

**FIRST SOUTH BANCORP, INC.**

	CPP Disbursement Date 07/17/2009	RSSD (Holding Company) 1132104	Number of Insured Depository Institutions 1	
<b>Selected balance and off-balance sheet items</b>	<b>2011</b> \$ millions	<b>2012</b> \$ millions	%chg from prev	
<b>Assets</b>	\$2,074	\$2,231	7.6%	
Loans	\$1,233	\$1,327	7.6%	
Construction & development	\$109	\$94	-13.8%	
Closed-end 1-4 family residential	\$287	\$325	13.3%	
Home equity	\$169	\$164	-3.0%	
Credit card	\$0	\$0	0.0%	
Other consumer	\$23	\$18	-23.5%	
Commercial & Industrial	\$203	\$208	2.4%	
Commercial real estate	\$333	\$410	23.1%	
Unused commitments	\$247	\$256	3.9%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$587	\$627	6.8%	
Asset-backed securities	\$0	\$0		
Other securities	\$83	\$114	37.7%	
Cash & balances due	\$53	\$56	6.1%	
<b>Residential mortgage originations</b>				
Closed-end mortgage originated for sale (quarter)	\$124	\$223	79.7%	
Open-end HELOC originated for sale (quarter)	\$0	\$0		
Closed-end mortgage originations sold (quarter)	\$104	\$202	93.2%	
Open-end HELOC originations sold (quarter)	\$0	\$0		
<b>Liabilities</b>	\$1,827	\$2,003	9.7%	
Deposits	\$1,734	\$1,825	5.2%	
Total other borrowings	\$71	\$153	114.9%	
FHLB advances	\$32	\$31	-1.0%	
<b>Equity</b>				
Equity capital at quarter end	\$247	\$228	-7.9%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$0	NA	
<b>Performance Ratios</b>				
Tier 1 leverage ratio	8.8%	7.3%	--	
Tier 1 risk based capital ratio	13.3%	11.2%	--	
Total risk based capital ratio	15.1%	12.9%	--	
Return on equity <sup>1</sup>	7.0%	9.3%	--	
Return on assets <sup>1</sup>	0.8%	1.0%	--	
Net interest margin <sup>1</sup>	3.5%	3.6%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	59.7%	74.6%	--	
Loss provision to net charge-offs (qtr)	-3.4%	54.3%	--	
Net charge-offs to average loans and leases <sup>1</sup>	1.1%	0.1%	--	
<sup>1</sup> Quarterly, annualized.				
	<b>Noncurrent Loans</b>		<b>Gross Charge-Offs</b>	
<b>Asset Quality (% of Total Loan Type)</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>
Construction & development	18.7%	12.3%	3.1%	0.0%
Closed-end 1-4 family residential	2.6%	1.7%	0.1%	0.0%
Home equity	1.1%	0.9%	0.3%	0.0%
Credit card	0.0%	0.0%	0.0%	0.0%
Other consumer	0.4%	0.2%	0.1%	0.0%
Commercial & Industrial	4.9%	1.2%	0.2%	0.1%
Commercial real estate	5.2%	5.6%	0.0%	0.1%
Total loans	5.4%	3.9%	0.4%	0.1%