



**For Immediate Release**

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## **First Reliance Bancshares Reports Fourth Quarter 2025 Results**

**Florence, South Carolina – Thursday, January 29, 2026** – First Reliance Bancshares, Inc. (OTC:FSRL), the holding company for First Reliance Bank (collectively, “First Reliance” or the “Company”), today announced its financial results for the fourth quarter of 2025 and calendar year 2025.

### **Fourth Quarter 2025 Highlights**

- Net income increased 218.6% to \$2.9 million for the fourth quarter of 2025, or \$0.36 per diluted share, compared to \$0.9 million, or \$0.11 per diluted share, for the fourth quarter of 2024. For the year ended December 31, 2025, net income totaled \$10.9 million, or \$1.31 per diluted share, compared to \$5.9 million, or \$0.71 per diluted share in 2024. Operating earnings (Non-GAAP) increased 68% for the fourth quarter of 2025 to \$2.9 million, or \$0.35 per diluted share, compared to \$1.7 million, or \$0.21 per diluted share, for the fourth quarter of 2024. For calendar year 2025, operating earnings (Non-GAAP) totaled \$9.5 million or \$1.14 per diluted share, compared to \$6.8 million, or \$0.82 per diluted share, for calendar year 2024. This was an increase of \$2.7 million, or 39.2%.
- Book value per share increased \$2.20, or 22.8%, from \$9.68 per share at December 31, 2024, to \$11.88 per share at December 31, 2025. Tangible book value per share (Non-GAAP) increased \$2.20, or 23%, from \$9.59 per share at December 31, 2024, to \$11.79 per share at December 31, 2025.
- Net interest income for the fourth quarter of 2025 was \$9.6 million, which represents an increase of \$1.2 million, or 14.5%, compared to the fourth quarter of 2024. Compared to the third quarter of 2025, the increase was \$165 thousand, or 1.75%.
- Net interest margin increased during the fourth quarter of 2025 to 3.71%, compared to 3.66% in the third quarter of 2025, and increased 33 basis points compared to the fourth quarter of 2024.
- The fourth quarter of 2025 efficiency ratio improved to 71.08% down from 86.42% one year ago. The adjusted efficiency ratio (Non-GAAP) improved from 78.29% in the fourth quarter of 2024 to 71.59% in the fourth quarter of 2025.
- Total loans held for investment decreased slightly by \$62 thousand, or 0.03% annualized, to \$779.9 million at December 31, 2025, from \$780.0 million at September 30, 2025. On a year-to-date basis, loans grew \$26.2 million, or 3.5%. Excluding the loans that paid off or paid down in North Carolina, where two offices were sold in the second quarter of 2025, and in the declines in indirect automobile loan portfolio, 2025 loan growth totaled \$53.7 million, or 7.1%.
- Total deposits decreased \$11.2 million, or 4.6% annualized, to \$948.1 million at December 31, 2025, from \$959.3 million at September 30, 2025.
- Asset quality remains steady, even with nonperforming assets increasing to \$2.5 million, or 0.23% of total assets at December 31, 2025, compared to \$369 thousand, or 0.03% of total assets at September 30, 2025. This increase was related to an owner-occupied real estate loan in North Carolina totaling \$1.4 million and two mortgage loans that are 90 days past due and still accruing. These loans are fully collateralized and no losses expected.

Rick Saunders, Chief Executive Officer, stated, “We are excited as we head into 2026 given our teams performance in 2025 and the momentum created. In summary, our calendar year 2025 results included operating earnings per share improvement of 39% to \$1.14 per diluted share compared to \$0.82 per diluted share in 2024. Our net interest margin increased 36 basis points

to 3.61% and our adjusted efficiency ratio improved to 72.5% in 2025, down from 77.6% in 2024. Tangible book value per share grew \$2.20 per share, an increase of 23%, to \$11.79, in 2025. Loan growth exceeded \$53.7 million, or 7.1%, excluding the decline from the loan portfolios in North Carolina and from indirect automobiles. Credit quality remained sound with low nonperforming assets and low net charge-offs. It is truly rewarding to see the First Reliance Bank team perform well for our customers and communities, resulting in strong financial results and momentum for 2026.”

### **Financial Summary**

	Three Months Ended					Twelve Months Ended	
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31	Dec 31
(\$ in thousands, except per share data)	2025	2025	2025	2025	2024	2025	2024
<b>Earnings:</b>							
Net income available to common shareholders (GAAP)	\$ 2,926	\$ 2,714	\$ 3,653	\$ 1,613	\$ 918	\$ 10,906	\$ 5,923
Operating earnings (Non-GAAP)	2,852	2,714	2,249	1,665	1,698	9,480	6,813
Earnings per common share, diluted (GAAP)	0.36	0.33	0.44	0.19	0.11	1.31	0.71
Operating earnings per common share, diluted (Non-GAAP)	0.35	0.33	0.27	0.20	0.21	1.14	0.82
Total revenue <sup>(1)</sup>	12,353	12,238	13,920	11,158	9,809	49,669	39,580
Net interest margin	3.71%	3.66%	3.53%	3.49%	3.38%	3.61%	3.25%
Return on average assets <sup>(2)</sup>	1.06%	0.99%	1.32%	0.59%	0.35%	1.00%	0.57%
Return on average assets - Operating Non-GAAP <sup>(2)</sup>	1.03%	0.99%	0.81%	0.61%	0.64%	0.87%	0.66%
Return on average equity <sup>(2)</sup>	12.83%	12.55%	17.84%	8.15%	4.66%	12.90%	7.97%
Return on average equity - Operating Non-GAAP <sup>(2)</sup>	12.51%	12.55%	10.98%	8.41%	8.62%	11.21%	9.17%
Efficiency ratio <sup>(3)</sup>	71.08%	69.61%	64.61%	75.52%	86.42%	69.90%	79.84%
Adjusted efficiency ratio - Non-GAAP <sup>(3)</sup>	71.59%	69.61%	74.03%	75.04%	78.29%	72.48%	77.56%
				<b>As of</b>			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31		
(\$ in thousands)	2025	2025	2025	2025	2024		
<b>Balance Sheet:</b>							
Total assets	\$ 1,093,359	\$ 1,097,846	\$ 1,102,203	\$ 1,097,389	\$ 1,067,104		
Total loans receivable	779,935	779,997	784,749	784,469	753,738		
Total deposits	948,120	959,300	950,339	978,667	951,411		
Total transaction deposits <sup>(4)</sup> to total deposits	36.59%	40.68%	39.50%	39.46%	38.64%		
Loans to deposits	82.26%	81.31%	82.58%	80.16%	79.22%		
<b>Bank Capital Ratios:</b>							
Total risk-based capital ratio	13.82%	13.58%	12.88%	12.99%	13.48%		
Tier 1 risk-based capital ratio	12.72%	12.48%	11.84%	11.92%	12.43%		
Tier 1 leverage ratio	10.16%	9.94%	9.74%	9.80%	9.96%		
Common equity tier 1 capital ratio	12.72%	12.48%	11.84%	11.92%	12.43%		
<b>Asset Quality Ratios:</b>							
Nonperforming assets as a percentage of total assets	0.23%	0.03%	0.02%	0.09%	0.11%		
Allowance for credit losses as a percentage of total loans receivable	1.13%	1.12%	1.09%	1.10%	1.12%		
Annualized net charge-offs (recoveries) as a percentage of average total loan receivables	(0.03%)	0.02%	0.03%	0.08%	0.00%		

**CONDENSED CONSOLIDATED INCOME STATEMENTS – Unaudited**

(\$ in thousands, except per share data)	Three Months Ended				Twelve Months Ended		
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31	
	2025	2025	2025	2025	2024	2024	
<b>Interest income</b>							
Loans	\$ 11,518	\$ 11,842	\$ 11,657	\$ 11,293	\$ 11,053	\$ 46,310	\$ 42,814
Investment securities	2,302	2,300	2,145	2,166	2,015	8,913	7,831
Other interest income	406	323	505	318	512	1,552	1,845
Total interest income	<b>14,226</b>	<b>14,465</b>	<b>14,307</b>	<b>13,777</b>	<b>13,580</b>	<b>56,775</b>	<b>52,490</b>
<b>Interest expense</b>							
Deposits	4,215	4,536	4,703	4,468	4,613	17,922	18,414
Other interest expense	393	476	495	544	564	1,908	2,695
Total interest expense	<b>4,608</b>	<b>5,012</b>	<b>5,198</b>	<b>5,012</b>	<b>5,177</b>	<b>19,830</b>	<b>21,109</b>
Net interest income	<b>9,618</b>	<b>9,453</b>	<b>9,109</b>	<b>8,765</b>	<b>8,403</b>	<b>36,945</b>	<b>31,381</b>
Provision for credit losses	76	90	88	707	141	961	320
Net interest income after provision for credit losses	<b>9,542</b>	<b>9,363</b>	<b>9,021</b>	<b>8,058</b>	<b>8,262</b>	<b>35,984</b>	<b>31,061</b>
<b>Noninterest income</b>							
Mortgage banking income	1,405	1,577	1,586	1,351	1,207	5,919	4,803
Service fees on deposit accounts	405	412	299	319	327	1,435	1,297
Debit card and other service charges, commissions, and fees	527	531	543	529	550	2,130	2,165
Income from bank owned life insurance	107	108	104	102	108	421	418
Loss on sale of securities, net	(294)	-	-	(182)	(146)	(476)	(308)
Gain on sale of branches	-	-	2,313	-	-	2,313	-
Gain on early extinguishment of debt	-	-	-	140	-	140	-
Gain (loss) on disposal /write down of fixed assets	382	-	(200)	-	(838)	182	(818)
Other income	203	157	166	134	198	660	642
Total noninterest income	<b>2,735</b>	<b>2,785</b>	<b>4,811</b>	<b>2,393</b>	<b>1,406</b>	<b>12,724</b>	<b>8,199</b>
<b>Noninterest expense</b>							
Compensation and benefits	5,499	5,431	5,574	5,281	5,028	21,785	19,281
Occupancy and equipment	725	736	770	791	890	3,022	3,417
Data processing, technology, and communications	1,216	1,061	1,143	1,156	1,184	4,576	4,336
Professional fees	85	195	248	153	268	681	739
Marketing	71	155	175	123	103	524	431
Other	1,185	941	1,083	923	1,003	4,132	3,396
Total noninterest expense	<b>8,781</b>	<b>8,519</b>	<b>8,993</b>	<b>8,427</b>	<b>8,476</b>	<b>34,720</b>	<b>31,600</b>
<b>Income before provision for income taxes</b>	<b>3,496</b>	<b>3,629</b>	<b>4,839</b>	<b>2,024</b>	<b>1,192</b>	<b>13,988</b>	<b>7,660</b>
Income tax expense	570	915	1,186	411	273	3,082	1,737
<b>Net income available to common shareholders</b>	<b>\$ 2,926</b>	<b>2,714</b>	<b>3,653</b>	<b>1,613</b>	<b>\$ 919</b>	<b>\$ 10,906</b>	<b>\$ 5,923</b>
(Subtract) Addback (gain) loss on fixed assets, net of tax	(320)	-	151	-	646	(169)	631
Subtract gain on sale of branches, net of tax	-	-	(1,746)	-	-	(1,746)	-
Subtract gain on early extinguishment of debt, net of tax	-	-	-	(111)	-	(111)	-
Addback expenses related to branch sale, net of tax	-	-	190	18	21	208	21
Addback securities losses, net of tax	246	-	-	145	113	391	238
<b>Operating net income (non-GAAP)</b>	<b>\$ 2,852</b>	<b>\$ 2,714</b>	<b>\$ 2,248</b>	<b>\$ 1,665</b>	<b>\$ 1,699</b>	<b>\$ 9,479</b>	<b>\$ 6,813</b>
Weighted average common shares - basic	7,745	7,902	7,892	7,868	7,851	7,851	7,847
Weighted average common shares - diluted	8,218	8,349	8,350	8,331	8,274	8,328	8,294
<b>Basic net income per common share*</b>	<b>\$ 0.38</b>	<b>\$ 0.34</b>	<b>\$ 0.46</b>	<b>\$ 0.21</b>	<b>\$ 0.12</b>	<b>\$ 1.39</b>	<b>\$ 0.75</b>
<b>Diluted net income per common share*</b>	<b>\$ 0.36</b>	<b>\$ 0.33</b>	<b>\$ 0.44</b>	<b>\$ 0.19</b>	<b>\$ 0.11</b>	<b>\$ 1.31</b>	<b>\$ 0.71</b>
<b>Operating basic net income per common share (nonGAAP)*</b>	<b>\$ 0.37</b>	<b>\$ 0.34</b>	<b>\$ 0.28</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 1.21</b>	<b>\$ 0.87</b>
<b>Operating diluted net income per common share (nonGAAP)*</b>	<b>\$ 0.35</b>	<b>\$ 0.33</b>	<b>\$ 0.27</b>	<b>\$ 0.20</b>	<b>\$ 0.21</b>	<b>\$ 1.14</b>	<b>\$ 0.82</b>

\*Note that the sum of the quarterly earnings per share may not equal the full YTD earnings per share result due to rounding of earnings per share each quarter, given the weighted average shares outstanding basic and diluted.

Footnotes to table located at the end of this release.

Net income for the three months ended December 31, 2025, was \$2.9 million, or \$0.36 per diluted common share, compared to \$0.9 million, or \$0.11 per diluted common share, for the three months ended December 31, 2024. Operating net income (Non-GAAP), for the three months ended December 31, 2025, was \$2.9 million, or \$0.35 per diluted common share, compared to \$1.7 million, or \$0.21 per diluted common share for the three months ended December 31, 2024. Net income for the year ended December 31, 2025, totaled \$10.9 million, or \$1.31 per diluted common share, compared to \$5.9 million, or \$0.71 per diluted common share for the year ended December 31, 2024. On an operating basis, diluted EPS (Non-GAAP) was \$1.14 per diluted common share, for the year ended December 31, 2025, which includes adding back the impact of securities losses, net of tax, and the impact of expenses related to the branch sales, net of tax, offset by subtracting the gain recognized on the sale of branches, net of tax, the impact of net gain from the sale of fixed assets, net of tax and the gain from the early extinguishment of debt, net of tax, compared to \$0.82 per operating earnings per diluted common share, for the year ended December 31, 2024.

Noninterest income, for the three months ended December 31, 2025, was \$2.7 million, an increase of \$1.3 million from \$1.4 million for the same period in 2024. Noninterest income was primarily driven by mortgage banking income which totaled \$1.4 million in the fourth quarter of 2025 compared to \$1.2 million in the fourth quarter of 2024 and increase of \$200 thousand. In addition, fixed assets were written down \$838 thousand in the fourth quarter of 2024 compared to a gain on the sale of fixed assets of \$382 thousand, an increase of \$1.2 million in the fourth quarter of 2025. These increases were partially offset by \$148 thousand increase in securities losses.

For the year ended December 31, 2025, noninterest income increased by \$4.5 million, driven primarily by improved mortgage banking income of \$1.1 million, gain on sale of branches of \$2.3 million, increase in gain/loss on disposal / write downs of fixed assets of \$1.0 million and gain on the early extinguishment of debt of \$140 thousand. These increases were partially offset by the increase in securities losses of \$168 thousand.

Noninterest expense, for the three months ended December 31, 2025, was \$8.8 million, an increase of \$303 thousand from \$8.5 million for the same period in 2024. This increase in expense was primarily driven by an increase in compensation and benefits of \$471 thousand due primarily to mortgage commissions and incentive compensation expense, and the increase in other expense of \$182 thousand which was associated with the expense of state income tax credits purchased in the fourth quarter of 2025 of \$336 thousand. This increase (of \$336 thousand) was partially offset by the reduction of various expenses including lower fraud and forgery losses, lower legal fees associated with loan closings, and lower costs related to branches sold. The increases discussed above were partially offset by lower occupancy and equipment expense of \$165 thousand, primarily related to reduced expense due to the disposal of the North Carolina branch locations and lower professional fees of \$183 thousand, due primarily to the lower audit expense associated with FDICIA compliance and lower consultant fees.

Noninterest expense, for year-end December 31, 2025, was \$34.7 million and increased \$3.1 million from the calendar year 2024. This increase in noninterest expense was primarily related to the increase in compensation and benefits of \$2.5 million attributable to increases in salaries of \$662 thousand, mortgage commissions of \$692 thousand, incentive / bonus expense of \$278 thousand and performance-based stock compensation expense of \$917 thousand. Other expense increased by \$736 thousand, which was primarily attributable to the expense for purchased state income tax credit of \$336 thousand and increased expenses related to the sale of the two branches in North Carolina of \$258 thousand. The other categories of noninterest expense resulted in a net \$120 thousand reduction in expense.

During the fourth quarter of 2025, the company purchased state income tax credits (discussed above). These credits reduced state income tax expense by \$400 thousand in the fourth quarter of 2025. This impact was reflected in income tax expense of \$570 thousand in the fourth quarter of 2025 compared to \$915 thousand in the third quarter of 2025.

#### **Operating adjustments – 4Q 2025**

During the fourth quarter, the company sold a property in Florence which resulted in a gain of \$382 thousand and sold five securities resulting in a net loss of \$294,000.

**There were no operating adjustments in 3Q 2025.**

#### **Operating adjustments – 2Q 2025**

During the second quarter of 2025, the Company sold the two North Carolina locations to Carter Bank from Virginia. This sale resulted in a gain of \$2.3 million on the deposits assumed by Carter Bank, before expenses. Expenses directly related

to the branches sold totaled \$252 thousand in the second quarter of 2025. Operating net income reflects the removal of these two items. Total deposits assumed by Carter Bank were \$55.9 million. No loans were acquired in this transaction by Carter Bank.

Additionally, the Company wrote down a parcel of land in North Charleston by \$200 thousand. This parcel remains for sale. Operating net income reflects the add back of this item, net of tax, totaling \$151 thousand.

#### **Operating adjustments - 1Q 2025**

During the first quarter of 2025, the Company recorded the following non-recurring transactions:

- Paid off subordinated indebtedness of \$1.0 million with \$860 thousand, resulting in a pre-tax gain of \$140 thousand,
- Recorded pre-tax securities losses of \$182 thousand, and
- Recorded pre-tax branch disposal related costs of \$23 thousand.

## NET INTEREST INCOME AND MARGIN – Unaudited - QTD

(\$ in thousands)	For the Three Months Ended								
	December 31, 2025			September 30, 2025			December 31, 2024		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
<b>Assets</b>									
Interest-earning assets									
Federal funds sold and interest-bearing deposits	\$ 38,387	\$ 377	3.90%	\$ 35,237	\$ 296	3.33%	\$ 44,366	\$ 485	4.35%
Investment securities	200,724	2,302	4.55%	193,519	2,300	4.72%	179,750	2,015	4.46%
Nonmarketable equity securities	1,534	29	7.50%	1,795	26	5.84%	1,524	27	6.99%
Loans held for sale	11,234	153	5.40%	12,381	301	9.65%	21,610	322	5.93%
Loans	777,941	11,365	5.80%	780,426	11,541	5.87%	741,672	10,731	5.76%
Total interest-earning assets	1,029,820	14,226	5.48%	1,023,358	14,465	5.61%	988,922	13,580	5.46%
Allowance for credit losses	(8,781)			(8,508)			(8,317)		
Noninterest-earning assets	81,142			80,739			78,137		
Total assets	\$ 1,102,181			\$ 1,095,588			\$ 1,058,742		
<b>Liabilities and Shareholders' Equity</b>									
Interest-bearing liabilities									
NOW accounts	\$ 97,249	\$ 171	0.70%	\$ 123,107	\$ 230	0.74%	\$ 140,981	\$ 245	0.69%
Savings & money market	431,489	2,758	2.54%	410,051	2,893	2.80%	405,445	2,910	2.86%
Time deposits	159,962	1,286	3.19%	168,116	1,413	3.33%	160,417	1,458	3.62%
Total interest-bearing deposits	688,700	4,215	2.43%	701,274	4,536	2.57%	706,843	4,613	2.60%
FHLB advances and other borrowings	15,272	144	3.74%	20,652	217	4.17%	16,332	202	4.93%
Subordinated debentures	19,783	249	4.99%	19,775	259	5.19%	25,750	362	5.59%
Total interest-bearing liabilities	723,755	4,608	2.53%	741,701	5,012	2.68%	748,925	5,177	2.75%
Noninterest bearing deposits	273,881			253,702			217,863		
Other liabilities	13,360			13,666			13,118		
Shareholders' equity	91,185			86,519			78,836		
Total liabilities and shareholders' equity	\$ 1,102,181			\$ 1,095,588			\$ 1,058,742		
Net interest income (tax equivalent)/interest rate spread		\$ 9,618	2.95%		\$ 9,453	2.93%		\$ 8,403	2.71%
Net Interest Margin			3.71%			3.66%			3.38%
Cost of funds, including noninterest-bearing deposits			1.83%			2.00%			2.13%

Net interest income, for the three months ended December 31, 2025, was \$9.6 million compared to \$8.4 million for the three months ended December 31, 2024. This increase was the result of an increase in interest income of \$646 thousand and a decrease in interest expense of \$569 thousand. This resulted in an improved net interest margin to 3.71% from 3.38% one year ago. Loans and securities had the largest gains in income and in yields compared to the prior year, partially offset by interest-bearing cash and fed funds sold. While lower yields in all categories of interest-bearing liabilities, except NOW accounts, contributed to the improved net interest margin. In addition, the total cost of funds, including noninterest-bearing deposits, decreased to 1.83% in the fourth quarter of 2025, compared to 2.13% in the fourth quarter of 2024.

## NET INTEREST INCOME AND MARGIN – Unaudited - YTD

(dollars in thousands)	For the Twelve Months Ended					
	December 31, 2025			December 31, 2024		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
<b>Assets</b>						
Interest-earning assets						
Federal funds sold and interest-bearing deposits	\$ 38,027	\$ 1,443	3.79%	\$ 38,357	\$ 1,718	4.48%
Investment securities	190,321	8,913	4.68%	172,932	7,831	4.53%
Nonmarketable equity securities	1,671	109	6.52%	1,803	127	7.01%
Loans held for sale	14,847	1,171	7.89%	20,827	1,369	6.57%
Loans	777,863	45,139	5.80%	731,688	41,445	5.66%
Total interest-earning assets	1,022,729	56,775	5.55%	965,607	52,490	5.44%
Allowance for credit losses	(8,619)			(8,427)		
Noninterest-earning assets	80,639			78,987		
Total assets	\$ 1,094,749			\$ 1,036,167		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities						
NOW accounts	\$ 131,197	\$ 873	0.67%	\$ 140,923	\$ 1,018	0.72%
Savings & money market	424,109	11,650	2.75%	373,626	11,008	2.95%
Time deposits	160,932	5,399	3.35%	172,522	6,404	3.71%
Total interest-bearing deposits	716,238	17,922	2.50%	687,071	18,430	2.68%
FHLB advances and other borrowings	18,364	766	4.17%	22,313	1,221	5.47%
Subordinated debentures	21,927	1,142	5.21%	25,739	1,458	5.67%
Total interest-bearing liabilities	756,529	19,830	2.62%	735,123	21,109	2.87%
Noninterest bearing deposits	240,864			213,190		
Other liabilities	12,818			13,508		
Shareholders' equity	84,538			74,346		
Total liabilities and shareholders' equity	\$ 1,094,749			\$ 1,036,167		
Net interest income (tax equivalent) / interest rate spread		\$ 36,945	2.93%	\$ 31,381		2.57%
Net Interest Margin			3.61%			3.25%
Cost of funds, including noninterest bearing deposits			1.99%			2.23%

Net interest income for calendar year 2025, \$36.9 million compared to \$31.4 million for calendar year 2024, an increase of \$5.6 million. The net interest margin was 3.61% for 2025 compared to 3.25% for 2024. The yield on interest-earning assets improved by 11 basis points to 5.55%, led by loans and investment securities. Yields on all interest-bearing liabilities have declined in all categories, with total yield on interest-bearing liabilities declining by 25 basis points. The total cost of funds, including noninterest-bearing deposits was 1.99% in 2025 compared to 2.23% in 2024.

**CONDENSED CONSOLIDATED BALANCE SHEETS – Unaudited**

(\$ in thousands)	As of				
	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
<b>Assets</b>					
Cash and cash equivalents:					
Cash and due from banks	\$ 4,031	\$ 5,072	\$ 4,066	\$ 5,011	\$ 4,604
Interest-bearing deposits with banks	<b>28,101</b>	26,695	29,487	32,922	42,623
Total cash and cash equivalents	<b>32,132</b>	31,767	33,553	37,933	47,227
Investment securities:					
Investment securities available for sale	<b>196,043</b>	199,674	194,136	181,596	175,846
Other investments	<b>1,764</b>	1,527	2,497	950	886
Total investment securities	<b>197,807</b>	201,201	196,633	182,546	176,732
Mortgage loans held for sale	<b>12,280</b>	13,336	14,944	22,424	20,974
Loans receivable:					
Loans	<b>779,935</b>	779,997	784,749	784,469	753,738
Less allowance for credit losses	<b>(8,827)</b>	(8,741)	(8,535)	(8,654)	(8,434)
Loans receivable, net	<b>771,108</b>	771,256	776,214	775,815	745,304
Property and equipment, net	<b>24,348</b>	23,313	22,469	21,987	21,353
Mortgage servicing rights	<b>14,656</b>	14,421	14,093	13,614	13,410
Bank owned life insurance	<b>19,029</b>	18,922	18,815	18,710	18,608
Deferred income taxes	<b>6,117</b>	6,221	6,510	6,938	7,709
Other assets	<b>15,882</b>	17,409	18,972	17,422	15,787
Total assets	<b>1,093,359</b>	1,097,846	1,102,203	1,097,389	1,067,104
<b>Liabilities</b>					
Deposits	\$ 948,120	\$ 959,300	\$ 950,339	\$ 978,667	\$ 951,411
Federal Home Loan Bank advances	<b>20,000</b>	15,000	32,500	-	-
Federal funds and repurchase agreements	-	-	207	-	-
Subordinated debentures	<b>9,476</b>	9,469	9,461	14,453	15,444
Junior subordinated debentures	<b>10,310</b>	10,310	10,310	10,310	10,310
Reserve for unfunded commitments	<b>822</b>	767	925	771	428
Other liabilities	<b>11,565</b>	13,498	12,560	11,972	11,755
Total liabilities	<b>1,000,293</b>	1,008,344	1,016,302	1,016,173	989,348
<b>Shareholders' equity</b>					
Preferred stock - Series D non-cumulative, no par value	1	1	1	1	1
Common Stock - \$.01 par value; 20,000,000 shares authorized	<b>88</b>	88	88	88	88
Treasury stock, at cost	<b>(8,085)</b>	(7,883)	(6,654)	(6,458)	(5,699)
Nonvested restricted stock	<b>(1,949)</b>	(2,359)	(2,536)	(2,566)	(2,340)
Additional paid-in capital	<b>56,869</b>	56,931	56,708	56,408	55,789
Retained earnings	<b>50,578</b>	47,652	44,937	41,284	39,671
Accumulated other comprehensive loss	<b>(4,436)</b>	(4,928)	(6,643)	(7,541)	(9,754)
Total shareholders' equity	<b>93,066</b>	89,502	85,901	81,216	77,756
Total liabilities and shareholders' equity	<b>\$ 1,093,359</b>	\$ 1,097,846	\$ 1,102,203	\$ 1,097,389	\$ 1,067,104

First Reliance cash and cash equivalents totaled \$32.1 million at December 31, 2025, compared to \$31.8 million at September 30, 2025. Cash with the Federal Reserve Bank totaled \$27.8 million compared to \$41.8 million at December 31, 2024.

First Reliance does not have any Held-to-Maturity (HTM) securities for any reported period. All debt securities were classified as Available-For-Sale (AFS) securities with balances of \$196.0 million and \$199.7 million, at December 31, 2025 and September 30, 2025, respectively. The unrealized loss recorded on these securities totaled \$5.9 million as of December 31, 2025, compared to \$6.5 million at September 30, 2025, a decrease in the unrealized loss during the fourth quarter of \$0.6 million (before taxes).

During the quarter ended December 31, 2025, deposits decreased by \$11.2 million, or 4.6% annualized. During the fourth quarter of 2025, the bank experienced significant movement of deposits from noninterest-bearing transaction accounts and other interest-bearing accounts to money market accounts. **See the table on page 11 for detail.**

The Company had \$20.0 million in outstanding borrowings with the Federal Home Loan Bank (FHLB) of Atlanta at December 31, 2025, up from \$15.0 million at September 30, 2025. The Company had remaining credit availability in excess of \$298.8 million with the FHLB of Atlanta, subject to collateral requirements.

First Reliance also has access to approximately \$19.0 million through the Federal Reserve Bank discount window with posted collateral. There are currently no borrowings against the Federal Reserve Bank discount window.

### **COMMON STOCK SUMMARY - Unaudited**

(shares in thousands)	Dec 31 2025	Sep 30 2025	As of Jun 30 2025	Mar 31 2025	Dec 31 2024
Voting common shares outstanding	8,804	8,794	8,787	8,786	8,764
Treasury shares outstanding	(972)	(954)	(830)	(809)	(731)
Total common shares outstanding	<b>7,832</b>	7,840	7,957	7,977	8,033
Book value per common share	\$ 11.88	\$ 11.42	\$ 10.80	\$ 10.18	\$ 9.68
Tangible book value per common share - Non-GAAP(5)	\$ 11.79	\$ 11.33	\$ 10.71	\$ 10.09	\$ 9.59
<b>Stock price:</b>					
High	\$ 13.70	\$ 10.21	\$ 10.00	\$ 9.98	\$ 10.24
Low	\$ 10.00	\$ 9.36	\$ 9.00	\$ 9.35	\$ 9.16
Period end	\$ 12.26	\$ 10.10	\$ 9.60	\$ 9.45	\$ 9.59

In June 2025, the Company's Board approved a stock repurchase program authorizing the purchase of up to \$3.0 million of outstanding common stock through expiration of the program on June 30, 2026. The repurchase program does not obligate the Company to purchase any particular number of shares and may be modified or terminated by the Company's Board of Directors at any time. During the third quarter of 2025, the Company repurchased 122,316 shares at a weighted-average cost per share of \$9.71. During the fourth quarter of 2025, the Company repurchased 13,678 shares at a weighted-average cost per share of \$10.73.

## ASSET QUALITY MEASURES – Unaudited

(\$ in thousands)	As of				
	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
<b>Nonperforming Assets</b>					
<b>Commercial</b>					
Owner occupied RE	\$ 1,573	\$ 36	\$ 39	\$ 42	\$ 44
Non-owner occupied RE	-	-	-	655	646
Construction	-	-	-	-	66
Commercial business	31	38	43	146	328
<b>Consumer</b>					
Real estate	36	226	39	40	42
Home equity	-	-	-	-	-
Construction	-	-	-	-	-
Other	71	69	84	50	64
Nonaccruing loan modifications	-	-	-	-	-
Total nonaccrual loans	\$ 1,711	\$ 369	\$ 205	\$ 933	\$ 1,190
Loans past due 90 days or more & accruing interest	744	-	-	-	-
Other assets repossessed	6	-	-	-	11
<b>Total nonperforming assets</b>	<b>\$ 2,461</b>	<b>\$ 369</b>	<b>\$ 205</b>	<b>\$ 933</b>	<b>\$ 1,201</b>
Nonperforming assets as a percentage of:					
Total assets	0.23%	0.03%	0.02%	0.09%	0.11%
Total loans receivable	0.32%	0.05%	0.03%	0.12%	0.16%
Accruing loan modifications	\$ 668	\$ 683	\$ 797	\$ 369	\$ 400

(\$ in thousands)	Three Months Ended				
	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
<b>Allowance for Credit Losses</b>					
Balance, beginning of period	\$ 8,741	\$ 8,535	\$ 8,654	\$ 8,434	\$ 8,317
Loans charged-off	15	48	110	163	24
Recoveries of loans previously charged-off	80	6	57	19	18
Net (recoveries) charge-offs	(65)	42	53	144	6
Provision for credit (recovery of) losses	21	248	(66)	364	123
Balance, end of period	\$ 8,827	\$ 8,741	\$ 8,535	\$ 8,654	\$ 8,434
Allowance for credit losses to gross loans receivable	1.13%	1.12%	1.09%	1.10%	1.12%
Allowance for credit losses to nonaccrual loans	515.87%	2368.83%	4163.41%	927.54%	708.74%

Asset quality reflected an increase of \$2.1 million in nonperforming assets during the fourth quarter of 2025, with nonperforming assets increasing to \$2.5 million, which represents 0.23% of total assets. This increase was attributable to a \$1.4 million loan in North Carolina that is supported by strong collateral, and two mortgage loans that are 90 days past due and still accruing interest totaling \$744 thousand. There was no individual reserve for credit loss assigned to any of these loans at December 31, 2025. The allowance for credit losses as a percentage of total loans receivable increased to 1.13% at December 31, 2025, compared to 1.12% at September 30, 2025, and 1.12% at December 31, 2024. The allowance for credit losses increased by a provision for credit losses of \$21 thousand and increased by net recoveries of \$65 thousand, during the fourth quarter of 2025.

For the full year of 2025, the company recorded \$174 thousand in net charge-offs, or 2 basis points of average loans, compared to \$259 thousand in net charge-offs, or 4 basis points of average loans, in 2024.

*Footnotes to table located at the end of this release.*

## LOAN COMPOSITION – Unaudited

(\$ in thousands)	As of				
	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Commercial real estate	\$ 466,293	\$ 471,002	\$ 483,278	\$ 482,201	\$ 463,301
Consumer real estate	230,379	220,767	223,310	216,964	204,303
Commercial and industrial	71,212	71,802	61,255	65,573	65,980
Consumer and other	12,051	16,426	16,906	19,731	20,154
Total loans, net of deferred fees	779,935	779,997	784,749	784,469	753,738
Less allowance for credit losses	8,827	8,741	8,535	8,654	8,434
Total loans, net	\$ 771,108	\$ 771,256	\$ 776,214	\$ 775,815	\$ 745,304

## DEPOSIT COMPOSITION – Unaudited

(\$ in thousands)	As of				
	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Noninterest-bearing	\$ 254,618	\$ 292,107	\$ 219,352	\$ 224,031	\$ 227,471
Interest-bearing:					
DDA and NOW accounts	92,310	98,135	156,062	162,129	140,116
Money market accounts	419,683	360,621	379,078	393,736	381,602
Savings	37,416	38,279	38,995	39,719	40,627
Time, less than \$250,000	104,671	126,195	125,607	122,613	120,397
Time, \$250,000 and over	39,422	43,963	31,245	36,439	41,198
Total deposits	\$ 948,120	\$ 959,300	\$ 950,339	\$ 978,667	\$ 951,411

### Footnotes to tables:

- (1) Total revenue is the sum of net interest income and noninterest income.
- (2) Annualized for the respective period.
- (3) Noninterest expense divided by the sum of net interest income and noninterest income.
- (4) Includes noninterest-bearing and interest-bearing DDA and NOW accounts.
- (5) The tangible book value per share is calculated as total shareholders' equity less intangible assets, divided by period-end outstanding common shares.

## ABOUT FIRST RELIANCE

Founded in 1999, First Reliance Bancshares, Inc. (OTCQX: FSRL) is committed to improving the lives of our customers, associates, and the communities in South Carolina that we serve. We achieve this by delivering a better banking experience characterized by exceptional service. With \$1.1 billion in assets, we employ 161 professionals across nine locations throughout South Carolina. First Reliance offers a wide range of consumer and business banking solutions, as well as mortgage services. First Reliance has redefined community banking with a commitment to making customers' lives better, its founding principle. Customers of the Company have given it a 92% customer satisfaction rating, well above the bank industry average of 82%. First Reliance is also one of two companies throughout South Carolina to receive the Best Places to Work in South Carolina award all 20 years since the program began. We believe that this recognition confirms that our associates are engaged and committed to our brand and the communities we serve. The Company offers a full range of personalized community banking products and services for individuals, small businesses, and corporations. The Company also offers a full suite of digital banking services, Treasury Services, a Customer Service Guaranty, a Mortgage Service Guaranty, and First Reliance Wealth Strategies.

## FORWARD-LOOKING STATEMENTS

Certain statements in this news release contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements include, but are not limited to, statements with respect to our plans, objectives, expectations and intentions and other statements that are not historical facts, and other statements identified by words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” and “projects,” as well as similar expressions. Such statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any person that the future events, plans, or expectations contemplated by the Company will be achieved.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) competitive pressures among depository and other financial institutions may increase significantly and have an effect on pricing, spending, third-party relationships and revenues; (2) the strength of the United States economy in general and the strength of the local economies in which we conduct operations may be different than expected resulting in, among other things, a deterioration in the credit quality or a reduced demand for credit, including the resultant effect on the Company’s loan portfolio and allowance for credit losses; (3) the rate of delinquencies and amounts of charge-offs, the level of allowance for credit loss, the rates of loan growth, or adverse changes in asset quality in our loan portfolio, which may result in increased credit risk-related losses and expenses; (4) the risk that the preliminary financial information reported herein and our current preliminary analysis will be different when our review is finalized; (5) changes in the U.S. legal and regulatory framework including, but not limited to, the Dodd-Frank Act and regulations adopted thereunder; (6) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) could have a negative impact on the Company, including the value of its MSR asset; (7) the business related to acquisitions may not be integrated successfully or such integration may take longer to accomplish than expected; (8) the expected cost savings and any revenue synergies from acquisitions may not be fully realized within expected timeframes; and (9) disruption from acquisitions may make it more difficult to maintain relationships with clients, associates or suppliers. Moreover, a trade war or other governmental action related to tariffs or international trade agreements or policies, as well as other potential epidemics or pandemics, have the potential to negatively impact ours and/or our customers’ costs, demand for our customers’ products, and/or the U.S. economy or certain sectors thereof and, thus, adversely affect our business, financial condition, and results of operations. All subsequent written and oral forward-looking statements concerning the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. We do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.