

FIRST SOUTH BANCORP, INC.  
PRESS RELEASE  
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FOR IMMEDIATE RELEASE  
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## **FIRST SOUTH BANCORP, INC. DECLARES QUARTERLY CASH DIVIDEND**

Washington, North Carolina – First South Bancorp, Inc. (NASDAQ: FSBK) (the “Company”), the parent holding company of First South Bank (the “Bank”), reports that on September 24, 2009 the Company’s Board of Directors declared a quarterly cash dividend for the quarter ended September 30, 2009 of \$0.20 per share, payable October 22, 2009 to stockholders of record as of October 7, 2009.

This dividend payment is the Company’s 50<sup>th</sup> consecutive quarterly cash dividend. The current annual cash dividend rate is \$0.80 per share. Like all possible dividends, there are no assurances that such anticipated cash dividends will be paid unless appropriately declared by the Board of Directors.

Bill Wall, Executive Vice President and Chief Financial Officer of the Company, stated, “The Board of Directors determined the quarterly cash dividend payment rate was appropriate in consideration of the Company’s capital position and operating results. In addition, any future dividends will depend upon the Company’s financial condition, earnings, equity structure, capital needs, regulatory requirements and economic conditions.”

First South 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 eastern, northeastern, southeastern and central North Carolina. The Bank offers a broad range of financial products and services, including a leasing company. The Bank also makes securities brokerage services available through an affiliation with an independent broker-dealer.

First South Bancorp’s common stock is listed on the NASDAQ Global Select Market under the symbol FSBK. Additional corporate information, product and service descriptions and online services are available to investors and customers through First South Bank’s website at [www.firstsouthnc.com](http://www.firstsouthnc.com).

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)