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First Reliance Announces 3rd Quarter Net Income of \$765,178 – Up 31%

October 12, 2008 Florence, SC - First Reliance Bancshares, Inc., (OTC Bulletin Board: FSRL), the holding company for First Reliance Bank, today announced 3rd quarter 2008 unaudited net income of \$765,178, an increase of 31%.

Unaudited net income for the three months ended September 30, 2008 was \$765,178, compared to \$584,877 reported in the prior-year period. Earnings benefited from growth in net interest income and reduction in non interest expense. Net interest income increased to \$4.9 million in the third quarter of 2008 over \$4.7 million reported the prior year period. Non interest expense decreased 3%, to \$4.5 million in the third quarter of 2008. Diluted earnings per share were \$0.21, compared to the \$0.17 reported in the prior year period.

Unaudited net income for the nine months ended September 30, 2008 was \$2.3 million, an increase of 3%, or \$0.63 per diluted share, compared to \$2.2 million, or \$0.62 per diluted share, for the nine months ended September 30, 2007. Net interest income increased to \$14.7 million in the nine months ended September 30, 2008, over \$13.8 million reported the prior year period, while non-interest income was \$3.9 million for both periods.

As of September 30, 2008, total assets were \$573.7 million, an increase of \$48.9 million or 9%, over the \$524.8 million reported for September 30, 2007. Loans increased 6% to \$459.7 million, while deposits increased to \$447.6 million, up 2% from \$440.8 million reported for the prior year period.

“In this difficult economic environment, we are not without our challenges; our nonperforming assets to total asset ratio has increased from 0.90 to 1.70 as September 30, 2008,” commented Jeff Paolucci, Senior Vice President and CFO of First Reliance Bank. “However, we have taken an aggressive approach to increasing our loan reserves from 1.09% of loans receivable to 1.35%. Even though we have made aggressive provisions for loan losses throughout the year, we continue to exceed our earnings estimate.”



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“It is clear from the positive results of the 3rd quarter that our focus on profitable growth backed by conservative business decisions has been a rewarding business strategy for our bank,” commented Rick Saunders, president and CEO of First Reliance Bank. “In a challenging economic environment where many companies have reported negative growth in earnings, we are pleased to report positive growth in earnings. Our conservative investment practices have never included risks related to Fannie Mae or Freddie Mac or any other high risk mortgage backed securities. In addition, we do not make sub-prime mortgage loans and have no exposure in this area. While other banks have suffered the negative effects of these products and practices, First Reliance’s conservative and sound business and banking practices, have allowed us to produce great earnings and position ourselves for future expansion and growth throughout the industry turmoil.”

“First Reliance is a financially sound and well capitalized company with a solid deposit base, and 98% of our customers are satisfied with our excellent service and convenience. We are a safe, strong, and profitable South Carolina community bank specializing in relationship banking with individuals and businesses and we have a long and bright future to look forward to.”

Jeff Paolucci, Senior Vice President and CFO of First Reliance Bank, commented, “First Reliance is financially strong and well capitalized. First Reliance remains in every measurable category a “well capitalized” institution under all regulatory standards. In fact, our capital ratios are well in excess of all regulatory “well capitalized” thresholds, which we feel is a significant accomplishment considering the state of the economy and the problems facing other institutions. Our strong capital, liquidity, and focus on closely monitoring and controlling expenses has increased our lending capabilities and provided us the opportunity to expand our franchise. During the first quarter of 2009, we will further enhance our commitment to be *Easy To Do Business With*TM by opening a new branch in West Columbia, SC. Additional 2009 expansion efforts include a branch on Forest Drive in Columbia, SC.”

“First Reliance is a strong and viable company committed to addressing issues quickly and efficiently as we stay focused on building a strong company for the future. As we continue to move forward in this difficult economic environment, we will continue to carefully and cautiously monitor our banking and business practices to prevent any potential and unforeseen challenges. Our proactive and aggressive risk management systems and emphasis on credit quality have resulted in our strong asset quality, which continues to improve. In addition, our footprint expands into different geographic markets throughout the state of South Carolina thereby reducing the credit risk associated with operating in one location.”

“We have realized several positive accomplishments this quarter,” stated Rick Saunders, president and CEO. “We are pleased to announce that for the past 3 consecutive years, we have been named *One of the Best Places to Work in SC*TM. Providing a great place to work, allows us to recruit and develop great, talented people who are aligned with our company’s vision, mission, and values. It is clear that the quality of our work environment has a direct impact on our customers’ experience, due to our recent customer satisfaction score of 98%. We intend to continue to increase our



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level of customer satisfaction by making every effort to meet and exceed our customers' expectations. It is our goal to provide the utmost convenience in products and services and excellent customer service."

"Throughout 2008, we will continue to focus on growing core deposits and leveraging our customer loyalty ratings, while improving our operating efficiencies and managing operating expenses. As we continue to diligently maintain disciplined risk and credit management practices, I am confident that we will continue to attain consistent and sustainable growth."

ABOUT FIRST RELIANCE BANK

First Reliance Bank, founded in 1999, has assets of approximately \$574 million, and employs over 145 highly talented associates. The bank serves Columbia, Charleston, Greenville and Florence markets in South Carolina. The bank has been recognized for its success including being the only company ever to be named to The Top 25 Fastest Growing Companies™ in South Carolina four times including 2002, 2004, 2005, and 2006 (SC Chamber/Elliott Davis). In June 2007, the bank was added to the Palmetto 25, a list of S.C.'s largest publicly held companies. In 2006, 2007, and 2008 the bank was also recognized as One of the Best Places to Work in South Carolina by the SC Chamber of Commerce. First Reliance Bank offers a unique Hometown Heroes package of benefits to serve those who are serving our communities, Totally FREE Checking, Totally FREE Business, FREE Coin Machines, a Nationwide NO FEE ATM Network, and a 5 Way Mortgage Service Promise. It also offers 8-8 Extended Hours in all of their Florence, Mt. Pleasant, and Lexington locations and is open on most traditional bank holidays. Its Easy to Do Business With™ standard has earned the young bank a customer satisfaction rating of 98% (Lamothe & Associates, Inc., Research Firm). First Reliance Bank is traded as FSRL.OB.

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.

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