

## **Luxury Expenditure Policy**

In compliance with Section 111(d) of the Emergency Economic Stabilization Act of 2008, as amended, the Board of Directors (“Board”) of First Financial Holdings, Inc. (the “Company”) has adopted this Policy, which is intended to set limits on excessive or luxury expenditures. The Policy applies to the Company and its subsidiaries. The term “excessive or luxury expenditures” means excessive expenditures on any of the following to the extent such expenditures are not reasonable expenditures for staff development, reasonable performance incentives or other similar reasonable measures conducted in the course of the Company’s business operations:

1. Entertainment or events;
2. Office and facility renovations;
3. Aviation or other transportation services; and
4. Other similar items, activities or events for which the Company may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses.

This policy prohibits excessive or luxury expenditures in each of these categories, as explained in further detail below. Reasonable expenditures for staff development, performance incentives or other similar measures conducted in the normal course of business operations are permitted.

### **Prohibited Expenditures**

#### 1. Entertainment or events

All proposed entertainment, meetings, events and incentive/recognition travel organized by the Company or its employees must serve one or more demonstrated legitimate business purposes. Appendix A contains examples of legitimate business purposes. Sponsorship of excessive entertainment, meetings, events and incentive/recognition travel is prohibited. The Chief Executive Officer (“CEO”) is authorized to approve expenditures for special events and entertainment which are not listed in Appendix A.

The CEO may establish reasonable entertainment allowances for employees, and the Board may establish such an allowance for the CEO. In the absence of such an allowance, all reimbursements for employee entertainment expenses exceeding \$1,000 must be approved by the CEO, and CEO entertainment expenses exceeding \$2,000 must be approved by the Chairman of the Board. Each proposed meeting or event with a cost exceeding \$15,000 must be supported by a written business case identifying the specific business purpose and approved by the CEO (if an employee or senior executive officer meeting or event) or the Chairman of the Board (if a CEO meeting or event).

#### 2. Office and facility renovations

Office and facility renovations should be designed to: enhance operational efficiency; comply with applicable law (including the Americans with Disabilities Act); maintain a safe and sanitary working environment; enhance a favorable public image of the Company; improve

employee morale; or such other worthwhile purpose identified by the Company. Except as provided below, no new facilities may be constructed without the express approval of the Board.

All proposed office and facility capital improvements and/or renovations with a cost exceeding \$25,000 must be approved in writing following the company purchasing policy prior to the commencement of any such activities. Exceptions are permitted in emergency situations, such as an act of nature, and the expenditure is necessary to make the facility operational for employee or customer use. At no time should renovations be done that would have the appearance of being extraordinary or excessive from a shareholder perspective.

### 3. Aviation and other transportation services

Excessive aviation or other transportation services are prohibited. Transportation for Company staff to all locations should be conducted in the most cost effective way, taking into account the cost, efficiency and timeliness of travel. The Company does not own any jets, airplanes or other aviation equipment, and the Company shall not own any such equipment. When employees or directors of the Company travel by air, the Company will pay for reasonable related expenses such as coach class airfare, except under unusual and justifiable circumstances.

Lodging and Meals. Reasonable but not extravagant lodging is permitted, consistent with the circumstances. Extraordinary expenses (e.g., spas) will not be reimbursed. The maximum reimbursement for meals is \$150 per person per day when incurred during out-of-town business travel that includes overnight lodging. The maximum reimbursement for meals per day when an overnight stay does not occur is \$100 per person

Rental Cars. In no event shall a luxury, specialty or performance car be rented. On rare occasions, specialty vehicles may be rented to accommodate a larger group traveling together.

Charter Aircraft. No aircraft may be chartered without the prior express consent of the CEO.

Spouse/Travel Expenses. The Company will not pay the expenses of a spouse, a guest or a family member accompanying a employee who is attending Company-related functions unless the attendance is required or expected (e.g., conventions and other major social events.)

The Company will provide automobiles of an appropriate make, model and age – but not luxury automobiles (defined as having a MSRP, including all options, of more than \$60,000 new) – for use by the CEO and other authorized officers (see automobile policy). No other car will be provided for use (except as specifically required for the employee’s job, such as in the case of a delivery person) except with the prior approval of the CEO.

### 4. Other items, activities or events

All other activities or events that are not reasonable expenditures for staff development, performance incentives in accordance with written plans and policies or other similar expenditures incurred in the normal course of business must be approved by the CEO or the Chairman of the Board.

## **Approval Procedures**

The Company has an expense reimbursement process in place whereby the employee's supervisor is required to approve all company expenses. The completed and authorized expense reimbursement is forwarded to Accounts Payable for reimbursement. Capital expenditures are carefully reviewed and approved by senior management and the Board approves the annual budget annually.

## **Certification**

The principal executive officer and principal financial officer must certify that the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Company's Board of Directors (or a committee thereof) was properly obtained with respect to each such expenditure.

## **Administration**

All employees shall be responsible for compliance with this policy. Failure to comply with all policies and procedures may result in disciplinary action, up to and including termination of employment. Questions regarding this policy should be reported to an immediate supervisor or the CEO. Any violation or suspected violation of this policy must be reported promptly to the CEO or to the Chairman of the Board (if an alleged CEO violation).

The Company shall post this policy on its website at [www.firstfinancialholdings.com](http://www.firstfinancialholdings.com). If the Board of Directors of the Company makes any material amendments to this policy, within 90 days of the adoption of the amended policy, the Board must provide the amended policy to the U.S. Department of the Treasury and the Securities and Exchange Commission, and post the amended policy on the Company's website.

Adopted by the Board on the 27<sup>th</sup> day of August 2009.

**Examples of Legitimate Business Purposes for Entertainment,  
Meetings, Events, Incentive/Recognition and Travel**

As with all business expenditures authorized in these challenging circumstances, all proposed expenditures for entertainment, meetings, events, incentive/recognition and travel should be made to strengthen the Company's competitive position and position the Company for the creation of long-term value and growth. Below is a representative list of legitimate business purposes for entertainment, meetings, events, incentive/recognition and travel.

1. Entertainment of a current or prospective customer for business development purposes, including playing golf, dining out or treating the customer to other events he or she would find pleasurable but not extravagant.
2. Effective product launches to educate sales force, channel partners and customers.
3. Sales conferences and employee meetings to align vision, objectives, strategy and tactics.
4. Training and staff development meetings – learning environments conducive to adult learning and professional development, improving participants' skills at their trade and/or their familiarity with the company's products or services.
5. Employee recognition programs to motivate and reward employees for achievement and productivity.
6. Professional conferences that provide networking, education and best practice sharing across companies and industries.
7. Performance incentives with clear rule structures that are designed to motivate and reasonably reward high performers for exceeding established goals that generate incremental revenue and profit growth for their respective organizations and that are beyond the investment in the program.
8. Corporate-sponsored events that further charitable purposes.
9. Strategic, business and financial planning and review meetings.