

FIRST SOUTH BANCORP, INC.
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FOR IMMEDIATE RELEASE
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First South Bancorp, Inc. Recognized by *ABA Banking Journal*

Washington, North Carolina - First South Bancorp, Inc. (NASDAQ: FSBK) (the “Company”), parent holding company of First South Bank (the “Bank”), has been recognized as one of banking’s top performers by the *ABA Banking Journal*.

The listing, which appears in the July 2006 edition of the *ABA Banking Journal*, published by the American Bankers Association, presented their 14th annual performance rankings, in which they evaluated the overall operating results and performance of 150 of the best-performing community banks and thrifts in America. In the current ranking, First South Bancorp, Inc. is ranked 50th among the best-performing community banks in America for non-subchapter S community banks and thrifts with total assets between \$100 million and \$3 billion, ranked by return on average equity (“ROAE”) for the year ended December 31, 2005. First South Bancorp was the only community bank or thrift headquartered in the state of North Carolina ranked by the *ABA Banking Journal* in either non-subchapter S category for banks and thrifts under \$100 million in assets or between \$100 million and \$3 billion in assets.

Bill Wall, Executive Vice President and Chief Financial Officer of the Company, stated, “We are pleased to be recognized by the *ABA Banking Journal*. Their ranking highlights the success of community banks that exhibited outstanding performance in 2005, and further exemplifies the growing visibility of First South Bancorp’s performance among the top performing community banks and thrifts in America. The community banks and thrifts with the highest ROAE were selected as the top performers in their asset size categories. This recognition reflects the continued success of the Company’s operating performance. We are extremely proud to be the only non-subchapter S community bank or thrift selected by the *ABA Banking Journal* from the state of North Carolina.”

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-six full service branch offices and a loan production office located throughout central, eastern, northeastern 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)