

## **FIRST NILES FINANCIAL, INC. ANNOUNCES THIRD QUARTER 2019 EARNINGS**

Niles, Ohio, October 29, 2019 - First Niles Financial, Inc. (OTC Pink: FNFI), the holding company for Home Federal Savings and Loan Association of Niles today reported results for the three month and nine month periods ended September 30, 2019.

The Company recorded net income of \$161,000 for the three months ended September 30, 2019, compared to net income of \$99,000 for the same period in 2018, an increase of \$62,000. For the nine months ended September 30, 2019, the Company recorded net income of \$374,000 compared to net income of \$242,000 for the nine months ended September 30, 2018, an increase of \$132,000. The increase in net income in the current three and nine month periods as compared to the comparable periods one year ago was primarily the result of higher non-interest income related to gain on the sale of securities and increased net interest income.

Primary earnings per share for the three and nine months ended September 30, 2019 was \$0.14 and \$0.33, respectively, as compared to \$0.09 and \$0.21 for the three month and nine month comparative periods in 2018.

Net interest income after the provision for loan losses for the third quarter of 2019 was \$540,000, as compared to \$505,000 for the third quarter of 2018, an increase of \$35,000, or 6.9%. For the nine months ended September 30, 2019, net interest income after the provision for loan losses totaled \$1.5 million, or \$29,000 greater than the comparative period in 2018.

Non-interest income for the third quarter of 2019 was \$125,000, as compared to \$26,000 for the third quarter of 2018, an increase of \$99,000. For the nine months ended September 30, 2019 non-interest income totaled \$231,000, compared to \$88,000 for the same nine month period in 2018, an increase of \$143,000. The increase in non-interest income in the three and nine-month comparative periods was primarily attributable to increased gains on the sale of investment securities.

Non-interest expense increased \$40,000, or 9.3%, for the quarter ended September 30, 2019 as compared to the quarter ended September 30, 2018. Non-interest expense decreased \$23,000, or 1.7% in the current nine month period as compared to the same period one year ago. The increase in non-interest expense in the quarterly comparative period was primarily related to increased provision for loss on real estate owned of \$38,000. The nine month comparative period decrease in non-interest expense was related to decreased compensation and benefits expense of \$81,000, partially offset by various modest increases in most other noninterest expense categories.

Non-performing loans, consisting of non-accruing loans and accruing loans delinquent more than 90 days totaled \$843,000 at September 30, 2019, or 1.5% of net loans receivable. At December 31, 2018 non-performing loans totaled \$810,000, or 1.8% of net loans receivable. The allowance for loan losses totaled \$398,000 at September 30, 2019, representing 47.2% of non-performing loans and 0.7% of net loans receivable. At December 31, 2018 the allowance for loan losses also totaled \$398,000, representing 49.1% of non-performing loans and 0.9% of net loans receivable. At September 30, 2019 we had \$232,000 in real estate owned compared to \$270,000 at December 31, 2018.

At September 30, 2019 total assets were \$95.5 million compared to \$99.1 million at December 31, 2018, a decrease of \$3.6 million, or 3.6%. Net loans receivable totaled \$56.6 million at September 30, 2019 as compared to \$43.8 million at December 31, 2018, an increase of \$12.8 million, or 29.1%. Deposits were \$57.2 million at September 30, 2019 as compared to \$57.8 million at December 31, 2018, a decrease of \$612,000, or 1.1%.

Total equity at September 30, 2019 was \$12.9 million, \$1.1 million higher than at December 31, 2018. The increase in total equity was primarily attributable to a \$872,000 increase in net unrealized losses on securities available for sale, partially offset by a \$203,000 increase in retained earnings. At September 30, 2019 the Association significantly exceeded all regulatory capital requirements.

First Niles Financial, Inc. and its wholly-owned subsidiary, Home Federal Savings and Loan Association of Niles, may from time to time make written or oral forward-looking statements within the meaning of federal securities laws. These forward-looking statements may also be included in press releases, such as this one, and other communications by the company, which are made in good faith by us pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements about our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, that are subject to significant risk and uncertainties, and are subject to change based on various factors (some of which are beyond our control). The words may, could, should, would, believe, anticipate, estimate, expect, intend, plan and similar expressions are intended to identify forward-looking statements. Except as required by law or regulation, the Company disclaims any obligation to update such forward-looking statements.

First Niles Financial, Inc. is headquartered at 55 North Main Street, Niles, Ohio 44446.

FOR IMMEDIATE RELEASE: For Further Information Contact:

October 29, 2019

Daniel E. Csontos, President  
or Mary Ann Coates, Chief Financial Officer  
First Niles Financial, Inc.  
55 N. Main Street  
Niles, Ohio 44446  
(330) 652-2539

**Selected Financial Condition Data**  
(in thousands, except per share data)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	<b>-----</b>
Total assets	\$95,548	\$99,136
Loans receivable, net	56,581	43,819
Securities (AFS) at market	22,619	42,653
Securities (HTM) at cost	2,002	1,003
Deposits	57,226	57,838
Total Borrowings	25,193	29,142
Retained earnings	13,126	12,923
Common stock and paid in capital	7,063	7,063
Total equity	12,859	11,784
Book value per share	\$11.33	10.38

**Selected Operating Data**  
(in thousands, except per share data)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>		<b>-----</b>	
Interest Income	\$853	\$796	\$2,481	\$2,306
Interest expense	312	291	949	803
Provision for loan losses	0	0	0	0
Net interest income	540	505	1,532	1,503
Non-interest income	125	26	231	88
Non-interest expense	470	430	1,341	1,364
Income before inc. tax exp.	195	101	422	227
Income tax expense	34	2	48	(15)
Net income	161	99	374	242
Earnings per share – basic	\$0.14	\$0.09	\$0.33	\$0.21
Earnings per share – diluted	\$0.14	\$0.09	\$0.33	\$0.21