	66,194	63,620
<b>Total Liabilities</b>	<b>2,701,878</b>	<b>2,502,008</b>	<b>2,630,411</b>
<b>Stockholders' equity</b>			
Stockholders' equity	295,545	282,528	290,608
Treasury stock	(103,268)	(91,741)	(103,268)
Accumulated other comprehensive loss	(5,651)	(1,441)	(44)
<b>Total stockholders' equity</b>	<b>186,626</b>	<b>189,346</b>	<b>187,296</b>
<b>Total liabilities and stockholders' equity</b>	<b>2,888,504</b>	<b>2,691,354</b>	<b>2,817,707</b>
Stockholders' equity/assets	6.46%	7.04%	6.65%
<b>Common shares outstanding</b>			
Common shares outstanding	11,663	11,950	11,657
Book value per share	\$ 16.00	\$ 15.84	\$ 16.07
<b>Credit quality-quarterly results</b>			
Total reserves for loan losses	\$ 17,901	\$ 14,756	\$ 16,692
Loan loss reserves / loans	0.80%	0.70%	0.76%
Reserves/non-performing loans	138.78%	289.05%	163.63%
Provision for losses	\$ 3,567	\$ 1,071	\$ 3,248
Net loan charge-offs	\$ 2,358	\$ 1,030	\$ 1,983
<b>Problem assets</b>			
Non-accrual loans	\$ 12,800	\$ 5,049	\$ 10,133
Accruing loans 90 days or more past due	99	56	68
REO through foreclosure	4,310	1,277	2,748
<b>Total</b>	<b>\$ 17,209</b>	<b>\$ 6,382</b>	<b>\$ 12,949</b>
As a percent of total assets	0.60%	0.24%	0.46%