

First South Bancorp, Inc.

PRESS RELEASE – June 20, 2003

FIRST SOUTH BANCORP, INC.

FOR IMMEDIATE RELEASE

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FIRST SOUTH BANCORP, INC. DECLARES QUARTERLY CASH DIVIDEND

Washington, North Carolina – First South Bancorp, Inc. (Nasdaq: FSBK)

First South Bancorp, Inc. (the “Company”), the parent holding company of First South Bank (the “Bank”), announces that on June 19, 2003 the Company’s Board of Directors declared a quarterly cash dividend for the quarter ended June 30, 2003 of \$0.20 per share, payable July 25, 2003 to stockholders of record as of July 5, 2003.

This dividend payment is the Company’s twenty-fifth 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.

Tom Vann, President and Chief Executive Officer of the Company, stated that the Board of Directors determined that the cash dividend payment was appropriate in consideration of the Company’s capital position 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.

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.

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 21 full service branch offices and a loan production office located throughout eastern and southeastern North Carolina.

(Nasdaq: FSBK)