



For Immediate Release

Contact:

Robert Haile
SEVP & Chief Financial Officer
(843) 656-5000
rhaile@firstreliance.com

First Reliance Bancshares Reports First Quarter 2026 Results

FLORENCE, South Carolina – Monday, April 20, 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 first quarter of 2026.

First Quarter 2026 Highlights

- Net income increased 113% for the first quarter of 2026 to \$3.4 million, or \$0.41 per diluted share, compared to \$1.6 million, or \$0.19 per diluted share, for the first quarter of 2025. Operating earnings (non-GAAP), which excludes securities losses, net of tax, gain/(loss), the disposal/write down fixed assets and right of use assets, net of tax, gain on early extinguishment of debt, net of tax, and expenses related to branch sale, net of tax, gain on sale of branches, net of tax, and gain on sale of mortgage servicing rights (MSR), net of tax, were \$3.2 million, or \$0.39 per diluted share, for the first quarter of 2026, compared to \$1.7 million, or \$0.20 per diluted share, in the first quarter of 2025.
- Book value per share increased \$1.97, or 19.4%, from \$10.18 per share at March 31, 2025, to \$12.15 per share at March 31, 2026. Tangible book value (non-GAAP) per share increased \$1.97, or 19.5%, from \$10.09 per share at March 31, 2025, to \$12.06 per share at March 31, 2026.
- Net interest income for the quarter was \$9.5 million, which represents an increase of \$758 thousand, or 8.6%, compared to the first quarter of 2025. On a linked quarter basis, the decrease was \$95 thousand, or 1.0%.
- Net interest margin (NIM) increased during the quarter to 3.77% from 3.49% at March 31, 2025, and increased 6 basis points from 3.71% at December 31, 2025.
- Total loans held for investment increased \$21.3 million, or 10.9% annualized, to \$801.2 million at March 31, 2026, from \$779.9 million at December 31, 2025. During the second quarter of 2025, the Company sold the two branches in North Carolina and retained approximately \$75.6 million of loans in those locations. Excluding the loan portfolio decline during the first quarter of 2026 of \$4.2 million from the North Carolina market, loan growth for the quarter totaled \$25.5 million. There was approximately \$51.0 million loan portfolio remaining in the North Carolina market at March 31, 2026.
- Total deposits decreased \$19.1 million, or 8.1% annualized, to \$929.0 million at March 31, 2026, from \$948.1 million at December 31, 2025. During the second quarter of 2025, the Company sold the two branches in North Carolina which resulted in a decline of \$55.9 million in deposits.
- Asset quality remained steady with nonperforming assets declining to \$2.1 million, or 0.19% of total assets at March 31, 2026, from \$2.5 million, or 0.23% of total assets at December 31, 2025, compared to \$933 thousand, or 0.09% of total assets at March 31, 2025.

Rick Saunders, Chief Executive Officer, commented: “We had good loan growth in the first quarter of 10.9% annualized, continued to improve our net interest margin and our efficiency ratio with good expense management. During the quarter, we sold mortgage servicing rights resulting in a gain of \$266 thousand. This transaction allows us to manage our risk tolerance of our MSR asset relative to our capital ratios. Operating earnings improved 94% year over year, and our tangible book value per share improved by 19.5%. We expanded our NIM 28 basis points this quarter compared to the first quarter of 2025. Our loan

pipelines remain strong as we begin 2026 and this momentum should continue for the remainder of the year. The Company remains committed to the communities we serve by providing exceptional service and banking solutions for our clients.”

Financial Summary

(\$ in thousands, except per share data)	Three Months Ended				
	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Earnings:					
Net income available to common shareholders	\$ 3,436	\$ 2,926	\$ 2,714	\$ 3,653	\$ 1,613
Operating earnings (Non-GAAP)	3,233	2,852	2,714	2,248	1,665
Earnings per common share, diluted	0.41	0.36	0.33	0.44	0.19
Operating earnings, diluted (Non-GAAP)	0.39	0.35	0.33	0.27	0.20
Total revenue ⁽¹⁾	13,025	12,353	12,238	13,920	11,158
Net interest margin	3.77%	3.71%	3.66%	3.53%	3.49%
Return on average assets ⁽²⁾	1.25%	1.06%	0.99%	1.32%	0.59%
Return on average assets-Operating Non-GAAP ⁽²⁾	1.18%	1.03%	0.99%	0.81%	0.61%
Return on average equity ⁽²⁾	14.53%	12.83%	12.55%	17.84%	8.15%
Return on average equity-Operating Non-GAAP ⁽²⁾	13.67%	12.51%	12.55%	10.98%	8.41%
Efficiency ratio ⁽³⁾	64.84%	71.08%	69.61%	64.61%	75.52%
Adjusted efficiency ratio - Non-GAAP ⁽³⁾	66.16%	71.59%	69.61%	74.03%	75.04%
(\$ in thousands)	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Balance Sheet:					
Total assets	\$ 1,118,388	\$ 1,093,359	\$ 1,097,846	\$ 1,102,203	\$ 1,097,389
Total loans receivable	801,243	779,935	779,997	784,749	784,469
Total deposits	929,045	948,120	959,300	950,339	978,667
Total transaction deposits ⁽⁴⁾ to total deposits	36.83%	36.59%	40.68%	39.50%	39.46%
Loans to deposits	86.24%	82.26%	81.31%	82.58%	80.16%
Bank Capital Ratios:					
Total risk-based capital ratio	14.15%	13.82%	13.58%	12.88%	12.99%
Tier 1 risk-based capital ratio	13.04%	12.72%	12.48%	11.84%	11.92%
Tier 1 leverage ratio	10.53%	10.16%	9.94%	9.74%	9.80%
Common equity tier 1 capital ratio	13.04%	12.72%	12.48%	11.84%	11.92%
Asset Quality Ratios:					
Nonperforming assets as a percentage of total assets	0.19%	0.23%	0.03%	0.02%	0.09%
Allowance for credit losses as a percentage of total loans receivable	1.14%	1.13%	1.12%	1.09%	1.10%
Annualized quarterly net charge-offs (recoveries) as a percentage of average total loans receivable	(0.01%)	(0.03%)	0.02%	0.03%	0.08%

Footnotes to tables located at the end of this release.

CONDENSED CONSOLIDATED INCOME STATEMENTS – Unaudited

(\$ in thousands, except per share data)	Three Months Ended				
	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Interest income					
Loans	\$ 11,534	\$ 11,518	\$ 11,842	\$ 11,657	\$ 11,293
Investment securities	2,413	2,302	2,300	2,145	2,166
Other interest income	189	406	323	505	318
Total interest income	14,136	14,226	14,465	14,307	13,777
Interest expense					
Deposits	3,930	4,215	4,536	4,703	4,468
Other interest expense	683	393	476	495	544
Total interest expense	4,613	4,608	5,012	5,198	5,012
Net interest income	9,523	9,618	9,453	9,109	8,765
Provision for credit losses	175	76	90	88	707
Net interest income after provision for loan losses	9,348	9,542	9,363	9,021	8,058
Noninterest income					
Mortgage banking income	2,103	1,405	1,577	1,586	1,351
Service fees on deposit accounts	366	405	412	299	319
Debit card and other service charges, commissions, and fees	506	527	531	543	529
Income from bank owned life insurance	104	107	108	104	102
Loss on sale of securities, net	(6)	(294)	-	-	(182)
Gain on sale of branches				2,313	
Gain on sale of MSR	266				
Gain on early extinguishment of debt	-	-	-	-	140
Gain (loss) on disposal / write down of fixed assets	-	382	-	(200)	-
Other income	163	203	157	166	134
Total noninterest income	3,502	2,735	2,785	4,811	2,393
Noninterest expense					
Compensation and benefits	5,447	5,499	5,431	5,574	5,281
Occupancy and equipment	796	725	736	770	791
Data processing, technology, and communications	1,218	1,216	1,061	1,143	1,156
Professional fees	77	85	195	248	153
Marketing	96	71	155	175	123
Other	812	1,185	941	1,083	923
Total noninterest expense	8,446	8,781	8,519	8,993	8,427
Income before provision for income taxes	4,404	3,496	3,629	4,839	2,024
Income tax expense	968	570	915	1,186	411
Net income available to common shareholders	\$ 3,436	\$ 2,926	\$ 2,714	\$ 3,653	\$ 1,613
Add back loss (gain) on fixed assets, net of tax	-	(320)	-	151	
Subtract gain on sale of branches, net of tax				(1,746)	
Subtract gain on sale of MSR, net of tax	(208)				
Subtract gain on early extinguishment of debt, net of tax					(111)
Add back expenses related to branch sale, net of tax		-	-	190	18
Add back securities losses, net of tax	5	246	-	-	145
Operating earnings (Non-GAAP)	\$ 3,233	\$ 2,852	\$ 2,714	\$ 2,248	\$ 1,665
Weighted average common shares - basic	7,866	7,745	7,902	7,892	7,868
Weighted average common shares - diluted	8,302	8,218	8,349	8,350	8,331
Basic net income per common share *	\$ 0.44	\$ 0.38	\$ 0.34	\$ 0.46	\$ 0.21
Diluted net income per common share *	\$ 0.41	\$ 0.36	\$ 0.33	\$ 0.44	\$ 0.19
Operating earnings per common share (Non-GAAP) *	\$ 0.41	\$ 0.37	\$ 0.34	\$ 0.28	\$ 0.21
Operating earnings per diluted common share (Non-GAAP) *	\$ 0.39	\$ 0.35	\$ 0.33	\$ 0.27	\$ 0.20

Net income for the three months ended March 31, 2026, was \$3.4 million, or \$0.41 per diluted common share, compared to \$1.6 million, or \$0.19 per diluted common share, for the three months ended March 31, 2025. On an operating basis, the first quarter of 2026 diluted EPS was \$0.39, compared to \$0.20 diluted EPS for the first quarter of 2025. During the first quarter of 2026, the Company added back the impact of securities losses, net of tax, of \$5 thousand, and subtracted the gain on sale of mortgage servicing asset of \$208, net of tax, compared to the first quarter of 2025, the Company added back the impact of securities losses, net of tax of \$145 thousand, added back expenses related to the branch sale of \$18 thousand, net of tax and subtracted the gain on early extinguishment of debt of \$111 thousand, net of tax.

The provision for credit losses for loans was \$269 thousand, and for unfunded commitments was a release of \$94 thousand, totaling \$175 thousand for the first quarter of 2026. The increase in the ACL for loans was primarily driven by loan growth, and the decrease in the reserve for unfunded commitments was primarily the result of a decline in construction commitments of \$5.7 million and the expected term.

Noninterest income for the three months ended March 31, 2026, was \$3.5 million, an increase of \$1.1 million from \$2.4 million in the first quarter of 2025. Noninterest income was primarily driven by mortgage banking income and totaled \$2.1 million in the first quarter of 2026 compared to \$1.4 million in the first quarter of 2025, an increase of \$752 thousand. This was driven by improved volume in the secondary market and an increase in the fair value tranche of the MSR. In addition, the company sold a portion of the underlying mortgage loans that support the MSR asset for a gain of \$266 thousand in the first quarter of 2026. In the first quarter of 2025, the company recognized securities losses, \$182 thousand, which was partially offset by \$140 thousand gain on the early extinguishment of debt.

Noninterest expense for the three months ended March 31, 2026, was \$8.4 million, an increase of \$19 thousand from \$8.4 million in the first quarter of 2025. The increase was primarily driven by an increase in higher compensation and benefits of \$166 thousand primarily from salaries, payroll taxes, and equity compensation, and higher data processing, technology and communications of \$62 thousand, which were mostly offset by declines in professional fees, marketing and other.

Operating adjustments – 1Q 2026

During the first quarter of 2026, the Company sold mortgage servicing rights (MSR) related to approximately \$565.9 million of underlying mortgage loans for an initial gain of \$266 thousand, net of direct expenses. The Company also sold securities at a net loss of \$6 thousand.

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								
	March 31, 2026			December 31, 2025			March 31, 2025		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
Assets									
Interest-earning assets:									
Federal funds sold and interest-bearing deposits	\$ 23,893	\$ 166	2.82%	\$ 38,387	\$ 377	3.90%	\$ 37,230	\$ 292	3.18%
Investment securities	197,798	2,413	4.95%	200,724	2,302	4.55%	180,710	2,166	4.86%
Nonmarketable equity securities	2,994	24	3.21%	1,534	29	7.50%	1,496	26	7.06%
Loans held for sale	10,469	163	6.34%	11,234	153	5.40%	23,551	364	6.27%
Loans	788,645	11,370	5.85%	777,941	11,365	5.80%	775,652	10,929	5.71%
Total interest-earning assets	1,023,799	14,136	5.60%	1,029,820	14,226	5.48%	1,018,639	13,777	5.49%
Allowance for credit losses	(8,886)			(8,781)			(8,616)		
Noninterest-earning assets	82,451			81,142			81,136		
Total assets	<u>\$ 1,097,364</u>			<u>\$ 1,102,181</u>			<u>\$ 1,091,159</u>		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
NOW accounts	\$ 94,858	\$ 155	0.66%	\$ 97,249	\$ 171	0.70%	\$ 158,710	\$ 230	0.59%
Savings & money market	429,693	2,612	2.47%	431,489	2,758	2.54%	429,861	2,872	2.71%
Time deposits	153,746	1,163	3.07%	159,962	1,286	3.19%	156,527	1,366	3.54%
Total interest-bearing deposits	678,297	3,930	2.35%	688,700	4,215	2.43%	745,098	4,468	2.43%
FHLB advances and other borrowings	45,861	439	3.88%	15,272	144	3.74%	15,162	213	5.70%
Subordinated debentures	19,791	244	5.00%	19,783	249	4.99%	24,761	331	5.42%
Total interest-bearing liabilities	743,949	4,613	2.51%	723,755	4,608	2.53%	785,021	5,012	2.59%
Noninterest bearing deposits	246,142			273,881			214,733		
Other liabilities	12,659			13,360			12,185		
Shareholders' equity	94,614			91,185			79,220		
Total liabilities and shareholders' equity	<u>\$ 1,097,364</u>			<u>\$ 1,102,181</u>			<u>\$ 1,091,159</u>		
Net interest income (tax equivalent)/interest		<u>\$ 9,523</u>	<u>3.09%</u>		<u>\$ 9,618</u>	<u>2.95%</u>		<u>\$ 8,765</u>	<u>2.90%</u>
Net Interest Margin			<u>3.77%</u>			<u>3.71%</u>			<u>3.49%</u>
Cost of funds, including noninterest-bearing deposits			1.89%			1.83%			2.03%

Net interest income for the three months ended March 31, 2026, was \$9.5 million compared to \$8.8 million for the three months ended March 31, 2025. This increase was the result of an increase in interest income of \$359 thousand, and lower interest expense of \$399 thousand. This resulted in an improved net interest margin of 28 basis points to 3.77% from 3.49% one year ago, led by the loan portfolio yield which improved by 14 basis points, while yield on interest-bearing liabilities declined by 8 basis points. In addition, the total cost of funds, including noninterest-bearing deposits, decreased to 1.89% in the first quarter of 2026, compared to 2.03% in the first quarter of 2025. On a linked quarter basis, our net interest margin improved 6 basis points, and net interest income declined by \$95 thousand. There were two fewer days in the first quarter of 2026 compared to the fourth quarter of 2025.

CONDENSED CONSOLIDATED BALANCE SHEETS – Unaudited

(\$ in thousands)	As of				
	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Assets					
Cash and cash equivalents:					
Cash and due from banks	\$ 4,236	\$ 4,031	\$ 5,072	\$ 4,066	\$ 5,011
Interest-bearing deposits with banks	26,477	28,101	26,695	29,487	32,922
Total cash and cash equivalents	<u>30,713</u>	<u>32,132</u>	<u>31,767</u>	<u>33,553</u>	<u>37,933</u>
Investment securities:					
Investment securities available for sale	200,886	196,043	199,674	194,136	181,596
Other investments	3,682	1,764	1,527	2,497	950
Total investment securities	<u>204,568</u>	<u>197,807</u>	<u>201,201</u>	<u>196,633</u>	<u>182,546</u>
Mortgage loans held for sale	15,636	12,280	13,336	14,944	22,424
Loans receivable:					
Loans	801,243	779,935	779,997	784,749	784,469
Less allowance for credit losses	(9,105)	(8,827)	(8,741)	(8,535)	(8,654)
Loans receivable, net	<u>792,138</u>	<u>771,108</u>	<u>771,256</u>	<u>776,214</u>	<u>775,815</u>
Property and equipment, net	24,454	24,348	23,313	22,469	21,987
Mortgage servicing rights	8,728	14,656	14,421	14,093	13,614
Bank owned life insurance	19,134	19,029	18,922	18,815	18,710
Deferred income taxes	6,438	6,117	6,221	6,510	6,938
Other assets	16,579	15,882	17,409	18,972	17,422
Total assets	<u><u>1,118,388</u></u>	<u><u>1,093,359</u></u>	<u><u>1,097,846</u></u>	<u><u>1,102,203</u></u>	<u><u>1,097,389</u></u>
Liabilities					
Deposits	\$ 929,045	\$ 948,120	\$ 959,300	\$ 950,339	\$ 978,667
Federal Home Loan Bank advances (FHLB)	60,000	20,000	15,000	32,500	-
Federal funds and repurchase agreements	-	-	-	207	-
Subordinated debentures	9,484	9,476	9,469	9,461	14,453
Junior subordinated debentures	10,310	10,310	10,310	10,310	10,310
Reserve for unfunded commitments	728	822	767	925	771
Other liabilities	12,937	11,565	13,498	12,560	11,972
Total liabilities	<u>1,022,504</u>	<u>1,000,293</u>	<u>1,008,344</u>	<u>1,016,302</u>	<u>1,016,173</u>
Shareholders' equity					
Preferred stock - Series D non-cumulative, no par value	1	1	1	1	1
Common Stock - \$.01 par value; 20,000,000 shares authorized	89	88	88	88	88
Treasury stock, at cost	(8,536)	(8,085)	(7,883)	(6,654)	(6,458)
Nonvested restricted stock	(1,592)	(1,949)	(2,359)	(2,536)	(2,566)
Additional paid-in capital	57,026	56,869	56,931	56,708	56,408
Retained earnings	54,014	50,578	47,652	44,937	41,284
Accumulated other comprehensive (loss) income	(5,118)	(4,436)	(4,928)	(6,643)	(7,541)
Total shareholders' equity	<u>95,884</u>	<u>93,066</u>	<u>89,502</u>	<u>85,901</u>	<u>81,216</u>
Total liabilities and shareholders' equity	<u><u>\$ 1,118,388</u></u>	<u><u>\$ 1,093,359</u></u>	<u><u>\$ 1,097,846</u></u>	<u><u>\$ 1,102,203</u></u>	<u><u>\$ 1,097,389</u></u>

First Reliance cash and cash equivalents totaled \$30.7 million at March 31, 2026, compared to \$32.1 million at December 31, 2025. Cash with the Federal Reserve Bank totaled \$26.3 million as of March 31, 2026, compared to \$27.8 million at December 31, 2025.

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 \$200.9 million and \$196.0 million, at March 31, 2026 and December 31, 2025, respectively. The unrealized loss recorded on AFS securities totaled \$6.8 million as of March 31, 2026, compared to \$5.9 million as of December 31, 2025, an increase during the first quarter of 2026 of \$0.9 million, pre-tax.

During the first quarter of 2026, the Company sold mortgage servicing rights (MSR) related to approximately \$565.9 million of underlying mortgage loans for an initial gain of \$266 thousand, net of direct expenses. Payoffs and prepayments speeds of the related mortgage loans will be recognized in accordance with GAAP in subsequent periods. This period is 120 days from March 31, 2026. This sale of the MSR resulted in a decline in the MSR asset of approximately 47%.

As of March 31, 2026, deposits decreased by \$19.1 million, or 8.1% annualized. See page 9 for detail on the deposit balance amounts over the past five quarters.

The Company had \$60.0 million of outstanding borrowings with the FHLB of Atlanta at March 31, 2026 compared to \$20.0 million at December 31, 2025. These borrowings are generally for 45 days or less.

During the first quarter of 2025, the Company retired \$1.0 million of subordinated debt with payment of \$860,000, resulting in a gain of \$140,000 on the early extinguishment of debt. \$500 thousand of the retired debt had a fixed interest rate of 5.875% and \$500 thousand had a fixed interest rate of 3.375%. During the second quarter of 2025, the Company called the remaining \$5.0 million of subordinated debt and paid it off in June 2025.

COMMON STOCK SUMMARY - Unaudited

	31-Mar	Dec 31	As of	Jun 30	Mar 31
(shares in thousands)	2026	2025	Sep 30	2025	2025
Voting common shares outstanding	8,896	8,804	8,794	8,787	8,786
Treasury shares outstanding	(1,003)	(972)	(954)	(830)	(809)
Total common shares outstanding	7,893	7,832	7,840	7,957	7,977
Book value per common share	\$ 12.15	\$ 11.88	\$ 11.42	\$ 10.80	\$ 10.18
Tangible book value per common share - Non-GAAP ⁽⁵⁾	\$ 12.06	\$ 11.79	\$ 11.33	\$ 10.71	\$ 10.09
Stock price:					
High	\$ 16.03	\$ 13.70	\$ 10.21	\$ 10.00	\$ 9.98
Low	\$ 12.00	\$ 10.00	\$ 9.36	\$ 9.00	\$ 9.35
Period end	\$ 13.90	\$ 12.26	\$ 10.10	\$ 9.60	\$ 9.45

Book value (BV) and tangible book value (TBV) per share increased \$0.27 per share during the first quarter of 2026 to \$12.15 and \$12.06, respectively. BV and TBV increased \$1.97 per share since March 31, 2025, or 19%.

ASSET QUALITY MEASURES – Unaudited

(\$ in thousands)	As of				
	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Nonperforming Assets					
Commercial					
Owner occupied RE	\$ 1,357	\$ 1,573	\$ 36	\$ 39	\$ 42
Non-owner occupied RE	-	-	-	-	655
Construction	-	-	-	-	-
Commercial business	27	31	38	43	146
Consumer					
Real estate	69	36	226	39	40
Home equity	-	-	-	-	-
Construction	-	-	-	-	-
Other	65	71	69	84	50
Nonaccruing loan modifications	-	-	-	-	-
Total nonaccrual loans	\$ 1,518	\$ 1,711	\$ 369	\$ 205	\$ 933
Loans past due 90 days or more & accruing interest	592	744	-	-	-
Other assets repossessed	-	6	-	-	-
Total nonperforming assets	\$ 2,110	\$ 2,461	\$ 369	\$ 205	\$ 933
Nonperforming assets as a percentage of:					
Total assets	0.19%	0.23%	0.03%	0.02%	0.09%
Total loans receivable	0.26%	0.32%	0.05%	0.03%	0.12%
Accruing loan modifications	\$ 555	\$ 668	\$ 683	\$ 797	\$ 369

(\$ in thousands)	Three Months Ended				
	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025
Allowance for Credit Losses					
Balance, beginning of period	\$ 8,827	\$ 8,741	\$ 8,535	\$ 8,654	\$ 8,434
Loans charged-off	10	15	48	110	163
Recoveries of loans previously charged-off	19	80	6	57	19
Net charge-offs (recoveries)	(9)	(65)	42	53	144
Provision for credit losses (release)	269	21	248	(66)	364
Balance, end of period	\$ 9,105	\$ 8,827	\$ 8,741	\$ 8,535	\$ 8,654
Allowance for credit losses to gross loans receivable	1.14%	1.13%	1.12%	1.09%	1.10%
Allowance for credit losses to nonaccrual loans	599.78%	515.87%	2368.83%	4163.41%	927.54%

Asset quality remained steady during the first quarter of 2026, with nonperforming assets decreasing by \$351 thousand, to \$2.1 million, which represents 0.19% of total assets. The decrease was in all categories, except one, consumer real estate. The allowance for credit losses as a percentage of total loans receivable increased to 1.14% at March 31, 2026 compared to 1.13% at December 31, 2025, and compared to 1.10% at March 31, 2025. The allowance for credit losses increased by a provision for credit losses of \$269 thousand offset by net recoveries of \$9 thousand, during the first quarter of 2026. In the first quarter of 2025, the Company experienced net charge-offs of \$144 thousand and increased the ACL with a provision for credit losses of \$364 thousand. The Company expects to fully resolve the largest nonaccrual loan (\$1.3 million loan) given that the collateral has been sold at auction and settlement is anticipated in the second quarter of 2026.

Footnotes to table located at the end of this release.

LOAN COMPOSITION – Unaudited

(\$ in thousands)	Mar 31	Dec 31	As of	Jun 30	Mar 31
	2026	2025	Sep 30	2025	2025
Commercial real estate	\$ 475,483	\$ 466,293	\$ 471,002	\$ 483,278	\$ 482,201
Consumer real estate	238,369	230,379	220,767	223,310	216,964
Commercial and industrial	76,142	71,212	71,802	61,255	65,573
Consumer and other	11,249	12,051	16,426	16,906	19,731
Total loans, net of deferred fees	801,243	779,935	779,997	784,749	784,469
Less allowance for credit losses	9,105	8,827	8,741	8,535	8,654
Total loans, net	\$ 792,138	\$ 771,108	\$ 771,256	\$ 776,214	\$ 775,815

DEPOSIT COMPOSITION – Unaudited

(\$ in thousands)	Mar 31	Dec 31	As of	Jun 30	Mar 31
	2026	2025	Sep 30	2025	2025
Noninterest-bearing	\$ 247,577	\$ 254,618	\$ 292,107	\$ 219,352	\$ 224,031
Interest-bearing:					
DDA and NOW accounts	94,579	92,310	98,135	156,062	162,129
Money market accounts	394,279	419,683	360,621	379,078	393,736
Savings	36,168	37,416	38,279	38,995	39,719
Time, less than \$250,000	103,678	104,671	126,195	125,607	122,613
Time, \$250,000 and over	52,764	39,422	43,963	31,245	36,439
Total deposits	\$ 929,045	\$ 948,120	\$ 959,300	\$ 950,339	\$ 978,667

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 164 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 Covid-19 or other potential epidemics or pandemics, have the potential to negatively impact our 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.