75 YEARS 1934-2009

SCBT

# SCBT FINANCIAL CORPORATION 2009 ANNUAL REPORT


SOUTH CAROLINA BANK AND TRUST
SCBT
Named in
FORBES
as one of the
TRUSTWORTHY
100
MOST
COMPANIES
in the U.S.
520 GERVAIS

# 2009 HIGHLIGHTS

- SCBT Financial Corporation named in Forbes as one of the 100 Most Trustworthy Companies in the U.S.
- Opened Mount Pleasant office
- Entered Spartanburg market with Wealth Management Group
- Became the first bank in South Carolina to repay TARP
- Celebrated 75th Anniversary
- Increased noninterest deposits by 14.0% to $346.2 million
- Ranked 8th in South Carolina and ranked 9th in Charlotte MSA in deposit market share
- Increased mortgage fees by 89.6% to $6.6 million
- Continued to manage credit issues

# 2009 FINANCIAL SUMMARY

| (Dollars in thousands except per share) | 2009 | 2008 | % Change |
|---|---|---|---|
| Loans, net of unearned income | $2,203,238 | $2,316,076 | -4.9% |
| Total assets | 2,702,188 | 2,766,710 | -2.3% |
| Total deposits | 2,104,639 | 2,153,274 | -2.3% |
| Shareholders' equity | 282,819 | 244,928 | 15.5% |
| Net income | 13,595 | 15,785 | -13.9% |
| Net income available to common shareholders | 8,921 | 15,785 | -43.5% |
| Diluted EPS | 0.74 | 1.52 | -51.3% |
| Return on average assets | 0.48% | 0.58% | -17.2% |
| Return on average equity | 4.66% | 7.00% | -33.4% |

**Robert R. Horger**
Chairman of the Board

**Robert R. Hill, Jr.**
President and CEO

## Dear Shareholders, Customers, and Friends,

Founded during the Great Depression, SCBT Financial Corporation has steadfastly focused on the fundamentals of banking to manage through turbulent times. This principle has served our company well for the past 75 years and helped guide our decisions during 2009, when business conditions have been the most stressed since our company's inception.

As the overall economic uncertainty continued in 2009, our markets saw a decline in real estate values and increased unemployment for the second consecutive year. As the year progressed, the Carolinas began to experience an increasingly significant impact as a result of this deterioration.

While 2009 presented challenges, it also provided opportunities. SCBT became the first bank in South Carolina and one of the first nationally to redeem its preferred stock issued under the TARP Capital Purchase Program. We were also named in Forbes as one of the 100 Most Trustworthy Companies in America. As the banking industry toiled under the economic strain, SCBT's reputation of strength and stability attracted an influx of new customers, as well as talented bankers who wanted to join a winning team. While outstanding loans declined modestly because of slow demand, our team still produced $1.03 billion in new loan originations as a result of a strong mortgage year and the opportunity to move many new relationships to our company. Through this economic downturn, our bankers have maintained their focus on diligently serving our customers and on expanding new relationships, resulting in an increase in market share. We also saw strong core deposit growth, increasing from $1.02 billion to $1.24 billion in balances at the end of the year.

Most significant of all is the commitment and dedication of our employees that has made our company profitable in every quarter of this downturn. Enough cannot be said about our talented team and their commitment to our success.

Clear goals for our success in 2009 were set in the fall of 2008. These goals were to:

1) Earn our way through the economic cycle
2) Protect our balance sheet
3) Prepare for the future

### EARN

SCBT focused on earning its way through the cycle and, as a result, has been profitable every quarter during this economic downturn. We accomplished this partially by managing our net interest margin, which improved to 4.05%. Expense reductions of $9.0 million also helped offset increased expenses in OREO and FDIC premiums. All of this helped increase our pre-tax pre-provision operating income from $46.0 million for 2008 to $52.2 million for 2009.* While net loan charge-offs are elevated compared to historical standards, the increase in pre-tax pre-provision operating income allowed us to remain consistently profitable.

## PROTECT

Protecting your capital and the balance sheet of the company was also critically important. To accomplish this, SCBT raised an additional $29.2 million in common equity capital during the first part of 2009; redeemed all of the preferred stock and common stock warrants associated with TARP; and continued to build the allowance for loan losses, which increased from 1.36% at year-end 2008 to 1.70% at year-end 2009. Also, the company enhanced its liquidity position by increasing core deposits and reducing leverage overall in the balance sheet.

## PREPARE

While the challenging environment of 2009 required some defensive moves, our strong performance also allowed us to continue to play offense as we further developed a game plan for the future. One of the ways this was accomplished was by adding a number of experienced bankers to our team. Greg Lapointe, former Wachovia market president for Columbia, joined our team in August of 2009. Additionally, we have added a team of experienced Charlotte bankers to North Carolina Bank and Trust, including Robin Lyle, who was named CEO. During the fourth quarter, SCBT entered the Spartanburg market through the addition of several seasoned members of Wachovia's wealth management group, led by Bill Coker. We are also fortunate to have added Burney Warren, former head of Mergers and Acquisitions at BB&T, to our team. His guidance will be critical as our company continues to grow. Finally, in January of 2010, Donnie Pickett, a seasoned financial manager, was named chief financial officer and will be a significant addition to our team. Donnie has twenty-five years of experience as a financial manager with Price Waterhouse and Wachovia. All of these additions will help us support a growing company.

In January of 2010, we announced the acquisition of Community Bank & Trust, a 110-year old bank with a strong presence in Northeast Georgia. This was our first FDIC-assisted transaction, and it fit nicely with our existing footprint and will be the foundation of a meaningful Georgia franchise. We look forward to telling you more about the transaction in the quarters to come.

Our company's strength and stability that is built on a legacy of soundness, profitability and growth, combined with our experienced and talented team of bankers, puts us in a unique position to grow and prosper even during difficult times. As we plan for the future, our company will continue to do what it has done well for three quarters of a century - build relationships with our existing customers and aggressively focus on gaining new customers. We enter 2010 with a positive outlook. While challenges continue to exist, we fully believe we are well prepared for the next era in our company's rich history of relationship banking.

**Robert R. Horger**
Chairman of the Board

**Robert R. Hill, Jr.**
President and CEO

# 2009 PERFORMANCE

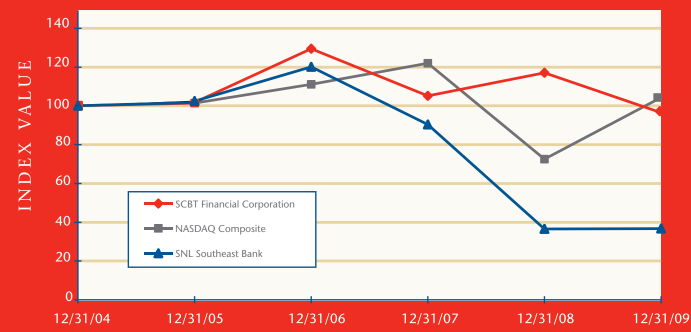
## SCBT VS. CAROLINA MEDIAN

| | SCBT 12/31/09 | Carolina Median 12/31/09 |
|---|---|---|
| NPAs/Assets | 1.96% | 3.89% |
| ALL/Total Loans | 1.70 | 2.03 |
| NCO/Average Loans | 0.92 | 1.27 |
| Return on Average Assets | 0.48 | -0.19 |
| Return on Average Equity | 4.66 | -1.92 |

*The Carolina Median includes all publicly traded banks and thrifts in North and South Carolina with assets between $500 million and $10.0 billion.*

*Source: Keefe, Bruyette & Woods, Richmond, VA ©2010*

# TOTAL RETURN PERFORMANCE




*The performance graph above compares SCBT's cumulative total return over the most recent five-year period with the NASDAQ Composite and the SNL Southeast 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 SCBT's stock as shown in the graph is based on published prices for transactions in SCBT's stock.*

*Source: SNL Financial LLC, Charlottesville, VA ©2010*

** Please refer to Reconciliation of GAAP to Non-GAAP on the last page of this Annual Report.*


## 1934

Opened as
First National Bank
in Orangeburg

First Year Annual Report
$1,133,099 in Deposits
6 Employees
$1,497,000 in Assets

## 1956

Entered Cameron Market
through Acquisition of
Bank of Cameron

Opened first drive-thru

## 1969

Entered St. George,
Ridgeland, and Walterboro
Markets through Acquisition of
Bank of St. George

## 1974

40 Years
1934 - 1974

## 1980

Opened Denmark and
Hardeeville Offices

Introduced the first ATM

# We Believe in Staying True to Our Principles.

South Carolina Bank and Trust opened its doors on January 2, 1934 during one of the worst economic times our country has ever known. Under the leadership of President Robert Lide, the bank's six employees finished their first year with $1,133,099 in deposits and assets of $1,497,000. The principles that made us successful during those tough years of the Great Depression are the same principles that guide us today.

"Delivering fast, friendly and accurate service to our customers, while maintaining our soundness, profitability and growth."

The 1980s issued in a new era in banking with the introduction of the automatic teller machine, more commonly know today as the ATM. By the end of 1984 – the bank's 50th Anniversary, we had grown to 15 offices with more than 200 employees.

Today, SCBT has nearly 700 employees in 48 financial centers and over $2.7 billion in assets. The same core principles have guided every decision and gained SCBT national recognition as one of the top banks in the country based on analysis by Sandler O'Neill + Partners.

**1982**

Opened Highway 601 Office in Orangeburg and St. George Plaza Office

**1984**

50 Years 1934 - 1984

Opened New Bank Center in Orangeburg


**1985**

Created First National Corporation Bank Holding Company

**1991**

Opened Moncks Corner Office

**1993**

Entered Santee Market through Acquisition of Santee State Bank

**1994**

Annual Report
19 Branches
256 Employees
$374 Million in Assets

**1996**

Founded National Bank of York County and Opened Bluffton Office


Mildred Jameson

Courtland Rizer, Jr.

Deepal Eliatamby


**1998**

Founded
Florence County
National Bank

Annual Report
25 Branches
353 Employees
$750 Million in Assets

**1999**

Entered Beaufort, Lady's Island
and Columbia Markets through
acquisition of First Bank

**2001**

Assets exceeded
$1 Billion

**2002**

Created
South Carolina
Bank and Trust


**2003**

Opened Greenville
Broad Street Office
and Cayce Office

# TRUST AND CONFIDENCE

Since SCBT started in our first branch on Russell Street, we have established relationships built on trust that span nearly 75 years. That's why Mildred Jameson has five generations of her family that all bank with SCBT. It's why Courtland Rizer, Jr. has been a customer for life and still has his bank book from his first deposit when he was just a few days old. And it's why Deepal Eliatamby chose our bank when he was ready to start his own business.

We believe in delivering fast, friendly and accurate service that is second to none. That's why we opened the first of its kind Teller Training Center this year to provide on the job training in a simulated branch environment so we can get it right the first time every time. We believe trust is earned on a daily basis and were honored to be recognized in Forbes as one of the Top 100 Most Trustworthy Companies in the U.S. in April of 2009.

We believe that our success is due to the dedication and hard work of our directors and employees, and to the trust and confidence of our many valued customers in the communities we serve. As we enter this next era in our company's history, we have an optimistic outlook, fully believing we are well prepared and poised to take advantage of opportunities for growth.

## Building Relationships for Over

75 Years

1 9 3 4 - 2 0 0 9


**2004**

Created SCBT Financial Corporation

Stock began trading on the NASDAQ Stock Exchange under SCBT

70th Year Annual Report

34 Branches

513 Employees

$1.4 Billion in Assets

70 Years

1 9 3 4 - 2 0 0 4

**2005**

Expanded Greenville Market through Acquisition of New Commerce BanCorp

Entered Myrtle Beach, Georgetown and Murrells Inlet Markets through Acquisition of Sun Bancshares

**2006**

Assets exceeded $2 Billion

**2007**

Entered North Carolina Market through Acquisition of TSB Financial Corporation

**2008**

Created North Carolina Bank and Trust

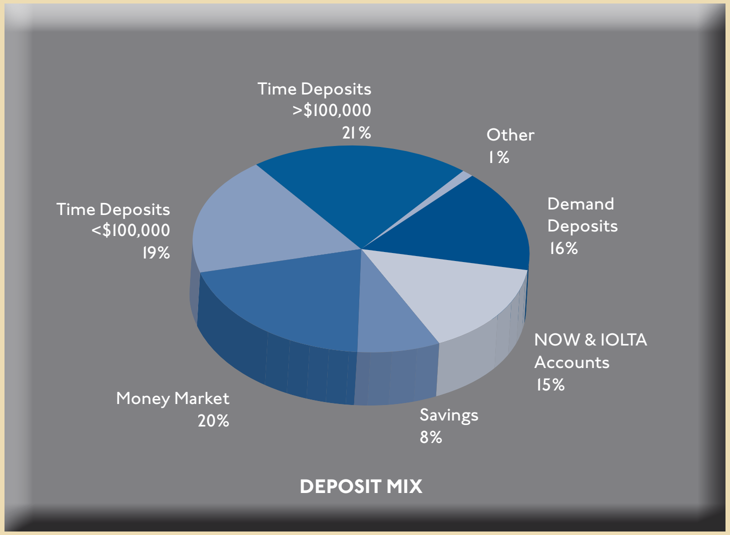
**2009**

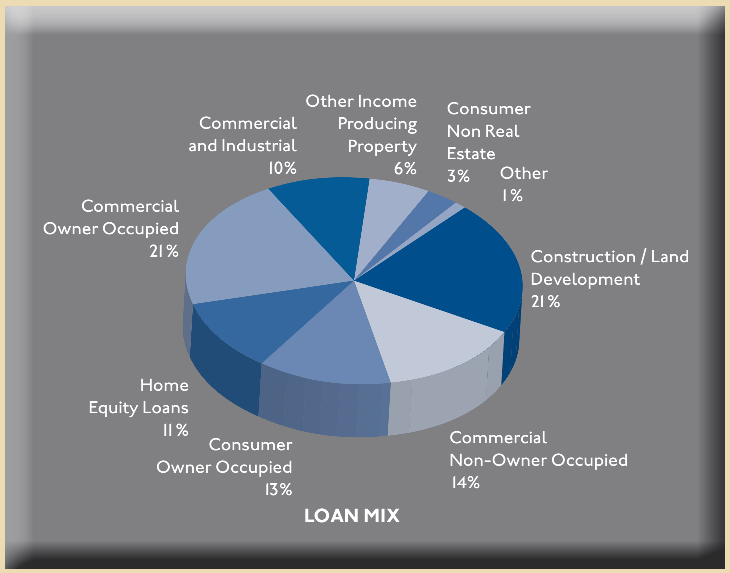
75th Anniversary

48 Branches

700 Employees

$2.7 Billion in Assets




## Selected Consolidated Financial and Quantitative Data

| *(Dollars in thousands, except per share)* | December 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **BALANCE SHEET DATA PERIOD END** | | | | | |
| Assets | **$ 2,702,188** | $ 2,766,710 | $ 2,597,183 | $ 2,178,413 | $ 1,925,856 |
| Loans, net of unearned income* | **2,203,238** | 2,316,076 | 2,083,047 | 1,760,830 | 1,535,901 |
| Investment securities | **211,112** | 222,227 | 258,309 | 210,391 | 182,744 |
| Goodwill and other intangible assets | **65,696** | 66,221 | 65,618 | 35,679 | 36,068 |
| Deposits | **2,104,639** | 2,153,274 | 1,927,889 | 1,706,715 | 1,473,289 |
| Non deposit borrowings | **306,139** | 349,870 | 440,046 | 293,521 | 294,420 |
| Shareholders' equity | **282,819** | 244,928 | 215,065 | 161,888 | 148,403 |
| Number of common shares outstanding | **12,739,533** | 11,250,603 | 10,160,432 | 8,719,146 | 8,644,883 |
| **ANNUALIZED PERFORMANCE RATIOS** | | | | | |
| Return on average assets | **0.48%** | 0.58% | 0.95% | 0.97% | 1.00% |
| Return on average equity | **4.66** | 7.00 | 12.42 | 12.72 | 13.19 |
| Return on average tangible equity** | **6.18** | 10.26 | 16.28 | 16.83 | 15.40 |
| Net interest margin (taxable equivalent) | **4.05** | 3.83 | 3.85 | 3.91 | 4.04 |
| Efficiency ratio | **61.17** | 63.17 | 65.31 | 63.80 | 64.88 |
| **ASSET QUALITY RATIOS** | | | | | |
| Allowance for loan losses to period end loans | **1.70%** | 1.36% | 1.28% | 1.29% | 1.30% |
| Allowance for loan losses to period end nonperforming loans | **75.38** | 211.34 | 419.22 | 492.14 | 468.74 |
| Nonperforming assets to period end loans and repossessed assets | **2.40** | 0.91 | 0.33 | 0.30 | 0.32 |
| Nonperforming assets to period end total assets | **1.96** | 0.76 | 0.27 | 0.24 | 0.24 |
| Net charge-offs to average loans | **0.92** | 0.26 | 0.13 | 0.16 | 0.16 |
| **CAPITAL RATIOS** | | | | | |
| Equity to assets | **10.47%** | 8.85% | 8.28% | 7.43% | 7.71% |
| Tangible equity to tangible assets** | **8.24** | 6.62 | 5.90 | 5.89 | 5.94 |
| Tier 1 leverage | **9.89** | 8.54 | 8.42 | 8.11 | 8.58 |
| Tier 1 risk-based capital | **12.47** | 10.42 | 9.64 | 10.11 | 10.25 |
| Total risk-based capital | **14.42** | 12.34 | 10.89 | 11.36 | 11.45 |
| **OTHER DATA** | | | | | |
| Number of financial centers | **48** | 50 | 50 | 45 | 41 |
| Number of employees (full-time equivalent) | **700** | 692 | 701 | 634 | 590 |

* Excludes loans held for sale.
** The non-GAAP tangible meaures should be read along with the reconciliation of non-GAAP measures to GAAP in Item 6, Selected Financial Data, in the 2009 Annual Report on Form 10-K.

## Stock Performance and Statistics

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **STOCK PERFORMANCE** | | | | | |
| Dividends per share | **$ 0.68** | $ 0.68 | $ 0.68 | $ 0.68 | $ 0.68 |
| Dividend payout ratio | **74.66**% | 40.93% | 29.17% | 30.88% | 34.29% |
| Dividend yield (based on the average of the high and low for the year) | **2.67**% | 1.90% | 1.94% | 1.81% | 2.14% |
| Price/earnings ratio (based on the year-end price and diluted earnings per share) | **37.42**x | 22.70x | 13.65x | 19.39x | 17.29x |
| Price/book ratio (end of year) | **1.25**x | 1.58x | 1.50x | 2.25x | 1.95x |
| **COMMON STOCK STATISTICS** | | | | | |
| Stock price ranges: | | | | | |
| High | **$ 34.37** | $ 45.24 | $ 40.84 | $ 42.93 | $ 34.94 |
| Low | **16.53** | 26.25 | 28.29 | 32.38 | 28.50 |
| Close | **27.69** | 34.50 | 31.67 | 41.73 | 33.42 |
| Volume traded on exchanges | **11,219,700** | 8,098,600 | 4,359,700 | 2,510,900 | 2,202,700 |
| As a percentage of average shares outstanding | **92.07**% | 75.65% | 42.91% | 28.89% | 27.09% |
| Earnings per share, basic* | **$ 0.74** | $ 1.53 | $ 2.33 | $ 2.17 | $ 1.95 |
| Earnings per share, diluted* | **0.74** | 1.52 | 2.32 | 2.15 | 1.93 |
| Book value per share | **22.20** | 21.77 | 21.17 | 18.57 | 17.17 |

* Per share data have been retroactively adjusted to give effect to a 5% common stock dividend paid to shareholders of record on March 9, 2007.

## Quarterly Common Stock Price Ranges and Dividends

| Quarter | 2009 | | | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|---|---|---|
| | High | Low | Dividend | High | Low | Dividend | High | Low | Dividend |
| 1st | $34.37 | $16.53 | $0.17 | $34.83 | $26.96 | $0.17 | $40.84 | $34.99 | $0.17 |
| 2nd | $26.76 | $19.68 | $0.17 | $36.39 | $28.40 | $0.17 | $38.00 | $35.18 | $0.17 |
| 3rd | $28.83 | $20.58 | $0.17 | $45.24 | $26.25 | $0.17 | $37.25 | $28.29 | $0.17 |
| 4th | $28.36 | $25.14 | $0.17 | $38.00 | $29.45 | $0.17 | $37.65 | $28.86 | $0.17 |

*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 SCBT Financial Corporation's 2009 Annual Report on Form 10-K.*


Based on an annual study conducted by Audit Integrity, the Top 100 Most Trustworthy Companies list ranks companies that have consistently demonstrated transparent, conservative accounting, solid corporate governance, and responsible leadership. The study, which is published by Forbes magazine, evaluates over 8,000 companies nationwide.

SCBT FINANCIAL CORPORATION®

# We Believe in Soundness, Profitability & Growth.

## EXECUTIVE MANAGEMENT TEAM

Robert R. Hill, Jr.
President and
Chief Executive Officer

Joe E. Burns
Senior Executive Vice President
Chief Credit Officer
Chief Risk Officer

Thomas S. Camp
President and Chief Executive Officer
SCBT of the Piedmont

Dane H. Murray
Senior Executive Vice President
Division Head SCBT Lowcountry
and Orangeburg Regions

Donald E. Pickett
Executive Vice President
Chief Financial Officer

John C. Pollok
Senior Executive Vice President
Chief Operating Officer

John F. Windley
President
South Carolina Bank and Trust

## BOARD OF DIRECTORS

Robert R. Horger
Chairman of the Board
Attorney
Horger, Barnwell & Reid
Orangeburg, SC

Jimmy E. Addison
Senior Vice President
and Chief Financial Officer
SCANA Corporation
Columbia, SC

Luther J. Battiste, III
Partner and Attorney
Johnson, Toal & Battiste, PA
Columbia and Orangeburg, SC

Dalton B. Floyd, Jr.
Attorney and Owner
The Floyd Law Firm, PC
Surfside Beach, SC

M. Oswald Fogle
Plant Manager
Roseburg Forest Products
Orangeburg, SC

Dwight W. Frierson
Vice Chairman of the Board
Vice President and
General Manager
Coca-Cola Bottling Company
Orangeburg, SC

Herb G. Gray
President and CEO
GRAYCO
Beaufort, SC

Robert R. Hill, Jr.
President and
Chief Executive Officer
Columbia, SC

Harry M. Mims, Jr.
President
J.F. Cleckley & Company
Orangeburg, SC

Ralph W. Norman, Jr.
President
Warren Norman Co., Inc.
Rock Hill, SC

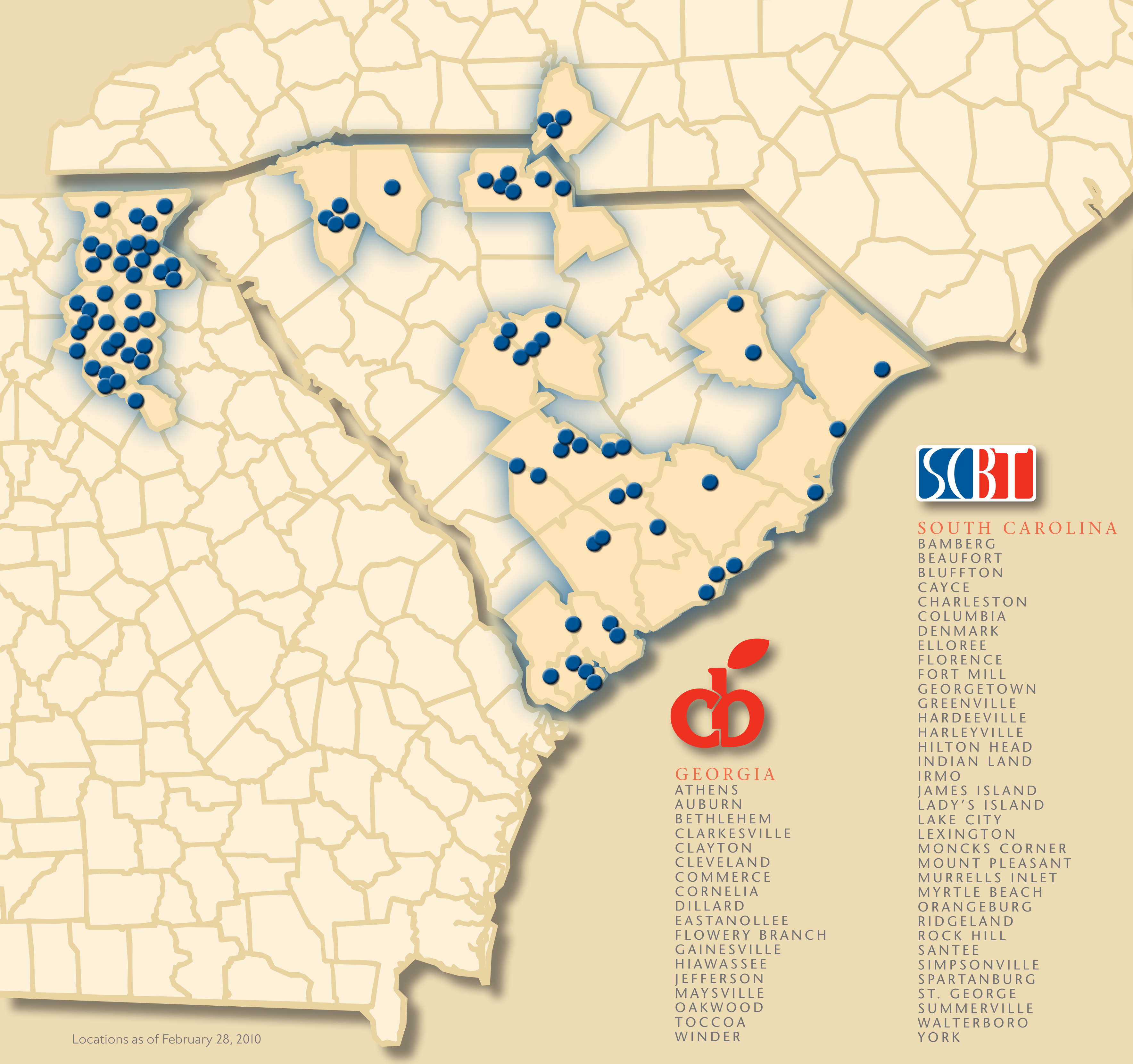
Alton C. Phillips
President
Carolina Eastern, Inc.
Charleston, SC

James W. Roquemore
Chief Executive Officer
Patten Seed Company, Inc.
General Manager
Super-Sod/Carolina
Orangeburg, SC

Thomas E. Suggs
President and
Chief Executive Officer
Keenan & Suggs, Inc.
Columbia, SC

J.W. Williamson III
President
J.W. Williamson Ginnery, Inc.
Denmark, SC

Susie H. VanHuss, Ph.D.
Professor Emeritus
University of South Carolina
Columbia, SC



Locations as of February 28, 2010

NCBT

NORTH CAROLINA
CHARLOTTE

SCBT

SOUTH CAROLINA
BAMBERG
BEAUFORT
BLUFFTON
CAYCE
CHARLESTON
COLUMBIA
DENMARK
ELLOREE
FLORENCE
FORT MILL
GEORGETOWN
GREENVILLE
HARDEEVILLE
HARLEYVILLE
HILTON HEAD
INDIAN LAND
IRMO
JAMES ISLAND
LADY'S ISLAND
LAKE CITY
LEXINGTON
MONCKS CORNER
MOUNT PLEASANT
MURRELLS INLET
MYRTLE BEACH
ORANGEBURG
RIDGELAND
ROCK HILL
SANTEE
SIMPSONVILLE
SPARTANBURG
ST. GEORGE
SUMMERVILLE
WALTERBORO
YORK

cb

GEORGIA
ATHENS
AUBURN
BETHLEHEM
CLARKESVILLE
CLAYTON
CLEVELAND
COMMERCE
CORNELIA
DILLARD
EASTANOLLEE
FLOWERY BRANCH
GAINESVILLE
HIAWASSEE
JEFFERSON
MAYSVILLE
OAKWOOD
TOCCOA
WINDER

On January 29, 2010, SCBT purchased and assumed certain assets and liabilities from the FDIC as receiver for Community Bank & Trust, rounding out SCBT's footprint along the I-85 Corridor from Charlotte to Atlanta.

## Facts about Community Bank & Trust

- 110-year old community bank in North Georgia
- Top 5 in market share in 9 of 10 counties
- Approximately $1.0 billion in total assets
- Approximately $753 million in loans
- Approximately $1.1 billion in deposits


www.scbtonline.com

SCBT FINANCIAL CORPORATION®

### GENERAL OFFICE

SCBT Financial Corporation
520 Gervais Street
Columbia, SC 29201

### ANALYST CONTACT

John C. Pollok
Chief Operating Officer
SCBT Financial Corporation
Post Office Box 1030
Columbia, SC 29202
(803) 765-4628

### STOCK INFORMATION

The Company's Common Stock is listed on the NASDAQ Global Select Market[SM] under the trading symbol SCBT.

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

## Reconciliation of GAAP to Non-GAAP

Pre-tax pre-provision operating income is a non-generally accepted accounting principles ("GAAP") measure and excludes the effect of the provision for loan losses, provision for income taxes, other-than-temporary impairment charges, realized loss on sale of Freddie Mac ("FRE") preferred securities, and merger expenses. Management believes that this non-GAAP measure provides additional useful information, particularly since this measure has become widely accepted as a meaningful measure 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.

| | For the Years Ended December 31, | |
|---|---|---|
| *(Dollars in thousands)* | 2009 | 2008 |
| Net income (GAAP) | $ 13,595 | $ 15,785 |
| Provision for loan losses | 26,712 | 10,736 |
| Provision for income taxes | 8,452 | 12,353 |
| Other-than-temporary impairment, net of tax | 3,436 | 6,580 |
| Realized loss on sale of FRE preferred securities, net of tax | -- | 247 |
| Merger expense, net of tax | -- | 261 |
| Pre-tax pre-provision operating income (Non-GAAP) | $ 52,195 | $ 45,962 |

SCBT Financial Corporation

SOUTH CAROLINA • GEORGIA • NORTH CAROLINA