

FIRST SOUTH BANCORP, INC.
PRESS RELEASE
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FOR IMMEDIATE RELEASE
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**First South Bank Awarded Certified and Preferred Lender Status by
Small Business Administration**

Washington, North Carolina - First South Bancorp, Inc. (NASDAQ: FSBK), parent holding company of First South Bank (the "Bank"), is pleased to announce the Bank has been awarded both Certified and Preferred Lender status by the Small Business Administration ("SBA").

Nick Nicholson, Executive Vice President – Chief Credit Officer for First South Bank, stated, "We are pleased that First South Bank has been awarded both Certified and Preferred Lender status by the SBA. This will allow us to generate and process SBA loans directly, resulting in faster turnaround time and provide us additional opportunities to grow and diversify our loan portfolio. First South Bank will be among select lenders in North Carolina approved by the SBA as both Certified and Preferred SBA Lenders."

The most active and expert SBA lenders qualify for the SBA's Certified and Preferred Lenders Programs. Participants are delegated partial or full authority to approve loans, resulting in faster service to the applicant. Certified Lender status is designed to provide the lender with expeditious service on loan applications from lenders who have a successful SBA lending track record and a thorough understanding of SBA policies and procedures. They receive a partial delegation of authority and get a thirty-six hour turnaround decision on loan applications.

Preferred Lender status allows the Bank to expedite the processing and approval of SBA loans because of their experience with SBA lending. Preferred Lenders enjoy full delegation of authority and can decide unilaterally on SBA participation in eligible business loans.

In addition to the SBA's Certified and Preferred Lenders Program, First South Bank also participates in the SBA Express Program, the Patriot Express Program for Veterans with smaller loan requests, and the SBA 504 Program for larger real estate and equipment loans.

First South Bank operates through its main office headquartered in Washington, North Carolina, and has 29 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.

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)