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First Reliance Bank Reports Positive Earnings

Florence, SC (May 5, 2009) - First Reliance Bancshares (OTC: FSRL), the parent company of First Reliance Bank, today reported capital ratios representative of a strong, healthy and 'well-capitalized' bank. Pre-provision pre-tax income for the quarter ending March 31, 2009 was \$1.1 Million. Net income for the quarter ending March 31, 2009 was \$13,865 compared to \$826,123 earned for the quarter ending March 31, 2008 due primarily to loan loss provisions of \$1.3 million and a declining interest rate environment during the period. "The commercial and real estate construction industry in our coastal region has been the hardest hit causing us to be prudent and build up our loan loss provisions. We are taking a very conservative approach to our business until we see more consistent and positive trends in our communities' economic indicators," said Rick Saunders, CEO.

As of March 31, 2009, total assets were \$637.4 million, an increase of \$39.8 million over \$597.6 million reported for March 31, 2008. Total deposits increased \$51.9 million, from \$450 million reported for March 31, 2008. Management continues its focus on increasing core deposits and reducing its reliance on wholesale funding. For the quarter ending March 31, 2009, checking account deposits grew 8.2% over quarter ended March 31, 2008.

"Our Mortgage Banking team results for the first quarter were very strong. " Mortgage originations for three months ending March 31, 2009 increased 34% over three months ending March 31, 2008. In addition, the mortgage application pipeline in the first quarter has increased by 40% over annual 2008 volume, setting the stage for strong mortgage demand in the second quarter. We are proud of our team for being recognized by the South Carolina State Housing Authority as Lender of the Year (Division II category). This is a terrific achievement and reflects our commitment to first time homebuyers and homeownership," said Saunders.

Diluted earnings loss per share for March 31, 2009 totaled \$(0.02) compared to \$0.23 earned for the quarter ended March 31, 2008. Earnings were primarily impacted by a loan loss provision of \$1.3 million. "Our nonperforming loans are primarily isolated to the coastal region and are related to the construction industry and declining property values. However, we continue to see benefits from our



bank's strong geographic diversity with solid loan quality in our Florence and Columbia markets," he said.

"Our daily focus is to provide our customers with a great service experience, differentiated programs, and products that earn their loyalty. We sincerely appreciate our customer's support and their efforts have helped us grow our local deposits by 13.0% from quarter ended March 31, 2008 to March 31, 2009 and our households at 15.4% first quarter annualized. It is a reflection that our customers enjoy our **Easy To Do Business With™** brand of banking."

"In late 2008, we introduced a unique program called Hometown Heroes, which recognizes and provides special financial products and rewards to heroes in our community- teachers, police, firefighters, military, not-for-profit and medical professionals, people who help us and protect us every day. This program, is our way of saying thank you, and it has been a great success. As a benefit of the program we will make a significant contribution to many Hometown Heroes support organizations. Giving back to the community and honoring our Hometown Heroes is a winning combination and we look forward to the continued growth of this program," he said.

"Looking ahead in 2009 we will introduce a new banking program to provide a safe, convenient, checking and savings and financial counseling to people in our community who have had limited access to the banking system. In June we will also open a new branch in the West Columbia and welcome the community to try out our distinctive brand of convenient and friendly service."

"While the issues facing our economy are difficult, we have a talented and visionary team at First Reliance bank who are dedicated to serving our customers by fulfilling our purpose – to make a positive difference in every life we touch," said Rick Saunders

ABOUT FIRST RELIANCE BANK

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 (Elliott Davis). First Reliance Bank operates in five branch locations. Its **Easy To Do Business With™** products and services include: Totally FREE Checking, Totally FREE Business Checking, FREE Coin Machines, a Retail Service Guaranty, and Five Way Mortgage Service Promise, a Worldwide 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 \$637 million in consolidated assets as of March 31, 2009 First Reliance Bank, which was opened in 1999, is the Company's sole operating subsidiary. The bank has two 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. Additional branch expansions include new sites located in Charleston, and the Midlands Region. The Company's stock is traded on the OTC Bulletin Board under the symbol FSRL.OB. Information about the Company is available on the company's website at www.firstreliance.com.

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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.

