

First South Bancorp, Inc.

NOMINATING COMMITTEE CHARTER

I. AUTHORITY AND COMPOSITION

The Nominating Committee (the “Committee”) is established pursuant to Article III Section 15 of the Bylaws of First South Bancorp, Inc. (the “Corporation”). Committee members should be appointed annually by the Board of Directors (the “Board”) and may be replaced by the Board. None of the Committee members may be an officer of the Corporation. The Committee may appoint a Secretary, who need not be a Director. The Board shall appoint the Committee Chairman.

The Committee shall be comprised of at least three (3) members, each of whom shall meet the independence requirements of the NASDAQ Stock Market (“NASDAQ”) and shall meet any other standards of independence as may be prescribed for purposes of any federal securities laws relating to the Committee’s duties and responsibilities.

II. PURPOSE OF THE COMMITTEE

The Committee’s purpose is to assist the Board in identifying qualified individuals to become Board members and in determining the composition of the Board.

III. RESPONSIBILITIES OF THE COMMITTEE

In furtherance of this purpose, the Committee shall have the following authority and responsibilities:

1. To lead the search for individuals qualified to become members of the Board and to select director nominees to be presented for stockholder approval at the annual meeting. The Committee shall select individuals as director nominees who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to and existing members of the Board, in collectively serving the long-term interests of the stockholders.
2. Recommend to the Board persons to be appointed as Directors in the interval between annual meetings of the Corporation’s shareholders;
3. Review the qualifications and independence of the members of the Board on a regular periodic basis and make any recommendations the Committee members may deem appropriate from time to time concerning any recommended changes in the composition of the Board; and
4. Establish a policy, if deemed appropriate by the Committee, with regard to the consideration of director candidates recommended by stockholders.

With respect to the responsibilities listed above, the Committee shall:

1. Report regularly to the Board on its activities;
2. Maintain minutes of its meetings and records relating to those meetings and the Committee's activities;
3. Form and delegate authority to subcommittees of one or more Committee members when appropriate;
4. Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and
5. Annually review the Committee's own performance.

IV. GENERAL

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

1. One or more officers and employees of the Corporation whom the Committee member reasonably believes to be reliable and competent in the matters presented;
2. Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; or
3. Another committee of the Board as to matters within its designated authority which committee the Committee member reasonably believes to merit confidence.