

FIRST SOUTH BANCORP, INC.  
PRESS RELEASE  
April 21, 2006

FOR IMMEDIATE RELEASE  
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**FIRST SOUTH BANCORP, INC. DECLARES THREE-FOR-TWO STOCK SPLIT  
PAYABLE IN THE FORM OF A 50% STOCK DIVIDEND**

Washington, North Carolina – First South Bancorp, Inc. (Nasdaq: FSBK) (the “Company”), parent holding company of First South Bank (the “Bank”) announces that on April 20, 2006 the Company’s Board of Directors declared a three-for-two stock split, payable in the form of a 50% stock dividend on the Company’s outstanding common stock. The stock dividend is payable on May 25, 2006 to stockholders of record as of May 4, 2006.

Stockholders will receive one additional share of common stock for every two shares they hold on the record date. Stockholders entitled to receive fractional shares will receive cash based on the stock’s closing market price on the record date, adjusted for the dilution caused by the stock dividend. Stock certificates for dividend shares will be mailed to stockholders promptly following the payment date.

Tom Vann, President and Chief Executive Officer of the Company, stated that the Board of Directors determined that the stock dividend was appropriate in consideration of the Company’s capital position, the current market price of its common stock, and recent operating results. He noted that any further dividends will depend upon the Company’s financial condition, earnings, equity structure, capital needs, regulatory requirements and economic conditions.

On March 23, 2006, the Company announced a cash dividend payment of \$0.25 per share payable April 28, 2006 to stockholders of record as of April 4, 2006. Subsequent to the payment of the stock dividend, the current annual cash dividend rate of \$1.00 per share will become \$0.67 per share, adjusted for the stock dividend dilution.

On April 18, 2006, the Company announced its unaudited earnings for the quarter ended March 31, 2006. Basic earnings per share as reported of \$0.66 per share for the quarter ended March 31, 2006, will become \$0.44 per share, adjusted for the stock dividend dilution. Diluted earnings per share as reported of \$0.63 per share for the quarter ended March 31, 2006, will become \$0.42 per share, adjusted for the stock dividend dilution.

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)