

Privacy Statement

First South Bank is committed to protecting your privacy. We are dedicated to safeguarding the security of your financial account information and your privacy. It is important to us that you understand the kind of information we collect and the manner in which we use that information. This Privacy Statement explains how we handle and protect your information under the Fair Credit Reporting Act. It applies only to consumers who are customers or former customers of First South Bank. The policies described in this statement are subject to change and we agree to notify you of any significant changes. This Privacy Statement is effective as of August 2008.

Customer Information Collected By The Bank.

So that we may better serve you in meeting your financial needs and providing you personalized service we gather certain information from you when you open an account or apply for a loan. This information allows us to offer you other services that may be beneficial to you. We also collect information from a variety of other sources:

- Information you provide to us on an application or new account form to obtain a loan, deposit product, overdraft protection, credit card or other financial product such as assets, income and other debt;
- Information related to your First South Bank transactions and account experience such as account balance, payment history and debit or credit card purchase information;
- Information we receive from credit reporting agencies and other third parties such as credit history and other facts relating to creditworthiness;
- Information collected when you use Internet products and services such as information on an application that you complete online, transaction information and information contained in emails you send to us.

To Whom We Disclose Information.

We share information about you among the companies that make up First South Bancorp, Inc. You can be assured we do not sell your customer information to outside companies or marketing firms under any circumstances. We also do not share information with third parties, except as permitted by law.

Sharing Information within First South Bancorp, Inc.

First South Bancorp, Inc. includes multiple companies such as First South Bank and First South Leasing, LLC. We are permitted under law to share information about our experiences or transactions with you or your account such as your account balance and your payment history with companies that make up First South Bancorp, Inc. including:

- Information based on your transactions with us such as information we collect about your deposit and loan balances and contact information such as your name and address.
- Credit information received from you or others such as information from your credit application, your employment history or credit history.

You may tell us not to share credit information which you provide to us or we receive from third parties within First South Bank by calling us at 1-888-993-7664 and informing our representatives about your choice to limit the sharing of information within First South Bank. For joint account holders we will accept a decision from either individual and the decision will apply to both parties named under the account or policy.

Sharing of Information with Companies Outside of First South Bancorp Inc.

Other than limited exceptions as listed below, we do not provide customer information to companies outside of First South Bancorp, Inc. In these cases you do not need to request confidentiality as it is already our standard practice. We may provide all of the information we gather to:

- Service providers such as check printing companies so they may provide you with checks, deposit tickets and other related items and to the company that prints your First South Bank statement. Service providers in this category are prohibited by agreement from using information about you except for the purpose intended.
- Companies that act on our behalf to market our services, or companies with whom we have entered into a joint marketing agreement in order to provide you with financial services we do not offer such as credit cards.
- Others as permitted by law or regulation such as responses to subpoenas, court orders or to protect against fraud.
- Authorized parties whom you have designated such as authorizing us to send your bank statements to a third party for reconciliation.

In each of these cases we only provide these companies with the information they need to fulfill their responsibilities or to provide a financial service to you. These companies are prohibited by legal agreement from using this information for their own purposes or selling this information to others.

Safeguarding of Health Information (if applicable).

If you have provided us with any personal medical or health information, we will not disclose or share this information, unless otherwise required to do so by law with our First South Bancorp, Inc. companies or third parties without authorization from you, and only then to facilitate obtaining for you a product or service you have requested.

Protection of Your Privacy Online.

We have safeguards in place for Internet Security. We use technologies such as firewalls and encryption to protect systems from intrusion. We have confidential codes for you to use to validate your identity when accessing your accounts online. For more information regarding Online Security, please call 1-888-993-7664.

Confidentiality and Security.

We consider all the information we have about you to be confidential, including the fact you are a First South Bank customer. We restrict access to customer information to those employees who need to know that information in order to service your account. All employees are well trained and are bound to a strict code of ethics requiring confidential treatment of your information.

How You Can Help Protect Your Privacy.

- Do not provide your personal information such as account numbers, passwords, user IDs, Personal Identification Numbers (PINs) or other confidential information with others.
- Be cautious when dealing with telephone and door-to-door solicitors.
- Do not provide confidential information by telephone to unknown callers.
- Do not carry your social security number in your wallet. Safeguard your credit cards and debit cards as if they were cash.
- Report lost or stolen checks or debit cards immediately.
- Review your monthly checking and savings account statements.
- Memorize your Personal Identification Number (PIN) associated with your debit or ATM card. Do not write your PIN where it can be found and associated with your card.
- Safeguard your account records and properly dispose of records and receipts.
- Protect your personal information when you are online by using a secure browser and other anti-spyware protection. Always exit online applications as soon as you finish using them, and make sure you have virus protection and a firewall and update them regularly.
- Do not preprint your driver's license number on checks.
- If you believe you are a victim of fraud or identity theft, please contact us at 1-888-993-7664 or stop by your local branch immediately.

Reporting Information to Credit Bureaus.

We may report information about your account to credit reporting bureaus, including information that reflects regular payments made when due. Late payments, missed payments, or other defaults on your account may reflect on your credit report.

It is Our Goal to Maintain and Report Accurate Information.

We make every effort to maintain complete, current and accurate financial information about you and your accounts. If you believe the records we maintain are inaccurate or incomplete, please let us know immediately. We will make every effort to promptly correct these inaccuracies once we receive notification from you.

If you believe we have reported incorrect information about you or your account to any credit reporting agency, please notify us immediately. We ask that you notify us in writing and include your complete name, current address, Social Security number, day-time telephone number, account number, type of account and the specific item of dispute and the reason you believe the information we reported is inaccurate. Send your notice to: First South Bank, PO Box 2047, Washington, NC 27889 Attention: Credit Administration. We will promptly investigate and make the necessary corrections and notify you of our actions.

What to do if you are a Victim of Identity Theft.

If you believe you may be a victim of identity theft, take the following action as soon as possible, and keep a record with the details of your conversations and copies of all correspondence.

- Contact us at 1-888-993-7664 or visit your local branch to place holds on your accounts and your VISA debit card or ATM card.
- Place a fraud alert on your credit reports. Fraud alerts can help prevent an identity thief from opening any more accounts in your name. Contact the toll free number of any of the three consumer reporting companies listed below to place a fraud alert on your credit report. The company you call will contact the other two, which will also place an alert on their versions of your report.
 - a) Equifax: 1-800-525-6285 or www.equifax.com
 - b) Experian: 1-888-397-3742 or www.experian.com
 - c) TransUnion: 1-800-680-7289 or www.transunion.com

Review your credit report to determine if there are any unauthorized accounts or inquiries. Request the credit reporting agency to place a Victim Alert Flag on your files. You are entitled to receive one free credit file disclosure every 12 months from each of the nationwide consumer credit reporting agencies.

- Close the accounts that you know, or believe, have been tampered with or opened fraudulently. Call and speak with someone in the security or fraud department of each company. Follow-up in writing and include copies of supporting documents. It is important to notify credit card companies and banks in writing.
- Contact the Social Security Administration's Fraud Hotline at 1-800-269-0271 to report fraudulent use of your social security number.

- File a report with your local police or the police in the community where the identity theft took place.
- File a complaint with the Federal Trade Commission. By sharing your complaint with the FTC, you will provide important information that can help law enforcement across the nation track down identity thieves and stop them. You can file a complaint online at www.consumer.gov/idtheft or you can call toll-free 1-877-438-4338; or write Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

Direct Marketing from First South Bank.

We may contact you periodically through email, telephone solicitation or postal mail to offer you new products or services that may be of interest to you. If you prefer not to receive direct marketing offers through email, telephone solicitation or postal mail you may contact us at 1-800-993-7664 or talk with your local banking representative. When you contact us, you need to provide the following information so that we may honor your request:

- First name, middle initial and last name
- Address, city, state and zip code
- Social security number
- Account number
- Telephone number
- Email address

Even if you choose to not receive direct marketing offers by mail, we may continue to include marketing information in statements and other periodic mailings that we send to you.

We may continue to contact you by telephone, email or letter in order to service existing accounts you have with First South Bank. We may also contact you regarding security issues involving unusual or suspicious activity on your debit card.

Direct Marketing from Other Companies.

If you wish to limit telemarketing calls from companies outside of First South, you may add your telephone number to the National Do Not Call list, 1-888-382-1222 or register at donotcall.gov.

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First South Bank

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First South Bank

All The Bank You'll Ever Need