

2013 ANNUAL REPORT

Performance.
Convenience.
Strength.

First Financial Holdings, Inc.

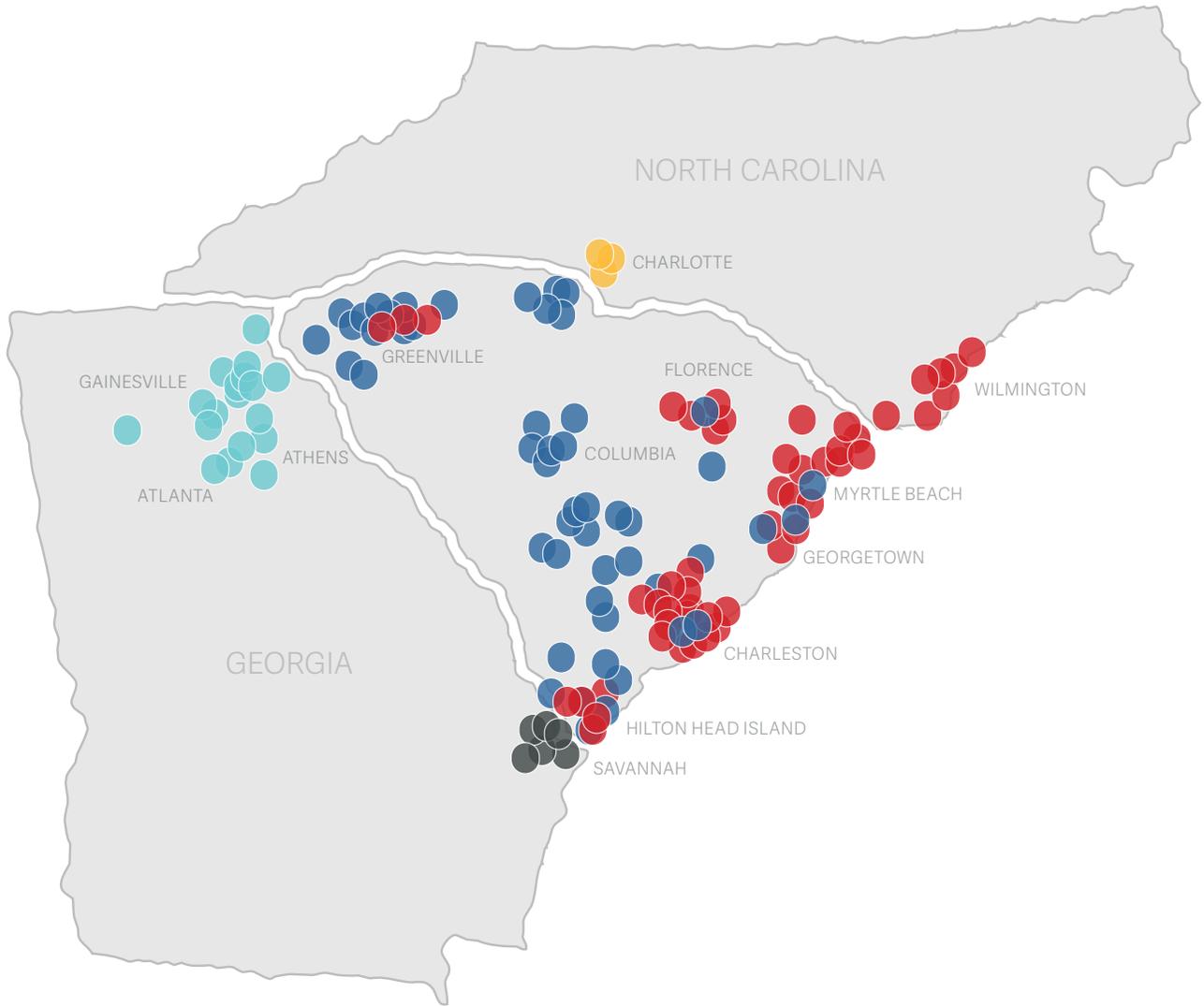
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Our Footprint

● SOUTH CAROLINA BANK AND TRUST

● FIRST FEDERAL

● THE SAVANNAH BANK

● NORTH CAROLINA BANK AND TRUST

● COMMUNITY BANK & TRUST

Dear Shareholders,

2013 was a year unlike any we can remember for the bank. Our company has certainly evolved in size and scope from just a few years ago. This past year, we were focused on the integration of our merger with First Financial Holdings, Inc. and building a platform for our future. Our merger with First Financial, which closed in July of 2013, is the largest in-state bank merger in South Carolina history. It adds scale in important markets, lines of business, and our support areas. This evolution and growth for our company have also created increased value for our shareholders as we experienced a 27% increase from 2012 in operating earnings per share and continued to improve in our key performance metrics.

Our increased size, market share gains and efficiencies achieved from mergers, combined with our organic growth, helped produce a 66% increase in our stock price for 2013. This followed a 39% increase in 2012. Our long-term performance has also been solid as evidenced by a total 10-year return of 185%. Much of the share price improvement has been driven by the growth in our operating EPS and may also be attributed to our company being well-positioned for the future.

As our company has grown, we have remained focused on ensuring our values



ROBERT R. HILL, JR. AND ROBERT R. HORGER

and culture are sustained. Our core values have been a consistent guiding principle for our company in both good times and bad. In addition, we remain committed to our relationship banking model. While the banking and regulatory landscape continues to present challenges, we are growing our customer base, expanding existing relationships and focusing on doing the basics better than anyone else. We believe this approach will continue to give us a competitive advantage over both large and small banks.

Our performance has improved as we entered new markets and local economies recovered. Most of the markets we serve continued to show steady economic improvement over the last year. A decade

ago we had low market share in the higher growth markets in our footprint. Today, we have a dominant banking position in growth markets. We are fortunate to have great teams, excellent leadership and strong market share in many of the top markets in the Southeast. Charleston, Columbia, Greenville, Wilmington, Savannah and Charlotte all contributed to our loan and deposit growth and improved asset quality in our footprint, which helped drive organic growth.

We began to see significant contribution from banks that joined us over the past few years. Our banks in Georgia had an impact on our performance this year, with Northeast Georgia markets leading our company in many growth and fee

income categories. We have combined two 110-year-old, troubled banks in Northeast Georgia and turned them into strong, profitable parts of our company that have been an important driver of our financial performance. These banks are also having a positive impact on the communities and customers they serve.

In addition, we were fortunate to merge with vibrant community banks in recent years - Peoples Bancorporation, Inc. and The Savannah Bancorp, Inc. With full integration of both banks behind us, our teams have shifted attention to taking care of customers and obtaining new relationships. Both banks have had a meaningful impact on our earnings and been an outstanding fit culturally.

receptivity and excitement from our customers. We fully anticipate the combination of these two banks to produce strong earnings, a solid balance sheet and operational advantages. We believe the platform this merger allows us to create for the future is unique, and it would have been more costly and taken a longer period of time to execute had we built such a platform on a standalone basis.

One of the important elements for the future will be the name change we announced in February 2014 and the new brand rollout in the summer of 2014. The planned name change will allow us to bring our current five bank brands together as one team under one unified

Critical Benchmarks

Now let us turn to our performance this year. Our three areas of focus – soundness, profitability and growth – are the benchmarks we use to measure our success.

In the area of soundness, we feel we turned the corner very meaningfully this year. For instance, our nonperforming assets level, as a percent of non-acquired loans and repossessed assets, declined from 3.13% in 2012 to 1.94%. This level is still higher than we would like, and we believe it will improve further. We have seen inflows of problem loans slow significantly and have continued to dispose of OREO with the sale of 693 properties during 2013. Net charge-offs for the year totaled 0.41%, compared to 0.73% in 2012. This is a nice improvement, and net charge off activity was particularly good in the fourth quarter with only a 0.26% annualized charge-off level. We are working to reduce the level of charge-offs to the fourth quarter level on a more consistent basis. Continued reductions in our nonperforming asset level will help achieve this.

We are pleased with our record operating earnings this year of \$3.16 per share, a 27% increase over 2012. While we've made progress, we know it will take all of 2014

Our lines of business merged in the first weeks following the July closing, and we could not be more pleased with the level of engagement of our team and the receptivity and excitement from our customers.

In 2013, we announced and closed a transformational merger between SCBT and First Financial, and we anticipate a full operational conversion in July 2014. Our lines of business merged in the first weeks following the July closing, and we could not be more pleased with the level of engagement of our team and the

brand: South State Bank and South State Corporation. More importantly, consolidating our name and systems will make our company more convenient for customers and position us as a strong regional bank across three states.

for us to garner most of the efficiencies from our recent First Financial merger. Also, we will not have operated for a full year post-integration with The Savannah Bank until March 2014. Our operating ROA of 1.02% and operating Return on Average Common Equity of 9.26% reflect noteworthy improvements for the year, but they can be further improved after our full merger integration. By the end of 2014 we should have most merger and branding expenses behind us and should fully achieve the expected \$38 million in annual cost saves resulting from the merger. Our company has been adept at growing revenue, and we expect to continue that in 2014. We will also effectively align our expenses to ensure we have a strong and efficient platform upon which to build.

Our fee-generating businesses also contributed significantly during 2013. We continue to gain nice momentum in our Wealth Management areas and now have the scale to compete with over \$3 billion in combined assets under management. Mortgage lending has always been an important driver of our profitability. It certainly contributed in 2013, but with rising rates and regulatory changes,

Our leaders ensure we remain focused on our fundamentals, recruit great talent, and do not lose sight of our culture of relationship banking as we grow.

mortgage lending could be a tougher business in 2014. And while rates have started to rise, the still-low rate environment has led to some margin compression in our non-acquired loan portfolios. We must continue carefully managing our net interest margin in this low rate environment.

While merger planning and integration has certainly required our attention, our team did not lose focus on growing the non-acquired portion of our company. In fact, non-acquired loan growth was up 11% for the year and grew in every major loan category. A unique part of our company today is our need to shrink the balance sheet of the acquired portion of our bank as we work to reduce problem loans,



RENEE BROOKS, JOE BURNS, ROBERT HILL, JOHN POLLOK, WAYNE HALL, JOHN WINDLEY

reposition the bond portfolio, and manage loan concentration levels. These activities slow revenue growth in the short term (as they typically take a year or longer to execute), but they beneficially reduce risk and unencumber some capital. We have seen some of the decline in acquired loan portfolio balances slow down, but The Savannah Bank and First Federal portfolios are still slightly declining since they are our newest partners. As for deposit growth, we are especially pleased with the growth in core deposits, which grew 55.5% in 2013, as we added 233,000 new customers.

The entire picture of our financial performance cannot be seen through the income statement, as we have also worked to protect our tangible book value through these recent years of acquiring banks. On a per share basis, our tangible book value per common share declined from \$22.54 at December 31, 2012 to \$22.28 at year-end 2013, a 1.1% decline. The earn-back period described in the initial merger announcement and the tangible book value dilution are meeting our expectations. The strong capital levels we anticipated post-merger are also in line with our original estimates. This strong capital position has positioned us to redeem the preferred stock (formerly TARP) acquired from First Financial in the first quarter of 2014.

Strong Leadership

As the company has grown and changed, we have also had leadership step up in meaningful ways. Renee Brooks, our Chief Administrative Officer, and Jack Goettee and Greg Lapointe, our division executives, all had material changes in their job scope over the last few years. These leaders have had a profound impact on our bank and our performance. They have also done a tremendous job of bringing our cultures together. Our leaders ensure we remain focused on our fundamentals, recruit great talent, and do not lose sight of our culture of relationship banking. We have always believed the success of the bank is dependent on exceptional leadership, and we are fortunate to great have depth in this area.

Our board and governance practices have also continued to evolve as our company has grown. We are establishing a Risk Committee to further enhance our risk management practices and prepare for the additional risk and regulatory requirements of banks with \$10 billion and more in assets. We have an engaged board of directors who commit their time to guide the bank. Paula Harper Bethea, T. J. Johnson, Ed Shelley, Richard Salmons, and Wayne Hall joined our board this year in connection with the merger with First Financial. We also thank Harry Mims

upon his retirement from 30 years of service to the board, and his tenure will be hard to duplicate.

We thank you for your continued support of our company and assure you that we remain focused on increasing the value of your investment and building a sound, profitable and growing company.

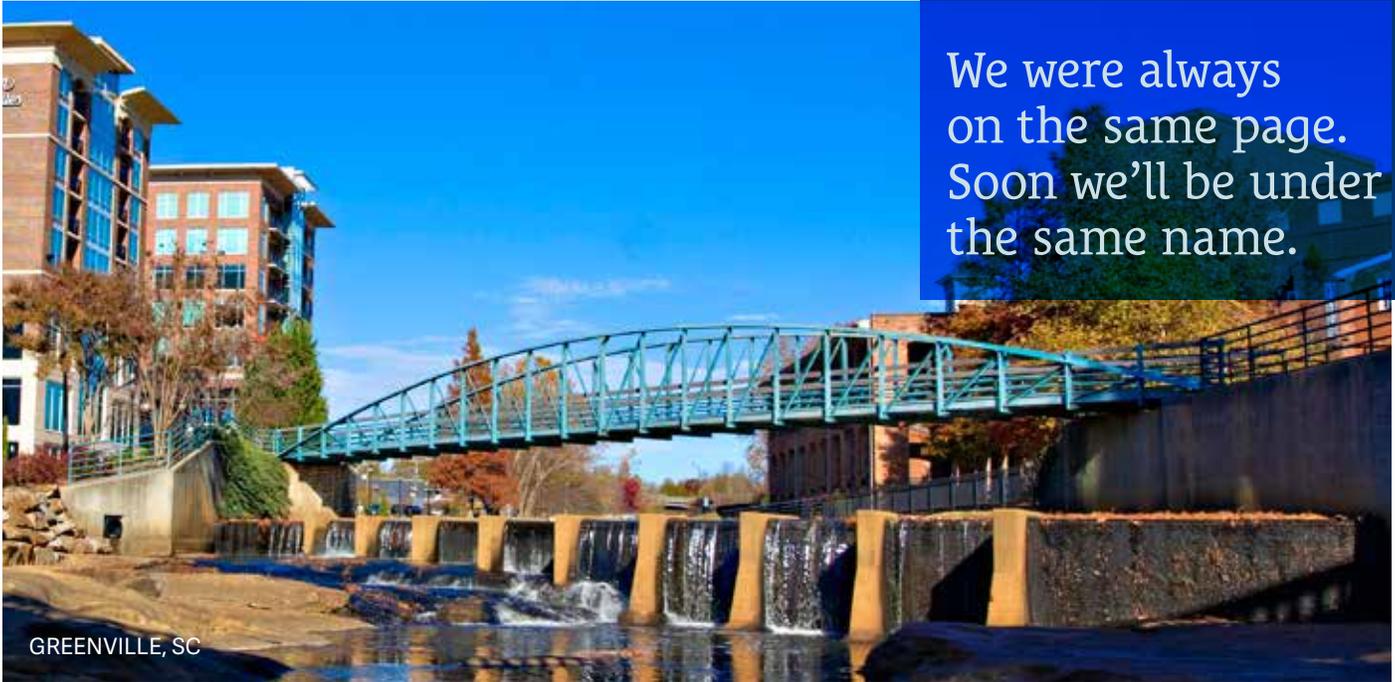


ROBERT R. HILL, JR., CEO



ROBERT R. HORGER, CHAIRMAN OF THE BOARD

We were always on the same page. Soon we'll be under the same name.



GREENVILLE, SC



1900 1904



1933 1934



Supporting our customers — and our communities — is a core value that remains essential to who we are and how we do business. As we bring our banks together under one name in 2014, we look back at the rich histories of each organization.

A deep sense of responsibility to the places where we live and work led to the founding of SCBT in 1933, originally as First National Bank in Orangeburg. During the depths of the Great Depression when so many banks in the area failed, First National was established to provide banking services to local residents. This



year, SCBT will celebrate 80 years of service to our local communities.

We expanded our coastal South Carolina and North Carolina presence this year with the merger of First Federal. Founded in

Charleston, SC, First Federal had an 80-year history of growth and service in the Lowcountry, Grand Strand, Florence, SC and recent expansion in Wilmington, NC. In 2010, we gained a presence in Georgia with the acquisition of Community Bank & Trust, which had a long history of serving the banking needs of Northeast Georgia. Our merger with NCBT added North Carolina to our footprint and, in 2012, we further expanded into Georgia through our merger with The Savannah Bank. With cultures very similar to our own, Peoples Bank rounded out our SCBT presence in the Upstate area of South Carolina.



1986 1990



1998



2014 A NEW NAME WITH A FAMILIAR FACE.

The quality of an organization is built over time. This year, we will continue the journey set by each predecessor organization as we come together under a new name—South State Bank. As we embark on this next era in our history, we will continue our legacy of service and commitment to relationship banking that has been a hallmark of our organization for more than a century.



From Charlotte to the Grand Strand, in Charleston, Columbia, Savannah and beyond, we will build on the performance, convenience and strength of our company to enhance the service our customers have come to rely on.



CLARKESVILLE, GA

2013 Highlights

- Completion of the largest in-state bank merger in South Carolina history with acquisition of First Financial Holdings, Inc.
- Total 10-year return of 185%
- Record Operating Earnings of \$3.16 per share, a 27% increase over 2012
- Operating ROA of 1.02%
- Operating Return on Average Common Equity of 9.26%
- Non-acquired Loan Growth of 11% for the year
- Strong Growth in Wealth Management

CHARLESTON, SC

As NCBT has grown, Bill Allen's business and banking relationship have grown as well.

In business over 40 years, Republic Crane originally started stocking heavy equipment for scrap yards and has grown into the largest dealer for Liebherr material handling equipment in the US.

"I've been a customer since the bank began. Back then it was a small bank, but now with the larger size they can do whatever I need."

While larger banks offer the same products, Bill believes their service cannot compare to his experience with NCBT.

"From the top down, the people at the bank are great. Whether you're dealing with the CEO or the local leadership, everyone is very genuine, which you don't find very often. It is just a pleasure to do business with them."

"There have been times when a project didn't fit the mold – that's when banking with someone who knows you and your business is important. They look at the entire scope of the business as a whole and figure out a way to make it work. That's going the extra mile."

"There have been many times when a project didn't fit the mold – that's when banking with someone who knows you and your business is important." –Bill Allen



CHARLES L. LYLE (Left)
Senior Vice President
EARTHA FREDERICK (Right)
Business Development Specialist

BILL ALLEN
President
Republic Crane



DANNY MIXON
President
Mixon Seed Company

F. GENE MCCONNELL, JR. (Left)
Executive Vice President and
Orangeburg Regional President

When Danny Mixon moved his business to Orangeburg, he started a relationship that has endured the test of time.

With 43 years of experience in the agricultural and seed business, Mixon Seed Company distributes seed throughout the Southeast including Virginia, South Carolina, Alabama, Mississippi, Florida and North Carolina.

"I've been a customer and a shareholder for over 40 years. What I like most is the people and the simplicity and ease of doing business with them. I felt like the

bank would succeed and they have. While other banks made bad decisions, SCBT has always been conservative and has used good judgment."

Overall, the most important reason for the longevity of his relationship with SCBT is the people and the culture of the organization.

"As the bank has continued to grow, it has done a good job keeping local leadership empowered. It is the people – not the organization – that have character. The character of the people becomes the

"I've been a customer and a shareholder for over 40 years. What I like most is the people and the simplicity and ease of doing business with them."

-Danny Mixon

character of the organization. The bank still has the same game plan as when it started – deliver good service and satisfy the customers. I have been a satisfied customer for over 40 years and have never considered leaving."

“When it came to the customer, we always tried to put their needs first and built great customer loyalty that way.” -A.L. Hutchinson, Jr.

Our unique culture has been our hallmark for over 80 years and no one is a better example than A.L. “Al” Hutchinson, Jr.

“I started at the bank on January 16, 1961 and have worked in just about every position from teller to president. When it came to the customer, we always tried to put their needs first and built great customer loyalty that way.”

Al believes having an entrepreneurial spirit and being open to new ideas contributed to the bank’s success.

“I always tried to hire people smarter than me and then got out of their way. My advice to new employees is to learn all you can as fast as you can and don’t worry about asking questions – that’s how you learn things.”

Mr. Hutchinson’s 53-year legacy of leadership has had a lasting impact on the company’s culture. A mentor and friend to many, he has inspired generations to embark on careers in banking. His genuine concern for employees and customers has helped shape the culture of our company’s first 80 years and those he inspired will continue to lead us into the next era.



A.L. HUTCHINSON, JR.
Retired President &
Past Chairman of the Board
First Federal / First
Financial Holdings, Inc.

Board of Directors



Standing, L to R: Jimmy E. Addison, Herbert G. Gray, John C. Pollok, R. Wayne Hall, Thomas J. Johnson, Robert R. Hill, Jr., Robert R. Horger (Chairman), Paula Harper Bethea (Vice Chairman), Ralph W. Norman, Jr., B. Ed Shelley, Jr., Robert H. Demere, Jr., Richard W. Salmons, Jr.

Seated, L to R: Luther J. Battiste, III, James W. Roquemore, Alton C. Phillips, Kevin P. Walker, M. Oswald Fogle, Cynthia A. Hartley, J. W. Williamson, III, Thomas E. Suggs.

Financial Highlights

AT YEAR END DECEMBER 31,

	2011	2012	2013
Assets	\$ 3,896,557	\$ 5,136,446	\$ 7,931,498
Loans	2,841,146	3,613,613	5,679,347
Deposits	3,254,472	4,298,443	6,555,497
Shareholder equity	381,780	507,549	981,469
Book value per common share	27.19	29.97	40.72
Tangible book value per common share (non-GAAP) ¹	21.89	22.54	22.28

FOR THE YEAR ENDED DECEMBER 31,

Net income	\$ 22,595	\$ 30,032	\$ 49,219
Net Income available to common shareholders	22,595	30,032	47,865
Net operating earnings (non-GAAP) ¹	14,445	36,920	64,733
Earnings per share - Diluted	1.63	2.03	2.38
Operating earnings per share - Diluted (non-GAAP) ¹	1.05	2.49	3.16
Dividends per share	0.68	0.69	0.74

KEY FINANCIAL RATIOS FOR THE YEAR ENDED DECEMBER 31,

Return on average assets	0.58%	0.70%	0.77%
Operating return on average assets (non-GAAP) ¹	0.37	0.86	1.02
Return on average equity	6.10	7.15	6.90
Operating return on average equity (non-GAAP) ¹	3.90	8.79	9.08
Return on average tangible common equity (non-GAAP) ¹	8.10	9.27	11.54

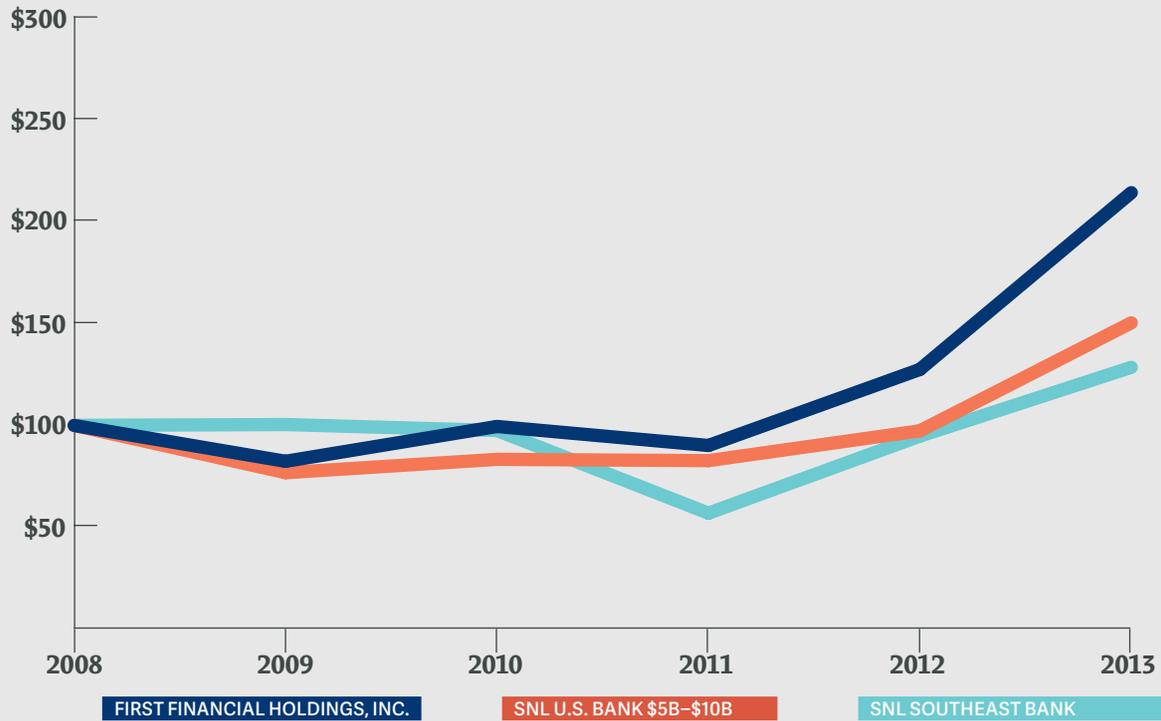
OTHER DATA AT DECEMBER 31,

Number of

Financial centers	70	86	144
Employees	1,139	1,434	2,235

The financial information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and is qualified in its entirety by reference to the more detailed financial statements and the notes thereto, all of which are contained in First Financial Holdings, Inc's 2013 Annual Report on Form 10-K.

Total Return Performance



The performance graph above compares First Financial Holdings, Inc. cumulative total return over the most recent five-year period with the SNL U.S. Bank \$5B-\$10B Index, a banking industry performance index for banks with \$5B to \$10B in assets, and the SNL Southeast U.S. Bank Index, a banking industry performance index for the Southeastern United States. Returns are shown on a total return basis, assuming the reinvestment of dividends and a beginning stock index value of \$100 per share. The value of First Financial Holdings, Inc. stock as shown is based on published prices for transactions in our stock.

Source: SNL Financial LLC, Charlottesville, VA © 2014

First Financial Holdings, Inc.

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Analyst Contact

John C. Pollok
Chief Financial Officer and
Chief Operating Officer
First Financial Holdings, Inc.
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Columbia, SC 29202
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Stock Information

The Company's Common
stock is listed on the NASDAQ
Global Select MarketSM
under the trading symbol SCBT.

Please read the following disclosure along with the annual shareholder letter.

¹Non-GAAP measurements

Management believes that non-GAAP measures provide additional useful information, particularly these measures have become widely accepted as meaningful measures during the current economic crisis impacting financial institutions. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the company's results or financial condition as reported under GAAP. Such information should be read in conjunction with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Forward Looking Statement

This Report contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements may address issues that involve significant risks and uncertainties. Although we believe that the expectations reflected in this discussion are reasonable, actual results may be materially different. Please refer to the Company's Annual Report on Form 10-K for the year-ended December 31, 2013 (the "Form 10-K"), for a more thorough description of the types of risks and uncertainties that may affect management's forward-looking statements. Such risks and uncertainties include, among others, risks related to the adequacy of our allowance for loan losses and the amount of loan loss provisions required in future periods; risks associated with mergers and acquisitions, including integration and implementation risks; cybersecurity risks relating to our dependence on internal computer systems and the technology of outside service providers and the potential impacts of third-party security breaches resulting from deliberate attacks or unintentional events which could result in potential business disruptions or financial losses; regulatory change risks resulting from new laws, rules, regulations, proscribed practices or ethical standards, or from changes in regulators' application of existing laws, regulations and standards, including the impact of the new capital rules under Basel III; and other risks and uncertainties discussed in the Form 10-K.

First Financial Holdings, Inc.

