For Immediate Release

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First Reliance Bancshares Reports Second Quarter 2026 Results

Florence, South Carolina – Wednesday, July 22, 2026 – First Reliance Bancshares, Inc. (OTCQX:FSRL), the holding company for First Reliance Bank (collectively, "First Reliance" or the "Company"), today announced its financial results for the second quarter of 2026.

Second Quarter 2026 Highlights

- Net income decreased 23.2% for the second quarter of 2026 to $2.8 million, or $0.34 per diluted share, compared to $3.7 million, or $0.44 per diluted share, for the second quarter of 2025. For the six months ended June 30, 2026, net income totaled $6.2 million, or $0.76 per diluted share, compared to $5.3 million, or $0.63 per diluted share for the same period in 2025. Operating earnings (Non-GAAP) were $3.1 million, or $0.38 per diluted share, for the second quarter of 2026, compared to $2.2 million, or $0.27 per diluted share, for the second quarter of 2025. For the first half of 2026, operating earnings (Non-GAAP) totaled $6.3 million or $0.77 per diluted share, compared to $3.9 million, or $0.47 per diluted share, for the first half of 2025.
- Book value per share rose $1.67, or 15.5%, to $12.47 at June 30, 2026, from $10.80 at June 30, 2025. Tangible book value per share (Non-GAAP) increased $1.67, or 15.6%, to $12.38 from $10.71 over the same period.
- Net interest income totaled $9.9 million for the second quarter of 2026, up $762 thousand, or 8.4%, from the same quarter in 2025 and up $348 thousand, or 3.7%, from the first quarter of 2026.
- Net interest margin decreased during the second quarter of 2026 to 3.74%, compared to 3.77% in the first quarter of 2026, and increased 21 basis points compared to the second quarter of 2025.
- Total loans held for investment increased $19.5 million, or 9.8% annualized, to $820.7 million at June 30, 2026, from $801.2 million at March 31, 2026. Total loan growth for 2026 totaled $40.8 million, or 10.6% annualized.
- Unfunded commitments declined $3.1 million during the quarter, primarily due to construction loans. As a result, the unfunded commitment reserve decreased $99 thousand to $629 thousand from $728 thousand at March 31, 2026.
- Total deposits were $920.3 million at June 30, 2026, down $8.7 million, or 3.8% annualized, from $929.0 million at March 31, 2026.
- Asset quality remained strong as nonperforming assets declined to $626 thousand, or 0.06% of total assets, at June 30, 2026, compared with $2.1 million, or 0.19% of total assets, at March 31, 2026. The decrease was primarily due to the full collection of one loan.
- In June 2026, the Company announced a partnership with Colony Bank (CBAN), headquartered in Fitzgerald, Georgia. The merger is expected to close in the fourth quarter of 2026, with systems conversion planned for the second quarter of 2027. Based on each company's total assets at June 30, 2026, the combined company will have nearly $5.0 billion in total assets.

Rick Saunders, Chief Executive Officer, commented, "Tangible book value per share increased $1.67, or 15.6%, over the past year to $12.38. Loans grew $19.5 million, or 9.8% annualized, during the second quarter of 2026, while net interest margin expanded 21 basis points year over year to 3.74%. Asset quality remained strong, as nonperforming assets declined significantly following the payoff of our largest nonperforming loan. We were also pleased with our announced partnership with Colony Bank and look forward to joining a team that shares our commitment to exceptional customer service and support for the South Carolina communities that we serve."

Financial Summary

($ in thousands, except per share data)	Three Months Ended Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Six Months Ended Jun 30 2026	Jun 30 2025
Earnings:							
Net income available to common shareholders	**$ 2,807**	$ 3,436	$ 2,926	$ 2,714	$ 3,653	**$ 6,243**	**$ 5,266**
Operating earnings (Non-GAAP)	**3,089**	3,233	2,852	2,714	2,248	**6,322**	**3,913**
Earnings per common share, diluted (GAAP)	**0.34**	0.41	0.36	0.33	0.44	**0.76**	**0.63**
Operating earnings per common share, diluted (Non-GAAP)	**0.38**	0.39	0.35	0.33	0.27	**0.77**	**0.47**
Total revenue(1)	**12,803**	13,025	12,353	12,238	13,920	**25,828**	**25,078**
Net interest margin	**3.74%**	3.77%	3.71%	3.66%	3.53%	**3.76%**	**3.54%**
Return on average assets(2)	**1.00%**	1.25%	1.06%	0.99%	1.32%	**1.12%**	**0.97%**
Return on average assets - Operating Non-GAAP(2)	**1.10%**	1.18%	1.03%	0.99%	0.81%	**1.14%**	**0.72%**
Return on average equity(2)	**11.58%**	14.53%	12.83%	12.55%	17.84%	**13.04%**	**13.14%**
Return on average equity - Operating Non-GAAP(2)	**12.75%**	13.67%	12.51%	12.55%	10.98%	**13.20%**	**9.76%**
Efficiency ratio(3)	**71.44%**	64.84%	71.08%	69.61%	64.61%	**68.11%**	**69.46%**
Adjusted efficiency ratio - Non-GAAP(3)	**68.67%**	66.16%	71.59%	69.61%	74.03%	**67.42%**	**74.52%**

($ in thousands)	As of Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025
Balance Sheet:					
Total assets	**$ 1,126,912**	$ 1,118,388	$ 1,093,359	$ 1,097,846	$ 1,102,203
Total loans receivable	**820,741**	801,243	779,935	779,997	784,749
Total deposits	**920,329**	929,045	948,120	959,300	950,339
Total transaction deposits(4) to total	**38.29%**	36.83%	36.59%	40.68%	39.50%
Loans to deposits	**89.18%**	86.24%	82.26%	81.31%	82.58%
Bank Capital Ratios:					
Total risk-based capital ratio	**14.26%**	14.15%	13.82%	13.58%	12.88%
Tier 1 risk-based capital ratio	**13.16%**	13.04%	12.72%	12.48%	11.84%
Tier 1 leverage ratio	**10.53%**	10.53%	10.16%	9.94%	9.74%
Common equity tier 1 capital ratio	**13.16%**	13.04%	12.72%	12.48%	11.84%
Asset Quality Ratios:					
Nonperforming assets as a percentage of total assets	**0.06%**	0.19%	0.23%	0.03%	0.02%
Allowance for credit losses as a percentage of total loans receivable	**1.14%**	1.14%	1.13%	1.12%	1.09%
Annualized net charge-offs as a percentage of average total loan receivables	**(0.00%)**	(0.01%)	(0.03%)	0.02%	0.03%

CONDENSED CONSOLIDATED INCOME STATEMENTS – Unaudited

($ in thousands, except per share data)	Three Months Ended					Six Months Ended	
	Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Jun 30 2026	Jun 30 2025
Interest income							
Loans	$ 12,252	$ 11,534	$ 11,518	$ 11,842	$ 11,657	$ 23,786	$ 22,950
Investment securities	2,292	2,413	2,302	2,300	2,145	4,705	4,311
Other interest income	307	189	406	323	505	496	823
Total interest income	14,851	14,136	14,226	14,465	14,307	28,987	28,084
Interest expense							
Deposits	4,065	3,930	4,215	4,536	4,703	7,995	9,171
Other interest expense	915	683	393	476	495	1,598	1,039
Total interest expense	4,980	4,613	4,608	5,012	5,198	9,593	10,210
Net interest income	9,871	9,523	9,618	9,453	9,109	19,394	17,874
Provision for credit losses	123	175	76	90	88	298	795
Net interest income after provision for credit losses	9,748	9,348	9,542	9,363	9,021	19,096	17,079
Noninterest income							
Mortgage banking income	1,764	2,103	1,405	1,577	1,586	3,867	2,937
Service fees on deposit accounts	361	366	405	412	299	727	618
Debit card and other service charges, commissions, and fees	528	506	527	531	543	1,034	1,072
Income from bank owned life insurance	107	104	107	108	104	211	206
Loss on sale of securities, net	-	(6)	(294)	-	-	(6)	(182)
Gain on sale of branches	-	-	-	-	2,313	-	2,313
Gain on sale of mortgage servicing right (MSR)	-	266				266	
Gain on early extinguishment of debt	-	-	-	-	-	-	140
Gain (loss) on disposal /write down of fixed assets	-	-	382	-	(200)	-	(200)
Other income	172	163	203	157	166	335	300
Total noninterest income	2,932	3,502	2,735	2,785	4,811	6,434	7,204
Noninterest expense							
Compensation and benefits	5,726	5,447	5,499	5,431	5,574	11,173	10,855
Occupancy and equipment	724	796	725	736	770	1,520	1,561
Data processing, technology, and communications	1,315	1,218	1,216	1,061	1,143	2,533	2,299
Professional fees	144	77	85	195	248	221	401
Marketing	65	96	71	155	175	161	298
Other	1,172	812	1,185	941	1,083	1,984	2,006
Total noninterest expense	9,146	8,446	8,781	8,519	8,993	17,592	17,420
Income before provision for income taxes	3,534	4,404	3,496	3,629	4,839	7,938	6,863
Income tax expense	727	968	570	915	1,186	1,695	1,597
Net income available to common shareholders	$ 2,807	$ 3,436	$ 2,926	$ 2,714	$ 3,653	$ 6,243	$ 5,266
(Subtract gain) / addback loss on fixed assets, net of tax	-	-	(320)	-	151	-	151
Subtract gain on sale of branches, net of tax	-	-	-	-	(1,746)	-	(1,746)
Subtract gain on sale of MSR, net of tax	-	(208)				(208)	
Subtract gain on early extinguishment of debt, net of tax	-	-	-	-	-	-	(111)
Addback expenses related to merger/branch sale, net of tax	282	-	-	-	190	282	208
Addback securities losses, net of tax	-	5	246	-	-	5	145
Operating net income (non-GAAP)	$ 3,089	$ 3,233	$ 2,852	$ 2,714	$ 2,248	$ 6,322	$ 3,913
Weighted average common shares - basic	7,784	7,866	7,745	7,902	7,892	7,825	7,880
Weighted average common shares - diluted	8,210	8,302	8,218	8,349	8,350	8,259	8,342
Basic net income per common share*	$ 0.36	$ 0.44	$ 0.38	$ 0.34	$ 0.46	$ 0.80	$ 0.67
Diluted net income per common share*	$ 0.34	$ 0.41	$ 0.36	$ 0.33	$ 0.44	$ 0.76	$ 0.63
Operating basic net income per common share (nonGAAP	$ 0.40	$ 0.41	$ 0.37	$ 0.34	$ 0.28	$ 0.81	$ 0.50
Operating diluted net income per common share	$ 0.38	$ 0.39	$ 0.35	$ 0.33	$ 0.27	$ 0.77	$ 0.47

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

Footnotes to table located at the end of this release.

Net income for the three months ended June 30, 2026, was $2.8 million, or $0.34 per diluted common share, compared to $3.7 million, or $0.44 per diluted common share, for the three months ended June 30, 2025. Operating net income (Non-GAAP), for the three months ended June 30, 2026, was $3.1 million, or $0.38 per diluted common share, compared to $2.2 million, or $0.27 per diluted common share for the three months ended June 30, 2025. Net income for the six months ended June 30, 2026, totaled $6.2 million, or $0.76 per diluted common share, compared to $5.3 million, or $0.63 per diluted common share, at June 30, 2025. On an operating basis, diluted EPS (Non-GAAP) was $0.77 per diluted common share, for the six months ended June 30, 2026, which includes adding back the impact of securities losses, net of tax, subtracting the gain on the sale of mortgage servicing rights, net of tax, and adding back the impact of merger related expenses, net of tax. The items affecting June 30, 2025, net of tax, include the following: the addback of loss on fixed asset write downs, adding back the impact of expenses related to the branch sales, adding back securities losses, offset by subtracting the gain recognized on the sale of branches and the gain from the early extinguishment of debt, which resulted in $0.47 per diluted common share, for the six months ended June 30, 2025.

Noninterest income, for the three months ended June 30, 2026, was $2.9 million, a decrease of $1.9 million from $4.8 million for the same period in 2025. Mortgage banking income totaled $1.8 million in the second quarter of 2026 compared to $1.6 million in the second quarter of 2025. In the second quarter of 2025, the Company sold its two branches in NC recognizing a gain of $2.3 million and wrote down a parcel of land by $200 thousand.

For the six months ended June 30, 2026, noninterest income decreased $770 thousand compared with the same period in 2025. The decline was due to the $2.3 million gain on the sale of branches and the $140 thousand gain on early debt extinguishment recognized in 2025. These two items were partially offset by a $930 thousand increase in mortgage banking income, a $266 thousand gain on the sale of mortgage servicing rights, a $109 thousand increase in deposit account service fees, no fixed-asset write-down in 2026, and a $176 thousand reduction in losses on securities sold.

Noninterest expense was $9.1 million for the three months ended June 30, 2026, up $152 thousand from $9.0 million for the same period in 2025. The increase was driven by a $152 thousand rise in compensation and benefits, primarily due to higher incentives and mortgage commissions, partially offset by lower salaries, payroll taxes, and insurance benefits. All other expense categories offset one another.

Noninterest expense was $17.6 million for the six months ended June 30, 2026, up $172 thousand from the prior-year period. The increase was primarily driven by a $318 thousand rise in compensation and benefits related to mortgage commissions, incentives, and stock compensation expense, partially offset by lower salaries, payroll taxes, and benefits. Data processing, technology, and communications expense increased $234 thousand. These increases were partially offset by a $137 thousand decrease in marketing expense and $181 thousand decrease in professional fees related to FDICIA compliance audit and legal costs.

Operating adjustments – 2Q 2026

During the second quarter of 2026, the Company announced the partnership with Colony Bank (CBAN) headquartered in Fitzgerald, Georgia. The Company incurred $354 thousand of merger related expenses.

Operating adjustments – 1Q 2026

During the first quarter of 2026, the Company sold mortgage servicing rights (MSRs) 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 of 2025, 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 thousand.

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 is currently under contract to be sold. Operating net income reflects the add back of this item, net of tax, totaling $151 thousand.

NET INTEREST INCOME AND MARGIN – Unaudited - QTD

	For the Three Months Ended								
	June 30, 2026			March 31, 2026			June 30, 2025		
($ in thousands)	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	**$ 31,859**	**$ 261**	**3.28%**	$ 23,893	$ 166	2.82%	$ 46,216	$ 478	4.15%
Investment securities	**194,063**	**2,292**	**4.74%**	197,798	2,413	4.95%	186,573	2,145	4.61%
Nonmarketable equity securities	**4,147**	**46**	**4.49%**	2,994	24	3.21%	1,665	28	6.65%
Loans held for sale	**16,354**	**318**	**7.80%**	10,469	163	6.34%	16,269	353	8.70%
Loans	**811,650**	**11,934**	**5.90%**	788,645	11,370	5.85%	783,489	11,304	5.79%
Total interest-earning assets	**1,058,073**	**14,851**	**5.63%**	1,023,799	14,136	5.60%	1,034,212	14,307	5.55%
Allowance for credit losses	**(9,181)**			(8,886)			(8,652)		
Noninterest-earning assets	**78,237**			82,451			80,987		
Total assets	**$ 1,127,129**			$ 1,097,364			$ 1,106,547		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities									
NOW accounts	**$ 101,523**	**$ 163**	**0.64%**	$ 94,858	$ 155	0.66%	$ 158,726	$ 242	0.61%
Savings & money market	**429,446**	**2,679**	**2.50%**	429,693	2,612	2.47%	435,548	3,127	2.88%
Time deposits	**152,404**	**1,223**	**3.22%**	153,746	1,163	3.07%	158,378	1,334	3.38%
Total interest-bearing deposits	**683,373**	**4,065**	**2.39%**	678,297	3,930	2.35%	752,652	4,703	2.51%
FHLB advances and other borrowings	**69,780**	**673**	**3.87%**	45,861	439	3.88%	17,913	191	4.29%
Subordinated debentures	**19,799**	**242**	**4.90%**	19,791	244	5.00%	23,228	304	5.25%
Total interest-bearing liabilities	**772,952**	**4,980**	**2.58%**	743,949	4,613	2.51%	793,793	5,198	2.63%
Noninterest bearing deposits	**244,109**			246,142			217,979		
Other liabilities	**13,139**			12,659			12,885		
Shareholders' equity	**96,929**			94,614			81,890		
Total liabilities and shareholders' equity	**$ 1,127,129**			$ 1,097,364			$ 1,106,547		
Net interest income (tax equivalent) / interest rate spread		**$ 9,871**	**3.05%**		$ 9,523	3.09%		$ 9,109	2.92%
Net Interest Margin			**3.74%**			3.77%			3.53%
Cost of funds, including noninterest-bearing deposits			**1.96%**			1.89%			2.06%

Net interest income for the three months ended June 30, 2026, was $9.9 million, compared with $9.1 million for the same period in 2025. The increase reflected a $544 thousand rise in interest income and a $218 thousand decrease in interest expense. Net interest margin improved to 3.74% from 3.53% a year earlier. Loans and securities generated the largest increases in both income and yields compared with the prior year, while lower yields on most interest-bearing liabilities, excluding NOW accounts, also contributed to the margin improvement. In addition, the total cost of funds, including noninterest-bearing deposits, decreased to 1.96% in the second quarter of 2026, compared to 2.06% in the second quarter of 2025.

NET INTEREST INCOME AND MARGIN – Unaudited - YTD

($ in thousands)	For the Six Months Ended June 30, 2026 Average Balance	Income/ Expense	Yield/ Rate	June 30, 2025 Average Balance	Income/ Expense	Yield/ Rate
Assets						
Interest-earning assets						
Federal funds sold and interest-bearing deposits	**$ 27,898**	**$ 427**	**3.08%**	$ 39,262	$ 769	3.95%
Investment securities	**195,921**	**4,704**	**4.84%**	183,408	4,311	4.74%
Nonmarketable equity securities	**3,574**	**70**	**3.95%**	1,676	54	6.45%
Loans held for sale	**13,428**	**482**	**7.24%**	17,937	717	8.06%
Loans	**800,211**	**23,304**	**5.87%**	776,521	22,233	5.77%
Total interest-earning assets	**1,041,032**	**28,987**	**5.62%**	1,018,804	28,084	5.56%
Allowance for credit losses	**(9,035)**			(8,593)		
Noninterest-earning assets	**80,332**			80,765		
Total assets	**$ 1,112,329**			$ 1,090,976		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities						
NOW accounts	**$ 98,209**	**$ 318**	**0.65%**	$ 152,565	$ 473	0.62%
Savings & money market	**429,569**	**5,291**	**2.48%**	427,502	5,998	2.83%
Time deposits	**153,071**	**2,386**	**3.14%**	157,773	2,700	3.45%
Total interest-bearing deposits	**680,849**	**7,995**	**2.37%**	737,840	9,171	2.51%
FHLB advances and other borrowings	**57,887**	**1,112**	**3.88%**	18,732	404	4.35%
Subordinated debentures	**19,795**	**486**	**4.95%**	24,111	635	5.31%
Total interest-bearing liabilities	**758,531**	**9,593**	**2.55%**	780,683	10,210	2.64%
Noninterest bearing deposits	**245,120**			217,556		
Other liabilities	**12,900**			12,585		
Shareholders' equity	**95,778**			80,152		
Total liabilities and shareholders' equity	**$ 1,112,329**			$ 1,090,976		
Net interest income (tax equivalent) / interest rate spread		**$ 19,394**	**3.07%**		$ 17,874	2.92%
Net Interest Margin			**3.76%**			3.54%
Cost of funds,including noninterest bearing deposits			**1.93%**			2.06%

Net interest income was $19.4 million for the six months ended June 30, 2026, an increase of $1.5 million from $17.9 million for the same period in 2025. Net interest margin rose year over year to 3.76% from 3.54%. Yields improved on investment securities and loans, while yields declined across all interest-bearing liability categories except NOW accounts. The total cost of funds, including noninterest-bearing deposits, decreased to 1.93% from 2.06% in 2025.

CONDENSED CONSOLIDATED BALANCE SHEETS – Unaudited

($ in thousands)	Jun 30 2026	Mar 31 2026	As of Dec 31 2025	Sep 30 2025	Jun 30 2025
Assets					
Cash and cash equivalents:					
Cash and due from banks	**$ 4,036**	$ 4,236	$ 4,031	$ 5,072	$ 4,066
Interest-bearing deposits with banks	**22,991**	26,477	28,101	26,695	29,487
Total cash and cash equivalents	**27,027**	30,713	32,132	31,767	33,553
Investment securities:					
Investment securities available for sale	**188,825**	200,886	196,043	199,674	194,136
Other investments	**4,400**	3,682	1,764	1,527	2,497
Total investment securities	**193,225**	204,568	197,807	201,201	196,633
Mortgage loans held for sale	**18,135**	15,636	12,280	13,336	14,944
Loans receivable:					
Loans	**820,741**	801,243	779,935	779,997	784,749
Less allowance for credit losses	**(9,334)**	(9,105)	(8,827)	(8,741)	(8,535)
Loans receivable, net	**811,407**	792,138	771,108	771,256	776,214
Property and equipment, net	**24,321**	24,454	24,348	23,313	22,469
Mortgage servicing rights	**9,481**	8,728	14,656	14,421	14,093
Bank owned life insurance	**19,240**	19,134	19,029	18,922	18,815
Deferred income taxes	**6,944**	6,438	6,117	6,221	6,510
Other assets	**17,132**	16,579	15,882	17,409	18,972
Total assets	**$ 1,126,912**	1,118,388	1,093,359	1,097,846	1,102,203
Liabilities					
Deposits	**$ 920,329**	$ 929,045	$ 948,120	$ 959,300	$ 950,339
Federal Home Loan Bank advances	**75,000**	60,000	20,000	15,000	32,500
Federal funds and repurchase agreements	-	-	-	-	207
Subordinated debentures	**9,492**	9,484	9,476	9,469	9,461
Junior subordinated debentures	**10,310**	10,310	10,310	10,310	10,310
Reserve for unfunded commitments	**629**	728	822	767	925
Other liabilities	**12,736**	12,937	11,565	13,498	12,560
Total liabilities	**1,028,496**	1,022,504	1,000,293	1,008,344	1,016,302
Shareholders' equity					
Preferred stock - Series D non-cumulative, no par value	**1**	1	1	1	1
Common Stock - $.01 par value; 20,000,000 shares authorized	**89**	89	88	88	88
Treasury stock, at cost	**(8,635)**	(8,536)	(8,085)	(7,883)	(6,654)
Nonvested restricted stock	**(1,241)**	(1,592)	(1,949)	(2,359)	(2,536)
Additional paid-in capital	**57,041**	57,026	56,869	56,931	56,708
Retained earnings	**56,821**	54,014	50,578	47,652	44,937
Accumulated other comprehensive loss	**(5,660)**	(5,118)	(4,436)	(4,928)	(6,643)
Total shareholders' equity	**98,416**	95,884	93,066	89,502	85,901
Total liabilities and shareholders' equity	**$ 1,126,912**	$ 1,118,388	$ 1,093,359	$ 1,097,846	$ 1,102,203

Cash and cash equivalents totaled $27.0 million at June 30, 2026, compared with $30.7 million at March 31, 2026. Cash held at the Federal Reserve Bank was $22.4 million, compared with $26.3 million at March 31, 2026.

First Reliance had no held-to-maturity (HTM) securities for any reported period. All debt securities were classified as available-for-sale (AFS), with balances of $188.8 million at June 30, 2026, and $194.1 million at June 30, 2025. The unrealized loss on these securities was $7.5 million at June 30, 2026, compared with $6.8 million at March 31, 2026, an increase of $700 thousand before taxes during the second quarter of 2026.

Deposits decreased $8.7 million, or 3.8% annualized, as of June 30, 2026, primarily due to lower money market account balances. The decline was partially offset by increases in noninterest-bearing deposits, DDA and NOW accounts, and time deposits under $250 thousand. See the table on page 10 for details.

The Company had $75.0 million in outstanding borrowings with the Federal Home Loan Bank (FHLB) of Atlanta at June 30, 2026, up from $60.0 million at March 31, 2026. The Company had remaining credit availability in excess of $245.0 million with the FHLB of Atlanta, subject to collateral requirements.

First Reliance also has access to approximately $17.9 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

	As of				
(shares in thousands)	**Jun 30 2026**	**Mar 31 2026**	**Dec 31 2025**	**Sep 30 2025**	**Jun 30 2025**
Voting common shares outstanding	**8,905**	8,896	8,804	8,794	8,787
Treasury shares outstanding	**(1,010)**	(1,003)	(972)	(954)	(830)
Total common shares outstanding	**7,895**	7,893	7,832	7,840	7,957
Book value per common share	**$ 12.47**	$ 12.15	$ 11.88	$ 11.42	$ 10.80
Tangible book value per common share - Non-GAAP(5)	**$ 12.38**	$ 12.06	$ 11.79	$ 11.33	$ 10.71
Stock price:					
High	**$ 18.75**	$ 16.03	$ 13.70	$ 10.21	$ 10.00
Low	**$ 13.03**	$ 12.00	$ 10.00	$ 9.36	$ 9.00
Period end	**$ 18.43**	$ 13.90	$ 12.26	$ 10.10	$ 9.60

ASSET QUALITY MEASURES – Unaudited

($ in thousands)	Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025
			As of		
Nonperforming Assets					
Commercial					
Owner occupied RE	**$ 332**	$ 1,357	$ 1,573	$ 36	$ 39
Non-owner occupied RE	**-**	-	-	-	-
Construction	**-**	-	-	-	-
Commercial business	**24**	27	31	38	43
Consumer					
Real estate	**208**	69	36	226	39
Home equity	**-**	-	-	-	-
Construction	**-**	-	-	-	-
Other	**62**	65	71	69	84
Nonaccruing loan modifications	**-**	-	-	-	-
Total nonaccrual loans	**$ 626**	$ 1,518	$ 1,711	$ 369	$ 205
Loans past due 90 days or more & accruing interest	**-**	$ 592	$ 744	$ -	
Other assets repossessed	**-**	-	6	-	-
Total nonperforming assets	**$ 626**	$ 2,110	$ 2,461	$ 369	$ 205
Nonperforming assets as a percentage of:					
Total assets	**0.06%**	0.19%	0.23%	0.03%	0.02%
Total loans receivable	**0.08%**	0.26%	0.32%	0.05%	0.03%
Accruing loan modifications	**$ 526**	$ 555	$ 668	$ 683	$ 797

($ in thousands)	Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025
			Three Months Ended		
Allowance for Credit Losses					
Balance, beginning of period	**$ 9,105**	$ 8,827	$ 8,741	$ 8,535	$ 8,654
Loans charged-off	**10**	8	15	48	110
Recoveries of loans previously charged-off	**17**	17	80	6	57
Net charge-offs (recoveries)	**(7)**	(9)	(65)	42	53
Provision for credit losses	**222**	269	21	248	(66)
Balance, end of period	**$ 9,334**	$ 9,105	$ 8,827	$ 8,741	$ 8,535
Allowance for credit losses to gross loans receivable	**1.14%**	1.14%	1.13%	1.12%	1.09%
Allowance for credit losses to nonaccrual loans	**1491.67%**	599.78%	515.87%	2368.83%	4163.41%

Asset quality improved in the second quarter of 2026, as nonperforming assets declined to $626 thousand, or 0.06% of total assets, primarily due to the payoff of one nonaccrual loan. The allowance for credit losses was 1.14% of total loans receivable at June 30, 2026, unchanged from March 31, 2026, and up from 1.09% at June 30, 2025. During the second quarter of 2026, the allowance increased $229 thousand, reflecting a $222 thousand provision for credit losses and $7 thousand in net recoveries. In the second quarter of 2025, the Company recorded $53 thousand in net charge-offs and reduced the allowance through a $66 thousand provision for credit losses. The allowance was 1.09% of total loans at June 30, 2025.

Footnotes to table located at the end of this release.

LOAN COMPOSITION – Unaudited

($ in thousands)	As of Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025
Commercial real estate	$ **480,996**	$ 475,483	$ 466,293	$ 471,002	$ **483,278**
Consumer real estate	**251,864**	238,369	230,379	220,767	**223,310**
Commercial and industrial	**78,375**	76,142	71,212	71,802	**61,255**
Consumer and other	**9,506**	11,249	12,051	16,426	**16,906**
Total loans, net of deferred fees	**820,741**	801,243	779,935	779,997	**784,749**
Less allowance for credit losses	**9,334**	9,105	8,827	8,741	**8,535**
Total loans, net	$ **811,407**	$ 792,138	$ 771,108	$ 771,256	$ **776,214**

DEPOSIT COMPOSITION – Unaudited

($ in thousands)	As of Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025
Noninterest-bearing	$ **249,674**	$ 247,577	$ 254,618	$ 292,107	$ **219,352**
Interest-bearing:					
DDA and NOW accounts	**102,681**	94,579	92,310	98,135	**156,062**
Money market accounts	**368,363**	394,279	419,683	360,621	**379,078**
Savings	**35,206**	36,168	37,416	38,279	**38,995**
Time, less than $250,000	**120,402**	103,678	104,671	126,195	**125,607**
Time, $250,000 and over	**44,003**	52,764	39,422	43,963	**31,245**
Total deposits	$ **920,329**	$ 929,045	$ 948,120	$ 959,300	$ **950,339**

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 based in Florence, South Carolina and has assets of approximately $1.13 billion. The Company employs approximately 160 professionals and has locations throughout South Carolina. 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.