

FIRST SOUTH BANCORP, INC.
PRESS RELEASE
June 2, 2004

FOR IMMEDIATE RELEASE
For More Information Contact:
Bill Wall or Tom Vann
Phone: (252) 946-4178
Website: www.firstsouthnc.com

First South Bancorp, Inc. Recognized

Washington, North Carolina - First South Bancorp, Inc. (Nasdaq: FSBK) (the "Company"), parent holding company of First South Bank (the "Bank"), has been recognized by the American Banker as the 48th most efficient bank holding company among the largest 500 in the United States.

The listing, which appeared in the May 26, 2004 edition of the American Banker, was compiled by rating the largest 500 publicly held bank holding companies in the United States based on their efficiency ratio for the year 2003. The efficiency ratio is determined by dividing noninterest expense by the sum of total income minus interest expense recorded during the quarter. The American Banker listing included only the top 150 of the largest 500 bank holding companies in the United States.

Bill Wall, Executive Vice President and Chief Financial Officer of the Company, stated, "A good efficiency ratio results from a combination of controlled operating costs, net interest margin management and noninterest income management. We are pleased to be recognized again by the American Banker. Their ranking further exemplifies the growing visibility of First South Bancorp among both the business and investment communities."

First South Bank has been serving the citizens of eastern North Carolina since 1902 and offers a variety of financial products and services, including a Leasing Company and securities brokerage services through an affiliation with a broker/dealer. The Bank operates through its main office headquartered in Washington, North Carolina, and has twenty-four full service branch offices located throughout central, eastern and southeastern North Carolina.

Statements contained in this release, which are not historical facts, are forward-looking statements as defined in the Private Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors which include, but are not limited to, factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time.

(Nasdaq: FSBK)