

FIRST SOUTH BANCORP, INC.
PRESS RELEASE
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FOR IMMEDIATE RELEASE
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First South Bancorp, Inc. Recognized by *Business North Carolina*

Washington, North Carolina - First South Bancorp, Inc. (NASDAQ: FSBK), parent holding company of First South Bank, has been recognized as one of North Carolina's Top 75 Public Companies by ***Business North Carolina***.

The listing which appears in the August 2006 edition of ***Business North Carolina***, presented their rankings of North Carolina's Top 75 Public Companies based on total market value as of June 30, 2006. In addition, they ranked the Top 75 Public Companies by twelve other measures. In their current rankings, First South Bancorp, Inc. is ranked 51st among the Top 75 Public Companies in North Carolina based on market value as of June 30, 2006.

In the ***Business North Carolina*** rankings of the Top 75 Public Companies in North Carolina by twelve other measures, First South Bancorp, Inc. was ranked in the following:

- 5th in Net Margin (latest fiscal year)
- 6th in Return on Average Equity (latest fiscal year)
- 7th in Total One-Year Return
- 7th in Total Five-Year Return
- 9th in Return on Capital (latest fiscal year)

Bill Wall, Executive Vice President and Chief Financial Officer of the Company, stated, "We are pleased to be recognized by ***Business North Carolina***. Their rankings exemplify the growing visibility of First South Bancorp's performance among the state's largest publicly traded companies. The 75 companies with the highest market capitalization were selected as North Carolina's Top Public Companies in their market value category. We are extremely proud of our operating performance and for being highly recognized in five of the ***Business North Carolina*** other performance measures."

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 26 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)