

WACCAMAW BANKSHARES, INC.

COMMON STOCK DIRECT PURCHASE PLAN

1. PARTICIPATION.

(a) All record owners of the no par value common stock (“Common Stock”) of Waccamaw Bankshares, Inc. (“Waccamaw” or the “Company”) are eligible to become participants (each a “Participant”) in the Waccamaw Bankshares, Inc. Common Stock Direct Purchase Plan (the “Plan”). Beneficial owners whose shares are registered in names other than their own (for example, in the name of a broker (“street name”) or a bank nominee) must become owners of record by having one or more shares of Waccamaw Common Stock transferred into their name or by making appropriate arrangements with the nominee or other record owner of such shares.

(b) Under the Plan, Participants may make cash payments from \$50.00 to \$15,000.00 per month. The cash payments may be made from time to time, and funds will be accumulated, without interest, in a deposit account established at First Citizens Bank, Raleigh, North Carolina to purchase shares of Common Stock on a monthly basis (subject to the restrictions noted below).

2. ENROLLMENT.

Any record owner of Common Stock may enroll in the Plan by signing and returning an authorization card (“Authorization Card”) at any time. The Authorization Card shall authorize the Company’s agent, First Citizens Bank (the “Purchasing Agent”), or its duly authorized agent, to initiate drafts or debit entries from the Participant’s depository institution, to credit the same to the account established by the Purchasing Agent for the Plan and to use the funds deposited in accordance with the terms of this Plan. Additionally, in lieu of authorizing automatic ACH withdrawals, record owners may submit check deposits to the Purchasing Agent periodically in accordance with the terms of this Plan.

3. CASH DIVIDEND REINVESTMENT.

In the event that the Company begins the regular payment of cash dividends in the future, the Plan may be amended to allow Participants to reinvest cash dividends in shares of the Company’s Common Stock, or, in the alternative, the Company may adopt a separate and distinct dividend reinvestment plan.

4. CASH PAYMENTS.

(a) Participants may make cash payments in the amounts specified in Section 1 hereof. Cash payments will be accumulated and all cash payments received from a Participant by the Purchasing Agent not later than two (2) business days prior to the last business day of each month will be applied to the purchase of additional shares of Common Stock. Cash payments

received after such day will be held for investment in the next month. Participants may contribute through an automatic draft from a deposit account at their bank on a monthly, quarterly or annual basis. A completed ACH Authorization Card must be utilized for this purpose which is contained on the reverse side of the Authorization Card.

(b) Such purchases will be made at the Purchase Price(s) Per Share, as defined in Section 6(a) and (b) hereof. Interest will not be paid on cash payments.

(c) Cash payments must be mailed so that they are received by the Purchasing Agent not later than two (2) business days prior to the last business day of each month.

5. SHARES SUBJECT TO PLAN.

Any cash payments invested under the Plan will be used to acquire shares of Common Stock purchased for Participants in the open market, in privately negotiated transactions or shares of authorized and previously unissued Common Stock, or any combination of the foregoing.

6. PURCHASES OF STOCK.

(a) For purposes of this Plan, the "Purchase Price Per Share" of Common Stock will be determined based on the following: (i) for Common Stock acquired on the open market the Purchase Price Per Share will be the weighted average of the total price paid by the Purchasing Agent for all open market shares that were purchased by the Purchasing Agent in respect of a particular month; (ii) for Common Stock acquired in privately negotiated transactions, the Purchase Price Per Share shall be the weighted average of the total price paid by the Purchasing Agent for all privately negotiated transactions in respect of a month; or (iii) for Common Stock acquired from the Company, the Purchase Price Per Share shall be the average of the bid and asked prices of the Company's Common Stock quoted on the Nasdaq Capital Market ("Nasdaq") on the last trading day of the month.

(b) The Purchase Price(s) Per Share shall be the appropriate average as described in Section 6(a) hereof depending on whether shares are purchased from the Company, in privately negotiated transactions or in the open market.

(c) Cash payments will be invested within 25 days of the end of each month.

(d) The number of shares of Common Stock purchased for a Participant in a particular month depends on the amount of a Participant's cash payments during such month and the Purchase Price(s) Per Share.

(e) The Participant's account, maintained by the Purchasing Agent, will be credited with the number of shares, including fractional shares computed to four decimal places, equal to the total amount of any cash payments invested pro rata through (i) open market purchases (ii) privately negotiated transactions or (iii) purchases from the Company, divided by the applicable Purchase Price Per Share. Shares purchased under the Plan will be credited to the

Participant's account but will not be registered in the Participant's name nor will certificates be issued to the Participant unless requested in writing and addressed to the Purchasing Agent or upon termination or withdrawal from the Plan.

7. COSTS.

Participants will incur no brokerage commissions or service charges for purchases made under the Plan. All costs of administration of the Plan will be paid by the Company.

8. REPORTS TO PARTICIPANTS.

The Purchasing Agent will furnish to each Participant quarterly statements showing all transactions in the Participant's account. The number of whole shares and fractional share interests of Common Stock credited to a Participant's account will be shown on the statement.

9. CERTIFICATES

Certificates for shares of Common Stock purchased under the Plan will not be issued to Participants unless requested in writing. A Participant may, from time to time, make a written request to the Purchasing Agent to issue fully certificated shares in his or her name. The shares represented by that certificate will be withdrawn from the Participant's account. Any remaining full shares and any fractional interest of a share will continue to be credited to the Participant's account. Certificates for fractional share interests will not be issued.

10. VOTING OF SHARES.

At any annual or special meeting of the shareholders of the Company, Participants shall be entitled to vote the shares of Common Stock beneficially owned by each Participant and the stock transfer agent of the Company will forward to Participants any proxy solicitation materials relating to the shares of Common Stock held by the Plan all in accordance with applicable federal and state proxy voting and solicitation rules.

11. STOCK DIVIDENDS AND STOCK SPLITS.

Any stock dividends or stock splits distributed by the Company on shares of Common Stock credited to the account of a Participant under the Plan will be credited to the Participant's account. A stock certificate for shares distributed in connection with a stock dividend or stock split may be obtained by contacting the Purchasing Agent.

12. RIGHTS OFFERINGS.

If a Participant is entitled to participate in a rights offering to purchase shares of Common Stock of Waccamaw, his or her entitlement will be based upon the Participant's total holdings, including the number of whole shares of Common Stock credited to him or her under the Plan. Rights certificates will, however, only be issued for whole shares.

13. TRANSFER OF RECORD SHARES.

Shares credited to the account of a Participant under the Plan may not be sold, pledged or assigned without first requesting that a certificate for such shares be issued to the Participant, in accordance with Section 9 hereof.

14. TERMINATION OF ACCOUNT.

(a) A Participant may terminate his or her account at any time by notifying the Purchasing Agent of such desire in writing.

(b) Within a reasonable time after termination, a certificate for the shares of Common Stock purchased and credited to the Participant's account under the Plan will be issued and delivered to the Participant for all whole shares. Any fractional share interest will be converted to cash at the then current market value.

15. AMENDMENT AND TERMINATION OF THE PLAN.

Notwithstanding any other provision of the Plan, the Board of Directors of the Company, or any designated committee thereof, reserves the right to amend, suspend, modify or terminate the Plan at any time. All Participants will receive notice of any such amendment, suspension, modification or termination. Upon a termination of the Plan, any uninvested cash payments will be returned, certificates for full shares credited to a Participant's account under the Plan will be issued to the Participant, and payment will be made in cash for any fractional share interest credited to a Participant's account.

16. NOT A BANK ACCOUNT.

(a) The Participant shall have no right to draw checks or drafts against his or her account.

(b) Shares of Common Stock credited to the Participant's account are not deposit accounts, are not FDIC insured and may lose value including principal.

17. DUTIES AND RESPONSIBILITIES.

The Company and the Purchasing Agent shall not have any responsibility beyond the exercise of ordinary care for any action taken or omitted pursuant to this Plan, nor shall the Company and the Purchasing Agent have any duties, responsibilities or liabilities except such as are expressly set forth herein. Neither the Company nor the Purchasing Agent shall be liable hereunder for any act done in good faith, or any good faith omission to act, including, without limitation, any claims of liability: (i) with respect to the time or prices at which shares are purchased or sold for a Participant's account, or any inability to purchase or sell shares, for any reason; (ii) with respect to the source or sources from which shares are purchased, for any reason; (iii) for any fluctuation in the market value after purchase of shares; or (iv) arising out of

failure to terminate the Participant's account upon such Participant's death prior to receipt of a notice in writing of such death.

18. GOVERNING LAW.

This Plan is governed by the laws of the State of North Carolina.