

PRESS RELEASE  
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First South Bancorp, Inc.

FOR IMMEDIATE RELEASE  
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**First South Bancorp, Inc. Reports September 30, 2001 Quarterly Earnings and  
September 30, 2001 Fiscal Year Earnings (Unaudited)**

Washington, North Carolina - First South Bancorp, Inc. (Nasdaq: FSBK)

First South Bancorp, Inc., the parent holding company of First South Bank, reports its earnings for the quarter ended September 30, 2001 (unaudited), the fourth quarter of its fiscal year ending September 30, 2001, and its earnings for the fiscal year ended September 30, 2001 (unaudited).

Net income for the quarter ended September 30, 2001 increased 56.6% to \$1,536,888, from net income of \$981,651 earned in the quarter ended September 30, 2000. Basic earnings per share increased 63.6% to \$0.54 per share for the quarter ended September 30, 2001, from \$0.33 per share for the quarter ended September 30, 2000. Diluted earnings per share increased 57.6% to \$0.52 per share for the quarter ended September 30, 2001, from \$0.33 per share for the quarter ended September 30, 2000.

Net income for the year ended September 30, 2001 increased 64.3% to \$5,830,290, from net income of \$3,549,032 earned in the year ended September 30, 2000. Basic earnings per share increased 76.3% to \$2.01 per share for the year ended September 30, 2001, from \$1.14 per share for the year ended September 30, 2000. Diluted earnings per share increased 72.6% to \$1.95 per share for the year ended September 30, 2001, from \$1.13 per share for the year ended September 30, 2000.

Tom Vann, President and Chief Executive Officer, stated the performance of the branch offices added from two prior year acquisitions continues to contribute to the Company's significant earnings growth. During the previous fiscal year, the Company acquired Home Federal Savings and Loan Association with offices in Fayetteville and Lumberton, North Carolina, and purchased six Triangle Bank branch offices in Rocky Mount, Dortches and Tarboro, North Carolina.

First South Bank operates through its main office located in Washington, North Carolina with nineteen full service-banking offices located in eastern and southeastern North Carolina.

(More)

(Nasdaq: FSBK)

# FIRST SOUTH BANCORP, INC.

(NASDAQ: FSBK)

Summary of Financial Highlights

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

(Dollars in thousands)

September 30  
2001

September 30  
2000

### Assets

Cash and cash equivalents	\$	40,449	\$	14,741
Investment securities		54,742		45,186
Mortgage backed securities		48,603		108,519
Loans and lease receivable		374,087		366,210
Other assets		23,206		25,063
Total Assets	\$	541,087	\$	559,719

### Liabilities

Deposits	\$	470,025	\$	471,942
Borrowings		4,909		30,388
Other liabilities		15,384		12,554
Total Liabilities		490,318		514,884
Total Stockholders' Equity		50,769		44,835
Total Liabilities and Stockholders' Equity	\$	541,087	\$	559,719

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands except  
per share data)

Three Months Ended  
September 30  
2001      2000

Year Ended  
September 30  
2001      2000

Interest income	\$	9,794	\$	10,783	\$	42,159	\$	36,865
Interest expense		4,560		5,921		22,168		19,013
Net interest income		5,234		4,862		19,991		17,852
Provision for loan losses		50		300		830		977
Total noninterest income		1,933		949		6,776		3,432
Total noninterest expense		4,498		3,768		16,047		14,100
Income before income taxes		2,619		1,743		9,890		6,207
Income tax expense		1,082		761		4,060		2,658
Net Income	\$	1,537	\$	982	\$	5,830	\$	3,549
Basic earnings per share	\$	0.54	\$	0.33	\$	2.01	\$	1.14
Diluted earnings per share	\$	0.52	\$	0.33	\$	1.95	\$	1.13
Dividends per share	\$	0.18	\$	0.13	\$	0.67	\$	0.46
Weighted average shares Basic		2,858,524		2,967,412		2,899,846		3,115,768
Weighted average shares Diluted		2,978,638		2,996,489		2,985,426		3,127,090

SOURCE: First South Bancorp, Inc.  
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