

FIRST SOUTH BANCORP, INC.
Press Release
February 6, 2008

FOR IMMEDIATE RELEASE
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First South Bancorp, Inc. Ranked 10th of the Top 25 Banks of 2008 by U. S. Banker

Washington, North Carolina - First South Bancorp, Inc. (NASDAQ: FSBK) (the “Company”), parent holding company of First South Bank (the “Bank”), has been recognized by U.S. Banker magazine as 10th among the top 25 public banks and thrifts in the United States traded on major exchanges, pink sheets and bulletin boards.

The listing appears in a January 2008 edition of U.S. Banker magazine article titled “The Top 25 Banks of 2008”. The ranking was compiled by rating the top 25 publicly traded banks and thrifts in the United States that reported third quarter earnings as of September 30, 2007, ranked by average return on equity (ROE). Of the top 25 institutions identified in the U.S. Banker rankings, First South Bancorp ranks 10th, with an ROE of 21.12%.

The U.S. Banker article also identified the “Top 10 Community Banks of 2008” in the United States, ranked by ROE. Of the top 10 community banks identified in the U.S. Banker rankings, First South Bancorp ranks 3rd.

Bill Wall, Executive Vice President and Chief Financial Officer of the Company, stated, “We are pleased to be recognized by the U.S. Banker as one of the top 25 banks for 2008, based our ROE. This ranking reflects the success we have had in managing our balance sheet and leveraging our capital, allowing us to generate ROE at levels recognized among the top public banks and thrifts in the United States.

The U.S. Banker ranking further recognizes the growing visibility of First South Bancorp’s performance among the national banking, business and investment communities and places us at the top of our peer group in average return on equity. In addition, First South Bancorp was the only public bank or thrift headquartered in the state of North Carolina to be recognized by the U.S. Banker.”

First South Bank has been serving the citizens of 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 29 full service branch offices and two 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)