

September 4, 2002

Board of Directors
First Savings Bank of Renton
201 Wells Avenue South
Renton, Washington 98057

Board of Directors:

The notice of intent to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from mutual to stock form filed on behalf of First Savings Bank of Renton, Renton, Washington has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.163 and 333.4. Based on the information provided and the representations made, the FDIC poses no objection to the proposed conversion transaction.

Please notify our San Francisco Regional Office in writing when the proposed transaction has been consummated. If an extension of the time limitation included in the Order is required, a letter requesting a specific extension of the limitation including reasons therefore should be submitted to the San Francisco Regional Office.

Sincerely,

/s/

Michael J. Zamorski
Director

cc: John F. Breyer, Jr.
Breyer & Associates PC
8180 Greensboro Drive, Suite 785
McLean, Virginia 221023-3888

FEDERAL DEPOSIT INSURANCE CORPORATION

First Savings Bank of Renton
Renton, King County, Washington

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18 (c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of the First Savings Bank of Renton, Renton, Washington, ("Mutual Institution") currently a state-chartered mutual owned Savings Association Insurance Fund ("SAIF") member with total resources of \$493,408,000 and total deposits of \$418,997,000 as of December 31, 2001, for the FDIC's consent to merge with Renton Interim Savings Bank ("Interim Bank"), Renton, Washington, a proposed new interim state-chartered stock savings bank.

The transaction is the result of the Mutual Institution's Plan of Reorganization which includes the formation by the Mutual Institution of a state-chartered mutual holding company, First Financial Holdings, MHC, Renton, Washington ("MHC"), which will be capitalized with up to \$500,000. MHC will organize and wholly own a stock holding company, First Financial of Renton, Inc., Renton, Washington ("Stock Holding Company"), which will be capitalized with \$100,000. MHC will also organize and own Interim Bank, as a subsidiary of the Stock Holding Company. An application for establishment of MHC and the Stock Holding Company, as bank holding companies has been filed with the Federal Reserve Bank of San Francisco. The Mutual Institution will exchange its charter for a Washington stock savings bank charter and will become a wholly-owned subsidiary of MHC after a merger with Interim. MHC will then transfer 100% of the stock of the merged bank into Stock Holding Company, which will in turn be a wholly-owned subsidiary of MHC via MHC ownership of the Stock Holding Company. The resultant bank will operate with the title of First Savings Bank of Renton, Renton, Washington. Following consummation of the merger, the resultant bank will operate the same banking business with the same management at the same location now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. The resultant bank's office will be at 201 Wells Avenue South, Renton, Washington. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act.

A review of available information, including the Community Reinvestment Act ("CRA") Statement of Mutual Institution discloses no inconsistencies with the purposes of the CRA. The resultant institution is expected to continue to meet the credit needs of its entire community, consistent with safe and sound operation of the institution.

In connection with the application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably on these statutory factors and having considered other relevant information, including all reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the OTS, or the Attorney General of the United States, it is the FDIC's judgement that the application should be and is hereby approved, subject to the following conditions:

1. That the transaction may not be consummated unless the Plan of Reorganization receives prior approval by an affirmative vote of at least a majority of the total votes eligible to be cast by the Mutual Institution's depositors;
2. That the First Savings Bank of Renton shall not issue any shares of its stock to any persons other than First Financial of Renton, Inc., without prior written notification to and non-objection from the FDIC;
3. That, prior to the sale, transfer or other disposition of any shares of First Financial of Renton, Inc. by MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, the First Savings Bank of Renton will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with such sale, transfer, disposition or conversion;
4. That should any shares of the stock of the First Savings Bank of Renton or First Financial of Renton, Inc. be issued to persons other than the MHC, any dividends waived by MHC must be retained by the Stock Holding Company or the savings bank and segregated, earmarked, or otherwise identified on the books and records of the Stock Holding Company or the savings bank; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by any means, including through dividend payments or at liquidation;
5. That the proposed transaction may not be consummated unless and until the resultant bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank have been fully approved by appropriate State of Washington officials and its holding companies, First Financial Holdings, MHC and First Financial of Renton, Inc. are granted approval to become bank holding companies by the Federal Reserve Bank of San Francisco;
6. That the transaction shall not be consummated less than fifteen days after the date of this Order or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
7. That until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

Pursuant to delegated authority.

Dated at Washington, D.C., this 20th day of June, 2002

/s/

Michael J. Zamorski
Direktor