

CAROLINA TRUST BANK
Excessive and Luxury Expenditure Policy

This policy has been adopted pursuant to the requirements of the American Recovery and Reinvestment Act of 2009. The Act requires each recipient of funds under the Capital Purchase Program of the Troubled Assets Relief Program ("TARP") to have in place a company-wide policy regarding excessive or luxury expenditures.

Carolina Trust Bank prohibits excessive or luxury expenditures on entertainment and events, office and facility renovations, transportation services and other activities or events that are not reasonable expenditures for marketing, conferences, staff facilities and development, reasonable performance incentives or other similar measures that are part of the normal course of the Bank's business operations.

Renovations:

The Bank maintains facilities that are conservative and appropriate to attract banking customers and retain experienced officers and employees. Renovations of facilities and office spaces should be relative to the approved project and current budget, and tracked within the capital expenditure policy of the Bank. Exceptions are permitted if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. No renovations should be undertaken that would have the appearance of being extraordinary or excessive from a shareholder perspective or relative to our competition.

Entertainment:

Entertainment is defined as any activity where an officer or employee uses corporate funds for proper business development purposes relating to a current or prospective customer, or to further enhance the Bank's marketing efforts. Our expectation is that all entertainment expenses incurred will be for proper Bank purposes and used to drive business to the Bank. Taking customers or prospects to play golf, eat meals, or attend sporting or artistic events is a necessary part of the Bank's marketing efforts provided such events are conducted within a reasonable distance of the Bank's market area.

Customer entertainment for which the cost is expected to exceed \$500 must be approved in advance by the President. Approved expenses should be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process.

Conferences:

We encourage our staff to attend conferences that are appropriate educational or staff development opportunities. These conferences should be related to the financial services industry and have a direct correlation to the employee's position. Prior approval of executive management is required for attendance at any conference. The Bank does not reimburse for the expenses of a spouse traveling to these conferences with the employee.

Employee Recognition/Holiday Parties:

Employee recognition/holiday parties are part of the Bank's employee appreciation process. These events should be local in geographic nature, and could include costs for such things as service awards and nominal door prizes. At least 80% of the attendees at such events should be other than officers who are identified as SEOs under TARP regulations.

Board/Management Retreats:

Retreats that are attended primarily by Board members and SEOs should only be used for educational or business planning purposes, and should be conducted within a reasonable distance of the Bank's market area. Board education is a vital part of maintaining and keeping a dynamic director base. All Board retreats should be approved in advance by the Executive Committee of the Board of Directors.

Transportation Services:

Transportation for Bank staff, including to outlying bank locations, conferences, business development events and merger and acquisition due diligence and research, should be conducted in the most cost appropriate way for the Bank. Modes of transportation to be used should consist of vehicle, commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. Private air services are not

permitted.

Administration:

The President is responsible for the day-to-day administration of this Policy and must approve any exceptions that are not otherwise delegated to the Compensation / Personnel Committee. Violations of this Policy should be reported to the Compensation / Personnel Committee.

This Policy, and any amendments, shall be posted on the Bank's website and provided to the U.S. Treasury and the Federal Deposit Insurance Corporation.