

FIRST SOUTH BANCORP, INC.
PRESS RELEASE
June 23, 2006

FOR IMMEDIATE RELEASE
For More Information Contact:
Bill Wall or Tom Vann
(252) 946-4178
Website: www.firstsouthnc.com

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”), announces that on June 22, 2006 the Company’s Board of Directors declared a quarterly cash dividend for the quarter ended June 30, 2006 of \$0.17 per share, payable July 28, 2006 to stockholders of record as of July 6, 2006.

This dividend payment is the Company’s thirty-seventh consecutive quarterly cash dividend. The current annual cash dividend rate is \$0.68 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 was appropriate in consideration of the Company’s capital position and recent operating results. Any further dividends will depend upon the Company’s financial condition, earnings, equity structure, capital needs, regulatory requirements and economic conditions.”

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 26 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 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)