

FIRST SOUTH BANCORP, INC.
Press Release
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FOR IMMEDIATE RELEASE
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First South Bancorp, Inc. Recognized by American Banker for Efficiency

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 44th most efficient bank holding company among the 500 largest bank holding companies in the United States.

The listing, which appeared in the October 23, 2008 edition of the **American Banker**, was compiled by rating the 500 largest bank holding companies in the United States based on their efficiency ratio for the second quarter of 2008. The efficiency ratio is determined by dividing noninterest expense by the sum of total income minus interest expense recorded for the second quarter of 2008. The **American Banker** listing included only the top 150 of the 500 largest 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 net interest margin management, noninterest income management and controlling operating costs. We are pleased to be recognized by the **American Banker**, as their ranking exemplifies the visibility of First South Bancorp among the banking, business and investment communities and places us at the top of our peer group in operating efficiency. ”

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 28 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 Securities 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)