

SOUTHERN COMMUNITY FINANCIAL CORPORATION

AUDIT COMMITTEE CHARTER

Role

As required by law, the Board of Directors hereby delegates to the Audit Committee (the "Committee"), in its capacity as a committee of the Board of Directors of Southern Community Financial Corporation (the "Board"), the sole authority to engage, determine the compensation of, and provide oversight to the independent accounting firm engaged to prepare and issue an audit report (and related work) for Southern Community Financial Corporation and its subsidiaries (the "Company"). The Committee also assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. The Committee oversees all material aspects of the Company's financial reporting, internal control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on Company processes for the management of business/financial risk and for compliance with significant applicable legal and regulatory requirements. In discharging its oversight role, the Committee is empowered to investigate any matter relating to the Company's accounting, auditing, internal control or financial reporting practices brought to its attention, with full access to all Company books, records, facilities and personnel. It may also have such other duties as may from time to time be assigned to it by the Board.

Independence

The membership of the Committee shall consist of at least three directors, who are each free of any relationship that, in the opinion of the Board, may interfere with such member's individual exercise of independent judgment. The members of the Committee shall meet the independence and experience requirements of The Nasdaq Stock Market, Inc. which, among other matters, require that the members of the Committee (1) not accept any consulting, advisory or other compensation from the Company (other than usual and customary Board fees) and (2) not be an affiliated person of the Company or any subsidiary thereof. Members of the Committee shall be financially literate and at least one member shall be a financial expert or have accounting-related financial management expertise, or other comparable experience or background that results in the individual's financial sophistication. The Committee shall maintain free and open communication with the Company's independent auditors, the internal auditors and Company management. The Committee may retain outside counsel and other advisors as it determines necessary to carry out its duties.

Organization

One member of the Committee shall be appointed as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board. The chair will also maintain regular liaison with the CEO, CFO, the lead independent audit partner and the director of internal audit.

The Committee shall meet at least quarterly, or more frequently as the Committee considers necessary. The Committee, in its discretion, may have separate private meetings with the independent auditors, management and the internal auditors.

Responsibilities

The Committee's responsibility is oversight. Management is responsible for the preparation of the Company's financial statements and the independent registered public accounting firm is responsible for auditing those financial statements. The Committee and the Board recognize that management (including the internal audit staff) and the independent auditors have more resources and time, and more detailed knowledge and information regarding the Company's accounting, auditing, internal control and financial reporting practices than the Committee. Consequently, it is not the duty of the Audit Committee to conduct audits, to independently verify management's representations, or to determine that the Company's financial statements are complete and accurate, prepared in accordance with generally accepted accounting principles ("GAAP"), or fairly present the financial condition, results of operations, and cash flows of the Company in accordance with GAAP. These are the responsibilities of management and the independent registered public accounting firm. The Audit Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with GAAP, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, or that the Company's independent registered public accounting firm is in fact "independent." Therefore, the Committee's oversight role does not provide any expert or special assurance as to the financial statements and other financial information provided by the Company to its shareholders and others.

While the Committee and the Board may wish to consider other duties from time to time, the general recurring activities of the Committee in carrying out its oversight role are described below. The Committee shall:

- Have sole authority to select, and determine the compensation of, the independent auditors to be retained to audit the financial statements of the Company. The independent auditors are to be directly supervised by the Committee.
- Have sole authority to evaluate the performance of the independent auditors and, where appropriate, to replace such independent auditors.

- Approve in advance any permissible non-audit services provided by the independent auditors. The Committee may delegate to one or more designated members of the Committee the authority to grant preapprovals of permissible non-audit services. Any such preapprovals shall be presented to the full Committee at its next scheduled meeting.
- Resolve disagreements, if any, between management and the independent auditors.
- Obtain annually from the independent auditors a formal written statement describing all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard Number 1. The Committee shall actively engage in a dialogue with the independent auditors with respect to any relationships that may impact the objectivity and independence of the independent auditors and shall take, or recommend that the Board take, appropriate actions to oversee and satisfy itself as to the auditors' independence.
- Review the audited financial statements and discuss them with management and the independent auditors. These discussions shall include the matters required to be discussed under Statement of Auditing Standards No. 114 and consideration of the quality of the Company's accounting principles as applied in its financial reporting, including a review of particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments (whether or not recorded), and other such inquiries as the Committee or the independent auditors shall deem appropriate. Based on such review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K (or the Annual Report to Shareholders, if distributed prior to the filing of the Form 10-K).
- Review the annual management letter with the independent auditors.
- Oversee the relationship with the independent auditors, including discussing with the independent auditors the nature and rigor of the audit process, receiving and reviewing audit reports, reviewing and approving audit fees, and providing the auditors full access to the Committee (and the Board) to report on any and all appropriate matters.
- Issue annually a report to be included in the Company's proxy statement as required by the rules of the Securities and Exchange Commission.
- Discuss with a representative of management and the independent auditors: (1) the interim financial information contained in the Company's Quarterly Report on Form 10-Q prior to its filing (if practicable) or as soon as possible thereafter; (2) the earnings announcement prior to its release (if practicable) or as soon as possible thereafter; and (3) the results of the review of such information by the independent

auditors. (These discussions may be held with the Committee as a whole or with the Committee chair in person or by telephone.)

- Oversee internal audit activities; including discussing with management and the internal auditors the internal audit function's organization, objectivity, responsibilities, planned results, budget and staffing. The Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the director of internal audit and confirm and assure the objectivity of internal audit.
- Discuss with management, the internal auditors and the independent auditors the quality and adequacy of the compliance with the Company's internal controls.
- Discuss with management and/or the Company's general counsel any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- Independently perform or direct investigations into any matter as necessary.
- Maintain access to its own counsel or reserve the right to engage counsel at its own discretion without prior approval of the board or management.
- Establish procedures to receive complaints or concerns regarding accounting or auditing matters and investigate any matter brought to its attention within the scope of its duties.
- Oversee risk management activities in the areas of financial reporting and regulatory and legal compliance. Ensure that risk management evaluation functions are independent. Review risk management reports and information. Communicate risk management concerns to full board.

This Audit Committee Charter was reviewed by the Board on December 15, 2009. The Audit Committee shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.