



PRESS RELEASE:

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FIRST RELIANCE BANK

First Reliance Announces Year-End Pre-Tax Income of \$4.4 Million - Up 62%

January 23, 2007 Florence, SC - First Reliance Bancshares, Inc., (OTC Bulletin Board: FSRL), the holding company for First Reliance Bank, reported unaudited pre-tax income for the year ended December 31, 2006 of \$4,428,704, an increase of \$1,691,742, or 62%, over the \$2,736,962 reported for the year ended December 31, 2005. Unaudited net income increased 67% to \$3,245,908 as compared to \$1,947,546 reported in the prior-year period. Earnings benefited from strong growth in both net interest income and non-interest income. Specifically, interest income increased 37% to \$32 million for the year ended December 31, 2006, while non-interest income increased by 60% to \$4.6 million. Basic earnings per share were \$0.96, an increase of 60% from \$0.60 reported in the prior-year period. The earnings per share for the year ending December 31, 2006 is based on average shares of 3,388,457 compared to 3,251,457 shares reported in the prior-year period.

“2006 was a year of stellar performance as we reached record high growth in all banking facets,” said Rick Saunders, President and CEO. “Low Cost/No Cost deposits increased to 20% of our total deposits, improving our funding cost and enhancing our core client base. Total loans grew by \$42 million to reach an outstanding high of \$353 million. Total deposits grew by an astonishing \$39 million to \$373 million, providing us with the leverage needed to expand our growing loan portfolio.”

“Continuing to focus on our vision to be the most profitable bank in South Carolina while remaining committed to providing superior customer service will be a major objective in 2007. Our *Easy-To-Do-Business-With*TM and *There’s More to Banking Than Money*TM service excellence initiatives recently proved to be effective when our customers rated us with a satisfaction rating of 95%. 2006 saw a record number of account openings and a continuous growth in services per household, which can be attributed to our focus on these service excellence initiatives.”

“This is an exciting time for our company fueled much by tremendous loan and deposit growth and expansion into new markets,” commented Jeff Paolucci, Senior Vice President and CFO. “2007 will unveil not only a new state-of-the-art regional facility in Lexington, SC, but new branches in Irmo and Mt. Pleasant and a training facility in Florence. Additional sites for expansion will also be announced throughout the year. As an effort to remain *Easy-To-Do-Business-With*TM, our *8-8 M-F New Bankers*



Hours[™] will now be available at not only our Palmetto Street location, but our Second Loop location as well.”

Net Income for the three months ended December 31, 2006 was \$984,377 an increase of \$342,261 or 53% from the level reported in the prior year three- month period. As was the case with the year-end results, the higher profitability was driven primarily by higher interest income, which increased 29%, and non-interest income, which increased 42%. Basic earnings per share were \$0.29 compared to \$0.20 for the prior-year period, an increase of 45%. At December 31, 2006, total assets were \$456 million, an increase of \$53 million, or 13% over the \$403 million reported for December 31, 2005. Loans increased \$42 million, or 13%, to \$353 million, funded primarily by growth in deposits. Deposits increased to \$372 million, up 12% from \$334 million reported the prior year period.

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 including 2006 (ElliottDavis). First Reliance Bank operates in five locations with Totally FREE Checking, Totally FREE Business, FREE coin machines, 5 Way Mortgage Service Promises and 8-8 Extended Hours in their Florence location. Based in Florence, South Carolina, First Reliance Bancshares, Inc., is a bank holding company with approximately \$456 million in assets as of December 31, 2006. First Reliance Bank, which was opened in 1999, is the Company’s sole operating subsidiary.

The bank has two branch locations and a Technology Center in Florence, SC. In addition, the bank’s aggressive statewide growth strategy includes current branches in Lexington, Mount Pleasant and downtown Charleston, SC. During the fourth quarter of 2005, the bank acquired its third Charleston branch site located at 2031 Sam Rittenberg Blvd. Charleston, SC. Additional branch expansions over the next 24 months include new sites located in North 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.

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