



First Reliance Announces Year-End Net Income of \$2.6 Million

January 28, 2008 Florence, SC - First Reliance Bancshares, Inc., (OTC Bulletin Board: FSRL), the holding company for First Reliance Bank, today announced unaudited net income for the year ended December 31, 2007 of \$2,559,520.

Unaudited net income for the year ended December 31, 2007 was \$2.6 million, or \$0.72 per diluted share, compared to \$3.2 million, or \$0.91 per diluted share, for the year ended December 31, 2006.

Unaudited net income for the three months ended December 31, 2007 was \$359,728, compared to \$984,377 reported in the prior-year period. Net interest income was \$5.4 million in the fourth quarter of 2007, while non-interest income was \$1.4 million. Diluted earnings per share were \$0.10, compared to the \$0.26 reported in the prior-year period.

As of December 31, 2007, total assets were \$591.7 million, an increase of \$135.5 million or 29.7%, over the \$456.2 million reported for December 31, 2006. Loans increased 32.4% to \$462.9 million, funded primarily by growth in deposits. Deposits increased to \$449.5 million, up 20.5% from \$372.9 million reported the prior-year period.

“2007 was a year of growth and expansion,” commented Rick Saunders, President and CEO. “Focusing on our **Easy To Do Business With™** standard of banking, we introduced new innovative products and increased our locations, all with the goal of providing our customers a convenient and first class banking experience.”

“Much of our loan and deposit growth can be attributed to these new innovative and competitive products. To allow our customers immediate access to their deposits, we introduced Same Day Banking, extending the cutoff time for transactions until 8pm Monday through Friday. We also added **Easy Link** Remote Deposit Capture to our suite of convenient products and services, making it quick and easy for our business customers to make their deposits from their place of business. In addition, we announced that we will now remain open on 6 traditional bank holidays in 2008.”

“In line with our **Easy To Do Business With™** standard, our 2007 expansion efforts included a new regional headquarters in Lexington, a full service branch in Mount Pleasant, and loan production offices in Greenville and Myrtle Beach. Our expansion efforts proved successful as we have seen a record number of new accounts and a strong growth in services per household. While we have realized several positive accomplishments this year, the decline in our net income can be attributed to net interest margin compression due to declining interest rate movements and our investment in branch expansion. Additionally, while mortgage income increased in 2007, we realized lower than anticipated results due to slowing economic conditions and tightening of mortgage standards within the secondary markets. In



2008, we intend to focus on growing our no cost/low cost deposit accounts, improving operational efficiencies with an emphasis on expense management, and leveraging our customer loyalty ratings.”

“Despite the current market conditions, our current asset quality remains very strong. Our nonperforming assets are at historic low levels, and while our industry faces a number of challenges, I am very optimistic that this trend will continue throughout 2008.”

“We believe that the quality of our work environment has a direct impact on our customers’ experience. Providing a great place to work, allows us to recruit and retain high performing associates. For the past two consecutive years, we have been named *One of the Best Places to Work in SC™*. A positive and high quality work environment along with our *Easy To Do Business With™* standard of banking has earned us a customer satisfaction rating of 94.7%.”

“Throughout 2008, we will remain committed to providing our customers with a convenient banking experience and superior customer service. During the 1st quarter and throughout the year, an additional number of convenient products and services will be introduced. As we move into 2008, it is our belief that these new innovative products and services will enhance our strategic focus of growing our low cost/no cost deposit accounts and improving our operating efficiencies.”

The Company’s one bank subsidiary, First Reliance, has been recognized for its success including being the only bank ever to be named to *The Top 25 Fastest Growing Companies™* in South Carolina four times (ElliottDavis). First Reliance Bank operates in 5 branch locations and 2 loan production offices. It’s *Easy To Do Business With™* products and services include: Totally FREE Checking, Totally FREE Business Checking, FREE Coin Machines, a 5 Way Mortgage Service Promise, a Nationwide NO FEE ATM Network, and 8-8 Extended Hours in their Florence, Lexington, and Mt. Pleasant locations.

Based in Florence, South Carolina, First Reliance Bancshares, Inc., is a bank holding company with approximately \$591.7 million in assets as of December 31, 2007. First Reliance Bank, which was opened in 1999, is the Company’s sole operating subsidiary. The bank has 2 branch locations, a Technology Center, and a Learning Center in Florence, SC. In addition, the bank’s aggressive statewide growth strategy includes current branches in Lexington, Mount Pleasant and downtown Charleston, SC, and Loan Production offices in Myrtle Beach and Greenville, SC. Additional branch expansions include new sites located in Charleston, the Midlands Region, and the Upstate Region. The Company’s stock is traded on the OTC Bulletin Board under the symbol FSRL.OB. Information about the Company is available on our website at www.firstreliance.com.

This press release contains forward-looking statements about branch openings within the meaning of the Securities Litigation Reform Act of 1995. Forward-looking statements give our expectations or forecasts of future events.

Any or all of our forward-looking statements here or in other publications may turn out to be incorrect. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results. Consequently, no forward- looking statements can be guaranteed. Our actual results may vary materially, and there are no guarantees about the performance of our stock.

We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future results or otherwise. You are advised, however, to consult any future disclosures we make on related subjects in our reports to the SEC.

Contact Jeffrey A. Paolucci, Senior Vice President and Chief Financial Officer, (843) 674-3250.

