

First Community Corporation

First Community Bank

June 2010

Luxury Expenditures Policy

In compliance with the requirements of the American Reinvestment and Recovery Act ("ARRA") and as a recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program ("TARP"), First Community Corporation and First Community Bank have adopted the following Luxury Expenditures Policy. This policy will be submitted to the Treasury and the Office of the Comptroller of the Currency ("OCC") the company's primary regulator and posted on the company's website. This purpose of this policy is to establish reasonable approval procedures for expenditures relating to entertainment or events, office and facility renovations, aviation and other transportation services, and other similar items, activities or events. It is the intent of the company to ensure that expenditures within any of these categories are limited to a reasonable and necessary business expense and not considered excessive. Expenditures included under this policy could include, but are not limited to, staff development, performance incentives, or other items in accordance with the normal course of the company's business operations. The Board of Directors will certify compliance with this policy annually. This policy will remain in effect until the company has repaid the funds received under TARP. Any material amendments to the policy will be disclosed within 90 days of adoption by the board.

It is the policy of First Community Corporation and First Community Bank that directors and employees of the company utilize the company's assets in a prudent manner and as such is precluded from engaging in excessive or luxury expenditures. This policy is not intended to limit, restrict or inhibit the normal, reasonable, and customary expenditures necessary as for the ongoing operation of the company including business development, employee morale or training and other similar items.

Facility renovations will be designed to enhance operational efficiency and insure compliance with all health and safety regulations including applicable fire codes and Americans With Disabilities Act (ADA) requirements as necessary to maintain a safe and clean working environment for employees and provide an appropriate public image to customers and other community members. Any major expenditures, other than those in the normal course of business as noted above or for maintenance or repair, would be presented to the Board of Directors for review and approval prior to the commitment of company resources.

In its role as a local community company, the need for extensive travel outside of the company's market area is limited. When required, travel outside of the area is done in an appropriate manner with consideration given to cost, efficiency, and timeliness of travel. The company does not own or lease any aircraft (fixed wing or rotary), watercraft, rail car, or over the road vehicles with seating for eight or more, and there are no plans to do so. Any decision as to the purchase or lease of any such

transportation vehicles would be so out of the normal scope of business that it would involve the senior management of the company and the board of directors in the evaluation and decision process.

Expenditures for activities or events to enhance employee development, to affect employee morale, or provide reasonable performance incentives are expenses to be expected as part of normal business operations and are made at the discretion of the CEO, CFO or member of the company's Executive Committee. Such expenses are expected to be reasonable, not extravagant, and achieve the expected results within an acceptable budget. Expenses for business development of existing or potential customers would be handled in this same manner.

All directors and employees of First Community Corporation and First Community Bank are subject to and will be held accountable for compliance with this policy. Any employee or director who suspects a violation of this policy may report it to the President/CEO, CFO, or member of the company's Executive Committee who will investigate the allegations and address any expenditures not in accordance with this policy. Reimbursement of any non-compliant expense in whole or in part could be required. Violations of this policy could result in disciplinary action up to and including termination. No employee or director may be disciplined in retaliation for reporting a violation of this policy.