

SCBT FINANCIAL CORP  
Form S-4  
September 28, 2012

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As filed with the Securities and Exchange Commission on September 28, 2012.

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**SCBT Financial Corporation**

(Exact Name of Registrant as Specified in its Charter)

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**South Carolina**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)

**57-0799315**  
(I.R.S. Employer  
Identification Number)

**520 Gervais Street  
Columbia, South Carolina 29201  
(800) 277-2175**

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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**Robert R. Hill, Jr.**  
**President and Chief Executive Officer**  
**SCBT Financial Corporation**  
**520 Gervais Street**  
**Columbia, South Carolina 29201**  
**(800) 277-2175**

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

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With copies to:

**Matthew M. Guest, Esq.**  
**Wachtell, Lipton, Rosen & Katz**

**John C. Helmken II**  
**President and Chief Executive Officer**

**Mark C. Kanaly, Esq.**  
**Alston & Bird LLP**

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51 West 52nd Street  
New York, New York 10019  
(212) 403-1000

The Savannah Bancorp, Inc.  
25 Bull Street  
Savannah, Georgia 31401  
(912) 629-6500

1201 West Peachtree Street  
Atlanta, Georgia 30324  
(404) 253-8390

**Approximate date of commencement of the proposed sale of the securities to the public:**

**As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer                       Accelerated filer                       Non-accelerated filer                       Smaller reporting company   
(Do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee(3)</b>
Common Stock, par value \$2.50	1,801,969	N/A	\$71,632,408	\$8,209

- (1) The maximum number of shares of SCBT Financial Corporation common stock estimated to be issuable upon completion of the SCBT/SAVB merger described herein. This number is based on the number of shares of SAVB common stock outstanding and reserved for issuance under various plans as of September 27, 2012, and the exchange of each such share of SAVB common stock for 0.2503 shares of SCBT common stock, pursuant to the terms of the Agreement and Plan of Merger, dated as of August 7, 2012, by and between SCBT Financial Corporation and The Savannah Bancorp, Inc., which is attached to the joint proxy statement/prospectus as Annex A.
- (2) The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of SAVB common stock in accordance with Rules 457(c) and 457(f) under the Securities Act as follows: the product of (A) \$9.95, the average of the high and low prices per share of SAVB common stock as reported on the NASDAQ Global Market on September 27, 2012 and (B) 7,199,237, the estimated maximum number of shares of SAVB common stock that may be exchanged for the merger consideration, including shares reserved for issuance under various equity plans.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rules 457(f) and 457(c) under the Securities Act, based on a rate of \$114.60 per \$1,000,000 of the proposed maximum aggregate offering price.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.**



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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 28, 2012**

**Proxy Statement**

**Prospectus**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On August 7, 2012, The Savannah Bancorp, Inc., or SAVB, and SCBT Financial Corporation, or SCBT, entered into an Agreement and Plan of Merger (which we refer to as the merger agreement) under which SAVB will merge with and into SCBT, with SCBT continuing as the surviving corporation. Immediately following the completion of the merger, The Savannah Bank, N.A. and Bryan Bank & Trust, each a wholly owned bank subsidiary of SAVB, will merge with and into SCBT's wholly owned bank subsidiary, with SCBT's bank subsidiary continuing as the surviving bank (we refer to these bank mergers collectively as the bank mergers).

In the merger, each share of SAVB common stock will be converted into 0.2503 shares of SCBT common stock. Each outstanding option to purchase shares of SAVB common stock will vest in full and, if not exercised prior to closing, will be converted into the right of the holder to receive cash in an amount equal to the product of (A) the excess, if any, of the closing price per share of SAVB common stock immediately prior to the effective time of the merger over the per-share exercise price of such option, and (B) the number of shares of SAVB common stock subject to such option, less any required income or employment tax withholding. Each outstanding share of SAVB restricted common stock will vest in full and will be converted into the right to receive the merger consideration less applicable withholding taxes. The maximum number of shares of SCBT common stock to be delivered to holders of shares of SAVB common stock upon completion of the merger is approximately [ ] shares, based on the number of shares of SAVB common stock outstanding as of [ ] and assuming full exercise of all outstanding and unexercised stock options.

SAVB and SCBT will each hold a special meeting of its respective shareholders in connection with the merger. SAVB shareholders will be asked to approve (i) the proposal to approve the merger agreement, (ii) the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement and (iii) the proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB. SCBT shareholders will be asked to vote on a proposal to approve the issuance of shares of SCBT common stock to SAVB shareholders in connection with the merger (which we refer to as the stock issuance) and will also be asked to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the stock issuance.

The special meeting of SAVB shareholders will be held on [ ] at [ ] at [10:00 a.m.] local time. The special meeting of SCBT shareholders will be held on [ ] at [ ], South Carolina, at [10:00 a.m.] local time.

The market value of the merger consideration will fluctuate with the market price of SCBT common stock and will not be known at the time SAVB shareholders vote on the merger. SCBT common stock is currently quoted on the NASDAQ Global Select Market under the symbol "SCBT." On [ ], the last practicable trading day before the date of this joint proxy statement/prospectus, the closing share price of SCBT common stock was \$[ ] per share as reported on the NASDAQ Global Select Market. **We urge you to obtain current market quotations for SCBT and SAVB.**

The merger is intended to be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and holders of SAVB common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares



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of SAVB common stock for shares of SCBT common stock in the merger, except with respect to any cash received in lieu of fractional shares of SCBT common stock.

Your vote is important. We cannot complete the merger unless SAVB's shareholders approve the merger agreement and SCBT's shareholders approve the stock issuance. In order for the merger to be approved, (1) at least a majority of all the votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement must be voted in favor of the proposal to approve the merger agreement, and (2) at least a majority of SCBT's common stock entitled to vote and represented in person or by proxy at the SCBT special meeting must be voted in favor of the proposal to approve the stock issuance. **Regardless of whether or not you plan to attend your special meeting, please take the time to vote your shares in accordance with the instructions contained in this joint proxy statement/prospectus.**

SAVB's board of directors has determined that the merger agreement and transactions contemplated thereby, including the merger, are in the best interests of SAVB and its shareholders, has unanimously approved the merger agreement and unanimously recommends that SAVB shareholders vote "FOR" the proposal to approve the merger agreement, "FOR" the proposal to adjourn the SAVB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement and "FOR" the proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB.

SCBT's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger and the stock issuance, are advisable and in the best interests of SCBT and its shareholders, has unanimously approved the merger agreement and unanimously recommends that SCBT shareholders vote "FOR" the proposal to approve the stock issuance and "FOR" the proposal to adjourn the SCBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance.

This joint proxy statement/prospectus describes the special meetings, the merger, the documents related to the merger and other related matters. Please carefully read this entire joint proxy statement/prospectus, including "Risk Factors," beginning on page 31, for a discussion of the risks relating to the proposed merger. You also can obtain information about SCBT from documents that it has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, SAVB shareholders should please contact Michael W. Harden, Jr., Chief Financial Officer, 25 Bull Street, Savannah, Georgia 31401 at (912) 629-6500, and SCBT shareholders should please contact Renee R. Brooks, Corporate Secretary, 520 Gervais Street, Columbia, South Carolina 29201 at (800) 277-2175. We look forward to seeing you at the meetings.

---

Robert R. Hill Jr.  
*President and Chief Executive Officer*  
SCBT Financial Corporation

---

John C. Helmken II  
*President and Chief Executive Officer*  
The Savannah Bancorp, Inc.

**Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, nor any state securities commission or any other bank regulatory agency has approved or disapproved the securities to be issued in the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either SCBT or SAVB, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this joint proxy statement/prospectus is [ ], and it is first being mailed or otherwise delivered to the shareholders of SCBT and SAVB on or about [ ].

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the Shareholders of SCBT Financial Corporation:

SCBT Financial Corporation will hold a special meeting of shareholders at [10:00 a.m.] local time, on [ ], at [ ] to consider and vote upon the following matters:

a proposal to issue shares of SCBT common stock to SAVB shareholders in connection with the merger;

a proposal to adjourn the SCBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance.

We have fixed the close of business on [ ] as the record date for the special meeting. Only SCBT common shareholders of record at that time are entitled to notice of, and to vote at, the SCBT special meeting, or any adjournment or postponement of the SCBT special meeting. The approval of the stock issuance proposal requires the affirmative vote of holders of a majority of the SCBT common stock represented in person or by proxy at the SCBT special meeting, assuming a quorum is present.

**SCBT's board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger and the stock issuance, are advisable and in the best interests of SCBT and its shareholders, and unanimously recommends that SCBT shareholders vote "FOR" the proposal to approve of the stock issuance and "FOR" the proposal to adjourn the SCBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance.**

**Your vote is very important.** We cannot complete the merger unless SCBT's common shareholders approve the stock issuance.

**Regardless of whether you plan to attend the SCBT special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of SCBT, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in "street name" through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of SCBT common stock, please contact Renee R. Brooks, Corporate Secretary, 520 Gervais Street, Columbia, South Carolina 29201, at (800) 277-2175.

**BY ORDER OF THE BOARD OF DIRECTORS,**

---

Renee R. Brooks  
*Corporate Secretary*

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the Shareholders of The Savannah Bancorp, Inc.:

The Savannah Bancorp, Inc. will hold a special meeting of shareholders at [10:00 a.m.] local time, on [ ], at [ ] to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of August 7, 2012, by and between SCBT Financial Corporation and The Savannah Bancorp, Inc., pursuant to which SAVB will merge with and into SCBT Financial Corporation as more fully described in the attached joint proxy statement/prospectus;

a proposal to adjourn the SAVB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement; and

a proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB.

We have fixed the close of business on [ ] as the record date for the SAVB special meeting. Only SAVB common shareholders of record at that time are entitled to notice of, and to vote at, the SAVB special meeting, or any adjournment or postponement of the SAVB special meeting. In order for the merger to be approved, at least a majority of all the votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement must be voted in favor of the proposal to approve the merger agreement.

**Your vote is very important.** We cannot complete the merger unless SAVB's common shareholders approve the merger agreement.

**Regardless of whether you plan to attend the SAVB special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in "street name" through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of SAVB common stock, please contact Corporate Secretary, 25 Bull Street, Savannah, Georgia 31401, at (912) 629-6500.

**SAVB's board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that SAVB shareholders vote "FOR" the proposal to approve the merger agreement, "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement and "FOR" the proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB.**

**BY ORDER OF THE BOARD OF DIRECTORS,**

---

James W. Royal, Sr.  
*Corporate Secretary*





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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about SCBT Financial Corporation from documents filed with or furnished to the Securities and Exchange Commission, or SEC, that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by SCBT, as well as any documents filed with or furnished to the SEC by SAVB, at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting the appropriate company at the following address:

**SCBT Financial Corporation**  
520 Gervais Street  
Columbia, South Carolina 29201  
Attention: Secretary  
Telephone: (800) 277-2175

**The Savannah Bancorp, Inc.**  
P.O. Box 188  
Savannah, Georgia 31402  
Attention: Secretary  
Telephone: (912) 629-6500

**You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your special meeting. This means that SCBT shareholders requesting documents must do so by [ ], in order to receive them before the SCBT special meeting, and SAVB shareholders requesting documents must do so by [ ], in order to receive them before the SAVB special meeting.**

In addition, if you are a SAVB shareholder and have questions about the merger or the SAVB special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Michael W. Harden, Jr., Chief Financial Officer, at the following address and telephone number:

25 Bull Street  
Savannah, Georgia 31401  
(912) 629-6500

If you are a SCBT shareholder and have questions about the stock issuance or the SCBT special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Renee R. Brooks, Corporate Secretary, at the following address and telephone number:

520 Gervais Street  
Columbia, South Carolina 29201  
(800) 277-2175

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [ ], 2012, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to SAVB shareholders or SCBT shareholders nor the issuance by SCBT of shares of SCBT common stock in connection with the merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding SAVB has been provided by SAVB and information contained in this document regarding SCBT has been provided by SCBT.**

See "Where You Can Find More Information" for more details.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SCBT AND SAVB SPECIAL MEETINGS**

The following are some questions that you may have about the merger and the SCBT or SAVB special meeting, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the SCBT or SAVB special meeting. Additional important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

Unless the context otherwise requires, references in this joint proxy statement/prospectus to "SCBT" refer to SCBT Financial Corporation, a South Carolina corporation, and its affiliates. Unless the context otherwise requires, references in this joint proxy statement/prospectus to "SAVB" refer to The Savannah Bancorp, Inc., a Georgia corporation, and its affiliates.

**Q:**  
**Why am I receiving this joint proxy statement/prospectus?**

**A:**  
SCBT has entered into an Agreement and Plan of Merger, dated as of August 7, 2012 (which we refer to as the "merger agreement") with SAVB. Under the merger agreement, SAVB will be merged with and into SCBT, with SCBT continuing as the surviving company. Immediately following the merger, The Savannah Bank, N.A. and Bryan Bank & Trust, each a wholly owned bank subsidiary of SAVB, will merge with and into SCBT's wholly owned bank subsidiary, with SCBT's bank subsidiary continuing as the surviving bank (we refer to these bank mergers collectively as the "bank mergers"). A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

The merger cannot be completed unless, among other things:

a majority of SCBT's common stock entitled to vote and represented in person or by proxy at the SCBT special meeting are voted in favor of the proposal to approve the issuance of shares of SCBT common stock to SAVB shareholders in connection with the merger (which we refer to as the "stock issuance"); and

a majority of all the votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement are voted in favor of the proposal to approve the merger agreement.

In addition, SCBT is soliciting proxies from its shareholders with respect to one additional proposal; completion of the merger is not conditioned upon receipt of this approval:

a proposal to adjourn the SCBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance if there are insufficient votes at the time of such adjournment to approve such proposal (which we refer to as the "SCBT adjournment proposal").

Furthermore, SAVB is soliciting proxies from its shareholders with respect to two additional proposals; completion of the merger is not conditioned upon receipt of these approvals:

a proposal to adjourn the SAVB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal (which we refer to as the "SAVB adjournment proposal"); and

a proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to agreements or arrangements with SAVB (which we refer to as the "compensation proposal").





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Each of SCBT and SAVB will hold separate special meetings to obtain these approvals (which we refer to as the "SCBT special meeting" and the "SAVB special meeting," respectively). This joint proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meetings, and you should read it carefully. It is a joint proxy statement because both the SCBT and SAVB boards of directors are soliciting proxies from their respective shareholders. It is a prospectus because SCBT will issue shares of SCBT common stock to holders of SAVB common stock in connection with the merger. The enclosed materials allow you to have your shares voted by proxy without attending your respective meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

**Q:**  
**What will I receive in the merger?**

**A:**  
*SCBT shareholders:* If the merger is completed, SCBT shareholders will not receive any merger consideration and will continue to hold the shares of SCBT common stock that they currently hold. Following the merger, shares of SCBT common stock will continue to be traded on the NASDAQ Global Select Market under the symbol "SCBT."

*SAVB shareholders:* If the merger is completed, you will receive 0.2503 of a share of SCBT common stock, which we refer to as the exchange ratio, for each share of SAVB common stock that you hold immediately prior to the merger. SCBT will not issue any fractional shares of SCBT common stock in the merger. SAVB shareholders who would otherwise be entitled to a fractional share of SCBT common stock upon the completion of the merger will instead receive an amount in cash based on the average price per share of SCBT common stock for the 10 trading days immediately preceding (but not including) the day on which the merger is completed, which we refer to as the SCBT closing share value.

**Q:**  
**Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time the merger is completed?**

**A:**  
The value of the merger consideration may fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger based upon the market value for SCBT common stock. In the merger, SAVB shareholders will receive a fraction of a share of SCBT common stock for each share of SAVB common stock they hold. Any fluctuation in the market price of SCBT common stock after the date of this joint proxy statement/prospectus will change the value of the shares of SCBT common stock that SAVB shareholders will receive.

**Q:**  
**How does SAVB's board of directors recommend that I vote at the special meeting?**

**A:**  
SAVB's board of directors unanimously recommends that you vote "FOR" the proposal to approve the merger agreement, "FOR" the SAVB adjournment proposal and "FOR" the compensation proposal.

**Q:**  
**When and where are the special meetings?**

**A:**  
The SCBT special meeting will be held at [ ] on [ ], at [10:00 a.m.] local time.

The SAVB special meeting will be held at [ ], on [ ], at [10:00 a.m.] local time.

**Q:**  
**What do I need to do now?**

**A:**  
After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope



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as soon as possible. If you hold your shares in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. "Street name" shareholders who wish to vote in person at the special meeting will need to obtain a proxy form from the institution that holds their shares.

**Q: What constitutes a quorum for the SCBT special meeting?**

A: The presence at the SCBT special meeting, in person or by proxy, of holders of a majority of the outstanding shares of SCBT common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What constitutes a quorum for the SAVB special meeting?**

A: The presence at the SAVB special meeting, in person or by proxy, of holders of a majority of the outstanding shares of SAVB common stock will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What is the vote required to approve each proposal?**

A: *SCBT special meeting:* Approval of each of the stock issuance and adjournment proposals requires the affirmative vote of a majority of the shares of SCBT common stock entitled to vote and represented in person or by proxy at the SCBT special meeting, assuming a quorum is present.

*SAVB special meeting:* Approval of the merger agreement requires the affirmative vote of at least a majority of all votes entitled to be cast on the merger agreement by all of the shareholders of SAVB's common stock entitled to vote on the merger agreement as of the close of business on [ ], the record date for the special meeting. If you (i) fail to submit a proxy or vote in person at the SAVB special meeting, (ii) mark "ABSTAIN" on your proxy or (iii) fail to instruct your bank or broker how to vote with respect to the proposal to approve the merger agreement, it will have the same effect as a vote "AGAINST" the proposal. Approval of the SAVB adjournment proposal requires the affirmative vote of a majority of the shares of SAVB common stock represented in person or by proxy at the special meeting and entitled to vote thereon. Approval of the compensation proposal requires the affirmative vote of a majority of the shares of SAVB's common stock represented in person or by proxy at the special meeting and entitled to vote thereon.

**Q: What impact will my vote have on the amounts that certain executive officers of SAVB will or may receive in connection with the merger?**

A: Certain of SAVB's executive officers are entitled, pursuant to the terms of their existing compensation arrangements with SAVB, to receive certain payments in connection with the merger. If the merger is completed, SAVB is contractually obligated to make these payments to these executives. Accordingly, even if the SAVB shareholders vote not to approve these payments, the compensation will be payable, subject only to the terms and conditions of the arrangements. SAVB is seeking your approval of these payments, on an advisory (non-binding) basis, in order to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related SEC rules. Pursuant to applicable SEC rules, the payments that may be paid or become payable pursuant to the new employment agreements by and between each of Mr. Helmken, Mr. Keith, Mr. Harden and Mr. Hayes and SCBT (as each is described later in this joint proxy statement/prospectus) are not subject to this advisory vote.

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**Q: Why is my vote important?**

A: If you do not submit a proxy or vote in person, it may be more difficult for SCBT or SAVB to obtain the necessary quorum to hold their special meetings. In addition, if you are a SAVB shareholder, your failure to submit a proxy or vote in person, or failure to instruct your bank or broker how to vote, or abstention will have the same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the affirmative vote of at least a majority of all votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement. SAVB's board of directors unanimously recommends that you vote "FOR" the proposal to approve the merger agreement.

**Q: If my shares of common stock are held in "street name" by my bank or broker, will my bank or broker automatically vote my shares for me?**

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

**Q: What if I abstain from voting or fail to instruct my bank or broker?**

A: *SCBT shareholders:* If you mark "ABSTAIN" on your proxy with respect to the stock issuance proposal or the SCBT adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you fail to submit a proxy or vote in person at the SCBT special meeting or fail to instruct your bank or broker how to vote with respect to the stock issuance proposal or the SCBT adjournment proposal, it will have no effect on the proposal.

*SAVB shareholders:* If you (i) fail to submit a proxy or vote in person at the SAVB special meeting, (ii) mark "ABSTAIN" on your proxy or (iii) fail to instruct your bank or broker how to vote with respect to the proposal to approve the merger agreement, it will have the same effect as a vote "AGAINST" the proposal. If you fail to submit a proxy or vote in person at the SAVB special meeting or fail to instruct your bank or broker how to vote with respect to the SAVB adjournment proposal or the compensation proposal, it will have no effect on such proposals. If you mark "ABSTAIN" on your proxy with respect to the SAVB adjournment proposal or the compensation proposal, it will have the same effect as a vote "AGAINST" such proposals.

**Q: How do I vote if I own shares through the SAVB stock fund of the SAVB 401(k) Plan?**

A: If you own shares through the SAVB stock fund of The Savannah Bancorp, Inc. Employee Savings & Profit Sharing Plan (which we refer to in this proxy statement as the "SAVB 401(k) Plan"), the proxy card includes the shares you hold in the SAVB 401(k) Plan as well as the shares you hold outside of the SAVB 401(k) Plan. You are considered a shareholder of record and must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible.

**Q: Can I attend the special meeting and vote my shares in person?**

A: Yes. All shareholders of SCBT and SAVB, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend their respective special meetings. Holders of record of SCBT and SAVB common stock can vote in person at the SCBT special meeting and SAVB special meeting, respectively. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meetings. If you plan to attend your special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you

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must bring a form of personal photo identification with you in order to be admitted. SCBT and SAVB reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the SCBT or SAVB special meeting is prohibited without SCBT's or SAVB's express written consent, respectively.

**Q:**  
**Can I change my vote?**

**A:**  
*SCBT shareholders:* Yes. If you are a holder of record of SCBT common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to SCBT's corporate secretary or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by SCBT after the vote will not affect the vote. SCBT's corporate secretary's mailing address is: Corporate Secretary, SCBT Financial Corporation, 520 Gervais Street, Columbia, South Carolina 29201. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

*SAVB shareholders:* Yes. If you are a holder of record of SAVB common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to SAVB's corporate secretary or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by SAVB after the vote will not affect the vote. SAVB's corporate secretary's mailing address is: Corporate Secretary, The Savannah Bancorp, Inc., P.O. Box 188, Savannah, Georgia 31402. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

**Q:**  
**Will SCBT be required to submit the proposal to approve the stock issuance to its shareholders even if SCBT's board of directors has withdrawn, modified or qualified its recommendation?**

**A:**  
Yes. Unless the merger agreement is terminated before the SCBT special meeting, SCBT is required to submit the proposal to approve the stock issuance to its shareholders even if SCBT's board of directors has withdrawn or modified its recommendation.

**Q:**  
**Will SAVB be required to submit the proposal to approve the merger agreement to its shareholders even if SAVB's board of directors has withdrawn, modified or qualified its recommendation?**

**A:**  
Yes. Unless the merger agreement is terminated before the SAVB special meeting, SAVB is required to submit the proposal to approve the merger agreement to its shareholders even if SAVB's board of directors has withdrawn or modified its recommendation.

**Q:**  
**What are the U.S. federal income tax consequences of the merger to SAVB shareholders?**

**A:**  
The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, and holders of SAVB common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of SAVB common stock for shares of SCBT common stock in the merger, except with respect to any cash received instead of fractional shares of SCBT common stock.

For further information, see "Material U.S. Federal Income Tax Consequences of the Merger."

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*The U.S. federal income tax consequences described above may not apply to all holders of SAVB common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Q: Are SAVB shareholders entitled to dissenters' rights?**

A: No. Under Section 14-2-1302(c) of the Georgia Business Corporation Code, as amended (the "GBCC"), there is no right of dissent in favor of the holders of shares listed on a national securities exchange that are required, under a plan of merger, to accept, in exchange for their shares, only shares of the surviving corporation that are listed on a national securities exchange. For further information, see "The Merger Dissenters' Rights in the Merger."

**Q: If I am a SAVB shareholder, should I send in my SAVB stock certificates now?**

A: No. Please do not send in your SAVB stock certificates with your proxy. After the merger, an exchange agent designated by SCBT will send you instructions for exchanging SAVB stock certificates for the merger consideration. See "The Merger Agreement Conversion of Shares; Exchange of Certificates."

**Q: What should I do if I hold my shares of SAVB common stock in book-entry form?**

A: You are not required to take any specific actions if your shares of SAVB common stock are held in book-entry form. After the completion of the merger, shares of SAVB common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of SCBT common stock in book-entry form and any cash to be paid in exchange for fractional shares in the merger.

**Q: Whom may I contact if I cannot locate my SAVB stock certificate(s)?**

A: If you are unable to locate your original SAVB stock certificate(s), you should contact Registrar and Transfer Company, Attn: Lost Certificate Department at 10 Commerce Drive, Cranford, NJ 07016, or at (800) 368-5948.

**Q: When do you expect to complete the merger?**

A: SCBT and SAVB expect to complete the merger in the fourth quarter of 2012. However, neither SCBT nor SAVB can assure you when or if the merger will occur. SCBT and SAVB must first obtain the approval of SCBT shareholders for the stock issuance and SAVB shareholders for the merger, respectively, as well as the necessary regulatory approvals.

**Q: Whom should I call with questions?**

A: *SCBT shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of SCBT common stock, please contact: Renee R. Brooks, Corporate Secretary, 520 Gervais Street, South Carolina 29201, at (800) 277-2175.

*SAVB shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of SAVB common stock, please contact: Michael W. Harden, Jr., Chief Financial Officer, 25 Bull Street, Savannah, Georgia 31401, at (912) 629-6500.

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**SUMMARY**

**This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire joint proxy statement/prospectus, including the appendices, and the other documents to which we refer in order to fully understand the merger. See "Where You Can Find More Information." Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.**

**In the Merger, SAVB Shareholders Will Receive Shares of SCBT Common Stock (page 71)**

If the merger is completed, SAVB shareholders will receive 0.2503 shares of SCBT common stock for each share of SAVB common stock they hold immediately prior to the merger. SCBT will not issue any fractional shares of SCBT common stock in the merger. SAVB shareholders who would otherwise be entitled to a fraction of a share of SCBT common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash based on the SCBT closing share value. *For example, if you hold 100 shares of SAVB common stock, you will receive 25 shares of SCBT common stock and a cash payment instead of the 0.03 shares of SCBT common stock that you otherwise would have received (100 shares × 0.2503 = 25.03 shares).*

The merger agreement governs the merger. The merger agreement is included in this joint proxy statement/prospectus as Annex A. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the merger are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the merger.

**SCBT's Board of Directors Unanimously Recommends that SCBT Shareholders Vote "FOR" the Approval of the Stock Issuance (page 118)**

SCBT's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of SCBT common stock, are advisable and in the best interests of SCBT and its shareholders and has unanimously approved the merger and the merger agreement, including the stock issuance. SCBT's board of directors unanimously recommends that SCBT shareholders vote "FOR" the approval of the stock issuance. For the factors considered by SCBT's board of directors in reaching its decision to approve the merger agreement, see "The Merger SCBT's Reasons for the Merger; Recommendation of SCBT's Board of Directors."

**SAVB's Board of Directors Unanimously Recommends that SAVB Shareholders Vote "FOR" the Approval of the Merger Agreement (page 118)**

SAVB's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of SAVB and its shareholders and has unanimously approved the merger and the merger agreement. SAVB's board of directors unanimously recommends that SAVB shareholders vote "FOR" the approval of the merger agreement. For the factors considered by SAVB's board of directors in reaching its decision to approve the merger agreement, see "The Merger SAVB's Reasons for the Merger; Recommendation of SAVB's Board of Directors."

**SunTrust Robinson Humphrey, Inc. and FIG Partners, LLC Have Each Provided an Opinion to SAVB's Board of Directors Regarding the Merger Consideration (pages 79 and 92 and Annex B and Annex C)**

On August 7, 2012, SunTrust Robinson Humphrey, Inc. and FIG Partners, LLC each rendered its oral opinion to the SAVB board of directors, subsequently confirmed in writing, that as of such date

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and based upon and subject to the assumptions, procedures, considerations, qualifications and limitations set forth in the written opinion, the merger consideration was fair, from a financial point of view, to the holders of shares of SAVB common stock. The full text of each of SunTrust Robinson Humphrey's and FIG Partners' opinions, dated August 7, 2012, are attached as Annex B and Annex C, respectively, to this joint proxy statement/prospectus. You should read each opinion in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by each of SunTrust Robinson Humphrey and FIG Partners in rendering its opinion.

For further information, see "The Merger Opinion of SunTrust Robinson Humphrey, Inc." and "The Merger Opinion of FIG Partners, LLC."

**What Holders of SAVB Stock Options and Other Equity-Based Awards Will Receive (page 108)**

*Options.* Prior to the effective time, each outstanding option (other than those outstanding under the SAVB ESPP) will be fully vested (with unvested options conditionally vesting, subject to the consummation of the merger) and exercisable. Each SAVB stock option that is not exercised prior to the effective time will be converted into a right to receive the product of (i) the excess, if any, of (A) the closing price per share of SAVB common stock immediately prior to the effective time over (B) the per-share exercise price of such SAVB stock option and (ii) the number of shares of SAVB common stock subject to such SAVB stock option. In the event that the product obtained by the prior sentence is zero or a negative number, then the SAVB stock option will be cancelled for no consideration.

*Restricted Stock.* As of the effective time, each SAVB restricted share will vest in full, become free of all restrictions and the holder of such SAVB restricted share will receive the merger consideration in exchange for each SAVB restricted share.

*SAVB Employee Stock Purchase Plan.* All options (which we refer to as SAVB ESPP Options) outstanding under the SAVB Employee Stock Purchase Plan (which we refer to as the SAVB ESPP) on November 15, 2012, will be automatically exercised on such date and the shares of SAVB common stock issued pursuant to the exercise of such SAVB ESPP Options will receive the merger consideration. Pursuant to the terms of the merger agreement, (i) no new offer period commenced under the SAVB ESPP after August 7, 2012, (ii) participants were prohibited from altering their payroll deduction from those in effect as of August 7, 2012 (other than to discontinue participation in the SAVB ESPP in accordance with the terms and conditions of the SAVB ESPP), and (iii) the amount of the accumulated contributions of each participant under the SAVB ESPP as of immediately prior to the effective time of the merger, will, to the extent not used to purchase shares of SAVB common stock in accordance with the terms and conditions of the SAVB ESPP, be refunded to such participant as promptly as practicable following the effective time of the merger (without interest). The SAVB ESPP will be terminated on November 15, 2012.

*Deferred Stock Plan.* All amounts held in participant accounts and denominated in SAVB common stock under the SAVB Deferred Stock Plan (which we refer to as SAVB Deferred Stock Units) will be converted into rights with respect to a number of shares of SCBT common stock that is equal to the number of SAVB Deferred Stock Units immediately prior to the effective time of the merger multiplied by the exchange ratio (rounded to the nearest whole share) (which as-converted SAVB Deferred Stock Units we refer to as the SCBT Deferred Stock Units), and otherwise on the same terms and conditions (including applicable deferral provisions) as applied to such SAVB Deferred Stock Units immediately prior to the effective time of the merger. The obligations in respect of the SAVB Deferred Stock Units (as converted into SCBT Deferred Stock Units), will be payable or distributable in accordance with the terms of the SAVB Deferred Stock Plan. As of the effective time, SCBT will assume the obligations and succeed to the rights of SAVB under the SAVB Deferred Stock Plan with respect to the SAVB Deferred Stock Units (as converted into SCBT Deferred Stock Units).



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**SCBT Will Hold its Special Meeting on [ ] (page 39)**

The special meeting of SCBT shareholders will be held on [ ], at 10:00 am local time, at [ ]. At the special meeting, SCBT shareholders will be asked to:

approve the stock issuance in connection with the merger; and

approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance.

Only holders of record at the close of business on [ ] will be entitled to vote at the special meeting. Each share of SCBT common stock is entitled to one vote on each proposal to be considered at the SCBT special meeting. As of the record date, there were [ ] shares of SCBT common stock entitled to vote at the special meeting. As of the record date, the directors and executive officers of SCBT and their affiliates beneficially owned and were entitled to vote approximately [ ] shares of SCBT common stock representing approximately [ ]% of the shares of SCBT common stock outstanding on that date, and held options to purchase [ ] shares of SCBT common stock and [ ] shares underlying restricted stock awards. As of the record date, SAVB and its subsidiaries did not hold any shares of SCBT common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates held [ ] shares of SCBT common stock.

To approve the stock issuance or the SCBT adjournment proposal, a majority of the shares of SCBT common stock entitled to vote and represented in person or by proxy at the special meeting must be voted in favor of approving the proposal. If you mark "ABSTAIN" on your proxy with respect to the stock issuance or the SCBT adjournment proposal, it will have the same effect as a vote against the proposal. However, if you fail to submit a proxy or vote in person at the SCBT special meeting or fail to instruct your bank or broker how to vote with respect to the stock issuance proposal or the SCBT adjournment proposal, it will have no effect on the proposal.

**SAVB Will Hold its Special Meeting on [ ] (page 35)**

The special meeting of SAVB shareholders will be held on [ ], at 10:00 am local time, at [ ]. At the special meeting, SAVB shareholders will be asked to:

approve the merger agreement;

approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve of the merger agreement; and

approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB.

Only holders of record at the close of business on [ ] will be entitled to vote at the special meeting. Each share of SAVB common stock is entitled to one vote on each proposal to be considered at the SAVB special meeting. As of the record date, there were [ ] shares of SAVB common stock entitled to vote at the special meeting. Each of the directors of SAVB and certain executive officers and shareholders of SAVB have entered into a voting agreement with SCBT, pursuant to which they have agreed, solely in their capacity as SAVB shareholders, to vote all of their shares of SAVB common stock in favor of the proposals to be presented at the special meeting. As of the record date, SAVB directors, executive officers and shareholders who are parties to the voting agreements owned and were entitled to vote an aggregate of approximately [1,487,486] shares of SAVB common stock, which represents approximately [21.9]% of the shares of SAVB common stock outstanding on that date. As of the record date, the directors and executive officers of SAVB and their affiliates beneficially owned and were entitled to vote approximately [1,085,158] shares of SAVB common stock representing approximately [ ]% of the shares of SAVB common stock outstanding on that date, and held options



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to purchase [90,545] shares of SAVB common stock and [ ] shares underlying restricted stock awards. As of the record date, SCBT and its subsidiaries held [ ] shares of SAVB common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates held [ ] shares of SAVB common stock.

To approve the merger agreement, at least a majority of all the votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement must be voted in favor of the proposal to approve the merger agreement. Your failure to submit a proxy or vote in person at the SAVB special meeting, failure to instruct your bank or broker how to vote, or abstention with respect to the proposal to approve the merger agreement will have the same effect as a vote against the proposal to approve the merger agreement.

To approve the SAVB adjournment proposal or the compensation proposal, a majority of the shares of SAVB common stock represented in person or by proxy and entitled to vote thereon at the special meeting must be voted in favor of such proposals. Therefore, if you mark "ABSTAIN" on your proxy with respect to the SAVB adjournment proposal or the compensation proposal, it will have the same effect as a vote against approval of such proposals. However, if you fail to submit a proxy or vote in person at the SAVB special meeting or fail to instruct your bank or broker how to vote with respect to the SAVB adjournment proposal or the compensation proposal, it will have no effect on such proposals.

**The Merger Is Intended to Be Tax-Free to Holders of SAVB Common Stock as to the Shares of SCBT Common Stock They Receive (page 125)**

The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and it is a condition to the respective obligations of SCBT and SAVB to complete the merger that each of SCBT and SAVB receives a legal opinion to that effect. Accordingly, the merger generally will be tax-free to a holder of SAVB common stock for U.S. federal income tax purposes as to the shares of SCBT common stock he or she receives in the merger, except for any gain or loss that may result from the receipt of cash instead of fractional shares of SCBT common stock that such holder of SAVB common stock would otherwise be entitled to receive.

For further information, see "Material U.S. Federal Income Tax Consequences of the Merger."

*The U.S. federal income tax consequences described above may not apply to all holders of SAVB common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**SAVB's Officers and Directors Have Financial Interests in the Merger that Differ from Your Interests (page 97)**

SAVB shareholders should be aware that some of SAVB's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of SAVB shareholders generally. These interests and arrangements may create potential conflicts of interest. SAVB's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that SAVB shareholders vote in favor of approving the merger agreement.

These interests include:

Each SAVB option, whether vested or unvested, will become exercisable for a specified period prior to the closing date and, to the extent not exercised prior to the closing date, will be cashed out for the spread between the closing price per share immediately prior to the effective time and the per-share exercise price of such stock option.

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Each outstanding share of SAVB restricted stock will vest at the effective time and be converted into the merger consideration.

In connection with entering into the merger agreement (or shortly thereafter), Messrs. Helmken, Harden, Keith and Hayes entered into employment agreements with SCBT that become effective upon the closing of the merger and provide for severance upon a termination of employment.

Mr. Stramm previously entered into a change in control agreement with SAVB that provides for severance upon a termination of employment for any reason during the one-year period immediately following a change in control.

Each SAVB director will participate on an advisory board of SCBT following the closing of the merger and will receive compensation for three years that is consistent with the board retainer the SAVB directors currently receive with respect to services provided to the SAVB board of directors.

For a more complete description of these interests, see "The Merger Interests of SAVB's Directors and Executive Officers in the Merger" and "The Merger Agreement Treatment of SAVB Stock Options and Other Equity-Based Awards."

**SAVB Shareholders Will NOT Be Entitled to Assert Dissenters' Rights (page 105)**

Under Georgia law, which is the law under which SAVB is incorporated, there is no right of dissent in favor of the holders of shares listed on a national securities "exchange" that are required, under a plan of merger, to accept, in exchange for their shares, only shares of the surviving corporation that are listed on a national securities exchange. The procedures to be followed by dissenting shareholders are described below in "The Merger Dissenters' Rights in the Merger."

**Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 120)**

Currently, SAVB and SCBT expect to complete the merger in the fourth quarter of 2012. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval of the merger agreement by SAVB shareholders, approval of the stock issuance by SCBT's shareholders, the receipt of certain required regulatory approvals and the receipt of legal opinions by each company regarding the U.S. federal income tax treatment of the merger.

Neither SAVB nor SCBT can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Termination of the Merger Agreement (page 121)**

The merger agreement can be terminated at any time prior to completion of the merger by mutual consent, or by either party in the following circumstances:

the merger has not been completed by May 7, 2013 (we refer to this date as the end date), if the failure to complete the merger by that date is not caused by the terminating party's breach of the merger agreement;

any required regulatory approval has been denied by the relevant regulatory authority and this denial has become final and non-appealable, or a regulatory authority has issued a final, non-appealable injunction permanently enjoining or otherwise prohibiting the completion of the merger or the other transactions contemplated by the merger agreement; or



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there is a breach by the other party that would cause the failure of the closing conditions described above, and the breach is not cured prior to the earlier of May 7, 2013 and 30 business days following written notice of the breach.

In addition, SCBT may terminate the merger agreement in the following circumstances:

SAVB's board of directors fails to recommend to the SAVB shareholders that they approve the merger agreement or withdraws, modifies or qualifies, or proposes or resolves to withdraw, modify or qualify, such recommendation in a manner adverse to SCBT;

SAVB's board of directors fails to comply in all material respects with its non-solicitation obligations described below in "The Merger Agreement Agreement Not to Solicit Other Offers" or its obligations with respect to calling shareholder meetings and acquisition proposals described below in "The Merger Agreement SAVB Shareholder Meeting and Recommendation of SAVB's Board of Directors";

SAVB's board of directors approves, recommends or endorses, or proposes or resolves to approve, recommend or endorse, an alternative transaction or acquisition proposal, as described below in "The Merger Agreement SAVB Shareholder Meeting and Recommendation of SAVB's Board of Directors"; or

SAVB shareholders do not approve the merger agreement and the transactions it contemplates at the special meeting or adjournment thereof.

In addition, SAVB may terminate the merger agreement in the following circumstances:

SCBT's board of directors fails to recommend to the SCBT shareholders that they approve the stock issuance or withdraws, modifies or qualifies, or proposes or resolves to withdraw, modify or qualify, such recommendation in a manner adverse to SAVB;

SCBT's board of directors fails to comply in all material respects with its obligations with respect to calling shareholder meetings and acquisition proposals described below in "The Merger Agreement SCBT Shareholder Meeting and Recommendation of SCBT's Board of Directors"; or

SCBT's shareholders do not approve the stock issuance at the special meeting or adjournment thereof.

**Termination Fee (page 122)**

If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by SAVB's board of directors, SAVB may be required to pay SCBT a termination fee of \$2.6 million. The termination fee could discourage other companies from seeking to acquire or merge with SAVB. If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by SCBT's board of directors, SCBT may be required to pay SAVB a termination fee of \$2.6 million.

**Georgia Advisory Board (page 117)**

SCBT agreed to establish an advisory board consisting of the current directors of SAVB, together with any additional individuals appointed by SCBT in its sole discretion, to monitor the performance and operations of the surviving corporation of the merger in the Savannah, Georgia area. The advisory board will exist for a minimum of three years following the completion of the merger and the compensation provided to members of the advisory board for their service during this period will be consistent with the compensation provided to directors of SAVB as of

the date of the merger

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agreement. In connection with their service on the advisory board, each member will enter into an advisory board member agreement.

**Regulatory Approvals Required for the Merger (page 106)**

Both SAVB and SCBT have agreed to use their reasonable best efforts to obtain all regulatory approvals required or advisable to complete the transactions contemplated by the merger agreement. These approvals include approvals from, among others: the Board of Governors of the Federal Reserve System, or Federal Reserve Board, the Federal Deposit Insurance Corporation, or FDIC, the Georgia Department of Banking and Finance, or Georgia DBF, and the South Carolina State Board of Financial Institutions, or South Carolina State Board. SCBT and SAVB have filed, or are in the process of filing, applications and notifications to obtain the required regulatory approvals.

Although neither SAVB nor SCBT knows of any reason why it cannot obtain these regulatory approvals in a timely manner, SAVB and SCBT cannot be certain when or if they will be obtained.

**The Rights of SAVB Shareholders Will Change as a Result of the Merger (page 130)**

The rights of SAVB shareholders will change as a result of the merger due to differences in SCBT's and SAVB's governing documents. The rights of SAVB shareholders are governed by Georgia law and by SAVB's articles of incorporation and bylaws, each as amended to date (which we refer to as SAVB's articles of incorporation and bylaws, respectively). Upon the completion of the merger, the rights of SAVB shareholders will be governed by South Carolina law and SCBT's articles of incorporation and bylaws.

See "Comparison of Shareholders' Rights" for a description of the material differences in shareholder rights under each of the SCBT and SAVB governing documents.

**Information About the Companies (pages 43 and 45)**

*SCBT Financial Corporation*

SCBT is a bank holding company, or BHC, incorporated under South Carolina law in 1985. Until February of 2004, SCBT was named "First National Corporation." SCBT currently holds all of the stock of its subsidiary, SCBT a South Carolina banking corporation (which we refer to as SCBT Bank). SCBT Bank opened for business in 1934 and converted from a national bank charter to a South Carolina state bank charter effective as of July 1, 2012, changing its name from "SCBT, N.A." to "SCBT." SCBT Bank operates as South Carolina Bank and Trust, North Carolina Bank and Trust, and Community Bank and Trust. SCBT coordinates the financial resources of the consolidated enterprise and thereby maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. SCBT's operating revenues and net income are derived primarily from cash dividends received from SCBT. At June 30, 2012, SCBT had consolidated total assets of approximately \$4.37 billion, gross loans of approximately \$3.04 billion and total deposits of approximately \$3.66 billion.

The principal executive offices of SCBT are located at 520 Gervais Street, Columbia, South Carolina 29201, and its telephone number is (800) 277-2175. SCBT's website can be accessed at <http://www.scbtonline.com>. Information contained in SCBT's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. SCBT common stock is quoted on the NASDAQ Global Select Market under the symbol "SCBT."

Additional information about SCBT and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information."



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*The Savannah Bancorp, Inc.*

SAVB was incorporated as a Georgia business corporation on October 5, 1989, for the purpose of becoming a bank holding company. SAVB became a bank holding company within the meaning of the Federal Bank Holding Company Act and the Georgia Bank Holding Company Act on August 22, 1990 upon the acquisition of 100 percent of the common stock of The Savannah Bank, National Association, which we refer to as The Savannah Bank. The Savannah Bank received its charter from the Office of the Comptroller of the Currency and opened for business on August 22, 1990. In December 1998, SAVB consummated a plan of merger to exchange shares of its stock for shares of Bryan Bancorp of Georgia, Inc., which we refer to as Bryan, the bank holding company for Bryan Bank & Trust, which we refer to as Bryan Bank, and Bryan was merged into SAVB and Bryan Bank became a wholly-owned subsidiary of SAVB. Bryan Bank received its charter from the Georgia DBF in December 1989. Effective September 30, 2009, SAVB merged the charter of Harbourside Community Bank, a federal stock savings bank, which we refer to as Harbourside, into The Savannah Bank, and the two Harbourside branches are now The Savannah Bank branches. SAVB acquired all of the net assets of Minis & Co., Inc., which we refer to as Minis, as of August 31, 2007 and incorporated such net assets into a new, wholly-owned subsidiary of SAVB, which continued to operate under the name of Minis & Co., Inc. Minis is a registered investment advisor based in Savannah, Georgia, offering a full line of investment management services. On September 30, 2008, SAVB formed a new subsidiary, SAVB Holdings, LLC, which we refer to as SAVB Holdings, to hold previously identified problem loans (including problem and nonperforming loans) and foreclosed real estate primarily from Harbourside. The Savannah Bank, Bryan Bank, Minis and SAVB Holdings are currently the four operating subsidiaries of SAVB.

As of June 30, 2012, The Savannah Bank had nine full service offices and one stand-alone automated teller machine, total assets of \$703 million, total loans of \$544 million, total deposits of \$609 million, total shareholders' equity of \$66.4 million and net income of \$230,000 for the six month period then ended. As of June 30, 2012, Bryan Bank had two full service offices, total assets of \$234 million, total loans of \$176 million, total deposits of \$210 million, total shareholders' equity of \$20.7 million and a net income of \$5,000 for the six month period then ended. Minis had approximately \$443.5 million in assets under management at June 30, 2012.

The principal executive offices of SAVB are located at 25 Bull Street, Savannah, Georgia 31401, and its telephone number is (912) 629-6500. SAVB's website can be accessed at <http://www.savb.com>. Information contained in SAVB's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. SAVB common stock is quoted on the NASDAQ Global Market under the symbol "SAVB."

**Risk Factors (page 31)**

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors under "Risk Factors."

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SCBT**

The following table summarizes financial results achieved by SCBT for the periods and at the dates indicated and should be read in conjunction with SCBT's consolidated financial statements and the notes to the consolidated financial statements contained in reports that SCBT has previously filed with the SEC. The results of operations for the six months ended June 30, 2012 and 2011 are not necessarily indicative of the results of operations for the full year or any other interim period. SCBT management prepared the unaudited consolidated information as of and for the six months ended June 30, 2012 and 2011 on the same basis as it prepared SCBT's audited consolidated financial statements as of and for the year ended December 31, 2011. In the opinion of SCBT management, this unaudited consolidated information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. See "Where You Can Find More Information."

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
<b>(in thousands, except per share data)</b>							
<b>Summarized Income Statement Data:</b>							
Interest income	\$ 87,690	\$ 82,586	\$ 171,718	\$ 155,354	\$ 141,798	\$ 156,075	\$ 149,199
Interest expense	6,118	11,739	20,266	32,737	37,208	60,298	68,522
Net interest income	81,572	70,847	151,452	122,617	104,590	95,777	80,677
Provision for loan losses	7,365	14,856	30,236	54,282	26,712	10,736	4,384
Noninterest income	21,217	24,665	55,119	137,735	26,246	19,049	27,359
Noninterest expenses	72,727	69,272	142,978	125,242	83,646	79,796	71,402
Net income before provision for income taxes	22,697	11,384	33,357	80,828	20,478	24,294	32,250
Provision for income taxes	7,638	3,950	10,762	28,946	6,883	8,509	10,685
Net income	15,059	7,434	22,595	51,882	13,595	15,785	21,565
Preferred stock dividends					1,115		
Accretion on preferred stock discount					3,559		
Net income attributable to common shares	\$ 15,059	\$ 7,434	\$ 22,595	\$ 51,882	\$ 8,921	\$ 15,785	\$ 21,565
<b>Per Common Share Data:</b>							
Earnings (loss) per share Basic	\$ 1.06	\$ 0.55	\$ 1.65	\$ 4.11	\$ 0.74	\$ 1.53	\$ 2.33
Earnings (loss) per share Diluted	\$ 1.05	\$ 0.55	\$ 1.63	\$ 4.08	\$ 0.74	\$ 1.52	\$ 2.32
Book value at end of period	\$ 28.17	\$ 26.53	\$ 27.19	\$ 25.79	\$ 22.20	\$ 21.77	\$ 21.17
Cash dividends declared	\$ 0.34	\$ 0.34	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68
<b>Weighted-Average Number of Common Shares:</b>							
Basic	14,260	13,500	13,677	12,618	12,061	10,301	9,275
Diluted	14,334	13,582	13,751	12,720	12,109	10,394	9,305
<b>Average Balance Sheet Data:</b>							
Total assets	\$ 4,126,914	\$ 3,866,509	\$ 3,904,363	\$ 3,617,590	\$ 2,813,926	\$ 2,725,955	\$ 2,272,413
Total borrowings	\$ 46,342	\$ 47,459	\$ 47,239	\$ 81,822	\$ 150,446	\$ 168,645	\$ 109,566
Total shareholders' equity	\$ 399,664	\$ 358,111	\$ 370,112	\$ 335,853	\$ 291,590	\$ 225,484	\$ 173,679

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SAVB**

Set forth below is certain consolidated financial data of SAVB as of and for the years ended December 31, 2007 through December 31, 2011 and as of and for the six months ended June 30, 2012 and 2011. The results of operations for the six months ended June 30, 2012 and 2011 are not necessarily indicative of the results of operations for the full year or any other interim period. SAVB management prepared the unaudited consolidated information as of and for the six months ended June 30, 2012 and 2011 on the same basis as it prepared SAVB's audited consolidated financial statements as of and for the year ended December 31, 2011. In the opinion of SAVB management, this unaudited consolidated information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with SAVB's consolidated financial statements and related notes for the year ended December 31, 2011 and SAVB's unaudited consolidated financial statements and related notes for the six months ended June 30, 2012, which are included in this document and from which this information is derived.

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
(in thousands, except per share data)							
<b>Summarized Income Statement Data:</b>							
Interest income	\$ 20,508	\$ 23,089	\$ 45,063	\$ 47,929	\$ 50,563	\$ 56,682	\$ 63,258
Interest expense	3,503	5,210	9,488	14,362	18,258	24,439	30,282
Net interest income	17,005	17,879	35,575	33,567	32,305	32,243	32,976
Provision for loan losses	7,280	10,660	20,035	21,020	13,065	6,000	4,675
Noninterest income	3,062	3,332	6,646	7,311	8,822	7,675	4,753
Noninterest expenses	14,087	13,222	26,253	26,977	26,978	24,742	21,183
Net income (loss) before provision for income taxes	(1,300)	(2,671)	(4,067)	(7,119)	1,084	9,176	11,871
Provision (benefit) for income taxes	(685)	(1,305)	(1,895)	(3,130)	155	3,170	4,235
Net income (loss) attributable to common shares	\$ (615)	\$ (1,366)	\$ (2,172)	\$ (3,989)	\$ 929	\$ 6,006	\$ 7,636
<b>Per Common Share Data:</b>							
Earnings (loss) per share Basic	\$ (0.08)	\$ (0.19)	\$ (0.30)	\$ (0.60)	\$ 0.16	\$ 1.01	\$ 1.31
Earnings (loss) per share Diluted	\$ (0.08)	\$ (0.19)	\$ (0.30)	\$ (0.60)	\$ 0.16	\$ 1.01	\$ 1.29
Book value at end of period	\$ 11.63	\$ 11.83	\$ 11.69	\$ 11.92	\$ 13.32	\$ 13.64	\$ 12.88
Cash dividends declared	\$	\$	\$	\$ 0.020	\$ 0.185	\$ 0.500	\$ 0.480
<b>Weighted-Average Number of Common Shares:</b>							
Basic	7,199	7,199	7,199	6,625	5,933	5,930	5,850
Diluted	7,199	7,199	7,199	6,625	5,936	5,947	5,922
<b>Average Balance Sheet Data:</b>							
Total assets	\$ 965,091	\$ 1,036,194	\$ 1,012,451	\$ 1,078,464	\$ 1,018,470	\$ 960,260	\$ 869,026
Total borrowings	\$ 49,233	\$ 50,025	\$ 51,609	\$ 62,140	\$ 71,967	\$ 88,553	\$ 70,939
Total shareholders' equity	\$ 84,615	\$ 86,722	\$ 86,695	\$ 84,319	\$ 79,804	\$ 78,998	\$ 71,516

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**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated financial statements are based on the separate historical financial statements of SCBT and SAVB after giving effect to the merger and the issuance of SCBT common stock in connection therewith, and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2012 is presented as if the merger with SAVB had occurred on June 30, 2012. The unaudited pro forma condensed consolidated income statements for the year ended December 31, 2011 and the six months ended June 30, 2012 are presented as if the merger had occurred on January 1, 2011. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The unaudited pro forma condensed consolidated financial information has been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States. SCBT is the acquirer for accounting purposes. SCBT has not had sufficient time to completely evaluate the significant identifiable long-lived tangible and identifiable intangible assets of SAVB. Accordingly, the unaudited pro forma adjustments, including the allocations of the purchase price, are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial information. Certain reclassifications have been made to the historical financial statements of SAVB to conform to the presentation in SCBT's financial statements.

A final determination of the acquisition consideration and fair values of SAVB's assets and liabilities, which cannot be made prior to the completion of the merger, will be based on the actual net tangible and intangible assets of SAVB that exist as of the date of completion of the transaction. Consequently, amounts preliminarily allocated to goodwill and identifiable intangibles could change significantly from those allocations used in the unaudited pro forma condensed consolidated financial statements presented below and could result in a material change in amortization of acquired intangible assets.

In connection with the plan to integrate the operations of SCBT and SAVB following the completion of the merger, SCBT anticipates that nonrecurring charges, such as costs associated with systems implementation, severance, and other costs related to exit or disposal activities, could be incurred. SCBT is not able to determine the timing, nature and amount of these charges as of the date of this joint proxy statement/prospectus. However, these charges could affect the results of operations of SCBT and SAVB, as well as those of the combined company following the completion of the merger, in the period in which they are recorded. The unaudited pro forma condensed consolidated financial statements do not include the effects of the costs associated with any restructuring or integration activities resulting from the transaction, as they are nonrecurring in nature and not factually supportable at the time that the unaudited pro forma condensed consolidated financial statements were prepared. Additionally, the unaudited pro forma adjustments do not give effect to any nonrecurring or unusual restructuring charges that may be incurred as a result of the integration of the two companies or any anticipated disposition of assets that may result from such integration. Transaction-related expenses estimated at \$10.1 million are not included in the unaudited pro forma condensed consolidated income statements.

The actual amounts recorded as of the completion of the merger may differ materially from the information presented in these unaudited pro forma condensed consolidated financial statements as a result of:

changes in the trading price for SCBT's common stock;

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net cash used or generated in SAVB's operations between the signing of the merger agreement and completion of the merger;

the timing of the completion of the merger;

other changes in SAVB's net assets that occur prior to the completion of the merger, which could cause material differences in the information presented below; and

changes in the financial results of the combined company, which could change the future discounted cash flow projections.

The unaudited pro forma condensed consolidated financial statements are provided for informational purposes only. The unaudited pro forma condensed consolidated financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed consolidated financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma condensed consolidated financial statements should be read together with:

the accompanying notes to the unaudited pro forma condensed consolidated financial statements;

SCBT's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, included in SCBT's Annual Report on Form 10-K for the year ended December 31, 2011;

SAVB's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, included in this joint proxy statement/prospectus beginning on page G-1;

SCBT's separate unaudited historical consolidated financial statements and accompanying notes as of and for the three and six months ended June 30, 2012 included in SCBT's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012;

SAVB's separate unaudited historical consolidated financial statements and accompanying notes as of and for the three and six months ended June 30, 2012, included in this joint proxy statement/prospectus beginning on page G-1; and

other information pertaining to SCBT and SAVB contained in or, with respect to SCBT, incorporated by reference into this joint proxy statement/prospectus. See "Selected Consolidated Historical Financial Data of SCBT" and "Selected Consolidated Historical Financial Data of SAVB" included elsewhere in this joint proxy statement/prospectus.

The unaudited pro forma condensed consolidated balance sheet as of June 30, 2012 presents the consolidated financial position giving pro forma effect to the following transactions as if they had occurred as of June 30, 2012:

the completion of SCBT's acquisition of SAVB, including the issuance of 1,801,969 shares (based upon the number of shares outstanding of SAVB's common stock as of June 30, 2012 and an exchange ratio of 0.2503 shares of SCBT for one SAVB share) of SCBT's common stock;

the redemption of SCBT's Federal Reserve stock in early July 2012 with the conversion from a national chartered financial institution to a non-member state chartered financial institution;

the payment of \$4.9 million in transaction related costs that were accrued on the SAVB closing balance sheet, including professional fees and asset sale termination payment;

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the repayment of all FHLB advances, including any repayment fee and accrued interest, totaling approximately \$13.8 million; and

the repayment of the outstanding note payable and any unpaid and accrued interest to Lewis Broadcasting Corporation totaling approximately \$7.8 million.

The unaudited pro forma condensed consolidated income statement for the six months ended June 30, 2012 presents the consolidated results of operations giving pro forma effect to the completion of SCBT's investment in Peoples Bancorporation, Inc., which we refer to as Peoples, and the related redemption of its TARP preferred stock that occurred at the time of the investment, as if it had occurred as of January 1, 2012.

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## SCBT FINANCIAL CORPORATION AND SUBSIDIARY

## PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012

(Dollars in thousands, except par value)

	SCBTFC 6/30/2012 (as reported)	6/30/2012 (as reported)	The Savannah Bancorp, Inc. Purchase Accounting Adjustments	Proforma Adjustments	Proforma SAVB	Pro Forma 6/30/2012 Combined
<b>ASSETS</b>						
Cash and cash equivalents:						
Cash and due from banks	\$ 140,855	\$ 14,438	\$	\$ (19,652)(n)(o)(p)	\$ (5,214)	\$ 135,641
Interest-bearing deposits with banks	2,294	84,063			84,063	86,357
Federal funds sold and securities purchased under agreements to resell	166,770	340			340	167,110
Total cash and cash equivalents	309,919	98,841		(19,652)	79,189	389,108
Investment securities:						
Securities held to maturity	16,567					16,567
Securities available for sale, at fair value	478,472	86,665	(1,000)(a)		85,665	564,137
Other investments	16,099			(7,028)(n)	(7,028)	9,071
Total investment securities	511,138	86,665	(1,000)	(7,028)	78,637	589,775
Loans held for sale	42,525					42,525
Loans:						
Acquired	560,058	725,345	(76,331)(b)		649,014	1,209,072
Less allowance for acquired loan losses	(35,813)	(22,776)	22,776(b)			(35,813)
Non-acquired	2,481,251					2,481,251
Less allowance for non-acquired loan losses	(47,269)					(47,269)
Loans, net	2,958,227	702,569	(53,555)		649,014	3,607,241
FDIC receivable for loss share agreements	200,569					200,569
Other real estate owned	84,409	16,335	(5,340)(c)		10,995	95,404
Premises and equipment, net	106,458	14,058	(3,000)(d)		11,058	117,516
Goodwill	66,542	2,506	31,728(e)		34,234	100,776
Bank-owned life insurance	35,543	6,612			6,612	42,155
Other intangible assets	13,429	944	6,760(f)(g)		7,704	21,133
Deferred tax asset	16,700	11,723	24,704(h)		36,427	53,127
Other assets	27,810	11,968			11,968	39,778
<b>Total assets</b>	<b>\$ 4,373,269</b>	<b>\$ 952,221</b>	<b>\$ 297</b>	<b>\$ (26,680)</b>	<b>\$ 925,838</b>	<b>\$ 5,299,107</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Deposits:						
Noninterest-bearing	\$ 806,235	\$ 128,010	\$	\$	\$ 128,010	\$ 934,245
Interest-bearing	2,854,737	689,956	4,139(i)		694,095	3,548,832
Total deposits	3,660,972	817,966	4,139		822,105	4,483,077
Federal funds purchased and securities sold under agreements to repurchase	220,264	15,405			15,405	235,669
Other borrowings	46,105	31,307	833(j)	(21,830)(o)	10,310	56,415
Other liabilities	21,022	3,829	5,392(k)	(2,460)(p)(r)	4,371	25,393
Total liabilities	3,948,363	868,507	10,364	(26,680)	852,191	4,800,554



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Shareholders' equity:						
Preferred stock \$ .01 par value; authorized 10,000,000 shares; no shares issued and outstanding						
Common stock	37,715	7,201	(7,201)(l)	4,505(q)	4,505	42,220
Surplus	262,647	48,671	24,976(m)	(4,505)(q)	69,142	331,789
Retained earnings (deficit)	126,304	26,488	(26,488)(l)	(2,390)(r)		126,304
Treasury stock, at cost		(1)	1		(0)	(0)
Accumulated other comprehensive (loss)	(1,760)	1,355	(1,355)(l)			(1,760)
Total shareholders' equity	424,906	83,714	(10,067)		73,647	498,553
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,373,269</b>	<b>\$ 952,221</b>	<b>\$ 297</b>	<b>\$ (26,680)</b>	<b>\$ 925,838</b>	<b>\$ 5,299,107</b>

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*Purchase Accounting Adjustments:*

- (a) Adjustment reflects marking the investment portfolio to fair value as of the acquisition date.
- (b) Adjustment reflects the fair value adjustments based on the Company's initial evaluation of the acquired loan portfolio, and the reversal of SAVB's ALLL.

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- (c) Adjustment reflects the fair value adjustments to OREO based on the Company's initial evaluation of the acquired OREO portfolio.
- (d) Adjustment reflects the fair value adjustments to acquired premises (land) based on the Company's initial evaluation as of the acquisition date.
- (e) Adjustment reflects the goodwill generated as a result of the fair value of liabilities assumed exceeding the fair value of assets acquired.
- (f) Adjustment reflects the initial estimate of the core deposit intangible of \$6.5 million on the acquired core deposit accounts.
- (g) Adjustment reflects the incremental intangible related to the client list of Minis & Company (the RIA) of \$1.2 million.
- (h) Adjustment reflects the recording of the deferred tax asset generated by the net fair market value adjustments (rate = 35.8%).
- (i) Adjustment arises since the rates on interest-bearing deposits are higher than rates available on similar deposits as of the acquisition date.
- (j) Adjustment reflects the estimated prepayment fee on FHLB advances that will be paid off at closing.
- (k) Adjustment reflects known SAVB transaction costs including professional, proxy related, change in control, and asset sale termination fee.
- (l) Adjustment reflects the reversal of Savannah Bancorp's June 30, 2012 retained earnings, common stock and AOCI.
- (m) Adjustment reflects the net impact of the purchase accounting adjustments.

***Proforma Adjustments:***

- (n) Adjustment reflects the redemption of Federal Reserve Stock (\$7.0 million) owned by SCBT due to the change from a national bank charter to state-chartered bank.
- (o) Adjustment for the repayment of SAVB's FHLB advances (\$14.0 million) and note payable to Lewis Broadcasting (\$7.8 million).
- (p) Adjustment for payment of termination fee related to asset sale and other professional fees owed at closing.
- (q) Adjustment reflects the difference in par value of common stock from \$1.00 at SAVB to \$2.50 at SCBT.
- (r) Adjustment reflects estimated direct transaction costs of \$2.4 million of SCBT.

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## SCBT FINANCIAL CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE  
SIX MONTHS ENDED JUNE 30, 2012

(Dollars in thousands, except per share data)

	SCBTFC 6/30/2012 (as reported)	Peoples Bancorporation, Inc. Period from 1/1/2012 to 4/24/2012	Adjustments	The Savannah Bancorp, Inc. 6/30/2012 (as reported)	Proforma Adjustments	SAVB Proforma	6/30/2012 Combined
<b>Interest income:</b>							
Loans, including fees	\$ 81,898	\$ 4,854	\$ 1,232(a)	\$ 19,332	\$ 306(k)	\$ 19,638	\$ 107,622
<b>Investment securities:</b>							
Taxable	4,906	809		907		907	6,622
Tax-exempt	395	1,298		120		120	1,813
Federal funds sold and securities purchased under agreements to resell	491	7		149		149	647
<b>Total interest income</b>	<b>87,690</b>	<b>6,968</b>	<b>1,232</b>	<b>20,508</b>	<b>306</b>	<b>20,814</b>	<b>116,704</b>
<b>Interest expense:</b>							
Deposits	4,766	1,160	(485)(b)	2,834	(1,335)(l)	1,499	6,940
Federal funds purchased and securities sold under agreements to repurchase	236	16		350	(331)(m)	19	271
Other borrowings	1,116			319	(157)(n)	162	1,278
<b>Total interest expense</b>	<b>6,118</b>	<b>1,176</b>	<b>(485)</b>	<b>3,503</b>	<b>(1,823)</b>	<b>1,680</b>	<b>8,489</b>
<b>Net interest income</b>	<b>81,572</b>	<b>5,792</b>	<b>1,717</b>	<b>17,005</b>	<b>2,129</b>	<b>19,134</b>	<b>108,215</b>
Provision for loan losses	7,365	210	(c)	7,280	(o)	7,280	14,855
<b>Net interest income after provision for loan losses</b>	<b>74,207</b>	<b>5,582</b>	<b>1,717</b>	<b>9,725</b>	<b>2,129</b>	<b>11,854</b>	<b>93,360</b>
<b>Noninterest income:</b>							
Gains on acquisitions							
Service charges on deposit accounts	11,333	431		696		696	12,460
Bankcard services income	6,938	321					7,259
Trust and investment services income	3,039			1,347		1,347	4,386
Mortgage banking income	4,792	238		102		102	5,132
Securities gains, net	61	1,092		23		23	1,176
Amortization of FDIC indemnification asset	(7,603)						(7,603)
Other	2,657	874		894		894	4,425
<b>Total noninterest income</b>	<b>21,217</b>	<b>2,956</b>		<b>3,062</b>		<b>3,062</b>	<b>27,235</b>
<b>Noninterest expense:</b>							
Salaries and employee benefits	36,310	2,603	15(d)	5,925		5,925	44,853
Net occupancy expense	4,726	341	5(e)	1,731		1,731	6,803
OREO expense and loan related	4,831	346	(f)	2,739	(p)	2,739	7,916
Information services expense	5,370	97		954		954	6,421
Furniture and equipment expense	4,610	387					4,997
FDIC assessment and other regulatory charges	2,110	251		747		747	3,108
Advertising and marketing	1,310	116					1,426
Amortization of intangibles	1,040		95(g)	112	384(q)	496	1,631
Professional fees	1,365	256					1,621
Merger-related expense	2,094	254			(r)		2,348
Other	8,961	1,560		1,879		1,879	12,400

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Total noninterest expense	72,727	6,211	115	14,087	384	14,471	93,524
<b>Earnings:</b>							
Income before provision for income taxes	22,697	2,327	1,603	(1,300)	1,745	445	27,072
Provision for income taxes	7,638	170	545(h)	(685)	593(s)	(92)	8,261
<b>Net income</b>	15,059	2,157	1,058	(615)	1,152	537	18,811
Preferred stock dividends		245	(245)(i)				
Accretion on preferred stock discount		43	(43)(i)				
<b>Net income available to common shareholders</b>	\$ 15,059	\$ 1,869	\$ 1,346	\$ (615)	\$ 1,152	\$ 537	\$ 18,811
<b>Earnings per common share:</b>							
Basic	\$ 1.06						\$ 1.10
Diluted	1.05						1.10
Dividends per common share	\$ 0.34						\$ 0.34
<b>Weighted-average common shares outstanding:</b>							
Basic	14,260	7,022	992(j)	7,199	1,802(t)		17,054
Diluted	14,334	7,033	994(j)	7,199	1,802(t)		17,130

*Peoples adjustments:*

- (a) Adjusted loan interest income for purchased loans using level yield methodology over the estimated lives of the acquired loan portfolios.

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- (b) Adjustment reflects the amortization of CD premium on sum-of-year-digits methodology.
- (c) With acquired loans recorded at fair value, the Company would expect to significantly reduce the provision for loan losses from Peoples, however no adjustment to the historic amount of Peoples provision for loan losses is reflected in these pro formas.
- (d) Adjustment reflects the amortization of the intangible created by noncompete agreement over 2-year period.
- (e) Adjustment reflects incremental depreciation expense of assets acquired and marked up to fair value.
- (f) OREO and other foreclosed assets written down and the related carrying cost are included, and due to the recording of these assets at fair value, the company would forecast significantly lower expense for this line item; however, no adjustment has been made for the historic amounts of Peoples.
- (g) Adjustment reflects the annual amortization of intangibles SL over 10 years for core deposit intangible.
- (h) Adjustment reflects effective income tax rate of 34.00%.
- (i) Adjustment reflects the reversal of preferred dividend and related accretion since preferred stock assumed redeemed at January 1, 2012.
- (j) Adjustment reflects exchange ratio of 0.1413 times weighted average shares outstanding of Peoples.

### ***SAVB Pro forma adjustments:***

- (k) Adjusted loan interest income for purchased loans using level yield methodology over the estimated lives of the acquired loan portfolios.
- (l) Adjustment reflects the amortization of CD premium on sum of the years digit methodology.
- (m) Adjustment reflects reduction in interest expense with the repayment of note payable to Lewis Broadcasting at 12/31/2011.
- (n) Adjustment reflects the reduction in interest expense for the repayment of FHLB advances at 12/31/2011.
- (o) With acquired loans recorded at fair value, the Company would expect to significantly reduce the provision for loan losses from SAVB; however, no adjustment to the historic amount of SAVB provision for loan losses is reflected in these pro formas.
- (p) OREO and other foreclosed assets written down and the related carrying cost are included, and due to the recording of these assets at fair value, the company would forecast significantly lower expense for this line item; however, no adjustment has been made for the historic amounts of SAVB.
- (q) Adjustment reflects the annual amortization of intangibles SL over 10 years for both CDI and the client list intangible.
- (r) The Company expects to incur significant merger charges related to contract cancellations, severance, change in control and other merger related charges; however, these are not reflected in these pro forma income statements.
- (s) Adjustment reflects effective income tax rate of 34.00%.
- (t) Adjustment reflects exchange ratio of 0.2503 times weighted average shares outstanding of SAVB.

The following table presents the unaudited pro forma condensed consolidated income statement for the year ended December 31, 2011 presents the consolidated results of operations giving pro forma effect to the following transactions as if they had occurred as of January 1, 2011:

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full year impact of Peoples' income statement, including pro forma amortization and accretion of purchase accounting adjustments on loans, deposits, and intangible assets;

the redemption of Peoples' TARP preferred stock;

the issuance of additional SCBT common stock applying the 0.1413 exchange ratio to the weighted-average shares outstanding of Peoples shares in determining EPS;

full year impact of SAVB's income statement, including pro forma amortization and accretion of purchase accounting adjustments on loans, deposits, other borrowings, and intangible assets; and

the issuance of additional SCBT common stock applying the 0.2503 exchange ratio to the weighted-average shares outstanding of SAVB shares in determining EPS.

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SCBT FINANCIAL CORPORATION AND SUBSIDIARY

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

(Dollars in thousands, except per share data)

	SCBTFC 12/31/2011 (as reported)	Peoples Bancorporation, Inc. 12/31/2011 (as reported)	Pro forma Adjustments	Peoples Pro forma	Pro Forma 12/31/2011 Combined	The Savannah Bancorp, Inc. 12/31/2011 (as reported)	Pro forma Adjustments	SAVB Pro forma	Pro Forma 12/31/2011 Combined
<b>Interest income:</b>									
Loans, including fees	\$ 162,205	\$ 18,508	\$ 3,911(a)	\$ 22,419	\$ 184,624	\$ 41,935	\$ 612(l)	\$ 42,547	\$ 227,171
<b>Investment securities:</b>									
Taxable	7,641	3,999		3,999	11,640	2,663		2,663	14,303
Tax-exempt	854	2,387		2,387	3,241	257		257	3,498
Federal funds sold and securities purchased under agreements to resell	1,018	23		23	1,041	208		208	1,249
<b>Total interest income</b>	<b>171,718</b>	<b>24,917</b>	<b>3,911</b>	<b>28,828</b>	<b>200,546</b>	<b>45,063</b>	<b>612</b>	<b>45,675</b>	<b>246,221</b>
<b>Interest expense:</b>									
Deposits	17,557	5,265	(1,190)(b)	4,075	21,632	8,016	(2,670)(m)	5,346	26,978
Federal funds purchased and securities sold under agreements to repurchase	527	75		75	602	821	(762)(n)	59	661
Other borrowings	2,182	1		1	2,183	651	(348)(o)	303	2,486
<b>Total interest expense</b>	<b>20,266</b>	<b>5,341</b>	<b>(1,190)</b>	<b>4,151</b>	<b>24,417</b>	<b>9,488</b>	<b>(3,780)</b>	<b>5,708</b>	<b>30,125</b>
<b>Net interest income</b>	<b>151,452</b>	<b>19,576</b>	<b>5,101</b>	<b>24,677</b>	<b>176,129</b>	<b>35,575</b>	<b>4,392</b>	<b>39,967</b>	<b>216,096</b>
Provision for loan losses	30,236	3,103		(e) 3,103	33,339	20,035		(p) 20,035	53,374
<b>Net interest income after provision for loan losses</b>	<b>121,216</b>	<b>16,473</b>	<b>5,101</b>	<b>21,574</b>	<b>142,790</b>	<b>15,540</b>	<b>4,392</b>	<b>19,932</b>	<b>162,722</b>
<b>Noninterest income:</b>									
Gains on acquisitions	16,529				16,529				16,529
Service charges on deposit accounts	22,654	1,371		1,371	24,025	1,458		1,458	25,483
Bankcard services income	11,721	107		107	11,828				11,828
Trust and investment services income	5,464	226		226	5,690	2,646		2,646	8,336
Mortgage banking income	6,271	517		517	6,788	183		183	6,971
Securities gains, net	323	330		330	653	763		763	1,416
Net impairment losses recognized in earnings	(115)				(115)	(1)		(1)	(116)
Amortization of FDIC indemnification asset	(10,135)				(10,135)				(10,135)
Other	2,407	1,657		1,657	4,064	1,597		1,597	5,661
<b>Total noninterest income</b>	<b>55,119</b>	<b>4,208</b>		<b>4,208</b>	<b>59,327</b>	<b>6,646</b>		<b>6,646</b>	<b>65,973</b>
<b>Noninterest expense:</b>									
Salaries and employee benefits	68,937	7,964	45(d)	8,009	76,946	11,282		11,282	88,228
Net occupancy expense	9,674	1,929	15(e)	1,944	11,618	3,683		3,683	15,301
OREO expense and loan related	14,354	2,777	(f)	2,777	17,131	4,179	(q)	4,179	21,310
Information services expense	10,512	205		205	10,717	1,708		1,708	12,425
Furniture and equipment expense	8,476				8,476				8,476
FDIC assessment and other regulatory charges	4,573	1,182		1,182	5,755	1,303		1,303	7,058
Advertising and marketing	2,729	237		237	2,966				2,966
Amortization of intangibles	1,991		284(g)	284	2,275	224	768(r)	992	3,267
Professional fees	1,473	503		503	1,976				1,976
Merger-related expense	3,198		(h)		3,198		(s)		3,198

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Other	17,061	2,640		2,640	19,701	3,874		3,874	23,575
Total noninterest expense	142,978	17,437	344	17,781	160,759	26,253	768	27,021	187,780



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## SCBT FINANCIAL CORPORATION AND SUBSIDIARY

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

(Dollars in thousands, except per share data)

	SCBTFC 12/31/2011 (as reported)	Peoples Bancorporation, Inc. 12/31/2011 (as reported)	Pro form Adjustments	Peoples Pro form	Pro Forma 12/31/2011 Combined	The Savannah Bancorp, Inc. 12/31/2011 (as reported)	Pro form Adjustments	SAVB Pro form	Pro Forma 12/31/2011 Combined
<b>Earnings:</b>									
Income before provision for income taxes	33,357	3,244	4,758	8,002	41,359	(4,067)	3,624	(443)	40,916
Provision for income taxes	10,762	301	1,618(i)	1,919	12,681	(1,895)	1,232(t)	(663)	12,018
<b>Net income</b>	22,595	2,943	3,140	6,083	28,678	(2,172)	2,392	220	28,898
Preferred stock dividends		690	(690)(j)						
Accretion on preferred stock discount		134	(134)(j)						
<b>Net income available to common shareholders</b>	\$ 22,595	\$ 2,119	\$ 3,964	\$ 6,083	\$ 28,678	\$ (2,172)	\$ 2,392	\$ 220	\$ 28,898
<b>Earnings per common share:</b>									
Basic	\$ 1.65				\$ 1.79				\$ 1.75
Diluted	1.63				1.78				1.75
Dividends per common share	\$ 0.68				\$ 0.68				\$ 0.68
<b>Weighted-average common shares outstanding:</b>									
Basic	13,677	7,007		990(k)	14,667	7,199		1,802(u)	16,469
Diluted	13,751	7,047		996(k)	14,747	7,199		1,802(u)	16,549

**Peoples Pro forma adjustments:**

- (a) Adjusted loan interest income for purchased loans using level yield methodology over the estimated lives of the acquired loan portfolios.
- (b) Adjustment reflects the amortization of CD premium on SYD methodology.
- (c) With acquired loans recorded at fair value, the Company would expect to significantly reduce the provision for loan losses from Peoples, however no adjustment to the historic amount of Peoples provision for loan losses is reflected in these pro formas.
- (d) Adjustment reflects the amortization of the intangible created by noncompete agreement over 2-year period.
- (e) Adjustment reflects incremental depreciation expense of assets acquired and marked to fair value.
- (f) OREO and other foreclosed assets written down and the related carrying cost are included, and due to the recording of these assets at fair value, the company would forecast significantly lower expense for this line item; however, no adjustment has been made for the historical amounts of Peoples.
- (g) Adjustment reflects the annual amortization of intangibles SL over 10 years for CDI.
- (h)

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The company expects to incur merger charges including contract cancellations, severance, conversion related cost and other merger-related charges; however, these have not been included in this pro forma income statement.

- (i) Adjustment reflects effective income tax rate of 34.00%.
- (j) Adjustment reflects the reversal of preferred dividend and related accretion since preferred stock assumed redeemed at January 1, 2011.
- (k) Adjustment reflects exchange ratio of 0.1413 times weighted average shares outstanding of Peoples.

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**SCBT FINANCIAL CORPORATION AND SUBSIDIARY**

**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**(Dollars in thousands, except per share data)**

*SAVB Pro forma adjustments:*

- (l) Adjusted loan interest income for purchased loans using level yield methodology over the estimated lives of the acquired loan portfolios.
- (m) Adjustment reflects the amortization of CD premium using a sum-of-the-years digit methodology.
- (n) Adjustment reflects reduction in interest expense with the repayment of note payable to Lewis Broadcasting at January 1, 2011.
- (o) Adjustment reflects the reduction in interest expense for the repayment of FHLB advances at January 1, 2011.
- (p) With acquired loans recorded at fair value, the Company would expect to significantly reduce the provision for loan losses from SAVB; however, no adjustment to the historic amount of SAVB provision for loan losses is reflected in these pro formas.
- (q) OREO and other foreclosed asset write down and the related carrying cost are included in this line item, and due to the recording of these assets at fair value, the company would forecast significantly lower expense for this item; however, no adjustment has been made for the historic amounts of SAVB.
- (r) Adjustment reflects the annual amortization of intangibles SL over 10 years for both CDI and the client list intangible.
- (s) The Company expects to incur significant merger charges related to contract cancellations, severance, conversion cost and other merger related charges; however, these are not reflected in these pro forma income statements.
- (t) Adjustment reflects effective income tax rate of 34.00%.
- (u) Adjustment reflects exchange ratio of 0.2503 times weighted average shares outstanding of SAVB.

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**COMPARATIVE PER SHARE DATA**  
(Unaudited)

Presented below for SCBT and SAVB is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of and for the year ended December 31, 2011 and as of and for the six months ended June 30, 2012. The information presented below should be read together with the historical consolidated financial statements of SCBT and SAVB, including the related notes, filed by SCBT and SAVB, as applicable, with the SEC and incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger as if the merger had been effective on December 31, 2011 or June 30, 2012 in the case of the book value data, and as if the merger had been effective as of January 1, 2011 or January 1, 2012, in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of SAVB into SCBT's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2011 or January 1, 2012.

In addition, the unaudited pro forma data includes adjustments, which are preliminary and may be revised. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results.

	Historical		SCBT Pro Forma Combined	SAVB Pro Forma Equivalent Per Share(1)
	SCBT	SAVB		
<b>Basic Income (Loss) from Continuing Operations</b>				
For the year ended December 31, 2011	\$ 1.65	\$ (0.30)	\$ 1.75	\$ 0.44
For the six months ended June 30, 2012	1.06	(0.08)	1.10	0.28
<b>Diluted Income (Loss) from Continuing Operations</b>				
For the year ended December 31, 2011	\$ 1.63	\$ (0.30)	\$ 1.75	\$ 0.44
For the six months ended June 30, 2012	1.05	(0.08)	1.10	0.28
<b>Cash Dividends</b>				
For the year ended December 31, 2011	\$ 0.68	\$ 0.00	\$ 0.68	\$ 0.17
For the six months ended June 30, 2012	0.34	0.00	0.34	0.08
<b>Book Value</b>				
As of December 31, 2011	\$ 27.19	\$ 11.69	\$ 28.72	\$ 7.19
As of June 30, 2012	28.17	11.63	29.38	7.35
<b>Market Value</b>				
As of August 7, 2012(2)	\$ 37.21	\$ 5.55	N/A	\$ 9.31

(1) Reflects SAVB shares at the exchange ratio of 0.2503.

(2) Business day immediately prior to the public announcement of the proposed merger.

In the table above, book value per share on a pro forma basis assumes that equity has been increased by \$74.1 million and \$73.6 million, for December 31, 2011 and June 30, 2012, respectively. This change is the net result of consideration transferred in the merger, including SCBT common shares with an estimated value of \$73.6 million, less one-time transaction expenses of \$7.9 million, net

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of tax that is incurred by SCBT. The fair value of SCBT's common shares was calculated by applying the exchange ratio of 0.2503 SCBT shares for each share of SAVB common stock using the outstanding number of SAVB's shares as of June 30, 2012, and \$40.87, the closing price of SCBT's common shares on September 21, 2012. The price per SCBT share used to determine consideration at closing will be based on the closing price of SCBT's common shares at the date of closing and will be different from the amount assumed in these pro forma calculations.

Pro forma combined basic and diluted earnings per share for the periods presented include assumed amortization or accretion of certain fair value adjustments made to loans, securities, core deposit intangibles, other intangibles and deposits. These inclusions increased net income, before preferred stock dividends and discount accretion, by \$5.5 million and \$1.6 million for the year and six-month period ended December 31, 2011 and June 30, 2012, respectively.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about the financial condition, results of operations, earnings outlook and prospects of SCBT, SAVB and the combined company following the proposed transaction and statements for the period following the completion of the merger. Words such as "anticipate," "believe," "feel," "expect," "estimate," "indicate," "seek," "strive," "plan," "intend," "outlook," "forecast," "project," "position," "target," "mission," "contemplate," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to SCBT, SAVB, the proposed transaction or the combined company following the transaction often identify forward-looking statements.

These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this joint proxy statement/prospectus and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, products or services, including the execution of integration plans; any statements of expectation or belief and any statements of assumptions underlying any of the foregoing.

The forward-looking statements contained or incorporated by reference in this joint proxy statement/prospectus reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Such risks and uncertainties include, among others, the following possibilities: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive merger agreement between SCBT and SAVB; (2) the outcome of any legal proceedings that may be instituted against the SCBT or SAVB; (3) the inability to complete the transactions contemplated by the definitive merger agreement due to the failure to satisfy each transaction's respective conditions to completion, including the receipt of regulatory approvals; (4) credit risk associated with an obligor's failure to meet the terms of any contract with the subsidiary banks of SCBT or SAVB or to otherwise perform as agreed; (5) interest risk involving the effect of a change in interest rates on both SCBT's or SAVB's banks' earnings and the market values of their portfolio equity; (6) liquidity risk affecting SCBT's and SAVB's banks' ability to meet their obligations when they come due; (7) price risk focusing on changes in market factors that may affect the value of traded instruments in "mark-to-market" portfolios; (8) transaction risk arising from problems with service or product delivery; (9) compliance risk involving earnings or capital resulting from violations of, or nonconformance with, laws, rules, regulations, prescribed practices or ethical standards; (10) strategic risk resulting from adverse business decisions or improper implementation of business decisions; (11) reputation risk that adversely affects earnings or capital arising from negative public opinion; (12) terrorist activities risk that results in loss of consumer confidence and economic disruptions; (13) continuing economic downturn risk resulting in further deterioration in the credit markets; (14) greater than expected noninterest expenses; (15) excessive loan losses; (16) potential deposit attrition, higher than expected costs, customer loss and business disruption associated with SCBT's integration of Peoples and SAVB, including, without limitation, potential difficulties in maintaining relationships with key personnel and other integration-related matters;

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(17) the risks of fluctuations in market prices for SCBT stock that may or may not reflect the economic condition or performance of SCBT; (18) changes to the payment of dividends on SCBT common stock as a result of regulatory supervision or at the discretion of the SCBT board of directors; and (19) other factors, which could cause actual results to differ materially from future results expressed or implied by such forward looking statements.

For any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference into this joint proxy statement/prospectus, SCBT and SAVB claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of any document incorporated by reference in this joint proxy statement/prospectus. SCBT and SAVB do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this joint proxy statement/prospectus and attributable to SCBT, SAVB or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.

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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the section "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."*

***Because the market price of SCBT common stock will fluctuate, SAVB shareholders cannot be certain of the market value of the merger consideration they will receive.***

Upon completion of the merger, each share of SAVB common stock will be converted into 0.2503 of a share of SCBT common stock. The market value of the merger consideration may vary from the closing price of SCBT common stock on the date SCBT announced the merger, on the date that this joint proxy statement/prospectus is mailed to SAVB shareholders, on the date of the special meeting of the SAVB shareholders and on the date the merger is completed and thereafter. Any change in the market price of SCBT common stock prior to the completion of the merger will affect the market value of the merger consideration that SAVB shareholders will receive upon completion of the merger, and there will be no adjustment to the merger consideration for changes in the market price of either shares of SCBT common stock or shares of SAVB common stock. Stock price changes may result from a variety of factors that are beyond the control of SCBT and SAVB, including but not limited to general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the SAVB special meeting you will not know the precise market value of the consideration you will receive at the effective time of the merger. You should obtain current market quotations for shares of SCBT common stock and for shares of SAVB common stock.

***The market price of SCBT common stock after the merger may be affected by factors different from those currently affecting the shares of SAVB or SCBT currently.***

Upon completion of the merger, holders of SAVB common stock will become holders of SCBT common stock. SCBT's business differs in important respects from that of SAVB, and, accordingly, the results of operations of the combined company and the market price of SCBT common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of SCBT and SAVB.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.***

Before the merger and the bank mergers may be completed, SCBT and SAVB must obtain approvals from the Federal Reserve Board, the FDIC, the Georgia DBF and the South Carolina State Board. Other approvals, waivers or consents from regulators may also be required. These regulators may impose conditions on the completion of the merger or require changes to the terms of the merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger. See "The Merger Regulatory Approvals Required for the Merger."



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***Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.***

SCBT and SAVB have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on SCBT's ability to successfully combine the businesses of SCBT and SAVB. To realize these anticipated benefits and cost savings, after the completion of the merger, SCBT expects to integrate SAVB's business into its own. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could adversely affect SCBT's ability to successfully conduct its business in the markets in which SAVB now operates, which could have an adverse effect on SCBT's financial results and the value of its common stock. If SCBT experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause SCBT and/or SAVB to lose customers or cause customers to remove their accounts from SCBT and/or SAVB and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of SAVB and SCBT during this transition period and for an undetermined period after completion of the merger on the combined company. In addition, the actual cost savings of the merger could be less than anticipated.

***The fairness opinions obtained by SAVB from its financial advisors will not reflect changes in circumstances between the date of the signing of the merger agreement and the completion of the merger.***

SAVB has obtained fairness opinions dated August 7, 2012 from SunTrust Robinson Humphrey, Inc. and FIG Partners, LLC, and such opinions have not been updated as of the date of this document and will not be updated at the time of the completion of the merger. Changes in the operations and prospects of SAVB or SCBT, general market and economic conditions and other factors that may be beyond the control of SAVB and SCBT, and on which the fairness opinions were based, may alter the value of SAVB or SCBT or the prices of shares of SAVB common stock or SCBT common stock by the time the merger is completed. The fairness opinions do not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed or as of any other date than the date of the opinions. The fairness opinions that SAVB received from its financial advisors are attached as Annex B and Annex C to this joint proxy statement/prospectus. For a description of the opinions, see "The Merger Opinion of SunTrust Robinson Humphrey, Inc." and "The Merger Opinion of FIG Partners, LLC. For a description of the other factors considered by SAVB's board of directors in determining to approve the merger, see "The Merger SAVB's Reasons for the Merger; Recommendation of SAVB's Board of Directors."

***Certain of SAVB's directors and executive officers have interests in the merger that may differ from the interests of SAVB's shareholders including, if the merger is completed, the receipt of financial and other benefits.***

SAVB shareholders should be aware that some of SAVB's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of SAVB shareholders generally. These interests and arrangements may create potential conflicts of interest. SAVB's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that SAVB's shareholders vote in favor of approving the merger agreement.

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These interests include:

Each SAVB option, whether vested or unvested, will become exercisable for a specified period prior to the closing date and, to the extent not exercised prior to the closing date, will be cashed out for the spread between the closing price per share immediately prior to the effective time and the per-share exercise price of such stock option.

Each outstanding share of SAVB restricted stock will vest at the effective time and be converted into the merger consideration.

In connection with entering into the merger agreement (or shortly thereafter), Messrs. Helmken, Harden, Keith and Hayes entered into employment agreements with SCBT that become effective upon the closing of the merger and provide for severance upon a termination of employment.

Mr. Stramm previously entered into a change in control agreement with SAVB that provides for severance upon a termination of employment for any reason during the one-year period immediately following a change in control.

Each SAVB director will participate on an advisory board of SCBT following the closing of the merger and will receive compensation for three years that is consistent with the board retainer the SAVB directors currently receive with respect to services provided to the SAVB board of directors.

For a more complete description of these interests, see "The Merger Interests of SAVB's Directors and Executive Officers in the Merger" and "The Merger Agreement Treatment of SAVB Stock Options and Other Equity-Based Awards."

***Termination of the merger agreement could negatively impact SAVB.***

If the merger agreement is terminated, there may be various consequences. For example, SAVB's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of SAVB common stock could decline to the extent that the current market price reflects a market assumption that the merger will be completed. If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by SAVB's board of directors, SAVB may be required to pay SCBT a termination fee of \$2.6 million.

***SAVB will be subject to business uncertainties and contractual restrictions while the merger is pending.***

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on SAVB. These uncertainties may impair SAVB's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with SAVB to seek to change existing business relationships with SAVB. Retention of certain employees by SAVB may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with SAVB or SCBT. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with SAVB or SCBT, SAVB's business or SAVB's business assumed by SCBT following the merger could be harmed. In addition, subject to certain exceptions, SAVB has agreed to operate its business in the ordinary course prior to closing. See "The Merger Agreement Covenants and Agreements" for a description of the restrictive covenants applicable to SAVB.

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***If the merger is not completed, SCBT and SAVB will have incurred substantial expenses without realizing the expected benefits of the merger.***

Each of SCBT and SAVB has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, SCBT and SAVB would have to recognize these expenses without realizing the expected benefits of the merger.

***The merger agreement limits SAVB's ability to pursue an alternative acquisition proposal and requires SAVB to pay a termination fee of \$2.6 million under limited circumstances relating to alternative acquisition proposals. Additionally, certain provisions of SAVB's articles of incorporation and bylaws may deter potential acquirers.***

The merger agreement prohibits SAVB from soliciting, initiating or knowingly encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See "The Merger Agreement Agreement Not to Solicit Other Offers" on page 118. The merger agreement also provides for the payment by SCBT or SAVB of a termination fee in the amount of \$2.6 million in the event that the other party terminates the merger agreement for certain reasons. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of SAVB from considering or proposing such an acquisition. See "Merger Agreement Termination Fee" on page 122. Additionally, SAVB has a classified board of directors and under SAVB's articles of incorporation, business combinations require the approval of a majority of shareholders as well as the recommendation for such business combination by at least two-thirds of the continuing directors of SAVB. See "Comparison of Shareholders' Rights Anti-Takeover Provisions and Other Shareholder Protections" on page 134. These provisions and other provisions of SAVB's articles of incorporation could make it more difficult for a third party to acquire control of SAVB or may discourage a potential competing acquirer.

***The shares of SCBT common stock to be received by SAVB shareholders as a result of the merger will have different rights from the shares of SAVB common stock.***

Upon completion of the merger, SAVB shareholders will become SCBT shareholders and their rights as shareholders will be governed by the SCBT articles of incorporation and the SCBT bylaws. The rights associated with SAVB common stock are different from the rights associated with SCBT common stock. Please see "Comparison of Shareholders' Rights" beginning on page 130 for a discussion of the different rights associated with SCBT common stock.

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**THE SAVB SPECIAL MEETING**

This section contains information for SAVB shareholders about the special meeting that SAVB has called to allow its shareholders to consider and vote on the merger agreement. SAVB is mailing this joint proxy statement/prospectus to you, as a SAVB shareholder, on or about [ ]. Together with this joint proxy statement/prospectus, SAVB is also sending to you a notice of the special meeting of SAVB shareholders and a form of proxy card that SAVB's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting.

This joint proxy statement/prospectus is also being furnished by SCBT to SAVB shareholders as a prospectus in connection with the issuance of shares of SCBT common stock upon the consummation of the merger as the merger consideration.

**Date, Time and Place of Meeting**

The special meeting will be held at [ ], at [10:00 a.m.] local time.

**Matters to Be Considered**

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

a proposal to approve the merger agreement;

a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement; and

a proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of SAVB will or may receive in connection with the merger pursuant to existing agreements or arrangements with SAVB.

**Recommendation of SAVB's Board of Directors**

SAVB's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of SAVB and its shareholders and has unanimously approved the merger and the merger agreement. SAVB's board of directors unanimously recommends that SAVB shareholders vote "FOR" the proposal to approve the merger agreement, "FOR" the SAVB adjournment proposal and "FOR" the compensation proposal. See "The Merger SAVB's Reasons for the Merger; Recommendation of SAVB's Board of Directors" for a more detailed discussion of SAVB's board of directors' recommendation.

**Record Date and Quorum**

SAVB's board of directors has fixed the close of business on [ ] as the record date for determining the holders of shares of SAVB common stock entitled to receive notice of and to vote at the SAVB special meeting.

As of the record date, there were [ ] shares of SAVB common stock outstanding and entitled to vote at the SAVB special meeting held by approximately [ ] holders of record. Each share of SAVB common stock entitles the holder to one vote at the SAVB special meeting on each proposal to be considered at the SAVB special meeting.

The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of SAVB common stock will constitute a quorum for the transaction of business. All shares of SAVB common stock present in person or represented by proxy, including abstentions and



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broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the SAVB special meeting.

**Vote Required; Treatment of Abstentions and Failure to Vote**

Approval of the merger agreement requires the affirmative vote of at least a majority of all votes entitled to be cast on the merger agreement by all of the shares of SAVB's common stock entitled to vote on the merger agreement. You are entitled to one vote for each share of SAVB common stock you held as of the record date. Your failure to submit a proxy or vote in person at the SAVB special meeting, failure to instruct your bank or broker how to vote or your abstaining with respect to the proposal to approve the merger agreement, will have the same effect as a vote against the proposal to approve the merger agreement.

Approval of the SAVB adjournment proposal and the compensation proposal requires the affirmative vote of a majority of the shares of SAVB common stock represented in person or by proxy and entitled to vote thereon at the special meeting. Therefore, if you mark "ABSTAIN" on your proxy with respect to the SAVB adjournment proposal or the compensation proposal, it will have the same effect as a vote against approval of such proposals. However, if you fail to submit a proxy or vote in person at the SAVB special meeting or fail to instruct your bank or broker how to vote with respect to the SAVB adjournment proposal or the compensation proposal, it will have no effect on such proposals.

**Shares Held by Officers and Directors**

As of the record date, there were [ ] shares of SAVB common stock entitled to vote at the special meeting. Each of the directors of SAVB and certain executive officers and shareholders of SAVB have entered into a voting agreement with SCBT, pursuant to which they have agreed, solely in their capacity as SAVB shareholders, to vote all of their shares of SAVB common stock in favor of the proposals to be presented at the special meeting. As of the record date, SAVB directors, executive officers and shareholders who are parties to the voting agreements owned and were entitled to vote an aggregate of approximately [1,487,486] shares of SAVB common stock, which represents approximately [21.9]% of the shares of SAVB common stock outstanding on that date. As of the record date, the directors and executive officers of SAVB and their affiliates beneficially owned and were entitled to vote approximately [1,085,158] shares of SAVB common stock representing approximately [ ]% of the shares of SAVB common stock outstanding on that date, and held options to purchase [90,545] shares of SAVB common stock and [ ] shares underlying restricted stock awards. As of the record date, SCBT and its subsidiaries held [ ] shares of SAVB common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates held [ ] shares of SAVB common stock. See "The Merger Interests of SAVB's Directors and Executive Officers in the Merger."

**Voting of Proxies; Incomplete Proxies**

Each copy of this joint proxy statement/prospectus mailed to holders of SAVB common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this joint proxy statement/prospectus, regardless of whether you plan to attend the special meeting.

If you hold your stock in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

Do not send your SAVB stock certificates with your proxy card. After the merger is completed, you will be mailed a transmittal form with instructions on how to exchange your SAVB stock certificates for the merger consideration.

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All shares represented by valid proxies that SAVB receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted "FOR" the proposal to approve the merger agreement, "FOR" the SAVB adjournment proposal and "FOR" the compensation proposal. No matters other than the matters described in this joint proxy statement/prospectus are anticipated to be presented for action at the special meeting or at any adjournment or postponement of the special meeting. However, if other business properly comes before the special meeting, the proxy agents will, in their discretion, vote upon such matters in their best judgment.

**Shares Held in "Street Name"; Broker Non-Votes**

Under stock exchange rules, banks, brokers and other nominees who hold shares of SAVB common stock in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be "non-routine," such as the proposal to approve the merger agreement, the SAVB adjournment proposal and the compensation proposal without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the SAVB special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of SAVB common stock in "street name," your broker, bank or other nominee will vote your shares of SAVB common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

**Shares Held in 401(k) Plan**

If you own shares through the SAVB stock fund of the SAVB 401(k) Plan, the proxy card includes the shares you hold in the SAVB 401(k) Plan as well as the shares you hold outside of the SAVB 401(k) Plan. You are considered a shareholder of record and must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible.

**Revocability of Proxies and Changes to a SAVB Shareholder's Vote**

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to SAVB's corporate secretary or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying SAVB's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

The Savannah Bancorp, Inc.  
P.O. Box 188  
Savannah, Georgia 31402  
Attention: Corporate Secretary

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If your shares are held in "street name" by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

**Solicitation of Proxies**

SAVB is soliciting your proxy in conjunction with the merger. SAVB will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, SAVB will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of SAVB common stock and secure their voting instructions. SAVB will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, SAVB may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the SAVB shareholders, either personally or by telephone, facsimile, letter or electronic means.

**Attending the Meeting**

All holders of SAVB common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. SAVB reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meeting is prohibited without SAVB's express written consent.

**Assistance**

If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of SAVB common stock, please contact Michael W. Harden, Jr., Chief Financial Officer:

25 Bull Street  
Savannah, Georgia 31401  
(912) 629-6500



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**THE SCBT SPECIAL MEETING**

This section contains information for SCBT shareholders about the special meeting that SCBT has called to allow its shareholders to consider and vote on the stock issuance in connection with the merger. SCBT is mailing this joint proxy statement/prospectus to you, as a SCBT shareholder, on or about [    ]. Together with this joint proxy statement/prospectus, SCBT is also sending to you a notice of the special meeting of SCBT shareholders and a form of proxy card that SCBT's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting.

**Date, Time and Place of Meeting**

The special meeting will be held at [    ], at [10:00 a.m.] local time.

**Matters to Be Considered**

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

a proposal to approve stock issuance in connection with the merger; and

a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve stock issuance.

**Recommendation of SCBT's Board of Directors**

SCBT's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger and the stock issuance, are advisable and in the best interests of SCBT and its shareholders, has unanimously approved the merger agreement and unanimously recommends that SCBT shareholders vote "FOR" proposal to approve the stock issuance and "FOR" the proposal to adjourn the SCBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the stock issuance. See "The Merger SCBT's Reasons for the Merger; Recommendation of SCBT's Board of Directors" for a more detailed discussion of SCBT's board of directors' recommendation.

**Record Date and Quorum**

SCBT's board of directors has fixed the close of business on [    ] as the record date for determining the holders of SCBT common stock entitled to receive notice of and to vote at the SCBT special meeting.

As of the record date, there were [    ] shares of SCBT common stock outstanding and entitled to vote at the SCBT special meeting held by approximately [    ] holders of record. Each share of SCBT common stock entitles the holder to one vote at the SCBT special meeting on each proposal to be considered at the SCBT special meeting.

The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of SCBT common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. All shares of SCBT common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the SCBT special meeting.

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**Vote Required; Treatment of Abstentions and Failure to Vote**

To approve the stock issuance or the SCBT adjournment proposal, a majority of the shares of SCBT common stock entitled to vote and represented in person or by proxy at the special meeting must be voted in favor of approving the proposal. If you mark "ABSTAIN" on your proxy with respect to the proposal to approve the stock issuance or the SCBT adjournment proposal, it will have the same effect as a vote against such proposals. However, if you fail to submit a proxy or vote in person at the SCBT special meeting or fail to instruct your bank or broker how to vote with respect to the stock issuance proposal or the SCBT adjournment proposal, it will have no effect on such proposals.

**Shares Held by Officers and Directors**

As of the record date, there were [ ] shares of SCBT common stock entitled to vote at the special meeting. As of the record date, the directors and executive officers of SCBT and their affiliates beneficially owned and were entitled to vote approximately [ ] shares of SCBT common stock representing approximately [ ]% of the shares of SCBT common stock outstanding on that date, and held options to purchase [ ] shares of SCBT common stock and [ ] shares underlying restricted stock awards. As of the record date, SAVB and its subsidiaries did not hold any shares of SCBT common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates held [ ] shares of SCBT common stock.

**Voting of Proxies; Incomplete Proxies**

Each copy of this joint proxy statement/prospectus mailed to holders of SCBT common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this joint proxy statement/prospectus, regardless of whether you plan to attend the special meeting.

If you hold your stock in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

All shares represented by valid proxies that SCBT receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted "FOR" the proposal to approve the stock issuance and "FOR" the SCBT adjournment proposal. No matters other than the matters described in this joint proxy statement/prospectus are anticipated to be presented for action at the special meeting or at any adjournment or postponement of the special meeting. However, if other business properly comes before the special meeting, the proxy agents will, in their discretion, vote upon such matters in their best judgment.

**Shares Held in "Street Name"; Broker Non-Votes**

Under stock exchange rules, banks, brokers and other nominees who hold shares of SCBT common stock in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be "non-routine," without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the SCBT special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of SCBT common stock in "street name," your broker, bank or other nominee will vote your shares of SCBT common stock only if you provide instructions on how to vote by filling out

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the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

**Revocability of Proxies and Changes to a SCBT Shareholder's Vote**

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to SCBT's corporate secretary or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying SCBT's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

SCBT Financial Corporation  
520 Gervais Street  
Columbia, South Carolina 29201  
Attention: Corporate Secretary

If your shares are held in "street name" by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

**Solicitation of Proxies**

SCBT is soliciting your proxy in conjunction with the merger. SCBT will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, SCBT will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of SCBT common stock and secure their voting instructions. SCBT will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, SCBT may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the SCBT shareholders, either personally or by telephone, facsimile, letter or electronic means.

**Attending the Meeting**

All holders of SCBT common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. SCBT reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meeting is prohibited without SCBT's express written consent.

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**Assistance**

If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of SCBT common stock, please contact Renee R. Brooks, Corporate Secretary:

520 Gervais Street  
Columbia, South Carolina 29201  
(800) 277-2175

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**INFORMATION ABOUT SCBT**

SCBT is a bank holding company incorporated under South Carolina law in 1985. Until February of 2004, SCBT was named "First National Corporation." SCBT currently holds all of the stock of its subsidiary, SCBT, a South Carolina banking corporation (which we refer to below as SCBT Bank). SCBT Bank opened for business in 1934 and converted from a national bank charter to a South Carolina bank charter effective as of July 1, 2012, changing its name from "SCBT, N.A." to "SCBT." SCBT operates as South Carolina Bank and Trust, North Carolina Bank and Trust, and Community Bank and Trust. SCBT coordinates the financial resources of the consolidated enterprise and thereby maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. SCBT's operating revenues and net income are derived primarily from cash dividends received from SCBT Bank. At June 30, 2012, SCBT had consolidated total assets of approximately \$4.37 billion, gross loans of approximately \$3.04 billion and total deposits of approximately \$3.66 billion.

SCBT Bank provides a full range of retail and commercial banking services, mortgage lending services, trust and investment services, and consumer finance loans through 53 financial centers in 19 South Carolina counties, three financial centers in Mecklenburg County, North Carolina, and 21 financial centers in 10 counties in North Georgia. SCBT Bank has served the Carolinas for more than 78 years. SCBT Bank began operating in 1934 in Orangeburg, South Carolina and has maintained its ability to provide superior customer service while also leveraging its size to offer many products more common to super-regional banks. SCBT has pursued a growth strategy that relies primarily on organic growth, supplemented by the acquisition of select financial institutions or branches in certain market areas. In recent years, SCBT has continued to grow its business in South Carolina, and has expanded into North Carolina and Georgia through, among other things, its acquisitions of Peoples Bancorporation, Inc., a full service nationally-chartered community bank, in April 2012, Habersham Bank, a full service Georgia state-chartered community bank, in February of 2011, and Community Bank & Trust, a full service Georgia state-chartered community bank, in January of 2010.

The principal executive offices of SCBT are located at 520 Gervais Street, Columbia, South Carolina 29201, and its telephone number is (800) 277-2175. SCBT's website can be accessed at <http://www.scbtonline.com>. Information contained in SCBT's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. SCBT common stock is quoted on the NASDAQ Global Select Market under the symbol SCBT.

The directors and executive officers of SCBT immediately prior to the closing of the merger will continue to be the directors and executive officers of SCBT, as the surviving corporation of the merger, after the merger.

Additional information about SCBT and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information."

SCBT adopted ASU 2011-5, Comprehensive Income, as of January 1, 2012, which required a separate statement of Comprehensive Income that follows the Statement of Operations. As this standard requires retrospective application, SCBT has included the impact of the adoption of this accounting principle below to reflect retrospective application of each of the years for the five-year period ended December 31, 2011, as those financial statements are incorporated by reference into the registration statement of which this joint proxy statement/prospectus forms a part.

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## SCBT FINANCIAL CORPORATION AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)

	Six Months Ended June 30,		For the Periods Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
Net income	\$ 15,059	\$ 7,434	\$ 22,595	\$ 51,882	\$ 13,595	\$ 15,785	\$ 21,565
Other comprehensive income (loss):							
<b>Unrealized gains (losses) on securities:</b>							
Unrealized holding gains (losses) arising during period	1,783	4,296	7,345	(1,323)	7,516	(14,930)	2,254
Tax effect	(680)	(1,521)	(2,647)	470	(2,668)	5,673	(857)
Reclassification adjustment for losses (gains) included in net income	(61)	(333)	(308)	(292)	(82)	9,927	460
Tax effect	23	115	111	104	29	(3,772)	(174)
Net of tax amount	1,065	2,557	4,501	(1,041)	4,795	(3,102)	1,683
<b>Noncredit portion of other-than-temporary impairment losses:</b>							
Total other-than-temporary impairment losses				(1,281)	(10,494)		
Tax effect				455	3,725		
Reclassification adjustment of credit portion included in net income				6,770	5,005		
Tax effect				(2,404)	(1,776)		
Net of tax amount				3,540	(3,540)		
<b>Unrealized losses on derivative financial instruments qualifying as cash flow hedges:</b>							
Unrealized holding losses arising during period	(267)	(256)	(1,060)	(775)	(21)		
Tax effect	99	90	428	276	7		
Reclassification adjustment for losses included in interest expense	144	151	304	162			
Tax effect	(52)	(53)	(123)	(58)			
Net of tax amount	(76)	(68)	(451)	(395)	(14)		
<b>Unrealized gain (loss) related to the Company's pension plan and and post-retirement benefits:</b>							
Pension plan unrealized gain (loss)			(5,072)	(875)	3,998	(7,056)	779
Post-retirement benefit gain (loss)			(39)	64	37	(251)	(55)
Tax effect			2,104	297	(1,473)	2,711	(377)
Net of tax amount			(3,007)	(514)	2,562	(4,596)	347
Other comprehensive income, net of tax	989	2,489	1,043	1,590	3,803	(7,698)	2,030
Comprehensive income	\$ 16,048	\$ 9,923	\$ 23,637	\$ 53,471	\$ 17,398	\$ 8,087	\$ 23,595

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**INFORMATION ABOUT SAVB**

**General Development of Business**

SAVB was incorporated as a Georgia business corporation on October 5, 1989, for the purpose of becoming a bank holding company. SAVB became a bank holding company within the meaning of the Bank Holding Company Act and the Georgia Bank Holding Company Act upon the acquisition of 100 percent of the common stock of The Savannah Bank on August 22, 1990.

In February 1998, SAVB entered into a plan of merger to exchange shares of its stock for shares of Bryan Bancorp of Georgia, Inc., the bank holding company for Bryan Bank. The transaction was valued at approximately \$24 million. The merger, which was accounted for as a pooling of interests, was a tax-free reorganization for federal income tax purposes. The merger was consummated on December 15, 1998. Bryan Bancorp of Georgia, Inc. was merged into SAVB and Bryan Bank became a wholly-owned subsidiary of SAVB on the merger date.

On February 6, 2006, SAVB invested \$10 million cash, a portion of the net proceeds from an August 2005 private placement stock offering, in 100 percent of the common stock of Harbourside Community Bank, or Harbourside, a newly-formed federal stock savings bank, located on Hilton Head Island, South Carolina. The plans for forming Harbourside began in October 2003 when The Savannah Bank opened a mortgage loan production office on Hilton Head Island. Effective September 30, 2009, SAVB merged the charter of Harbourside into The Savannah Bank. The two Harbourside branches are now The Savannah Bank branches.

SAVB acquired all of the net assets of Minis & Co., Inc., which we refer to as Minis, as of August 31, 2007. The net assets of Minis were incorporated into a new, wholly-owned subsidiary of SAVB which continued to operate under the name of Minis & Co., Inc. The acquisition was accounted for using the purchase method of accounting, and accordingly, the results of Minis' operations have been included in the consolidated financial statements beginning September 1, 2007. Minis is a registered investment advisor based in Savannah, Georgia, offering a full line of investment management services.

On September 30, 2008, SAVB formed a new subsidiary, SAVB Holdings, LLC, to hold previously identified problem loans (including problem and nonperforming loans) and foreclosed real estate, or OREO, primarily from Harbourside. SAVB funded this subsidiary with an initial \$12.5 million loan from a related private party and purchased loans and OREO at their current value.

The Savannah Bank, Bryan Bank, Minis and SAVB Holdings are the four operating subsidiaries of SAVB. The Savannah Bank received its charter from the Office of the Comptroller of the Currency, or the OCC, and opened for business on August 22, 1990. Bryan Bank received its charter from the Georgia DBF in December 1989. The deposits at The Savannah Bank and Bryan Bank are insured by the FDIC.

As of June 30, 2012, The Savannah Bank had nine full service offices and one stand-alone automated teller machine, or ATM, total assets of \$703 million, total loans of \$544 million, total deposits of \$609 million, total shareholders' equity of \$66.4 million and net income of \$230,000 for the six month period then ended. As of June 30, 2012, Bryan Bank had two full service offices, total assets of \$234 million, total loans of \$176 million, total deposits of \$210 million, total shareholders' equity of \$20.7 million and net income of \$5,000 for the six month period then ended. Minis had approximately \$443.5 million in assets under management at June 30, 2012.

In September 2005, SAVB formed SAVB Properties, LLC for the primary purpose of owning a 50 percent interest in two real estate partnerships. Johnson Square Associates, a Georgia general partnership, owns a seven-story, 35,000 square foot building at 25 Bull Street on Johnson Square in downtown Savannah. SAVB currently leases approximately 51 percent of this space for its corporate

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headquarters and the main office of The Savannah Bank. Whitaker Street Associates, a Georgia Limited Partnership, owned the 80' x 200' parking lot directly across Whitaker Street from 25 Bull Street. On December 28, 2010, SAVB sold its 50 percent interest in Whitaker Street Associates for approximately \$694,000 and a gain of approximately \$255,000.

**Banking Services**

SAVB has approximately 188 full time equivalent employees as of June 30, 2012. The Savannah Bank and Bryan Bank offer a full range of deposit services, including checking accounts, savings accounts and various time deposits ranging from daily money market accounts to long-term certificates of deposit. The transaction accounts and time deposits are tailored to the principal market areas at rates competitive with those offered in the area. In addition, retirement accounts such as Individual Retirement Accounts and Simplified Employee Pension accounts are offered. The FDIC insures all deposit accounts up to the maximum amount of \$250,000. In addition, through the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, unlimited insurance coverage on noninterest-bearing transaction accounts was extended to all financial institutions through December 31, 2012. The Savannah Bank and Bryan Bank solicit these accounts from individuals, businesses, foundations, organizations, and governmental authorities.

The Savannah Bank and Bryan Bank offer a full range of short-term and medium-term commercial, real estate, residential mortgage and personal loans. The Savannah Bank and Bryan Bank's primary lending focus is business, real estate and consumer lending. Commercial loans include both secured loans and a limited volume of unsecured loans. Consumer loans include secured loans for financing automobiles, home improvements, real estate and other personal investments. Unsecured consumer loans are limited and generally made to the most creditworthy borrowers. The Savannah Bank and Bryan Bank originate fixed and variable rate mortgage loans and offer real estate construction and acquisition loans.

The Savannah Bank and Bryan Bank's lending policies provide each lending officer with written guidance for lending activities as approved by the board of directors of the banks. Real estate loan-to-value guidelines generally conform to regulatory loan-to-value limits. Additionally, the existence of reliable sources of repayment/cash flow are usually required before making any loan, regardless of the collateral. Appraisals are obtained as required. Lending officers or contract inspectors make on-site inspections on construction loans. Lending authority is delegated to each lending officer by the Credit Committee of each of The Savannah Bank and Bryan Bank's board. Loans in excess of the individual officer limits must be approved by a senior officer with sufficient approval authority delegated by these committees. Loans to borrowers whose aggregate combined companywide exposure exceeds \$1,500,000 at The Savannah Bank and \$1,000,000 at Bryan Bank require the approval of the bank's Credit Committee.

Management and the directors are aware that environmental liabilities may negatively impact the financial condition of borrowers, the value of real property and the contingent environmental clean-up liabilities The Savannah Bank and Bryan Bank could incur by having a lien on environmentally deficient property. The Savannah Bank and Bryan Bank generally decline to make loans secured by property with environmental deficiencies. Environmental surveys are required when there is reason for concern about potential environmental liabilities.

The Savannah Bank and Bryan Bank operate residential mortgage loan origination departments. The banks take mortgage loan applications, obtain rate commitments and complete various origination documentation and follow-up for an origination fee from third-party mortgage bankers. In addition to generating fee income, the departments also generate banking relationships from its customers and real estate-related contacts. These loans are funded by other mortgage investors and have not been warehoused on The Savannah Bank and Bryan Bank's books.



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**Credit Risk Management and Allowance for Loan Losses**

The Savannah Bank and Bryan Bank have a comprehensive program designed to control and continually monitor the credit risks inherent in the loan portfolios. This program includes a structured loan approval process in which the board delegates authority for various types and amounts of loans to loan officers on a basis commensurate with seniority and lending experience. There are four risk grades of "criticized" assets: Special Mention, Substandard, Doubtful and Loss. Assets designated as substandard, doubtful or loss are considered "classified". The classification of assets is subject to regulatory review and reclassification. The Savannah Bank and Bryan Bank include aggregate totals of criticized assets, and general and specific valuation reserves in quarterly reports to the board, which approves the overall allowance for loan losses evaluation.

The Savannah Bank and Bryan Bank use a risk rating system which is consistent with the regulatory risk rating system. This system applies to all assets of an insured institution and requires each institution to periodically evaluate the risk rating assigned to its assets. The Savannah Bank and Bryan Bank's loan risk rating systems utilize both the account officer and an independent loan review function to monitor the risk rating of loans. Each loan officer is charged with the responsibility of monitoring changes in loan quality within his or her loan portfolio and reporting changes directly to credit administration and senior management. The internal credit administration function monitors loans on a continuing basis for both documentation and credit related exceptions. Additionally, The Savannah Bank and Bryan Bank have contracted with an external loan review service which performs a review of the banks' loans at least semi-annually to determine that the appropriate risk grade has been assigned to each borrowing relationship and to evaluate other credit quality, documentation and compliance factors. Delinquencies are monitored on all loans as a basis for potential credit quality deterioration. Commercial and mortgage loans that are delinquent 90 days or longer generally are placed on nonaccrual status unless the credit is well-secured and in process of collection. Revolving credit loans and other personal loans are typically charged-off when payments are 120 days past due. Loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest in full becomes doubtful. Real estate acquired through foreclosure is classified as substandard unless there is sufficient evidence to indicate such classification is not warranted. For further information, see "SAVB's Management's Discussion and Analysis of Financial Condition and Results of Operations."

**Other Banking Services**

The Savannah Bank was granted trust powers by the OCC in 1996. The Trust Department of The Savannah Bank contracts with Marshall & Ilsley Trust Company, a part of BMO Financial Group, for trust data processing, securities safekeeping and certain other operational functions. This system provides clients and their advisors access to trust account information via the Internet. Employee benefit administration and certain money management functions are outsourced to third parties. Using these resources, the Trust Department offers a full array of trust services, including investment management, personal trusts, custodial accounts, estate administration and retirement plan asset management.

Originally founded in 1932, Minis is a registered investment advisory firm based in Savannah, Georgia. Minis provides fee-only investment services to individuals, families, employee benefit plans, non-profit organizations and other entities.

The Savannah Bank and Bryan Bank offer cash management services, remote deposit capture, Internet banking, electronic bill payment, non-cash deposit courier service, safe deposit boxes, travelers checks, direct deposit of payroll, U.S. Savings bonds, official bank checks and automatic drafts for various accounts. The Savannah Bank and Bryan Bank have thirteen automated teller machines and are members of the STAR network of automated teller machines. The Savannah Bank and Bryan Bank issue ATM and debit cards. They also offer Discover, VISA and MasterCard credit cards as an agent for a correspondent bank.

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**Location and Service Area**

The Savannah Bank and Bryan Bank's primary service areas include the city of Savannah and surrounding Chatham County, the city of Richmond Hill (which is 20 miles southwest of downtown Savannah) and surrounding Bryan County, and Hilton Head Island, Bluffton and southern Beaufort County in South Carolina. Their secondary service areas include Effingham and Liberty Counties, Georgia and Jasper County, South Carolina. The Savannah Bank and Bryan Bank's target customers are individuals and small to medium-sized businesses, including wholesale, retail and professional service businesses in the community. The Savannah Bank and Bryan Bank also target individuals who meet certain net worth and income requirements as potential customers for private banking services.

The Savannah Bank's main office, known as the Johnson Square Office, opened in August 1990 and is located in the primary financial district in downtown Savannah, where most of the commercial banks in the primary service area have their main Savannah offices. In recent years, regional banks with headquarters outside of the state of Georgia have acquired several of the banks in the primary service area. The Savannah Bank emphasizes that it is based in Savannah and that its directors and officers are committed to the economic development of the Savannah area.

Bryan Bank's main office opened in December 1989 and is located in the primary commercial area of the city of Richmond Hill. Several other community bank branch offices and one grocery store branch office are located in Richmond Hill.

In October 1992, The Savannah Bank opened its second office at 400 Mall Boulevard. The Mall Boulevard Office is located in the primary commercial and retail district in Savannah which includes a high concentration of professional and service-related businesses.

In November 1995, The Savannah Bank opened its third office, the West Chatham Office, at 100 Chatham Parkway. West Chatham is a full service office located six miles west of the main office in a commercial and industrial growth area of Chatham County.

In October 1997, the fourth office at 4741 Highway 80 East on Whitmarsh Island, six miles east of the main office, opened for business. Deposits, mortgage loans and consumer loans are the primary opportunities for this location which serves a large concentration of higher net worth individuals.

In October 1998, The Savannah Bank opened its fifth location in the Medical Arts Shopping Center. This office is strategically located near two major hospitals and numerous medical, dental and professional practices. This location is approximately four miles southeast of the main office.

In October 2003, The Savannah Bank opened a mortgage loan production office on Hilton Head Island, South Carolina which operated as Harbourside Mortgage Company, a division of The Savannah Bank, through February 28, 2006. On March 1, 2006, the separately chartered Harbourside opened for business in its new main office building at 852 William Hilton Parkway, the primary traffic artery on Hilton Head Island. This is now a branch of The Savannah Bank.

In September 2006, The Savannah Bank opened an office in The Village on Skidaway Island adjacent to the Landings community in Savannah. This office location services the higher income individuals and higher net worth retiree island communities nearby.

In December 2007, the former Harbourside opened its second office in Bluffton, South Carolina on Bluffton Parkway. This is a rapidly growing area with a concentration of residential homes and small businesses. This is now a branch of The Savannah Bank.

In August 2008, Bryan Bank opened its second office in Richmond Hill at 3700 Highway 17, about one-half mile from I-95. The branch occupies 3,000 square feet of this 11,500 square foot facility. SAVB's regional banking operations center, which provides support functions including imaged item

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processing, statement rendering, information technology, deposit operations, loan operations and branch operations support functions, occupies the remainder of the facility.

On June 25, 2010, The Savannah Bank entered into an agreement with the FDIC to purchase substantially all deposits and certain liabilities and assets of First National Bank, Savannah, which we refer to as First National. Through this transaction, The Savannah Bank assumed the lease of one of First National's branches located at 802 First Street, Tybee Island, Georgia. Deposits, mortgage loans and consumer loans are the primary opportunities for this location which serves a large concentration of higher net worth individuals and is a popular tourist destination.

In September 2010, The Savannah Bank's loan production office located at 400 Main Street in St. Simons Island, Georgia was closed.

The Savannah Bank and Bryan Bank's business plans rely principally upon local advertising and promotional activity and upon personal contacts by their directors and officers to attract business and to acquaint potential customers with their personalized services. The Savannah Bank and Bryan Bank emphasize a high degree of personalized customer service. Advertising and marketing emphasize the advantages of dealing with an independent, locally-owned, relationship-oriented bank to meet the particular needs of individuals, professionals and small to medium-size businesses in the community.

**Supervision and Regulation Credit and Monetary Policies and Related Matters**

SAVB and its subsidiaries are affected by the fiscal and monetary policies of the federal government and its agencies, including the Federal Reserve Board. An important function of these policies is to curb inflation and control recessions through control of the supply of money and credit. The operations of SAVB and its subsidiaries are affected by the policies of government regulatory authorities, including the Federal Reserve Board which regulates money and credit conditions through open market operations in United States Government and Federal agency securities, adjustments in the discount rate on member bank borrowings, and requirements against deposits and regulation of interest rates payable by member banks on time and savings deposits. These policies have a significant influence on the growth and distribution of loans, investments and deposits, and interest rates charged on loans, or paid for time and savings deposits, as well as yields on investments. These policies have had a significant effect on the operating results of commercial banks, including The Savannah Bank and Bryan Bank, in the past and are expected to continue to do so in the future. Future policies of the Federal Reserve Board and other authorities and their effect on future earnings of SAVB and its subsidiaries cannot be predicted.

The Federal Reserve Board has a policy that a financial holding company is expected to act as a source of financial and managerial strength to each of its subsidiary banks and to commit resources to support each such subsidiary bank. Under the source of strength doctrine, the Federal Reserve Board may require a financial holding company to contribute capital to a troubled subsidiary bank, and may charge the financial holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. Accordingly, in the event that one of The Savannah Bank or Bryan Bank becomes troubled, SAVB may be required to contribute capital to the troubled bank. Such a capital injection may be required at times when SAVB does not have the resources to provide it in which case, SAVB may be charged with engaging in unsafe and unsound practices for failure to commit resources to the troubled bank. In addition, any capital loans by a holding company to any subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In addition, the Crime Control Act of 1990 provides that in the event of a financial holding company's bankruptcy, any commitment by such holding company to a Federal bank or thrift regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

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The Financial Institutions Reform, Recovery and Enforcement Act, or FIRREA, provides that depository institutions insured by the FDIC may be liable for any losses incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution, or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default. "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance. Accordingly, in the event that any insured bank or subsidiary of SAVB causes a loss to the FDIC, other bank subsidiaries of SAVB could be liable to the FDIC for the amount of such loss.

Under federal law, the OCC may order the pro rata assessment of shareholders of a national bank whose capital stock has become impaired, by losses or otherwise, to relieve a deficiency in such national bank's capital stock. This statute also provides for the enforcement of any such pro rata assessment of shareholders of such national bank to cover such impairment of capital stock by sale, to the extent necessary, of the capital stock of any assessed shareholder failing to pay the assessment. Similarly, the laws of certain states provide for such assessment and sale with respect to The Savannah Bank and Bryan Bank chartered by such states.

**Federal and State Laws and Regulation of Banks and Bank Holding Companies**

***Supervision and Regulation***

Bank holding companies and commercial banks are extensively regulated under both federal and state law. These laws and regulations delineate the nature and extent of the activities in which commercial banks may engage. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Supervision, regulation and examination of banks by the bank regulatory agencies are intended primarily for protection of depositors rather than holders of bank or bank holding company securities. Changes in applicable laws or regulations may have a material effect on the business of SAVB, The Savannah Bank and Bryan Bank.

SAVB, as a bank holding company, is required to register as such with the Federal Reserve Board and the Georgia DBF. It is required to file with both of these agencies quarterly and annual reports and other information regarding its business operations and those of its subsidiaries. It is also subject to supervision and examination by these two agencies and will be required to obtain their approval before acquiring, directly or indirectly, ownership or control of any voting shares of a bank or bank subsidiary of a bank holding company if, after such acquisition, it would own or control, directly or indirectly, more than five percent of the voting stock of such bank or banking subsidiary of a bank holding company. A bank holding company may acquire direct or indirect ownership or control of voting shares of any company that is engaged directly or indirectly in banking or managing or controlling banks or performing services for its authorized subsidiaries. A bank holding company may also engage in or acquire an interest in a company that engages in activities that the Federal Reserve Board has determined by regulation or order to be so closely related to banking as to be a proper incident thereto. Similar requirements are imposed by the Georgia DBF. The Federal Reserve Board has the authority to order a bank holding company or its subsidiaries to terminate certain activities or to terminate its ownership or control of any subsidiary when it has reasonable cause to believe that the bank holding company's continued ownership, activity or control constitutes a serious risk to the financial safety, soundness or stability of it or any of its bank subsidiaries.

The Savannah Bank is a nationally-chartered commercial bank subject to extensive supervision and regulation by the OCC. Bryan Bank is a Georgia-chartered, non-member of the Federal Reserve Board, commercial bank subject to extensive supervision by the Georgia DBF and the FDIC. The deposits of The Savannah Bank and Bryan Bank are insured by the Deposit Insurance Fund, or DIF, of the FDIC

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up to the applicable limits allowed by law. Accordingly, The Savannah Bank and Bryan Bank are subject to certain FDIC regulations and to examination by the FDIC as their primary insurer.

The bank regulatory agencies are responsible for overseeing the affairs of The Savannah Bank and Bryan Bank and periodically examining The Savannah Bank and Bryan Bank to determine their compliance with laws and regulations. The Savannah Bank and Bryan Bank must make quarterly reports of financial condition and results of operations to the regulators. This quarterly financial information is made available to the public approximately 45 days after each quarter-end. The bank regulatory agencies use this data for quarterly offsite monitoring of the financial condition of The Savannah Bank and Bryan Bank. In addition, SAVB must file quarterly reports with the Federal Reserve Bank of Atlanta, or the FRB Atlanta. This financial information is reviewed by the FRB Atlanta for accuracy, consistency and reasonableness and is also made available to holding company database providers within 75 days of the end of each quarter. Bank analysts, regulators and consultants regularly use this information in analyzing historical and expected performance of banks and bank holding companies.

The bank regulatory agencies have authority to issue formal orders against banks and bank holding companies which are about to engage, are engaging or have engaged in unsafe or unsound practices in the conduct of their business. The regulators can order affirmative action to correct any harm resulting from a violation or practice, including, but not limited to, making restitution and providing reimbursement or guarantees against loss in certain cases. The bank regulatory agencies also administer several federal statutes, such as the Community Reinvestment Act of 1977, or the Community Reinvestment Act, and the Depository Institution Management Interlocks Act, which apply to The Savannah Bank and Bryan Bank.

***Capital Requirements***

The federal banking regulators have adopted guidelines imposing minimum capital to risk-weighted assets ratios applicable to bank holding companies and state banks as well as minimum leverage ratio guidelines for bank holding companies, national banks, and state member bank. The Fed and the FDIC have the authority to impose, on a case-by-case basis, higher capital requirements on bank holding companies and state banks if they determine that the circumstances of a particular institution require it.

The guidelines also provide that institutions experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Higher capital may be required in individual cases, depending upon a bank holding company's or a bank's risk profile. All bank holding companies and banks are expected to hold capital commensurate with the level and nature of their risks, including the volume and severity of their problem loans. Lastly, the Federal Reserve Board's guidelines indicate that holding companies will be prohibited from participating in new financial affiliations if, at the time of certification, any insured depository affiliate had received a less than "satisfactory" Community Reinvestment Act rating at its most recent examination.

***FDICIA and Prompt Corrective Action***

The Federal Deposit Insurance Corporation Improvement Act, or FDICIA, established a system of prompt corrective action to resolve the problems of undercapitalized insured banks. Under this system, the federal banking regulators are required to rate insured banks on the basis of five capital categories (Well Capitalized, Adequately Capitalized, Undercapitalized, Significantly Undercapitalized and Critically Undercapitalized) as described in regulations established by the federal bank regulatory agencies.

If a bank fails to remain well-capitalized, it will be subject to a variety of enforcement remedies that increase as the capital condition worsens. For instance, the FDICIA generally prohibits a bank

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from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the bank would thereafter be undercapitalized as a result. The federal banking regulators are also required to take mandatory supervisory actions and are authorized to take other discretionary actions, with respect to insured banks in the three undercapitalized categories, the severity of which will depend upon the capital category in which the insured bank is assigned. Undercapitalized banks are subject to restrictions on borrowing from the Federal Reserve Board, may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit capital restoration plans for regulatory approval. A bank's holding company must guarantee any required capital restoration plan, up to an amount equal to the lesser of 5% of the bank's assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Significantly undercapitalized banks may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Generally, subject to a narrow exception, the FDICIA requires the banking regulator to appoint a receiver or conservator for an insured bank that is critically undercapitalized.

As of June 30, 2012, the capital ratios of SAVB and The Savannah Bank exceed the ratios required to be considered "well-capitalized" under the regulatory framework for prompt corrective action in the most recent notification from the FDIC.

***Regulatory Proceedings against The Savannah Bank and Bryan Bank & Trust***

On October 5, 2011, The Savannah Bank entered into a formal written agreement with the OCC, pursuant to which The Savannah Bank agreed to take steps to improve its asset quality, credit risk exposure, strategic planning initiatives, capital planning, and liquidity and risk management. Since the completion of the examination, the board of directors and management of The Savannah Bank have aggressively worked to address the findings of the exam and have developed formal action plans to comply with the requirements of the agreement and concerns that gave rise to the agreement. As of June 30, 2012, The Savannah Bank was in compliance with the terms of the agreement. Entry into the agreement does not change The Savannah Bank's "well-capitalized" status. As of June 30, 2012, The Savannah Bank had Tier 1 capital of 8.92 percent of total assets and total risk-based capital of 13.56 percent, both of which are in excess of the required regulatory ratios to be considered "well capitalized" and also exceed the ratios that The Savannah Bank agreed with the OCC to maintain (a Tier 1 capital ratio of 8.00 percent and total risk-based capital ratio of 12.00 percent).

On March 1, 2012, Bryan Bank entered into a Consent Order with the FDIC and the Georgia DBF pursuant to which Bryan Bank agreed to take steps to improve its asset quality, credit risk exposure, strategic planning initiatives, capital planning and liquidity and risk management. Entry into the order automatically changes Bryan Bank's capital status to "adequately capitalized" for regulatory purposes even though Bryan Bank's capital ratios exceed the required regulatory ratios to be considered "well capitalized." The order requires Bryan Bank to maintain a Tier 1 capital ratio of 8.00 percent and total risk-based capital ratio of 10.00 percent. As of June 30, 2012, Bryan Bank had a Tier 1 Leverage Ratio of 7.88 percent which is below the requirement set by the order. However, Bryan Bank's leverage ratio did increase 31 basis points in the second quarter 2012 on a linked quarter basis. SAVB is evaluating its options to bring Bryan Bank into compliance with this stipulation.

***Transactions with Affiliates***

The Savannah Bank and Bryan Bank are subject to applicable provisions of the Federal Reserve Act, which restrict the ability of any bank to extend credit to its parent holding company. Additionally, a national banking association cannot extend credit to any affiliate (including its parent and non-bank subsidiaries of its parent); issue a guarantee, acceptance or letter of credit (including an endorsement

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or standby letter of credit) on behalf of its affiliates; invest in the stock or securities of affiliates or, under certain circumstances, take such stock or securities as collateral for loans to any borrower.

***Source of Strength***

Federal Reserve policy, as codified by the Dodd-Frank Act, requires a bank holding company to act as a source of financial strength and to take measures to preserve and protect bank subsidiaries in situations where additional investments in a troubled bank may not otherwise be warranted. As a result, a bank holding company may be required to contribute additional capital to its subsidiaries in the form of capital notes or other instruments which qualify as capital under regulatory rules. Any loans from the holding company to its subsidiary banks likely will be unsecured and subordinated to the bank's depositors and perhaps to other creditors of the bank.

***Monetary Policy***

The earnings of The Savannah Bank and Bryan Bank and, consequently, of SAVB, are affected significantly by the policies of the Federal Reserve Board, which regulates the money supply in order to mitigate recessionary and inflationary pressures. Among the techniques used to implement these objectives are open market operations in U.S. Government securities, changes in the rate paid by banks on bank borrowings, and changes in reserve requirements against bank deposits. These techniques are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may also affect interest rates charged on loans or paid for deposits. The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of banks, including The Savannah Bank and Bryan Bank, in the past and are expected to continue to do so in the future.

***Recent Regulatory Developments***

***The Dodd-Frank Act***

On July 21, 2010, President Obama signed into law the Dodd-Frank Act. As more fully discussed below, the Dodd-Frank Act has had and will likely continue to have a broad impact on the financial services industry, imposing significant regulatory and compliance changes, increased capital, leverage and liquidity requirements, changes to deposit insurance assessments, lending limits and mortgage lending practices, increased consumer financial protection, limits on interchange fees and numerous other provisions designed to improve supervision and oversight of, and strengthen safety and soundness within, the financial services sector. Additionally, the Dodd-Frank Act establishes a new framework of authority to conduct systemic risk oversight within the financial system that will be distributed among new and existing federal regulatory agencies, including the Financial Stability Oversight Council, or the Oversight Council, the Federal Reserve Board, the OCC and the FDIC.

Many of the provisions became effective upon enactment of the Dodd-Frank Act, while others are subject to further study, rulemaking, and the discretion of regulatory bodies and will be implemented over time. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on SAVB's or The Savannah Bank and Bryan Bank's operations or our ability to pursue future business opportunities is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of SAVB or The Savannah Bank and Bryan Bank's business activities, require changes to certain business practices, impose upon SAVB or The Savannah Bank and Bryan Bank more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. These changes may also require SAVB to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. SAVB cannot predict with any certainty the likelihood, timing, and scope of

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any such change and the impact any such change may have. Such changes could materially adversely affect SAVB's business, financial condition or results of operations.

The following items provide a brief description of the relevant provisions of the Dodd-Frank Act and their potential impact on our operations and activities, both currently and prospectively.

*Creation of New Governmental Agencies.* The Dodd-Frank Act creates various new governmental agencies such as the Oversight Council and the Bureau of Consumer Financial Protection, or CFPB, an independent agency housed within the Federal Reserve Board. The CFPB has a broad mandate to issue regulations, examine compliance and take enforcement action under the federal financial consumer laws. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce consumer protection rules adopted by the CFPB against certain institutions.

*Limitation on Federal Preemption.* The Dodd-Frank Act significantly reduces the ability of national banks to rely upon federal preemption of state consumer financial laws. Although the OCC will have the ability to make preemption determinations where certain conditions are met, the broad rollback of federal preemption has the potential to create a patchwork of federal and state compliance obligations. This could, in turn, result in significant new regulatory requirements applicable to us, with attendant potential significant changes in our operations and increases in our compliance costs. It could also result in uncertainty concerning compliance, with attendant regulatory and litigation risks.

*Corporate Governance.* The Dodd-Frank Act addresses investor protection, corporate governance and executive compensation matters that will affect most U.S. publicly traded companies. The Dodd-Frank Act: (1) grants shareholders of U.S. publicly traded companies an advisory vote on executive compensation; (2) enhances independence requirements for compensation committee members; and (3) requires companies listed on national securities exchanges to adopt incentive-based compensation clawback policies for executive officers.

*Deposit Insurance.* The Dodd-Frank Act makes permanent the \$250,000 deposit insurance limit for insured deposits and provides unlimited insurance on noninterest-bearing transaction accounts through December 31, 2012. Amendments to the Federal Deposit Insurance Act, or FDIA, also revise the assessment base against which an insured depository institution's deposit insurance premiums paid to the DIF will be calculated. Under the amendments, the assessment base will no longer be the institution's deposit base, but rather its average consolidated total assets less its average tangible equity. This may shift the burden of deposit insurance premiums toward those depository institutions that rely on funding sources other than U.S. deposits. Additionally, the Dodd-Frank Act makes changes to the minimum designated reserve ratio of the DIF, increasing the minimum from 1.15 percent to 1.35 percent of the estimated amount of total insured deposits, and eliminating the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds. Several of these provisions could increase our FDIC deposit insurance premiums.

*Capital Standards.* Regulatory capital standards are expected to change as a result of the Dodd-Frank Act, and in particular as a result of the Collins Amendment. The Collins Amendment requires that the appropriate federal banking agencies establish minimum leverage and risk-based capital requirements on a consolidated basis for insured depository institutions and their holding companies. As a result, SAVB and The Savannah Bank and Bryan Bank will be subject to the same capital requirements, and must include the same components in regulatory capital. One impact of the Collins Amendment is to prohibit bank and bank holding companies from including in their Tier 1 regulatory capital certain hybrid debt and equity securities issued on or after May 19, 2010.

*Shareholder Say-On-Pay Votes.* The Dodd-Frank Act requires public companies to take shareholders' votes on proposals addressing compensation (known as say-on-pay), the frequency of a



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say-on-pay vote (known as say-on-frequency), and the golden parachutes available to executives in connection with change-in-control transactions (known as say-on-golden parachutes). Public companies must give shareholders the opportunity to vote on the compensation at least every three years and the opportunity to vote on frequency at least every six years, indicating whether the say-on-pay vote should be held annually, biennially, or triennially. The say-on-pay and say-on-frequency rules are not applicable to smaller reporting companies until annual meetings occurring on or after January 21, 2013, but SAVB elected nonetheless to provide shareholders the opportunity to vote on these issues in 2011. The say-on-pay, say-on-frequency and the say-on-golden parachute votes are explicitly nonbinding and cannot override a decision of the Federal Reserve Board.

*Mortgage Loan Origination and Risk Retention.* The Dodd-Frank Act contains additional regulatory requirements that may affect our mortgage origination and servicing operations, result in increased compliance costs and may impact revenue. For example, in addition to numerous new disclosure requirements, the Dodd-Frank Act imposes new standards for mortgage loan originations on all lenders, including banks, in an effort to strongly encourage lenders to verify a borrower's ability to repay. Most significantly, the new standards limit the total points and fees that we and/or a broker may charge on conforming and jumbo loans to 3 percent of the total loan amount. Also, the Dodd-Frank Act, in conjunction with the Federal Reserve Board's final rule on loan originator compensation issued August 16, 2010 and effective April 1, 2011, prohibits certain compensation payments to loan originators and the practice of steering consumers to loans not in their interest when it will result in greater compensation for a loan originator. These standards have resulted in a myriad of new controls over processing systems and pricing and compensation policies and practices in order to ensure compliance and to decrease repurchase requests and foreclosure defenses. In addition, the Dodd-Frank Act generally requires lenders or securitizers to retain an economic interest in the credit risk relating to loans the lender sells and other asset-backed securities that the securitizer issues if the loans have not complied with the ability to repay standards. The risk retention requirement generally will be 5 percent, but could be increased or decreased by regulation.

*Imposition of Restrictions on Certain Activities.* The Dodd-Frank Act requires new regulations for the over-the-counter derivatives market, including requirements for clearing, exchange trading, capital, margin and reporting. Additionally, the Dodd-Frank Act requires that certain swaps and derivatives activities be "pushed out" of insured depository institutions and conducted in separately capitalized non-bank affiliates and generally prohibits banking entities from engaging in "proprietary trading" or investing in or sponsoring private equity and hedge funds, subject to limited exemptions.

*Repeal of Regulation Q.* On April 14, 2011, the Federal Reserve Board released a proposed rulemaking to implement the repeal of Regulation Q, which prohibited payment of interest on demand deposits, as mandated by the Dodd-Frank Act. The repeal of Regulation Q was effective July 21, 2011. Although Regulation Q prohibits the payment of interest on all demand deposits, in practice, the prohibition was limited to forbidding the payment of interest on business checking accounts. In response to Regulation Q's limitations, banks developed Negotiable Order of Withdrawal, or NOW, and sweep accounts to extend interest to businesses and individuals, among others. Upon the repeal of Regulation Q, banks may offer interest-bearing demand deposits, including checking accounts, to businesses as well as individuals.

**Basel III**

As a result of the Dodd-Frank Act's Collins Amendment, SAVB, The Savannah Bank and Bryan Bank will formally be subject to the same regulatory capital requirements. The current risk-based capital guidelines that apply to SAVB are based upon the 1988 capital accord of the international Basel Committee on Banking Supervision, or Basel, a committee of central banks and bank supervisors, as implemented by the U.S. federal banking agencies on an interagency basis. In 2008, the banking

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agencies collaboratively began to phase-in capital standards based on a second capital accord, or Basel II, for large or "core" international banks (generally defined for U.S. purposes as having total assets of \$250 billion or more or consolidated foreign exposures of \$10 billion or more). Basel II emphasizes internal assessment of credit, market and operational risk, as well as supervisory assessment and market discipline in determining minimum capital requirements.

On September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of Basel, announced agreement to a strengthened set of capital requirements for internationally active banking organizations in the U.S. and around the world known as "Basel III." Basel III was endorsed at the meeting of the G-20 nations in November 2010 and the final text of the Basel III rules was subsequently agreed to by Basel on December 16, 2010. The Basel III reforms are subject to individual adoption by member nations. Member countries are expected to issue laws or regulations to implement Basel III by January 2013. It is expected that the U.S. federal banking agencies will implement Basel III as indicated by a joint press release issued by the U.S. federal banking agencies on September 12, 2010 expressing support for the Basel III standards. Certain aspects of the new standards are slated to become effective upon implementation while others will be phased in over several years. These standards, which are aimed at capital reform, seek to further strengthen financial institutions' capital positions by mandating a higher minimum level of common equity to be held, along with a capital conservation buffer to withstand future periods of stress. Basel III addresses the quality of capital and introduces new capital requirements but does not purport to overrule the Basel II standards, which focus on the appropriate allocation of capital to bank assets based on credit risk.

While the timing and scope of any implementation of Basel III by the U.S. remains uncertain, the following items provide a brief description of the relevant provisions of Basel III and their potential impact on our capital levels if applied to SAVB.

*New Minimum Capital Requirements.* Subject to implementation by the U.S. federal banking agencies, Basel III would be expected to have the following effects on the minimum capital levels of banking institutions to which it applies when fully phased in by January 1, 2019:

*Minimum Common Equity.* The minimum requirement for common equity, the highest form of loss absorbing capital, will be raised from the current 2.0 percent level, before the application of regulatory adjustments, to 4.5 percent after the application of stricter adjustments. This requirement will be phased in by January 1, 2015. As noted below, total common equity required will rise to 7.0 percent by January 1, 2019 (4.5 percent attributable to the minimum required common equity plus 2.5 percent attributable to the "capital conservation buffer" as discussed below).

*Minimum Tier 1 Capital.* The minimum Tier 1 capital requirement, which includes common equity and other qualifying financial instruments based on stricter criteria, will increase from 4.0 percent to 6.0 percent also by January 1, 2015. Total Tier 1 capital will rise to 8.5 percent by January 1, 2019 (6.0 percent attributable to the minimum required Tier 1 capital ratio plus 2.5 percent attributable to the capital conservation buffer).

*Minimum Total Capital.* The minimum total capital (Tier 1 and Tier 2 capital) requirement will increase to 8.0 percent by January 1, 2013 (10.5 percent by January 1, 2019, including the capital conservation buffer).

*Capital Conservation Buffer.* An initial capital conservation buffer of 0.625 percent above the regulatory minimum common equity requirement will begin in January 2016 and will gradually be increased to 2.5 percent by January 1, 2019. The buffer will be added to common equity, after the application of deductions. The purpose of the conservation buffer is to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. It is expected that, while banks would be allowed to draw on the buffer during such periods of stress, the closer their regulatory capital ratios approach the minimum requirement, the greater the constraints that would be applied to earnings distributions.

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*Countercyclical Buffer.* Basel III expects regulators to require, as appropriate to national circumstances, a "countercyclical buffer" within a range of 0 percent to 2.5 percent of common equity or other fully loss absorbing capital. The purpose of the countercyclical buffer is to achieve the broader goal of protecting the banking sector from periods of excess aggregate credit growth. For any given country, it is expected that this buffer would only be applied when there is excess credit growth that is resulting in a perceived system-wide build up of risk. The countercyclical buffer, when in effect, would be introduced as an extension of the conservation buffer range.

*Regulatory Deductions from Common Equity.* The regulatory adjustments (i.e., deductions and prudential filters), including minority interests in financial institutions and deferred tax assets from timing differences, would be deducted in increasing percentages beginning January 1, 2014, and would be fully deducted from common equity by January 1, 2018. Certain instruments that no longer qualify as Tier 1 capital, such as trust preferred securities, also would be subject to phase-out over a 10-year period beginning January 1, 2013.

*Non-Risk Based Leverage Ratios.* These capital requirements are supplemented by a non-risk-based leverage ratio that will serve as a backstop to the risk-based measures described above. In July 2010, the Governors and Heads of Supervision agreed to test a minimum Tier 1 leverage ratio of 3.0 percent during the parallel run period. Based on the results of the parallel run period, any final adjustments would be carried out in the first half of 2017 with a view to adopting the 3.0 percent leverage ratio on January 1, 2018, based on appropriate review and calibration.

*Additional Capital Requirement Regulation.* In addition to Basel III, the Dodd-Frank Act requires or permits the federal banking agencies to adopt regulations affecting banking institutions' capital requirements in a number of respects, including potentially more stringent capital requirements for systemically important financial institutions. On November 22, 2011, the Federal Reserve Board issued a final rule requiring top-tier U.S. bank holding companies with total consolidated assets of \$50 billion or more to submit annual capital plans for review. In addition, the Federal Reserve Board also expects these banks to demonstrate that they can achieve the capital ratios required by the Basel III framework as applied to the U.S.

The timing and scope of any implementation of Basel III by the U.S. remains uncertain and, the standards could be further amended by Basel. Accordingly, the regulations ultimately applicable to us may be substantially different from the Basel III final framework as published in December 2010 and redefined in 2011. While it is likely that implementation of the Basel III standards in the U.S. will result in generally higher regulatory capital standards, it is difficult at this time to predict how any new standards will ultimately be applied to us and how we will be affected by such standards.

***Incentive Compensation***

On June 25, 2010, the federal banking agencies jointly issued final guidance regarding sound incentive compensation policies, or the "Incentive Compensation Guidance," intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The Incentive Compensation Guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide employees incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risk, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The Incentive Compensation Guidance provides that

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enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies. In addition, the Dodd-Frank Act contains prohibitions on incentive-based compensation arrangements, or any feature of such arrangements, that encourage inappropriate risk taking by financial institutions, are deemed to be excessive, or that may lead to material losses. Also, under the Dodd-Frank Act, a covered financial institution must disclose to its appropriate federal regulator the structure of its incentive-based compensation arrangements in a manner sufficient for such regulator to determine whether the structure provides excessive compensation, fees, or benefits or could lead to material financial loss to the institution. In February 2011, the federal banking agencies issued proposed interagency rules designed to implement the Dodd-Frank Act's compensation restrictions in a manner consistent with existing compensation standards contained in the FDIA and with the principles outlined in the Incentive Compensation Guidance.

The scope and content of the U.S. banking regulators' guidance on and rules governing executive compensation are continuing to develop and are likely to continue evolving in the near future. It cannot be determined at this time whether compliance with such guidance and rules will adversely affect the ability of SAVB and its subsidiaries to hire, retain and motivate their key employees.

***Other Statutes and Regulations***

SAVB, The Savannah Bank and Bryan Bank are subject to a myriad of other statutes and regulations affecting their activities. Some of the more important include:

*OFAC.* The Office of Foreign Assets Control, or OFAC, is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and Acts of Congress. OFAC sends bank regulatory agencies lists of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. If SAVB, The Savannah Bank or Bryan Bank find a name on any transaction, account or wire transfer that is on an OFAC list, SAVB, The Savannah Bank or Bryan Bank must freeze such account, file a suspicious activity report and notify the appropriate authorities.

*Sections 23A and 23B of the Federal Reserve Act.* Pursuant to Section 23A, The Savannah Bank and Bryan Bank are limited in their ability to engage in "covered transactions" with SAVB or other nonbank affiliates of SAVB. Further, pursuant to Section 23B, such transactions must be on an arms-length basis and on terms at least as favorable to The Savannah Bank and Bryan Bank as those prevailing at the time for transactions with unaffiliated companies. "Covered transactions" include loans or extensions of credit to, and investments in or certain other transactions with, affiliates.

Outstanding loans from The Savannah Bank or Bryan Bank to SAVB or other nonbank affiliates of SAVB may not exceed 10 percent of the banks' capital stock and surplus, and the total of such transactions between the banks and all of their non-subsidiary affiliates may not exceed 20 percent of the banks' capital stock and surplus. These loans must be fully or over-collateralized. The Savannah Bank and Bryan Bank are also prohibited from purchasing low quality assets from SAVB or other nonbank affiliates of SAVB. Except for limitations on low quality asset purchases and transactions that are deemed to be unsafe or unsound, the Federal Reserve Board's Regulation W, as made applicable to state nonmember banks by section 18(j) of the FDIA generally excludes affiliated depository institutions from treatment as "affiliates."

The Dodd-Frank Act generally enhances the restrictions on transactions with affiliates under Sections 23A and 23B of the Federal Reserve Act, including an expansion of the definition of "covered transactions" and an increase in the amount of time for which collateral requirements regarding covered credit transactions must be satisfied. The ability of the Federal Reserve Board to grant

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exemptions from these restrictions is also narrowed by the Dodd-Frank Act, including with respect to the requirement for the OCC, FDIC and Federal Reserve Board to coordinate with one another.

*Loans to Insiders.* The Savannah Bank and Bryan Bank also are subject to restrictions on extensions of credit to executive officers, directors, principal shareholders and their related interests. Such extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties, (ii) must not involve more than the normal risk of repayment or present other unfavorable terms and (iii) may require approval by the Banks' boards of directors. Loans to executive officers are subject to certain additional restrictions.

*Consumer Regulation.* Activities of The Savannah Bank and Bryan Bank are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include provisions that:

limit the interest and other charges collected or contracted for by the Banks, including new rules regarding the terms of credit cards and debit card overdrafts;

govern the Banks' disclosures of credit terms to consumer borrowers;

require the Banks to provide information to enable the public and public officials to determine whether it is fulfilling its obligation to help meet the housing needs of the communities it serves;

prohibit the Banks from discriminating on the basis of race, creed or other prohibited factors when it makes decisions to extend credit; and

govern the manner in which the Banks may collect consumer debts.

New rules on credit card interest rates, fees, and other terms took effect on February 22, 2010, as directed by the Credit Card Accountability, Responsibility and Disclosure Act. Among the new requirements are (i) 45-days advance notice to a cardholder before the interest rate on a card may be increased, subject to certain exceptions; (ii) a ban on interest rate increases in the first year; (iii) an opt-in for over-the-limit charges; (iv) caps on high fee cards; (v) greater limits on the issuance of cards to persons below the age of 21; (vi) new rules on monthly statements and payment due dates and the crediting of payments; and (vii) the application of new rates only to new charges and of payments to higher rate charges.

The FDIC expects financial institutions' boards of directors and management to ensure that the institution mitigates the risks associated with offering automated overdraft payment programs and complies with all consumer protection laws and regulations, including providing clear and meaningful disclosures and other communications about overdraft payment programs, fees, and other features and options, and demonstrating compliance with new opt-in requirements for ATM withdrawals and one-time point-of-sale debit card transactions. In addition, the FDIC expects financial institutions to:

Promptly honor customers' requests to decline coverage of overdrafts (i.e., opt-out) resulting from non-electronic transactions;

Give consumers the opportunity to affirmatively choose the overdraft payment product that overall best meets their needs;

Monitor accounts and take meaningful and effective action to limit use of overdrafts by customers as a form of short-term, high-cost credit, including, for example, giving customers who overdraw their accounts on more than six occasions where a fee is charged in a rolling twelve-month period a reasonable opportunity to choose a less costly alternative and decide whether to continue with fee-based overdraft coverage;



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Institute appropriate daily limits on overdraft fees; and consider eliminating overdraft fees for transactions that overdraw an account by a de minimis amount; and

Not process transactions in a manner designed to maximize the cost to consumers.

Institutions using a third-party vendor for their overdraft payment programs must exercise careful oversight, as discussed in the FDIC's 2008 Guidance for Managing Third-Party Risk. The FDIC will take supervisory action where overdraft payment programs pose unacceptable safety and soundness or compliance management system risks or result in violations of laws or regulations, including unfair or deceptive acts or practices and fair lending laws.

As a result of the turmoil in the residential real estate and mortgage lending markets, there are several concepts currently under discussion at both the federal and state government levels that could, if adopted, alter the terms of existing mortgage loans, impose restrictions on future mortgage loan originations, diminish lenders' rights against delinquent borrowers or otherwise change the ways in which lenders make and administer residential mortgage loans. If made final, any or all of these proposals could have a negative effect on the financial performance of The Savannah Bank and Bryan Bank's mortgage lending operations, by, among other things, reducing the volume of mortgage loans that The Savannah Bank and Bryan Bank can originate and impairing their ability to proceed against certain delinquent borrowers with timely and effective collection efforts.

The deposit operations of The Savannah Bank and Bryan Bank are also subject to laws and regulations that:

require the banks to adequately disclose the interest rates and other terms of consumer deposit accounts;

impose a duty on the banks to maintain the confidentiality of consumer financial records and prescribe procedures for complying with administrative subpoenas of financial records;

require escheatment of unclaimed funds to the appropriate state agencies after the passage of certain statutory time frames; and

govern automatic deposits to and withdrawals from deposit accounts with the banks and the rights and liabilities of customers who use automated teller machines and other electronic banking services. As described above, beginning in July 2010, new rules took effect that limited the banks' ability to charge fees for the payment of overdrafts for everyday debit and ATM card transactions.

As noted above, The Savannah Bank and Bryan Bank will likely face an increase in their consumer compliance regulatory burden as a result of the combination of the newly-established CFPB and the significant roll back of federal preemption of state laws in this area.

*Commercial Real Estate Lending.* Lending operations that involve concentrations of commercial real estate loans are subject to enhanced scrutiny by federal banking regulators. Regulators have issued guidance with respect to the risks posed by commercial real estate lending concentrations. Commercial real estate loans generally include land development, construction loans and loans secured by multifamily property and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

total reported loans for construction, land development and other land represent 100 percent or more of the institution's total capital; or

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total commercial real estate loans represent 300 percent or more of the institution's total capital, and the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 months.

*Appraisals.* The Federal Reserve Board issued an interim final rule, mandated by the Dodd-Frank Act, which is intended to ensure that real estate appraisers can use their independent judgment in assigning home values, and that they receive customary and reasonable payments for their services. The rule also includes several provisions that protect the integrity of the appraisal process when a consumer's home is securing the loan.

The interim final rule prohibits coercion and similar actions designed to cause appraisers to base the appraised value of properties on factors other than their independent judgment; bans appraisers and appraisal management companies hired by lenders from having financial or other interests in the properties or the credit transactions; and prohibits creditors from extending credit based on appraisals if they know beforehand about violations involving appraiser coercion or conflicts of interest.

The rule also requires creditors or settlement service providers to file reports with the appropriate state licensing authorities if they have information about appraiser misconduct. It also mandates the payment of reasonable and customary compensation to appraisers who are not employees of the creditors or of the appraisal management companies hired by the creditors.

*Affiliation Authority.* The Gramm-Leach-Bliley Act of 1999, or GLB, amended section 4 of the Federal Reserve Act to provide a framework for engaging in new financial activities. Those bank holding companies that qualify to engage in the new financial activities are designated as Financial Holding Companies. Provisions of GLB permit bank holding companies that qualify as financial holding companies to engage in activities, and acquire companies engaged in activities, that are financial in nature or incidental to such financial activities. Financial holding companies are also permitted to engage in activities that are "complementary" to financial activities if the Federal Reserve Board determines that the activity does not pose a substantial risk to the safety or soundness of the institution or the financial system in general.

The Federal Reserve Board may act by either regulation or order in determining what activities are financial in nature, or incidental or complementary to activities that are financial in nature. In doing so, the Federal Reserve Board must notify the U.S. Treasury Department, or Treasury, of requests to engage in new financial activities and may not determine that an activity is financial or incidental to a financial activity if Treasury objects. Furthermore, Treasury may propose that the Federal Reserve Board find a particular activity financial in nature or incidental to a financial activity. GLB establishes a similar procedure with regard to the Treasury's (acting through the OCC) determination of financial activities and activities that are incidental to financial activities for subsidiaries of national banks. Congress intended for the Federal Reserve Board and Treasury to establish a consultative process that would negate the need for either agency to veto a proposal of the other agency.

*Federal Home Loan Bank Reform.* GLB reformed the Federal Home Loan Bank, or FHLB, System, including expanding the collateral that a community bank can pledge against FHLB advances, thus giving smaller banks access to a substantial new liquidity source.

*Privacy.* GLB imposed a number of new restrictions on the ability of financial institutions to share nonpublic personal information with nonaffiliated third parties. Specifically, the GLB:

require The Savannah Bank and Bryan Bank to adequately disclose the interest rates and other terms of consumer deposit accounts;

impose a duty on the banks to maintain the confidentiality of consumer financial records and prescribe procedures for complying with administrative subpoenas of financial records;



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require escheatment of unclaimed funds to the appropriate state agencies after the passage of certain statutory time frames; and

govern automatic deposits to and withdrawals from deposit accounts with the banks and the rights and liabilities of customers who use automated teller machines and other electronic banking services. As described above, beginning in July 2010, new rules took effect that limited the banks' ability to charge fees for the payment of overdrafts for everyday debit and ATM card transactions.

GLB also imposes an affirmative obligation on banks to respect their customers' privacy interests. Language protects a community bank's ability to share information with third parties selling financial products (for example, insurance or securities) to bank customers. Community banks can thus continue such sales practices without being subject to the opt-out provisions contained elsewhere in the legislation.

*Branch Banking.* Pursuant to the Financial Institutions Code of Georgia, banks located in Georgia are authorized to branch statewide. Accordingly, a bank located anywhere in Georgia has the ability, subject to regulatory approval, to establish branch facilities near any of SAVB's facilities and within its market area. If other banks were to establish branch facilities near SAVB's facilities, it is uncertain whether these branch facilities would have a material adverse effect on its business.

The Dodd-Frank Act substantially amended the legal framework that had previously governed interstate branching activities. Formerly, under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, a bank's ability to branch into a particular state was largely dependent upon whether the state "opted-in" to de novo interstate branching. Many states did not "opt-in," which resulted in branching restrictions in those states. The Dodd-Frank Act removed the "opt-in" concept and permits banks to engage in de novo branching outside of their home states, provided that the laws of the target state permit banks chartered in that state to branch within that state. Accordingly, de novo interstate branching by The Savannah Bank and Bryan Bank and competitor institutions is subject to these new standards. This legislation has relevance for the banking industry due to increased competitive forces from institutions which may consolidate through mergers and those which may move into new markets through enhanced opportunities to branch across state lines. Georgia and South Carolina do not have reciprocal provisions for de novo branches or charters. Holding companies domiciled in Georgia may not branch or charter banks in South Carolina and vice versa. Alternatives for expansion between these states include acquiring an existing financial institution, chartering a federal savings bank or moving the charter of a national bank within 35 miles of its headquarters into the new state.

*Anti-Tying Regulations.* A bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with the extension of credit or provision of any product or service to its customers. In general, a bank may not extend credit, lease or sell property or furnish any service or fix or vary the consideration for such on the condition that (i) the customer should obtain or provide some additional credit, property or service from or to such bank (other than a loan, discount, deposit or trust service related to and usually provided in connection with a loan, discount, deposit or trust service), its bank holding company or any other subsidiary of its bank holding company or (ii) the customer may not obtain some other credit, property or service from a competitor, except to the extent reasonable conditions are imposed in a credit transaction to assure the soundness of the credit extended. A bank may, however, offer combined-balance products and may otherwise offer more favorable terms if a customer obtains two or more traditional bank products.

*Standards for Safety and Soundness.* The FDIA requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (i) internal controls; (ii) information systems and internal audit systems;

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(iii) loan documentation; (iv) credit underwriting; (v) interest rate risk exposure; and (vi) asset quality. The agencies also must prescribe standards for asset quality, earnings, and stock valuation, as well as standards for compensation, fees and benefits. The federal bank regulatory agencies have adopted regulations and Interagency Guidelines Prescribing Standards for Safety and Soundness, or the Guidelines, to implement these required standards. The Guidelines set forth the safety and soundness standards that the federal bank regulatory agencies use to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if the FDIC determines that The Savannah Bank and Bryan Bank fail to meet any standards prescribed by the Guidelines, it may require the Banks to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans. Moreover, the Federal Reserve Board has cease and desist powers over SAVB and its non-banking subsidiaries should their actions constitute a serious threat to the safety, soundness or stability of The Savannah Bank and Bryan Bank.

*Dividends.* Although SAVB is not presently subject to any direct regulatory restrictions on dividends (other than those of Georgia corporate law), SAVB has agreed with the FRB Atlanta to obtain approval prior to paying or declaring any dividends to shareholders. SAVB's long-term ability to pay cash dividends will also depend on the amount of dividends paid by The Savannah Bank and Bryan Bank to SAVB. OCC regulations restrict the amount of dividends which The Savannah Bank may pay without obtaining prior approval. Based on such regulatory restrictions, without prior approval The Savannah Bank is restricted from paying dividends in a calendar year which exceeds the current year's net income combined with the retained net profits of the preceding two years. Based upon this restriction, The Savannah Bank would not be able to pay any dividends to SAVB in 2012. The Savannah Bank has also agreed with the OCC to obtain approval prior to paying or declaring any dividends to SAVB. Bryan Bank may pay dividends equal to no more than 50 percent of prior year net income without prior approval from the Georgia DBF. Based upon this restriction, Bryan Bank would not be able to pay any dividends to SAVB in 2012. Bryan Bank has also agreed with the Georgia DBF and the FDIC to obtain approval prior to paying or declaring any dividends to SAVB. The dividend payout plans of The Savannah Bank and Bryan Bank consider the objective of maintaining their "well-capitalized" status.

The principal source of our liquidity at the holding company level is dividends from our subsidiaries. We must pay essentially all of our operating expenses from funds we receive from our subsidiaries. Therefore, shareholders may receive dividends from us only to the extent that funds are available after payment of our operating expenses.

*FHLB Advances.* The Savannah Bank and Bryan Bank are members of the FHLB System, which consists of 12 regional FHLBs subject to supervision and regulation by the Federal Housing Finance Agency. The FHLBs maintain central credit facilities primarily for member institutions. The Savannah Bank and Bryan Bank, as members of the Federal Home Loan Bank of Atlanta, which we refer to as FHLB Atlanta, are required to hold shares of capital stock in FHLB Atlanta in an amount equal to: (i) 15 basis points of the Bank's total assets (adjusted annually) and (ii) 4.5 percent of its advances (borrowings) from FHLB Atlanta. The Savannah Bank and Bryan Bank are in compliance with this requirement at June 30, 2012.

Each FHLB serves as a reserve or central bank for its member institutions within its assigned regions. It is funded primarily from proceeds derived from the sale of obligations of the FHLB System. The FHLB makes advances (i.e., loans) to members in accordance with policies and procedures established by its Board. The Savannah Bank and Bryan Bank are authorized to borrow funds from FHLB Atlanta to meet demands for withdrawals of deposits, to meet seasonal requirements and for the expansion of its loan portfolio. Advances may be made on a secured or unsecured basis depending upon a number of factors, including the purpose for which the funds are being borrowed and the amount of previously existing advances. Interest rates charged for advances vary depending upon maturity, the cost of funds to FHLB Atlanta and the purpose of the borrowing.

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***Community Reinvestment Act***

The Community Reinvestment Act requires the federal bank regulatory agencies to encourage financial institutions to meet the credit needs of low- and moderate-income borrowers in their local communities. The Community Reinvestment Act does not establish specific lending requirements or programs for banks nor does it limit a bank's discretion to develop the types of products and services that it believes are best suited to its particular community. On a periodic basis, the OCC, in the case of The Savannah Bank, and the FDIC, in the case of Bryan Bank, is charged with preparing a written evaluation of the banks' record of meeting the credit needs of the entire community and assigning a rating - outstanding, satisfactory, needs to improve or substantial noncompliance. The federal bank regulatory agencies will take that rating into account in its evaluation of any application made by The Savannah Bank and Bryan Bank for, among other things, approval of the acquisition or establishment of a branch or other deposit facility, an office relocation, a merger or the acquisition of shares of capital stock of another financial institution. A bank's Community Reinvestment Act rating may be used as the basis to deny or condition an application. In addition, as discussed above, bank holding companies may not become financial holding companies unless each of its bank subsidiaries has a Community Reinvestment Act rating of at least "Satisfactory."

Further, Community Reinvestment Act regulations provide for certain disclosure obligations. In accordance with the Community Reinvestment Act, each institution must post a Community Reinvestment Act notice advising the public of the right to comment to the institution and its regulator on the institution's Community Reinvestment Act performance and to review the Community Reinvestment Act public file. Each lending institution must maintain for public inspection a public file that includes a listing of branch locations and services, a summary of lending activity, a map of its communities, and any written comments from the public on its performance in meeting community credit needs. Large institutions also are required to collect certain data, including the amount and location of originated and purchased small business, small farm, community development, and home mortgage loans, and to report this data to their regulatory agencies.

The Savannah Bank and Bryan Bank received a "satisfactory" rating on the most recent performance evaluations of their Community Reinvestment Act efforts by their respective bank regulatory agencies.

***Consumer Protection Regulations***

Retail activities of banks are subject to a variety of statutes and regulations designed to protect consumers. Interest and other charges collected or contracted for by banks are subject to state usury laws and federal laws concerning interest rates. Loan operations are also subject to federal laws applicable to credit transactions, such as:

the federal Truth-In-Lending Act and Regulation Z issued by the Federal Reserve Board, governing disclosures of credit terms to consumer borrowers;

the Home Mortgage Disclosure Act and Regulation C issued by the Federal Reserve Board, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;

the Equal Credit Opportunity Act and Regulation B issued by the Federal Reserve Board, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

the Fair Credit Reporting Act and Regulation V issued by the Federal Reserve Board, governing the use and provision of information to consumer reporting agencies; and

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the guidance of the various federal agencies charged with the responsibility of implementing such federal laws.

Deposit operations also are subject to:

the Truth in Savings Act and Regulation DD issued by the Federal Reserve Board, which requires disclosure of deposit terms to consumers;

Regulation CC issued by the Federal Reserve Board, which relates to the availability of deposit funds to consumers;

the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and

the Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve Board, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of ATMs and other electronic banking services.

In addition, there are a number of significant consumer protection standards that apply to functional areas of operation (rather than applying only to loan or deposit products). For example, in June 2010, the Federal Reserve Board issued a final rule establishing standards for debit card interchange fees and prohibiting network exclusivity arrangements and routing restrictions. The Federal Reserve Board and the FDIC also recently enacted consumer protection regulations related to automated overdraft payment programs offered by financial institutions. The FDIC has also issued rules aimed at protecting consumers in connection with retail foreign exchange transactions. In addition, the Federal Reserve Board has been actively revising Regulation E, which governs electronic transactions, including a recent proposal governing remittance transfer transactions. Among the finalized changes made to Regulation E is the November 2009 amendment, which prohibits financial institutions from charging consumers fees for paying overdrafts on ATM and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. Regulation E amendments also require financial institutions to provide consumers with a notice that explains the financial institution's overdraft services, including the fees associated with the service and the consumer's choices. The amendments to Regulation E became effective on August 1, 2010.

In November 2010, the FDIC supplemented the Regulation E amendments by requiring FDIC-supervised institutions to implement additional changes relating to automated overdraft payment programs by July 1, 2011. The most significant of these changes require financial institutions to monitor overdraft payment programs for "excessive or chronic" customer use and undertake "meaningful and effective" follow-up action with customers that overdraw their accounts more than six times during a rolling 12-month period. The additional guidance also imposes daily limits on overdraft charges, requires institutions to review and modify check-clearing procedures, prominently distinguish account balances from available overdraft coverage amounts and requires increased board and management oversight regarding overdraft payment programs.

Many of the foregoing laws and regulations are subject to change resulting from the provisions in the Dodd-Frank Act, which in many cases calls for revisions to implementing regulations. In addition, oversight responsibilities of these and other consumer protection laws and regulations transferred from the Bank's primary regulator to the CFPB. The CFPB is in the process of republishing the transferred regulations in a new section of the Code of Federal Regulations but has not yet made substantive changes to these rules. It is anticipated that the CFPB will be making substantive changes to a number of consumer protection regulations and associated disclosures in the near term. We cannot predict the effect that being regulated by a new, additional regulatory authority focused on consumer financial protection, or any new implementing regulations or revisions to existing regulations that may result

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from the establishment of this new authority, will have on SAVB's or The Savannah Bank and Bryan Bank's businesses. In addition, The Savannah Bank and Bryan Bank may also be subject to certain state laws and regulations designed to protect consumers. Additional regulations resulting from the Dodd-Frank Act or changes in state laws and regulations applicable to The Savannah Bank and Bryan Bank could increase our cost of doing business or harm our competitive position.

***Anti-Money Laundering***

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or Patriot Act, significantly expands the responsibilities of financial institutions in preventing the use of the U.S. financial system to fund terrorist activities. Title III of the Patriot Act provides for a significant overhaul of the U.S. anti-money laundering regime. Among other provisions, it requires financial institutions operating in the U.S. to develop new anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such required compliance programs are intended to supplement existing compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and OFAC Regulations. This federal legislation and the resultant bank regulations require a financial institution to expeditiously search its records to determine whether it maintains or has maintained accounts, or engaged in transactions with individuals or entities listed in a database maintained by the Financial Crimes Enforcement Network, or FinCEN. The records search must cover current accounts, accounts opened in the prior twelve months, and transactions conducted in the prior six months. Its purpose is to identify funds or transactions with individuals associated with terrorist activities. Substantial penalties and/or criminal prosecution may result from non-compliance. Management has established policies and procedures to ensure compliance with the Patriot Act.

***Recent Banking Legislation***

Bills are presently pending before the U.S. Congress and certain state legislatures, and additional bills may be introduced in the future before Congress and the state legislatures, which, if enacted, may alter the structure, regulation and competitive relationships of the nation's financial institutions. It cannot be predicted whether or in what form any of these proposals will be adopted or the extent to which the business of SAVB, The Savannah Bank or Bryan Bank may be affected thereby.

**Competition**

The banking business is very competitive. Banks generally compete with other financial institutions using the mix of banking products and services offered, the pricing of services, the convenience and availability of services, the degree of expertise of personnel and the personal manner in which services are offered. The Savannah Bank and Bryan Bank compete with other commercial and savings banks in their primary service areas. The Savannah Bank and Bryan Bank also compete with credit unions, consumer finance companies, insurance companies, money market mutual funds, brokerage firms and other financial institutions, some of which are not subject to the degree of regulation and restrictions imposed upon The Savannah Bank and Bryan Bank. Many of these competitors have substantially greater resources and lending limits than The Savannah Bank and Bryan Bank and offer certain services that the banks do not provide currently.

Many of these competitors have more branch offices in the banks' primary service area. However, SAVB's plan is to expand into the markets which will best serve its targeted customers. Management believes that competitive pricing, local ownership, local decisions, local control and personalized, relationship-oriented service provide The Savannah Bank and Bryan Bank with a method to compete effectively for prospective customers.

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The Savannah Bank and Bryan Bank experience the most competition from new local community or regional bank entrants into the market area. Numerous banking offices of community banks, regional banks and de novo banks have opened in the Savannah market over the past decade. While there has been no de novo activity over the past few years, several new regional or community banks have entered the Savannah and coastal South Carolina markets through the acquisition of failed banks from the FDIC. Other banks have indicated interest in these markets. These new entrants have increased and will likely continue to increase the competition for existing and new business.

Deposit growth is a continuing challenge facing the banking industry and The Savannah Bank and Bryan Bank. It is likely that deposit growth in competitive markets will require higher deposit interest rates. Higher costs of funds without corresponding higher rates on earning assets will have a long-term negative impact on net interest income. Higher growth in lower cost core deposits, higher revenue growth from fee based services and lower overhead growth rates are the key items required to accomplish SAVB's earnings growth objectives.

**SELECTED STATISTICAL INFORMATION FOR SAVB****Investments****Table 1 Weighted Average Yields by Maturity**

The following table sets forth the amortized cost, fair value and tax-equivalent yields by investment type and contractual maturity at June 30, 2012:

(\$ in thousands)	Amortized Cost	Fair Value	Taxable- Equivalent Yield(a) (%)
Securities available for sale:			
U.S. government-sponsored enterprises ("GSE") and mortgage-backed:			
Within one year	\$	\$	
One year to five years	1,187	1,193	1.29
Due after ten years	4,000	3,992	1.00
Mortgage-backed securities GSE	61,193	62,934	2.58
<b>Total</b>	<b>66,380</b>	<b>68,119</b>	<b>2.46</b>
Other interest-earning investments:			
Within one year	501	504	5.54
One year to five years	1,109	1,140	2.52
Five years to ten years	6,684	7,038	3.35
Due after ten years	6,769	6,827	5.20
Restricted equity securities	3,037	3,037	2.38
<b>Total</b>	<b>18,100</b>	<b>18,546</b>	<b>3.50</b>
<b>Total securities available for sale</b>	<b>\$ 84,480</b>	<b>\$ 86,665</b>	<b>2.64</b>

(a) The yield is calculated on the amortized cost of the securities.

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Following is certain information regarding the loan portfolio as of June 30, 2012 on a consolidated basis.

**Table 2 Loan Repricing Opportunities**

The following table sets forth certain loan maturity and repricing information as of June 30, 2012. Loan renewals generally reprice relative to the prime rate in effect at the time of the renewal. Management expects that certain real estate mortgage loans which have maturities of one to three years with longer amortization periods will renew at maturity.

(\$ in thousands) Loan Category	One Year or Less	After One Year through Five Years	Over Five Years	Total
Real estate-construction and development	\$ 18,610	\$ 1,744	\$	\$ 20,354
Commercial	41,421	20,923	1,583	63,927
<b>Total</b>	<b>\$ 60,031</b>	<b>\$ 22,667</b>	<b>\$ 1,583</b>	<b>\$ 84,281</b>
Loans with fixed rates	\$ 21,238	\$ 22,667	\$ 1,583	\$ 45,488
Loans with floating and adjustable rates	38,793			38,793
<b>Total</b>	<b>\$ 60,031</b>	<b>\$ 22,667</b>	<b>\$ 1,583</b>	<b>\$ 84,281</b>

*Nonaccrual, Past Due and Restructured Loans*

At June 30, 2012, nonperforming loans were \$29,578,000. At June 30, 2012, The Savannah Bank and Bryan Bank had nonaccruing loans of \$29,417,000 and \$161,000 in loans past due 90 days or more. Interest income of \$286,000 was recognized on impaired loans in the first six months of 2012.

Except for consumer loans, SAVB's policy is to place loans on nonaccrual status when, in management's judgment, the collection of principal and interest in full becomes doubtful. Interest receivable accrued in prior years and subsequently determined to have doubtful collectibility is charged to the allowance for loan losses. Interest on loans that are placed on nonaccrual is recognized after principal is collected in full. In some cases where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

*Loan Concentrations*

Most of SAVB's business activity is with customers located within Chatham and Bryan County, Georgia and southern Beaufort County, South Carolina. SAVB has no loans that are considered to be highly leveraged transactions or foreign credits.

*Allowance for Loan Losses*

See "SAVB's Management's Discussion and Analysis of Financial Condition and Results of Operations" for details about the activity and breakdown of the allowance for loan losses and additional information regarding accounting estimates in the allowance.

Table of Contents**Long-term Obligations**

The following table includes a breakdown of payment obligations due under long-term contracts:

(\$ in thousands) Contractual Obligations	Total	Payments Due by Period			
		Less than 1 Year	1 - 3 Years	4 - 5 Years	More than 5 Years
FHLB Atlanta advances	\$ 13,150	\$	\$ 3,000	\$	\$ 10,150
Subordinated debt	10,310				10,310
Operating leases buildings	5,122	838	1,489	1,158	1,637
Long-term contracts	4,324	1,236	2,493	595	
<b>Total</b>	<b>\$ 32,906</b>	<b>\$ 2,074</b>	<b>\$ 6,982</b>	<b>\$ 1,753</b>	<b>\$ 22,097</b>

**Description of Properties**

SAVB's headquarters is located at 25 Bull Street, Savannah, Georgia, in an office building located on Johnson Square in downtown Savannah. The building also serves as the headquarters for The Savannah Bank. The Savannah Bank has leased space at this location since 1990. SAVB signed a new lease as of February 1, 2010 increasing the total square footage rented in the building to approximately 21,000 square feet, which is 51 percent of the building. Minis and the Trust Department of SAVB moved into the building from other leased space in 2010. SAVB is responsible for its pro rata share of operating cost increases in utilities, janitorial services, property taxes and insurance. In September 2005, SAVB Properties LLC, a subsidiary of SAVB, acquired a 50 percent interest in Johnson Square Associates, LLP, which owns the 25 Bull Street property.

In 1989, Bryan Bank constructed its 8,500 square foot, two-story main office in Richmond Hill, Georgia, on land owned by Bryan Bank. The building has a walk-up ATM, a drive-up ATM and 4 drive-through lanes.

The Savannah Bank leases approximately 6,500 square feet on the first floor of a two-story building located at 400 Mall Boulevard, Savannah, Georgia. This space is used for a branch location and the mortgage and construction lending departments. The building is near the intersection of Mall Boulevard and Hodgson Memorial Drive, a location that is convenient to a significant concentration of commercial, service, and retail entities. The lease rate increases with the Consumer Price Index. The initial lease term was for five years and ended March 31, 1997. The Savannah Bank committed to exercise the fourth five-year lease option effective March 31, 2012 for the space used for the branch location, however, it did not renew the lease for approximately 2,300 square feet where the mortgage and construction lending departments were located. The Savannah Bank is also responsible for its pro rata share of increases in the cost of ad valorem taxes, insurance and maintenance of common areas. The Savannah Bank renovated the space, constructed a vault, and added a five lane drive-through teller facility adjacent to the building.

During 1995, The Savannah Bank entered into a three-year ground lease with seven five-year renewal options on land located at 100 Chatham Parkway. The Savannah Bank also has a right of first refusal to buy the property at appraised value should the owner ever decide to sell the property. The location is at the intersection of Chatham Parkway and U.S. Highway 80, a major commercial and industrial intersection in west Chatham County. The Savannah Bank, N.A. made land improvements and constructed a 2,200 square-foot banking facility including four drive-through lanes and an ATM drive-through lane. The West Chatham Office opened for business on November 20, 1995.

In 1997, The Savannah Bank constructed a 2,300 square foot office on an out lot owned in the Island Towne Centre Shopping Plaza on Whitmarsh Island, six miles east of downtown Savannah. This office includes a four lane drive-through facility.



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In November 1997, SAVB entered into a ten-year lease beginning June 1, 1998 with four five-year renewal options in the Medical Arts Shopping Center at 4809 Waters Avenue. SAVB exercised its first five-year renewal in 2008. The property consists of 3,055 square feet of banking office space and a separate drive-through facility behind the shopping center.

On February 24, 2006, Harbourside entered into a lease agreement, effective March 1, 2006, for approximately 17,400 square feet of office space at 852 William Hilton Parkway on Hilton Head Island. During 2009, SAVB purchased the building from the landlord. The branch is now a branch of The Savannah Bank. The Savannah Bank consolidated its operations to the first floor and has fully leased out the second floor.

On August 1, 2006, The Savannah Bank entered into a lease agreement for approximately 1,200 square feet of banking office space in The Village, a shopping center on Skidaway Island. The initial term of the lease is for five years and includes two five-year renewal options. The Savannah Bank committed to exercise the first five-year lease option in August 2011. The rent adjusts annually by an amount that approximates the increase in the Consumer Price Index. The Savannah Bank is also responsible for its pro rata share of increases in the cost of ad valorem taxes, insurance and maintenance of common areas.

On January 31, 2007, Harbourside entered into a lease agreement, effective October 1, 2007, for approximately 4,500 square feet of office space on Bluffton Parkway in Bluffton, South Carolina. The lease is on a new building for a 10-year initial lease term with three five-year renewal options. After three years, the rent adjusted three percent. The branch is now a branch of SAVB. SAVB, as the tenant, is responsible for all taxes, insurance and maintenance.

In 2008, Bryan Bank acquired a lot for a future branch site in a commercial development on Highway 144 in Richmond Hill.

In August 2008, Bryan Bank opened its second office in Richmond Hill at 3700 Highway 17, about one-half mile from I-95. The new branch is 3,000 square feet. SAVB also relocated its regional banking operations center from previously leased space in The Savannah Bank to the new facility. The imaged item processing, statement rendering, information technology, loan operations, deposit operations and branch operations support functions are located at this center. The operations center occupies the remainder of the 11,500 square foot facility.

In September 2008, The Savannah Bank purchased a commercial lot in Pooler, Georgia as a potential branch location. The Savannah Bank leases a separate location in Pooler for a drive-up ATM.

On June 25, 2010, The Savannah Bank assumed a lease for an approximately 2,000 square foot branch located at 802 First Street, Tybee Island, Georgia through an agreement with the FDIC. This lease ran through September 2011 and has two 5 year renewal terms. The Savannah Bank is currently renting from month to month and has not exercised the first five year renewal term. The rent adjusts annually by an amount that approximates the increase in the Consumer Price Index.

**Legal Proceedings**

SAVB and its subsidiaries are subject to various legal proceedings and claims that arise in the ordinary course of its business. In management's opinion, there is no legal proceeding pending against SAVB which would have a material adverse effect on its financial position, results of operations or liquidity. Additionally, in the ordinary course of business, SAVB and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations.

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**THE MERGER**

*The following discussion contains certain information about the merger. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as Annex A to this joint proxy statement/prospectus. We urge you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A, for a more complete understanding of the merger.*

**Terms of the Merger**

Each of SCBT's and SAVB's respective boards of directors have approved the merger agreement. The merger agreement provides for the merger of SAVB with and into SCBT, with SCBT continuing as the surviving entity. In the merger, each share of SAVB common stock, par value \$1.00 per share, issued and outstanding immediately prior to the completion of the merger, except for specified shares of SAVB common stock held by SAVB or SCBT, will be converted into the right to receive 0.2503 shares of SCBT common stock, par value \$2.50 per share. Immediately following the merger, The Savannah Bank and Bryan Bank, each a wholly owned bank subsidiary of SAVB, will merge with and into SCBT's wholly owned bank subsidiary, with SCBT's wholly owned bank subsidiary continuing as the surviving bank. No fractional shares of SCBT common stock will be issued in connection with the merger, and holders of SAVB common stock will be entitled to receive cash in lieu thereof.

SAVB shareholders are being asked to approve the merger agreement and SCBT shareholders are being asked to approve the stock issuance in connection with the merger. See "The Merger Agreement" for additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating or amending the merger agreement.

**Background of the Merger**

As part of its ongoing consideration and evaluation of SAVB's long-term prospects and strategies, SAVB's board of directors and senior management have regularly reviewed and assessed SAVB's business strategies and objectives, including strategic opportunities and challenges, all with the goal of enhancing shareholder value.

Over the last few years, these reviews have included a focus on the prevailing negative industry and economic conditions, and have involved a robust discussion regarding the identification, exploration and consideration of potential strategic initiatives intended to best position SAVB and its subsidiaries to continue to anticipate and respond to such conditions. During this same period, SAVB has been faced with many difficult challenges related to the ongoing financial crisis and resulting recession affecting the nation. The economic challenges that have faced the nation over the last few years have had a disproportionately negative impact on many of the markets that SAVB serves in Georgia and South Carolina, including a sharp-downturn in the real estate market, and a greater inability of SAVB's borrowers to repay their loans. The State of Georgia has witnessed more bank failures than any other state, with more than 80 banks in Georgia having failed since August 2008.

As a result of these adverse market conditions, SAVB has experienced significantly higher levels of loan loss provisions, increases in total charge-offs, increases in carrying costs and other expenses associated with maintaining and disposing of problem assets, sharp reductions in new loan demand, and a number of regulatory enforcement orders, all of which have negatively affected SAVB's financial condition, results of operations and future earnings capacity.

Although the economic environment showed some initial signs of moderate improvement during parts of 2011 and 2012, the limited growth that was witnessed demonstrated that the economic recovery would likely be slow and protracted due to high unemployment, low consumer confidence, and a soft housing and real estate market. The current sustained period of increased payment delinquencies,

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foreclosures and losses caused by adverse market and economic conditions in coastal Georgia and South Carolina has adversely affected the value of SAVB's assets, revenues, and results of operations and overall financial condition, and SAVB believed that this was likely to continue in the near term.

Through its regulatory enforcement orders and related discussions with its bank regulatory agencies, SAVB indicated in 2011 and 2012 that SAVB's bank subsidiaries would take actions to improve the bank subsidiaries capital position, reduce the level of problem assets, and to take other actions designed to enhance the bank subsidiaries' credit risk management, credit quality, strategic planning, capital planning and liquidity risk management. The bank subsidiaries also agreed to strive to achieve and maintain prescribed capital ratios.

The regulatory enforcement orders also prohibit SAVB's bank subsidiaries from paying dividends to SAVB, and require that SAVB obtain regulatory approval prior to paying or declaring any dividends to its shareholders. Additionally, SAVB believed that pending legal and regulatory initiatives would require SAVB to have higher capital ratios in the future, thus limiting the future overall earnings potential for SAVB.

During this difficult regulatory and economic environment, SAVB's board of directors has continued to assess SAVB's strategies, objectives and challenges. Beginning in the Summer of 2011, in response to regulatory directives and SAVB's financial results, SAVB's board of directors began to work with its advisors to identify, consider and pursue various avenues to address its challenges, including a simultaneous bulk sale of problem assets and a capital raise through the sale of newly issued securities. SAVB's board of directors engaged FIG Partners, LLC, which we refer to as "FIG," to advise the board as it pursued the capital raise transaction.

Both the proposed asset sale and capital raise were critical to SAVB's strategy to remain an independent community bank, and to restore its financial well-being and regulatory standing, so as to permit SAVB to grow in the future, whether organically or through acquisitions. However, each of these transactions, if consummated, had potential downsides. For instance, the sale of problem assets would have resulted in significant losses to SAVB, thereby reducing total capital and increasing the need for significant additional capital. The capital raise, in turn, would likely have been at a price that significantly diluted existing shareholders.

Accordingly, in October 2011, at the same time SAVB was pursuing a potential sale of problem assets and capital raise, SAVB was approached by a financial institution regarding a potential acquisition of SAVB. In response to this proposal, SAVB's board of directors engaged SunTrust Robinson Humphrey, Inc. ("STRH") as its financial advisor in evaluating its strategic alternatives, including a potential sale of SAVB. The executive committee of SAVB's board of directors met and received a presentation from STRH in October 2011, where STRH discussed the condition of the Southeastern United States bank merger market, and the value that SAVB's shareholders might be able to achieve in a merger or other strategic transaction. STRH also reviewed with the board the challenges that SAVB could expect to face if it remained independent, including challenges related to increased regulatory burdens and overhead expense, challenges related to SAVB's ability to increase capital to support growth, and the challenges of rebuilding an earning asset base and achieving normalized earnings that would support a more attractive stock price.

In addition to the first bank that approached SAVB, STRH identified five financial institutions that STRH believed might be interested in exploring a strategic combination, and that STRH believed might be capable of completing such a transaction on terms that would be attractive to SAVB. SCBT was one of these five additional institutions. In November 2011, acting on behalf of SAVB, STRH contacted each of these six financial institutions to ascertain each of these institutions' interest in a potential strategic combination with SAVB. Two such parties that responded indicated preliminary interest in transactions involving consideration in the range of \$5-\$10 per share of SAVB common stock, but these indications were subject to extensive due diligence and other conditions. Two other parties expressed an interest in

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discussing a transaction but declined to submit pricing information without additional due diligence. Each of these four parties executed a confidentiality agreement. Two parties did not respond. After careful consideration, SAVB's board of directors determined to proceed with the asset sale and capital raise, as SAVB's board of directors believed that the asset sale and capital raise was in the best interests of the Company and its shareholders.

Thereafter, SAVB and STRH maintained a dialogue regarding the state of the banking market and economy in the Southeastern United States and SAVB's progress on its asset sale and capital raise. Toward the end of June 2012, representatives of STRH contacted J. Curtis Lewis III, Chairman of SAVB's board of directors, to discuss SAVB's stand-alone strategy and SAVB's progress on its asset sale and capital raise. STRH also provided to SAVB an update of the financial analysis it had previously conducted for SAVB. Following this discussion, STRH contacted SCBT to ascertain SCBT's interest in exploring a potential combination with SAVB. STRH then reported to Mr. Lewis that SCBT was interested in exploring a strategic business combination.

On June 29, 2012, SCBT's Chairman, CEO and CFO met with SAVB directors Lewis, Brown and Demere and representatives of STRH, in Savannah, Georgia. During the discussions, SAVB conveyed to SCBT that if SCBT was interested in a strategic combination, then SCBT should work quickly towards completing due diligence and making an offer to SAVB, as SAVB was continuing to work towards the completion of the asset sale and capital raise, in the event that an agreement with SCBT could not be reached. Accordingly, SAVB and SCBT began to exchange confidential information regarding the respective companies.

Following the meeting with SCBT, Mr. Lewis contacted the other members of SAVB's board of directors and updated each of them regarding the discussions with SCBT. SAVB's board of directors supported continued discussions with SCBT on a parallel track with SAVB's proposed asset sale and capital raise.

Shortly thereafter, Mr. Lewis received an initial letter from the CEO of SCBT proposing a combination of their respective financial institutions through an all-stock transaction. The initial proposal from SCBT was subject to the completion of SCBT's due diligence on SAVB and contemplated that the terms of a final proposal, including final pricing terms, would be negotiated following due diligence by the respective companies.

On the same day, SAVB conferred with representatives of STRH and a representative of Alston & Bird LLP ("Alston & Bird"), special legal counsel to SAVB, regarding SCBT's proposal. Following the discussion, Mr. Lewis communicated with SCBT's CEO regarding certain aspects of SCBT's proposal, including its requirement that SAVB deal exclusively with SCBT. Following some minor revisions to SCBT's proposal, SAVB's board of directors authorized Mr. Lewis to execute SCBT's proposal letter in order to further explore a potential strategic combination with SCBT and commence a due diligence review with SCBT.

Over the next several weeks, the parties began conducting more comprehensive mutual due diligence.

On July 11, at a special meeting of SAVB's board of directors, the board reviewed and thoroughly discussed SCBT's interest in a potential transaction. In addition, representatives of STRH conducted a presentation including a preliminary financial analysis of SCBT's proposal and answered related questions from SAVB's directors. SAVB's board of directors and representatives of STRH discussed STRH's analysis of SAVB's intrinsic value and SAVB's prospects as a stand-alone company, including estimates of earnings per share and net income available to common shareholders. STRH also reviewed with the board the challenges that SAVB could expect to face if it remained independent, including challenges related to increasing regulatory burdens and overhead expenses as well as SAVB's ability to increase capital to support growth. SAVB's board of directors also discussed other strategic alternatives,

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including the potential asset sale and potential capital raise, including the fact that since SAVB's board began pursuing the asset sale and capital raise in Fall of 2011, the terms and conditions of both the potential capital raise and asset sale had become significantly less favorable to SAVB and its existing shareholders. Legal counsel reviewed with the board its fiduciary duties.

SAVB's board of directors also discussed with STRH whether to consider contacting other parties to ascertain their potential interest in a business combination. Based on these discussions, and the advice of STRH, and taking into account the previous contacts that STRH had made on behalf of SAVB with other potentially interested parties, the board determined that the likelihood that other parties could be able to pursue a timely transaction with SAVB was outweighed by (a) the risk that a protracted process would jeopardize the asset sale and capital raise (which would leave SAVB with no strategic alternatives) and, (b) the execution risk that SAVB might face with respect to any transaction with SCBT if the process became protracted. Additionally, SAVB's board of directors recognized SCBT's demonstrated ability to close similar transactions, the value of SCBT's culture, SCBT's ability to successfully manage its operations during the financial crisis, and the synergies that a partnership between SAVB and SCBT would create. SAVB viewed SCBT as having a unique marketplace and footprint, which is very much compatible with SAVB's footprint and business, and believed that it would be a good strategic and cultural fit that would benefit SAVB's shareholders in the short- and long-term.

On July 24, following SCBT's due diligence review, representatives of SCBT, including its Chairman, CEO and CFO, met with representatives of SAVB, including SAVB's CEO and CFO and directors Lewis, Brown and Demere. During the meeting, SCBT and SAVB engaged in preliminary discussions regarding an indicative pricing range for SCBT's proposal. Following the meeting, directors Lewis, Demere and Helmken met, with representatives of STRH and Alston & Bird present, to discuss SCBT's proposal and potential alternatives. STRH also presented an updated financial analysis. Following the meeting, SAVB's Chairman discussed SCBT's proposal with SCBT's CEO. SAVB's Chairman indicated to SCBT's CEO that in order to proceed with discussions regarding a potential transaction, SAVB's board of directors would require stock consideration above the indicative range discussed with SCBT at the July 24 meeting.

During July 25 and July 26, SAVB and SCBT maintained contact through their representatives and discussed several possible pricing scenarios. On July 26, Mr. Lewis received a revised proposal from the CEO of SCBT proposing a combination of their respective financial institutions through an all-stock transaction valued at approximately \$9 per share of SAVB's common stock based on a fixed exchange ratio of 0.2503 shares of SCBT common stock for each share of common stock of SAVB, and provided that SAVB agree to not pursue the asset sale or capital raise. The closing sale price of SAVB's and SCBT's common stock on July 26 was \$5.20 and \$35.95 per share, respectively.

Additionally on July 26, representatives of Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton"), special counsel to SCBT, provided Alston & Bird, special counsel to SAVB, with a draft merger agreement. SAVB's board of directors solicited fairness opinions regarding the potential transaction with SCBT from both STRH and FIG.

As a result of SCBT's July 26 proposal, and as part of its ongoing review and assessment of SAVB's strategic plan, SAVB's board of directors met with representatives of STRH, Alston & Bird and FIG to discuss SCBT's proposal at a meeting held on July 27.

SAVB's board of directors reviewed and thoroughly discussed SCBT's July 26 proposal. In addition, representatives of STRH conducted a presentation including a preliminary financial analysis of SCBT's proposal and answered related questions from SAVB's directors. SAVB's board of directors and representatives of STRH discussed STRH's analysis of SAVB's intrinsic value and SAVB's prospects as a stand-alone company. The board also discussed other strategic alternatives, including the potential asset sale and capital raise. SAVB's board of directors also received a preliminary financial analysis from FIG comparing the asset sale and capital raise with the potential transaction with SCBT. Legal counsel reviewed with the board its fiduciary duties.

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After discussion among the board members, SAVB's board of directors unanimously approved the terms of the revised proposal from SCBT, authorized Mr. Lewis to execute the letter of intent from SCBT and authorized Mr. Lewis and Mr. Helmken to proceed to negotiate a definitive merger agreement with SCBT. SAVB's Chairman and SCBT's CEO executed the letter of intent on July 27.

Over the next week, SAVB's management and legal counsel negotiated the final terms of the merger agreement with SCBT's management and legal counsel.

On August 7, SAVB's board of directors met again with STRH, FIG and legal counsel to consider SCBT's proposal. STRH made a presentation that summarized the financial matters associated with the proposed transaction and included comparisons to certain publicly traded companies similar to SCBT and SAVB, an analysis of recently completed mergers and acquisitions similar to the merger, an analysis of the estimated future earnings and terminal value of SAVB and other analyses relevant to the financial terms of the merger. STRH advised SAVB's board of directors that the transaction was fair to SAVB's shareholders from a financial standpoint. FIG also made a presentation to SAVB's board of directors that summarized the financial matters associated with the proposed transaction and included an analysis of recently completed mergers and acquisitions similar to the merger, an analysis of the estimated future earnings and terminal value of SAVB and other analyses relevant to the financial terms of the merger. FIG advised SAVB's board of directors that the transaction was fair to SAVB's shareholders from a financial standpoint. Alston & Bird outlined for the board the terms of a draft definitive merger agreement that had been negotiated with SCBT.

After extensive discussion and deliberation, SAVB's board of directors, having determined that the terms of SCBT's proposal, the related merger agreement and the transactions contemplated thereby, including the merger, were fair to and in the best interests of SAVB and its shareholders, unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, directed that the merger agreement be submitted to its shareholders for adoption and approval, and recommended that shareholders vote in favor of the adoption and approval of the merger agreement and the transactions contemplated thereby, including the merger.

On August 7, the SCBT board of directors held a telephonic meeting, along with its financial and legal advisors, to review and consider the merger agreement and the transactions contemplated thereby. After extensive discussion and deliberation, the SCBT board of directors, by unanimous vote, determined that the merger agreement was advisable and in the best interests of SCBT and its shareholders, recommended that SCBT's shareholders vote in favor of the stock issuance proposal and authorized management to execute the merger agreement.

Later that evening, SCBT and SAVB executed the merger agreement. Prior to market open on August 8, the proposed merger was publicly announced.

**SAVB's Reasons for the Merger; Recommendation of SAVB's Board of Directors**

**After careful consideration, SAVB's board of directors, at a meeting held on August 7, 2012, unanimously determined that the plan of merger contained in the merger agreement is in the best interests of SAVB and its shareholders. Accordingly, SAVB's board of directors adopted and approved the merger agreement and unanimously recommends that SAVB shareholders vote "FOR" the approval of the merger agreement.**

In evaluating the merger agreement and reaching its decision to adopt and approve the merger agreement and recommend that SAVB shareholders approve the merger agreement, SAVB's board of directors consulted with SAVB's management, as well as its outside legal and financial advisors, and

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considered a number of factors, including the following material factors (not in any relative order of importance):

SAVB's board of directors' knowledge and understanding of SAVB's business, operations, financial condition, asset quality, earnings and prospects, and of SCBT's business, operations, financial condition, asset quality, earnings and prospects, taking into account the presentations made by SCBT officers, the results of SAVB's due diligence review of SCBT and information provided by SAVB's financial advisors;

its knowledge of SAVB's prospects as an independent entity, including challenges related to increasing regulatory burdens and overhead expense, SAVB's ability to increase capital to support growth;

its knowledge of the current environment in the financial services industry, including national, regional and local economic conditions, continued consolidation, increased regulatory burdens, evolving trends in technology and increasing nationwide and global competition, the current financial market conditions, the current environment for community banks, particularly in Georgia, and the likely effects of these factors on the combined company's potential growth, development, productivity, profitability and strategic options, and the historical market prices of SAVB and SCBT common shares;

its knowledge of the strategic alternatives available to SAVB and the challenges and potential downsides associated with the potential asset sale and capital raise contemplated by SAVB (discussed on pages 71-75);

its belief that the merger is more favorable to SAVB shareholders than the alternatives to the merger, which belief was formed based on the careful review undertaken by SAVB's board of directors, with the assistance of its management and outside legal and financial advisors, of the strategic challenges and alternatives available to SAVB, including continued operation as an independent community bank and the required actions necessary to remain an independent community bank;

the complementary aspects of the SAVB and SCBT businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' management and operating styles;

its understanding of SCBT's commitment to enhancing its strategic position in both the States of Georgia and South Carolina;

the potential expense-saving and revenue-enhancing opportunities in connection with the merger, the related potential impact on the combined company's earnings and the fact that the nature of the merger consideration would allow former SAVB shareholders to participate as SCBT shareholders in the benefits of such savings opportunities and the future performance of the combined company generally;

the prospect of SAVB's shareholders becoming shareholders of SCBT, which has a long history of paying cash dividends and additional liquidity in its stock and could thereby provide SAVB's shareholders with the ability to realize increased value following the merger;

the anticipated pro forma impact of the transaction on the combined company;

SCBT's successful track record and SAVB's board of directors' belief that the combined enterprise would benefit from application of SCBT's ability to take advantage of economies of scale and grow in the current economic environment, making SCBT an attractive partner for SAVB;





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the financial analyses provided by STRH, SAVB's financial advisor regarding the merger, and FIG, and the oral opinions of STRH and of FIG delivered on August 7, 2012, subsequently confirmed by written opinions dated the same date, to the effect that, as of the date of such opinions, and based upon and subject to the assumptions, limitations, qualifications and conditions described in such opinions, the merger consideration to be received by the holders of SAVB common stock in the merger was fair, from a financial point of view, to such holders, as more fully described below under " Opinion of STRH Robinson Humphrey, Inc." and " Opinion of FIG Partners, LLC";

the financial terms of the merger, including the fact that, based on the closing price of SCBT common stock on the NASDAQ Global Select Market as of market close on August 6, 2012 (the trading day prior to SAVB's board of directors' decision to adopt and approve the merger agreement), the implied value of the per share merger consideration represented an approximate 69.1% premium to the last quoted sales price of SAVB common stock on the NASDAQ Global Market as of that date;

the financial and other terms of the merger agreement, including the fixed exchange ratio, tax treatment and mutual deal protection and termination fee provisions, which SAVB's board of directors reviewed with its outside financial and legal advisors, including:

SAVB's ability, under certain circumstances specified in and prior to the time SAVB shareholders approve the merger agreement, to (i) provide non-public information in response to a written acquisition proposal from a third party and (ii) participate in discussions or negotiations with the third party making such a proposal, if, in each case, the acquisition proposal was not the result of a material violation of the provisions of the merger agreement relating to the solicitation of acquisition proposals, and if SAVB's board of directors, prior to taking any such actions, determines in good faith, after consultation with its outside legal counsel, that failure to take such actions would violate SAVB's board of directors' fiduciary duties under applicable law and, after consultation with its financial advisor and outside counsel, that such acquisition proposal constitutes a superior proposal;

SAVB's board of directors' ability, under certain circumstances, to withhold, withdraw, qualify or modify its recommendation to SAVB's shareholders, subject to the potential payment by SAVB of a termination fee of \$2.6 million to SCBT, which SAVB's board of directors concluded was reasonable in the context of termination fees in comparable transactions and in light of the overall terms of the merger agreement, including the merger consideration;

the fact that the outside date under the merger agreement allows for sufficient time to complete the merger;

SAVB's board of directors' belief that the proposed merger with SCBT would generally be a tax-free transaction to SAVB shareholders with respect to the SCBT common stock to be received by SAVB shareholders in the merger; and

the level of effort that SAVB must use under the merger agreement to obtain required regulatory approvals, and the prospects for such approvals being obtained in a timely fashion and without the imposition of any conditions of the type described in "The Merger Regulatory Approvals Required for the Merger" on page 106;

the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):

the reputation of SCBT, its familiarity with SAVB's industry and its demonstrated ability to complete similar acquisition transactions;



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SAVB's board of directors' assessment of SCBT's resources, market share and safety and soundness ratings;

the fact that the merger agreement provides that, in the event of a failure of the merger to be consummated under certain circumstances where the conditions to consummation of the merger have been satisfied, SCBT will pay SAVB a \$2.6 million termination fee, without SAVB having to establish any damages;

its review of the potential costs associated with executing the merger agreement, including change in control severance and related costs, as well as estimated advisor fees, which SAVB's board of directors concluded were reasonable and would not affect the advice from, or the work performed by, senior management of SAVB or SAVB's financial advisors in connection with the evaluation of the merger and the merger agreement by SAVB's board of directors.

SAVB's board of directors also considered potential risks and a variety of potentially negative factors in connection with its deliberations concerning the merger agreement and the merger, including the following material factors (not in any relative order of importance):

the fact that, because the merger consideration is a fixed exchange ratio of shares of SCBT common stock to SAVB common stock, SAVB shareholders could be adversely affected by a decrease in the trading price of SCBT common stock during the pendency of the merger;

the fact that, while SAVB expects that the merger will be consummated, there can be no assurance that all conditions to the parties' obligations to complete the merger agreement will be satisfied, including the risk that certain regulatory approvals, the receipt of which are conditions to the consummation of the merger, might not be obtained, and, as a result, the merger may not be consummated;

the risk that potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of the two companies;

the restrictions on the conduct of SAVB's business prior to the completion of the merger, which are customary for public company merger agreements involving financial institutions, but which, subject to specific exceptions, could delay or prevent SAVB from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of SAVB absent the pending completion of the merger;

the significant risks and costs involved in connection with entering into and completing the merger, or failing to complete the merger in a timely manner, or at all, including as a result of any failure to obtain required regulatory approvals, such as the risks and costs relating to diversion of management and employee attention from other strategic opportunities and operational matters, potential employee attrition, and the potential effect on business and customer relationships;

the fact that SAVB would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement, and the possibility that the \$2.6 million termination fee payable by SAVB upon the termination of the merger agreement under certain circumstances could discourage other potential acquirers from making a competing bid to acquire SAVB;

the potential risk that a further downturn in the South Carolina housing market could negatively impact SCBT's loan portfolio, and thereby affect the value of the SCBT common stock;

the fact that some of SAVB's directors and executive officers have other interests in the merger that are different from, or in addition to, their interests as SAVB shareholders, as more fully described under " Interests of SAVB's Directors and

Executive Officers in the Merger";

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the fact that SAVB shareholders would not be entitled to dissenters' rights in connection with the merger; and

the possibility of litigation in connection with the merger.

In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, SAVB's board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of SAVB's board of directors may have given different weight to different factors. SAVB's board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, SAVB management and SAVB's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

The foregoing explanation of SAVB's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements."

**Opinion of SunTrust Robinson Humphrey, Inc.**

On October 27, 2011, SAVB executed an engagement letter with SunTrust Robinson Humphrey, Inc., which we refer to as STRH, to render financial advisory and investment banking services to SAVB. STRH agreed to assist SAVB in evaluating its strategic alternatives, and ultimately agreed to assess the fairness, from a financial point of view, of the merger consideration in the proposed merger with SCBT, to the shareholders of SAVB. SAVB selected STRH because STRH is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with SAVB and its business. As part of its investment banking business, STRH is continually engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions. In requesting STRH's advice and opinion, no limitations were imposed by SAVB upon STRH with respect to the investigations made or procedures followed by it in rendering its opinion.

As part of its engagement, a representative of STRH attended the meeting of SAVB's board of directors held on August 7, 2012, at which SAVB's board of directors evaluated the proposed merger with SCBT. At this meeting, STRH reviewed the financial aspects of the proposed merger and rendered an oral opinion (which was subsequently confirmed in writing) that, as of such date, and based upon and subject to factors and assumptions set forth therein, the merger consideration offered to SAVB shareholders in the merger was fair, from a financial point of view. SAVB's board of directors approved the merger agreement at this meeting.

**The full text of STRH's written opinion, dated August 7, 2012, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. SAVB shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by STRH. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion.**

**STRH's opinion speaks only as of the date of the opinion. The opinion is directed to SAVB's board of directors and addresses only the fairness, from a financial point of view, of the merger consideration offered to SAVB shareholders. It does not address the merits of the underlying business decision to proceed with the merger or the relative merits of the merger compared with other business strategies or transactions and does not constitute a recommendation to any SAVB shareholder as to how the shareholder should vote at the SAVB special meeting on the merger or any related matter. The terms of the merger agreement were determined through arms-length negotiations between SAVB and SCBT; STRH did not recommend any specific form of consideration to SAVB or that any specific form of consideration constituted the only appropriate consideration for the merger.**

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In rendering its opinion, STRH, among other things:

reviewed the definitive merger agreement;

discussed the proposed merger with the SAVB management team and SAVB's board of directors and with SAVB's legal counsel;

reviewed certain publicly available business and financial information relating to SAVB and its subsidiaries;

reviewed certain non-public internal and audited and unaudited financial statements of SAVB and its subsidiaries, and certain other financial, asset quality and operating data, which has been shared and discussed with SAVB's management;

reviewed financial projections with SAVB's management reflecting SAVB's business and prospects;

held discussions with SAVB's management regarding past and current business, operations and financial condition and prospects of SAVB and its subsidiaries;

considered current and historical market conditions and certain financial, stock market and other publicly available information relating to the business of other companies and banks whose operations STRH considered relevant in evaluating the merger;

reviewed certain publicly available business and financial information relating to SAVB and the merger;

reviewed certain publicly available business and financial information relating to SCBT;

reviewed certain publicly available audited and unaudited financial statements of SAVB, and certain other financial, asset quality and operating data, which has been shared and discussed with SAVB's management;

compared the financial performance of both SAVB and SCBT with those of certain other publicly traded companies STRH deemed comparable and relevant;

compared certain financial terms of the merger to the financial terms, to the extent publicly available, of certain other transactions STRH deemed relevant; and

performed such other analyses and considered such other factors, as STRH deemed appropriate.

In conducting its review and arriving at its opinion, STRH assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information discussed with SAVB management or reviewed by STRH. With respect to the financial forecasts of SAVB provided to or discussed with STRH, STRH assumed, at the direction of SAVB management and without independent verification or investigation, that such forecasts have been reasonably prepared on bases reflecting the best currently available information, estimates and judgments of SAVB management as to the future financial performance of SAVB. In arriving at its opinion, STRH did not conduct a physical inspection of the properties and facilities of SAVB and has not made nor obtained any evaluations or appraisals of the assets or liabilities (including, without limitation, any potential environmental liabilities), contingent or otherwise, of SAVB.

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The projections furnished to STRH and used by it in certain of its analyses were based on projections prepared by SAVB's senior management team. SAVB does not publicly disclose internal management projections of the type provided to STRH in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary

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significantly from those set forth in the projections. The projections reflected SAVB management's assessment, at that time, of SAVB's prospects given its then-current operating environment. SAVB does not intend to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. In addition, the projections may not reflect the manner in which SCBT would operate SAVB after the merger.

For purposes of rendering its opinion, STRH assumed that, in all respects material to its analyses:

the merger will be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any term, condition or agreement thereof;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

STRH further assumed that the merger will be accounted for using the acquisition method under generally accepted accounting principles, and that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. STRH's opinion is not an expression of an opinion as to the prices at which shares of SAVB common stock or shares of SCBT common stock will trade following the announcement of the merger or the actual value of the shares of common stock of the combined company when issued pursuant to the merger, or the prices at which the shares of common stock of the combined company will trade following the completion of the merger.

In performing its analyses, STRH made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of STRH, SAVB and SCBT. Any estimates contained in the analyses performed by STRH are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

In addition, the STRH opinion was among numerous factors taken into consideration by SAVB's board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of SAVB's board of directors with respect to the fairness of the merger consideration.

The following is a summary of the material financial analyses presented by STRH to SAVB's board of directors on August 7, 2012, in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the STRH opinion or the presentation made by STRH to SAVB's board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is



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not readily susceptible to partial analysis or summary description. In arriving at its opinion, STRH did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, STRH believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

**Summary of Proposal**

STRH reviewed the financial terms of the proposed transaction. Using an exchange ratio of 0.2503 shares of SCBT's common stock for every one share of SAVB common stock, STRH calculated an approximate aggregate transaction value of \$67.0 million, or \$9.30 per share, based on SCBT's closing stock price on August 6, 2012 of \$37.15. Based upon financial information as of or for the twelve month period ended June 30, 2012, STRH calculated the following transaction ratios:

Transaction Value / LTM Earnings:	NM
Transaction Value / Book Value:	79.97%
Transaction Value / Tangible Book Value:	83.40%
Market Premium, as of August 6, 2012:	69.10%
Core Deposit Premium:	(2.0)%
Transaction Value / Assets:	7.04%

**Selected Peer Group Analysis***SAVB Peer Group Analysis*

STRH reviewed and compared publicly available financial data, market information and trading multiples for SAVB with other selected publicly traded companies that STRH deemed relevant and comparable to SAVB. The peer group consisted of certain select publicly traded banks (excluding pink sheet banks) headquartered in North Carolina, South Carolina, Georgia and Virginia with total assets as of the most recent quarter reported between \$500 million and \$2 billion (29 companies).

**Name (Ticker):**

Access National Corporation (ANCX)  
 Alliance Bankshares Corporation (ABVA)  
 American National Bankshares Inc. (AMNB)  
 C&F Financial Corporation (CFFI)  
 Carolina Bank Holdings, Inc. (CLBH)  
 Colony Bankcorp, Inc. (CBAN)  
 Community Bankers Trust Corporation (BTC)  
 Crescent Financial Bancshares, Inc. (CRFN)  
 Eastern Virginia Bankshares, Inc. (EVBS)  
 ECB Bancorp, Inc. (ECBE)  
 Fauquier Bankshares, Inc. (FBSS)  
 First Capital Bancorp, Inc. (FCVA)  
 First Community Corporation (FCCO)  
 First South Bancorp, Inc. (FSBK)  
 Middleburg Financial Corporation (MBRG)

**Name (Ticker):**

Monarch Financial Holdings, Inc. (MNRK)  
 National Bankshares, Inc. (NKSH)  
 New Century Bancorp, Inc. (NCBC)  
 NewBridge Bancorp (NBBC)  
 Old Point Financial Corporation (OPOF)  
 Palmetto Bancshares, Inc. (PLMT)  
 Park Sterling Corporation (PSTB)  
 Peoples Bancorp of North Carolina, Inc. (PEBK)  
 Southern Community Financial Corporation (SCMF)  
 Southern First Bancshares, Inc. (SFST)  
 Southern National Bancorp of Virginia, Inc. (SONA)  
 Valley Financial Corporation (VYFC)  
 Village Bank and Trust Financial Corp. (VBFC)  
 Yadkin Valley Financial Corporation (YAVY)

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For the selected publicly traded companies, STRH analyzed, among other things, financial performance, capital ratios and asset quality, for the most recent quarter reported, in addition to current marketing, price performance and liquidity analysis. Projected earnings, book value and tangible book value per share for the comparables companies were based on research consensus estimates. The table below sets forth the 1<sup>st</sup> quartile, median and 4<sup>th</sup> quartile operating metrics, valuation multiples, capital ratios, asset quality, market pricing and returns of selected publicly traded banks (excluding pink sheet banks).

Financial Performance (MRQ)	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
ROAA	0.17%	(0.50)%	0.43%	1.61%
ROATCE	2.25%	(1.24)%	4.20%	18.67%
Core Pre Tax ROAA(1)	1.28%	0.28%	0.85%	2.52%
Net Interest Margin	3.90%	3.25%	3.59%	4.57%
Noninterest Income/Avg Assets	0.64%	0.39%	0.84%	2.97%
Efficiency	68.67%	85.65%	75.92%	61.55%

Note:

- (1) Pre-tax, pre provision, adjusted for one-time gains and losses.

Capital Ratios (MRQ)	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
TCE Ratio	8.46%	5.34%	7.66%	11.79%
Tier 1 Leverage Ratio	8.60%	8.16%	9.03%	12.36%
Total Risk Based Ratio	13.14%	12.40%	13.67%	17.77%

Asset Quality (MRQ)	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
Adjusted NPA's / Assets	5.71%	6.98%	3.30%	1.09%
Texas Ratio(1)	52.75%	71.80%	29.73%	16.94%
LTM NCO's / Avg. Loans	2.38%	0.32%	1.17%	2.34%
LLR / Loans	3.14%	1.35%	2.06%	2.77%
LLR / NPAs	41.90%	24.91%	35.79%	119.59%

Note:

- (1) Texas ratio defined as Adjusted NPAs divided by TCE plus LLR

Current Market Pricing	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
Price / Book Value Per Share	41.71%	44.02%	70.24%	116.53%
Price / Tangible Book Value Per Share	43.50%	47.14%	71.81%	150.80%
Price / LTM EPS	NM	8.25x	12.20x	36.50x
Price / MRQ EPS (A)	22.92x	7.22x	11.21x	23.82x
Price / 2012 (e) EPS	NA	8.03x	11.48x	45.44x
Price / 2013 (e) EPS	NA	8.55x	15.26x	18.07x

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Price Performance	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
1-Year Stock Price Change	(24.35)%	(17.02)%	15.26%	73.26%
1-Year Total Return	(24.35)%	(16.59)%	18.47%	80.06%
3-Year Stock Price Change	(28.20)%	(46.60)%	(0.49)%	102.76%
3-Year Total Return	(27.83)%	(45.99)%	10.66%	106.30%

Other Analysis	Savannah Peer Group			
	Savannah	1st Quartile	Median	4th Quartile
Dividend Yield	0.00%	0.00%	0.91%	4.15%
Market Capitalization (\$ in MM)	\$ 39.60	\$ 27.17	\$ 48.51	\$ 148.16
Liquidity: 3-Mo Average Daily Trading Volume (Actual \$)	\$ 17,705	\$ 13,867	\$ 25,111	\$ 521,421

*SCBT Peer Group Analysis*

STRH reviewed and compared publicly available financial data, market information and trading multiples for SCBT with other selected publicly traded companies that STRH deemed relevant and comparable to SCBT. The peer group consisted of certain select publicly traded banks (excluding pink sheet banks) headquartered in the Southeastern region of the United States with total assets as of the most recent quarter reported between \$2.5 billion and \$7.5 billion (22 companies).

**Name (Ticker):**

Ameris Bancorp (ABCB)  
 Bank of the Ozarks, Inc. (OZRK)  
 BankAtlantic Bancorp, Inc. (BBX)  
 Capital City Bank Group, Inc. (CCBG)  
 Cardinal Financial Corporation (CFNL)  
 CenterState Banks, Inc. (CSFL)  
 City Holding Company (CHCO)  
 Community Trust Bancorp, Inc. (CTBI)  
 First Bancorp (FBNC)  
 First Financial Holdings, Inc. (FFCH)  
 Home BancShares, Inc. (HOMB)

**Name (Ticker):**

Pinnacle Financial Partners, Inc. (PNFP)  
 Renasant Corporation (RNST)  
 Republic Bancorp, Inc.(RBCAA)  
 Simmons First National Corporation (SFNC)  
 State Bank Financial Corporation (STBZ)  
 StellarOne Corporation (STEL)  
 TowneBank (TOWN)  
 Union First Market Bankshares Corporation (UBSH)  
 United Community Banks, Inc. (UCBI)  
 Virginia Commerce Bancorp, Inc. (VCBI)  
 WesBanco, Inc. (WSBC)

For the selected publicly traded companies, STRH analyzed, among other things, financial performance, capital ratios and asset quality, for the most recent quarter reported, in addition to current marketing, price performance and liquidity analysis. Projected earnings, book value and tangible book value per share for the comparables companies were based on research consensus estimates. The table below sets forth the 1<sup>st</sup> quartile, median and 4<sup>th</sup> quartile operating metrics, valuation multiples,

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capital ratios, asset quality, market pricing and returns of selected publicly traded banks (excluding pink sheet banks).

Financial Performance (MRQ)	SCBT Peer Group			
	SCBT	1st Quartile	Median	4th Quartile
ROAA	0.75%	0.37%	0.86%	1.59%
ROATCE	9.89%	5.90%	9.63%	16.85%
Core Pre Tax ROAA(1)	1.74%	1.08%	1.54%	2.77%
Net Interest Margin	4.59%	3.53%	3.87%	4.66%
Noninterest Income/Avg Assets	1.09%	0.36%	1.29%	2.12%
Efficiency	64.50%	74.47%	63.27%	48.77%

Note:

- (1) Pre-tax, pre provision, adjusted for one-time gains and losses.

Capital Ratios (MRQ)	SCBT Peer Group			
	SCBT	1st Quartile	Median	4th Quartile
TCE Ratio	8.03%	6.40%	8.86%	11.95%
Tier 1 Leverage Ratio	9.22%	9.23%	10.30%	12.18%
Total Risk Based Ratio	15.19%	13.44%	15.54%	20.20%

Asset Quality (MRQ)	SCBT Peer Group			
	SCBT	1st Quartile	Median	4th Quartile
Adjusted NPA's / Assets	1.90%	4.60%	2.74%	1.23%
Texas Ratio(1)	19.42%	40.86%	20.00%	12.02%
LTM NCO's / Avg. Loans	0.91%	0.39%	0.64%	2.79%
LLR / Loans	2.69%	1.30%	1.63%	2.29%
LLR / NPAs	99.95%	20.92%	44.78%	102.40%

Note:

- (1) Texas ratio defined as Adjusted NPAs divided by TCE plus LLR

Current Market Pricing	SCBT Peer Group			
	SCBT	1st Quartile	Median	4th Quartile
Price / Book Value Per Share	125.15%	73.68%	102.61%	155.73%
Price / Tangible Book Value Per share	154.17%	85.56%	122.41%	195.45%
Price / LTM EPS	16.47x	11.02x	12.91x	15.67x
Price / MRQ EPS (A)	16.89x	11.31x	13.95x	25.71x
Price / 2012 (e) EPS	16.07x	11.20x	13.68x	20.00x
Price / 2013 (e) EPS	13.47x	10.49x	12.37x	15.27x

Price Performance and Return	SCBT Peer Group			
	SCBT	1st Quartile	Median	4th Quartile
1-Year Stock Price Change	22.89%	(7.35)%	19.31%	36.50%
1-Year Total Return	25.68%	(4.36)%	21.18%	40.59%
3-Year Stock Price Change	44.27%	(20.49)%	13.05%	117.00%
3-Year Total Return	53.22%	(14.51)%	17.82%	123.30%

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Other Analysis	SCBT Peer Group			
	SCBT	25%	Median	75%
Dividend Yield	1.83%	0.66%	2.06%	3.86%
Market Capitalization (\$ in MM)	\$ 560.44	\$ 226.97	\$ 415.30	\$ 682.75
Liquidity: 3-Mo Average Daily Trading Volume	\$ 1,720,788	\$ 528,770	\$ 963,026	\$ 1,914,130

No companies used in the analyses described above are identical to SCBT, SAVB or the pro forma combined company. Accordingly, an analysis of these results involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

**SAVB Stock Price Performance**

STRH reviewed the history of the publicly reported trading prices of SAVB's common stock for the one-year, three-year and five-year period ended August 6, 2012. STRH then compared the relationship between the movements in the price of SAVB's common stock against the movements in the prices of SAVB's peers used for comparable company analysis and the NASDAQ Bank Index.

## SAVB Historical Stock Performance vs. Peer Group and NASDAQ Bank Index

	1 Year	3 Year	5 Year
Savannah	(24.4)%	(28.2)%	(77.2)%
Savannah Peers	15.6%	(15.2)%	(54.5)%
NASDAQ Bank Index	5.9%	5.5%	(36.3)%

**SCBT Stock Price Performance**

STRH reviewed the history of the publicly reported trading prices of SCBT's common stock for the one-year, three-year, and five-year period ended August 6, 2012. STRH then compared the relationship between the movements in the price of SCBT's common stock against the movements in the prices of SCBT's peers used for comparable company analysis and the NASDAQ Bank Index.

## SCBT Historical Stock Performance vs. Peer Group and NASDAQ Bank Index

	1 Year	3 Year	5 Year
SCBT	19.6%	44.2%	23.4%
SCBT Peers	13.5%	6.9%	(21.6)%
NASDAQ Bank Index	5.9%	5.5%	(36.3)%

**Selected Precedent Transactions Analysis***Size / Asset Quality*

STRH reviewed and analyzed certain financial data related to 19 completed bank mergers and acquisitions announced between January 1, 2010 and August 6, 2012. These transactions involved target banks based in the United States with the following characteristics:

Total assets, for the most recent quarter reported, of between \$500 million and \$2.5 billion; and

Ratio of nonperforming assets to total assets, for the most recent quarter reported, between 3.0% and 10.0%.

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These transactions (listed by announce date in order from most recent to the oldest) were as follows:

<b>Acquiror</b>	<b>Target</b>
City Holding Company	Community Financial Corp
Customers Bancorp, Inc.	Acacia Federal Savings Bank
Berkshire Hills Bancorp, Inc.	Beacon Federal Bancorp, Inc.
Trustmark Corp	BancTrust Financial Group, Inc.
Park Sterling Corporation	Citizens South Banking Corp
WashingtonFirst Bankshares, Inc.	Alliance Bankshares Corporation
Washington Federal, Inc.	South Valley Bancorp, Inc.
Capital Bank Financial Corp	Southern Community Financial Corp
Old National Bancorp	Indiana Community Bancorp
SCBT Financial Corp	Peoples Bancorporation, Inc.
Opus Bank	RMG Capital Corp
Park Sterling Corp	Community Capital Corp
IBERIABANK Corp	Omni Bancshares Inc.
Susquehanna Bancshares Inc.	Abington Bancorp Inc
American National Bankshares	MidCarolina Financial Corp
Nara Bancorp Inc.	Center Financial Corp.
Community Bancorp LLC	Cadence Financial Corp.
Old National Bancorp	Monroe Bancorp
F.N.B. Corp.	Comm Bancorp Inc.

For the purpose of this analysis, transaction multiples from the merger were derived from the transaction value based on SCBT's closing stock price on August 6, 2012 and financial data as of June 30, 2012 for SAVB. STRH compared these transaction multiples with the transaction multiples implied by the selected transactions listed above. The results of the calculations and the analysis are set forth in the table below.

	<b>Selected Transaction</b>			
	<b>SCBT / Savannah Transaction</b>	<b>25% Percentile</b>	<b>Median</b>	<b>75% Percentile</b>
LTM EPS	NM	23.37x	23.68x	26.76x
Stated TBVPS	0.83x	0.79x	1.17x	1.29x
Core Deposit Per Share(1)	(2.0)%	(3.8)%	0.8%	2.1%
Closing Stock Price 8/3/12	69.1%	17.8%	35.2%	57.7%
Closing Stock Price 7/3/12	77.8%	22.8%	56.9%	100.2%

(1) Assumes \$656 million in core deposits (deposits less jumbo CDs and all brokered deposits)

*Southeast Region*

Aside from asset quality comparison, STRH also reviewed precedent transactions in the Southeast region of the United States. STRH reviewed and analyzed certain financial data related to 19 completed bank mergers and acquisitions announced between January 1, 2010 and August 6, 2012. These transactions involved target banks based in the Southeast region of the United States with the following characteristics (28 transactions):

Transaction value between \$10 million and \$150 million; and

Targets banks are based in AL, AK, FL, GA, LA, MS, NC, SC and TN.

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These transactions (listed by announce date in order from most recent to the oldest) were as follows:

Acquiror	Target
Customers Bancorp, Inc.	Acacia Federal Savings Bank
WashingtonFirst Bankshares, Inc.	Alliance Bankshares Corporation
1st United Bancorp, Inc.	Anderon Bank
Trustmark Corporation	BancTrust Financial Group, Inc.
Trustmark Corporation	Bay Bank & Trust Co.
IBERIABANK Corporation	Cameron Bancshares, Inc.
Park Sterling Corporation	Citizens South Banking Corporation
Kentucky First Federal Bancorp (MHC)	CKF Bancorp, Inc.
Park Sterling Corporation	Community Capital Corporation
City Holding Company	Community Financial Corp
Piedmont Community Bank Hldgs	Crescent Financial Corp.
CBM Florida Holding Co.	First Community Bk of America
MidSouth Bancorp, Inc.	First Louisiana National Bank
BNC Bancorp	First Trust Bank
IBERIABANK Corporation	Florida Gulf Bancorp, Inc.
First Volunteer Corporation	Gateway Bancshares, Inc.
Home Bancorp, Inc.	GS Financial Corp.
BNC Bancorp	KeySource Financial, Inc.
Community Trust Bancorp Inc.	Lafollette First Natl Corp.
American National Bankshares	MidCarolina Financial Corp.
IBERIABANK Corp.	Omni Bancshares Inc.
SCBT Financial Corporation	Peoples Bancorporation, Inc.
First Community Bancshares, Inc.	Peoples Bank of Virginia
Eb Bancorp, Inc.	SouthEast Bancshares, Inc.
Capital Bank Financial Corporation	Southern Community Financial Corporation
Stonegate Bank	Southwest Capital Bancshares
City Holding Company	Virginia Savings Bancorp, Inc.
Drummond Banking Company	Williston Holding Company

For the purpose of this analysis, transaction multiples from the merger were derived from the transaction value based on SCBT's closing stock price on August 6, 2012 and financial data as of June 30, 2012 for SAVB. STRH compared these transaction multiples with the transaction multiples implied by the selected transactions listed above. The results of the calculations and the analysis are set forth in the table below.

	Selected Transaction			
	SCBT / Savannah Transaction	25% Percentile	Median	75% Percentile
LTM EPS	NM	14.55x	16.76x	22.85x
Stated TBVPS	0.83x	0.77x	0.93x	1.09x
Core Deposits Per Share(1)	(2.0)%	(3.9)%	(1.6)%	1.0%
Closing Stock Price 8/3/12	69.1%	12.9%	17.1%	17.3%
Closing Stock Price 7/3/12	77.8%	30.4%	56.9%	92.1%

(1) Assumes \$656 million in core deposits (deposits less jumbo CDs and all brokered deposits)

No company or transaction used as a comparison in the above analysis is identical to SCBT, SAVB or the merger. Accordingly, an analysis of these results involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Table of Contents**SAVB Net Present Value Analysis**

STRH performed an analysis that estimated the present value of SAVB through December 31, 2017. The analysis assumed that SAVB performed in accordance with the financial projections for years ended December 2012 through 2017 with projections approved by SAVB's management team.

STRH calculated the implied SAVB valuation with the assumptions below:

Assumes the base case discount rate of 13.5%, which was arrived using the CAPM method and a sensitivity from 10% to 17%

2017 terminal value based on P/E multiple of 13.0x and 100% P/TBV multiple. STRH also sensitized these terminal year PE multiples from 10.0x - 16.0x and terminal year TBV multiple of 75% - 125%

Assumes that excess TCE above 9.0% will be returned to shareholders

Discount Rate	Terminal Price / Earnings in 2017						
	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
10.0%	\$ 5.35	\$ 5.80	\$ 6.25	\$ 6.70	\$ 7.14	\$ 7.59	\$ 8.04
11.0%	\$ 5.10	\$ 5.52	\$ 5.95	\$ 6.37	\$ 6.80	\$ 7.23	\$ 7.65
12.0%	\$ 4.86	\$ 5.26	\$ 5.67	\$ 6.07	\$ 6.48	\$ 6.88	\$ 7.29
13.0%	\$ 4.63	\$ 5.02	\$ 5.40	\$ 5.79	\$ 6.17	\$ 6.56	\$ 6.94
13.5%	\$ 4.52	\$ 4.90	\$ 5.27	\$ 5.65	\$ 6.03	\$ 6.40	\$ 6.78
14.0%	\$ 4.41	\$ 4.78	\$ 5.15	\$ 5.52	\$ 5.88	\$ 6.25	\$ 6.62
15.0%	\$ 4.21	\$ 4.56	\$ 4.91	\$ 5.26	\$ 5.61	\$ 5.96	\$ 6.31
16.0%	\$ 4.02	\$ 4.35	\$ 4.69	\$ 5.02	\$ 5.35	\$ 5.69	\$ 6.02
17.0%	\$ 3.84	\$ 4.16	\$ 4.47	\$ 4.79	\$ 5.11	\$ 5.43	\$ 5.75

Discount Rate	Terminal Price / TCBV in 2017						
	75.0%	80.0%	90.0%	100.0%	110.0%	120.0%	125.0%
10.0%	\$ 5.96	\$ 6.30	\$ 6.98	\$ 7.65	\$ 8.33	\$ 9.01	\$ 9.34
11.0%	\$ 5.68	\$ 6.00	\$ 6.64	\$ 7.28	\$ 7.93	\$ 8.57	\$ 8.89
12.0%	\$ 5.41	\$ 5.71	\$ 6.33	\$ 6.94	\$ 7.55	\$ 8.16	\$ 8.47
13.0%	\$ 5.15	\$ 5.44	\$ 6.03	\$ 6.61	\$ 7.20	\$ 7.78	\$ 8.07
13.5%	\$ 5.03	\$ 5.32	\$ 5.89	\$ 6.45	\$ 7.02	\$ 7.59	\$ 7.88
14.0%	\$ 4.91	\$ 5.19	\$ 5.75	\$ 6.30	\$ 6.86	\$ 7.41	\$ 7.69
15.0%	\$ 4.69	\$ 4.95	\$ 5.48	\$ 6.01	\$ 6.54	\$ 7.07	\$ 7.34
16.0%	\$ 4.47	\$ 4.72	\$ 5.23	\$ 5.73	\$ 6.24	\$ 6.75	\$ 7.00
17.0%	\$ 4.27	\$ 4.51	\$ 4.99	\$ 5.47	\$ 5.96	\$ 6.44	\$ 6.68

STRH also considered how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, STRH calculated the impact to implied valuation using an adjusted DCF case by sensitizing the annual earnings



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estimates by 25% above and below the base case annually. The analysis resulted in the table below for a reference range of SAVB per share value, using a discount rate of 13.5%.

Budget Variance	Terminal Price / Earnings in 2017						
	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
(25.0)%	\$ 3.11	\$ 3.39	\$ 3.67	\$ 3.95	\$ 4.24	\$ 4.52	\$ 4.80
(20.0)%	\$ 3.39	\$ 3.69	\$ 3.99	\$ 4.29	\$ 4.59	\$ 4.90	\$ 5.20
(15.0)%	\$ 3.67	\$ 3.99	\$ 4.31	\$ 4.63	\$ 4.95	\$ 5.27	\$ 5.59
(10.0)%	\$ 3.96	\$ 4.29	\$ 4.63	\$ 4.97	\$ 5.31	\$ 5.65	\$ 5.99
(5.0)%	\$ 4.24	\$ 4.60	\$ 4.95	\$ 5.31	\$ 5.67	\$ 6.03	\$ 6.38
0.0%	\$ 4.52	\$ 4.90	\$ 5.27	\$ 5.65	\$ 6.03	\$ 6.40	\$ 6.78
5.0%	\$ 4.80	\$ 5.20	\$ 5.59	\$ 5.99	\$ 6.38	\$ 6.78	\$ 7.17
10.0%	\$ 5.09	\$ 5.50	\$ 5.91	\$ 6.33	\$ 6.74	\$ 7.16	\$ 7.57
15.0%	\$ 5.37	\$ 5.80	\$ 6.23	\$ 6.67	\$ 7.10	\$ 7.53	\$ 7.96
20.0%	\$ 5.65	\$ 6.10	\$ 6.55	\$ 7.01	\$ 7.46	\$ 7.91	\$ 8.36
25.0%	\$ 5.93	\$ 6.40	\$ 6.87	\$ 7.34	\$ 7.82	\$ 8.29	\$ 8.76

Budget Variance	Terminal Price / TCBV in 2017						
	75.0%	80.0%	90.0%	100.0%	110.0%	120.0%	125.0%
(25.0)%	\$ 4.56	\$ 4.84	\$ 5.41	\$ 5.98	\$ 6.55	\$ 7.12	\$ 7.41
(20.0)%	\$ 4.65	\$ 4.94	\$ 5.51	\$ 6.08	\$ 6.65	\$ 7.22	\$ 7.50
(15.0)%	\$ 4.75	\$ 5.03	\$ 5.60	\$ 6.17	\$ 6.74	\$ 7.31	\$ 7.60
(10.0)%	\$ 4.84	\$ 5.13	\$ 5.70	\$ 6.27	\$ 6.84	\$ 7.41	\$ 7.69
(5.0)%	\$ 4.94	\$ 5.22	\$ 5.79	\$ 6.36	\$ 6.93	\$ 7.50	\$ 7.78
0.0%	\$ 5.03	\$ 5.32	\$ 5.89	\$ 6.45	\$ 7.02	\$ 7.59	\$ 7.88
5.0%	\$ 5.12	\$ 5.41	\$ 5.98	\$ 6.55	\$ 7.12	\$ 7.69	\$ 7.97
10.0%	\$ 5.22	\$ 5.50	\$ 6.07	\$ 6.64	\$ 7.21	\$ 7.78	\$ 8.07
15.0%	\$ 5.31	\$ 5.60	\$ 6.17	\$ 6.74	\$ 7.31	\$ 7.88	\$ 8.16
20.0%	\$ 5.41	\$ 5.69	\$ 6.26	\$ 6.83	\$ 7.40	\$ 7.97	\$ 8.26
25.0%	\$ 5.50	\$ 5.79	\$ 6.36	\$ 6.93	\$ 7.50	\$ 8.07	\$ 8.35

STRH noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Contribution Analysis**

STRH analyzed the relative contribution of each of SCBT and SAVB to certain pro forma balance sheet, income statement and market capitalization of the combined company following the merger. STRH compared the relative contribution of these items with the estimated pro forma ownership

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percentage SAVB's shareholders would represent in SCBT pro forma. The results of this analysis are illustrated in the table below:

(Financials as of June 30, 2012, in 000's)	Financial Contribution	
	SCBT	Savannah
<b>Balance Sheet:</b>		
Assets	82.12%	17.88%
Gross Loans	80.35%	19.65%
Adjusted Nonaccrual Loans, 90 day+ and OREO	64.42%	35.58%
Equity Capital	83.61%	16.39%
Tangible Equity Capital	81.22%	18.78%
2012E Tangible Common Equity	84.11%(1)	15.89%(2)
<b>Earnings:</b>		
LTM Reported Net Income	NM	NM
2012 Q2 Reported Net Income (Annualized)	94.76%	5.24%
2012 (e) Net Income	NM(1)	NM(2)
2013 (e) Net Income	99.37%(1)	0.63%(2)
<b>Other:</b>		
Market Cap (\$M)	93.41%	6.59%
Pro Forma Ownership	89.32%	10.68%

## Notes

- (1) Based on STRH Research Estimates, Research Report Dated July 30, 2012.
- (2) Per Savannah Management

**Financial Impact Analysis**

STRH performed pro forma merger analyses that combined projected income statement and balance sheet information of both SCBT and SAVB. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of the pro forma company. This analysis indicated that the merger is expected to be accretive to SCBT's earnings per share and dilutive to book value and tangible common book value per share. The analyses were based on financial projections and certain merger assumptions (including estimated cost savings and one-time charges) reviewed and approved by senior management of SAVB. For all of the above analyses, the actual results achieved by the pro forma company following the merger will vary from the projected results, and the variations may be material.

**Conclusion**

Based on the above analyses and subject to the limitations and exceptions set forth in STRH's written opinion, STRH concluded that the exchange ratio of 0.2503 shares of SCBT's common stock for every one share of SAVB common stock is fair to holders of common stock of SAVB, from a financial point of view.

**Compensation to STRH**

As compensation for its services acting as financial advisor to SAVB in connection with the merger, SAVB paid STRH \$250,000 upon execution of the merger agreement. Additional compensation of approximately \$500,000 (for a total compensation of 1% of the value of the merger), depending on the SCBT closing share value, will be payable upon the successful completion of the merger

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transaction. In addition, SAVB agreed to reimburse STRH for its reasonable out-of-pocket expenses incurred in connection with the merger (not to exceed \$15,000 without the prior written consent of SAVB) and to indemnify STRH for certain liabilities that may arise out of its engagement by SAVB and the services provided by STRH, including liabilities under the Securities Act of 1933. STRH has not provided other investment banking services to SAVB in the past two years and, at this point, does not expect to provide SAVB with further investment banking services in the future. Furthermore, STRH does not currently provide any services to SCBT, and in the past two years no material relationship has existed between STRH and SCBT, nor has STRH received any compensation from SCBT.

**Opinion of FIG Partners, LLC**

FIG has delivered to SAVB's board of directors its opinion that, based upon and subject to the various considerations set forth in its written opinion dated August 7, 2012, the total merger consideration to be paid to the SAVB shareholders is fair from a financial point of view as of such date. In requesting FIG's advice and opinion, no limitations were imposed by SAVB upon FIG with respect to the investigations made or procedures followed by it in rendering its opinion. **The full text of the opinion of FIG, dated August 7, 2012, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached hereto as Annex C. SAVB shareholders should read this opinion in its entirety.**

**FIG's opinion is directed only to the fairness, from a financial point of view, of the total merger consideration, and, as such, does not constitute a recommendation to any SAVB shareholder as to how the shareholder should vote at the special meeting of SAVB shareholders. The summary of the opinion of FIG set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

The following is a summary of the analyses performed by FIG in connection with its fairness opinion. Certain of these analyses were confirmed in a presentation to SAVB's board of directors by FIG. The summary set forth below does not purport to be a complete description of either the analyses performed by FIG in rendering its opinion or the presentation delivered by FIG to SAVB's board of directors, but it does summarize all of the material analyses performed and presented by FIG.

The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances. In arriving at its opinion, FIG did not attribute any particular weight to any analysis and factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. FIG may have given various analyses more or less weight than other analyses. Accordingly, FIG believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, without considering all factors could create an incomplete view of the process underlying the analyses set forth in its report to SAVB's board of directors and its fairness opinion.

In performing its analyses, FIG made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of SAVB. The analyses performed by FIG are not necessarily indicative of actual value or actual future results, which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as part of FIG's analysis of the fairness of the transaction consideration, from a financial point of view, to SAVB shareholders. The analyses do not purport to be an appraisal or to reflect the prices at which a company might actually be sold or the prices at which any securities may trade at the present time or at any time in the future. FIG's opinion does not address the relative merits of the merger as compared to any other business combination in which SAVB might engage. In addition, as described above, FIG's opinion to SAVB's board of directors was one of many factors taken into consideration by SAVB's board of directors in making its determination to approve the merger agreement.

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During the course of its engagement, and as a basis for arriving at its opinion, FIG reviewed and analyzed material bearing upon the financial and operating conditions of SAVB and SCBT and material prepared in connection with the merger, including, among other things, the following:

reviewed the merger agreement;

reviewed certain historical publicly available business and financial information concerning SAVB and SCBT including among other things, quarterly and annual reports filed by the parties with the FDIC and Federal Reserve;

reviewed certain financial projections prepared by the management of SAVB;

reviewed filings with the SEC by SAVB and SCBT;

held discussions with members of the senior management of SAVB and SCBT for the purpose of reviewing future prospects of SAVB and SCBT, including internal budget and strategic planning forecasts related to the respective businesses, earnings, assets, liabilities and the amount of and timing of cost savings expected to be achieved as a result of the merger;

reviewed the terms of recent merger and acquisition transactions, to the extent publicly available, involving banks, thrifts and bank and thrift holding companies that we considered relevant; and

performed such other analyses and considered such other factors as we have deemed appropriate.

In rendering its opinion, FIG assumed, without independent verification, the accuracy and completeness of the publicly and non-publicly available financial and other information furnished to FIG by SAVB and SCBT and relied upon the accuracy of the representations and warranties of the parties contained in the merger agreement. FIG also assumed that the financial forecasts furnished to or discussed with FIG by SAVB and SCBT were reasonably prepared and reflected the best currently available estimates and judgments of senior management of SAVB and SCBT as to the future financial performance of SAVB and SCBT. FIG has not made any independent evaluation or appraisal of any properties, assets or liabilities of SAVB or SCBT.

***Contribution Analysis***

FIG prepared a contribution analysis showing percentages of total assets, total loans, total deposits, and tangible common equity, and net income at June 30, 2012 for SAVB and for SCBT, to be contributed to the combined company on a pro forma basis by SAVB and SCBT. SAVB shareholders will receive 0.2503 shares of SCBT for every outstanding share of SAVB.

	<b>SAVB Contribution To SCBT</b>
Total assets	17.9%
Gross loans	19.0%
Total deposits	18.3%
Total tangible common equity	18.9%
MRQ Net Income	4.9%
Pro Forma Ownership	10.7%

***Comparable Transaction Analysis***

As part of its analysis, FIG reviewed two groups of comparable merger transactions. The first peer group included transactions, which have occurred since January 1, 2011, that involved target banks



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located in the Southeastern U.S. Region (AL, AR, FL, GA, MS, NC, SC, TN, VA, WV) that had total assets greater than \$100 million and NPA/Assets greater than 5.0% (the "Comparable Transactions - Southeastern Region"). All consideration types were included. The group was also limited to bank holding companies and commercial banks and transactions where pricing was disclosed. This group consisted of the following 11 transactions:

<b>Buyer</b>	<b>St.</b>	<b>Seller</b>	<b>St.</b>
Drummond Banking Co.	FL	Williston Holding Co.	