

FIRST NILES FINANCIAL, INC. ANNOUNCES FOURTH QUARTER AND YEAR END 2019 EARNINGS

Niles, Ohio, March 5, 2020 - First Niles Financial, Inc. (OTCPK: FNFI), the holding company for Home Federal Savings and Loan Association of Niles today reported results for the three month and one-year periods ended December 31, 2019.

The Company recorded net income of \$51,000 for the quarter ended December 31, 2019, as compared to a loss of \$22,000 in the comparative quarter one year ago.

For the year ended December 31, 2019 the Company recorded net income of \$425,000, or \$0.38 per common share, compared to net income of \$219,000, or \$0.19 per common share for the year ended December 31, 2018.

Return on average assets for the three months and year ended 2019 was 0.21% and 0.44%, respectively. Return on average assets for the three months and year ended December 31, 2018, was negative 0.09% and 0.22%, respectively.

Net interest income after the provision for loan losses for the fourth quarter of 2019 was \$570,000 as compared to \$495,000 for the same quarter in 2018, an increase of \$75,000. Net interest income after the provision for loan losses for the year ended December 31, 2019 was \$2.1 million, as compared to \$2.0 million in 2018, an increase of \$99,000. The increase in net interest income after the provision for loan losses in 2019 was primarily attributable to a steady increase in net loans receivable that occurred throughout the year.

Non-interest income for the fourth quarter of 2019 was \$24,000, compared to \$25,000 for the same period in 2018. Non-interest income for the year ended December 31, 2019 was \$255,000 compared to \$108,000 for 2018. Non-interest income in 2019 was primarily comprised of \$93,000 gain on sale of investment securities and \$70,000 in accrued income from Bank Owned Life Insurance. During 2018, non-interest income was primarily comprised of \$77,000 in accrued income from Bank Owned Life Insurance.

Non-interest expense for the fourth quarter of 2019 was \$535,000, compared to \$572,000 for the fourth quarter of 2018, a decrease of \$37,000. Non-interest expense for the year ended December 31, 2019 was \$1.88 million compared to \$1.94 million for 2018, a decrease of \$61,000. These decreases were primarily due to decreased compensation and benefits expense, related to a decreased staffing level.

Non-performing loans, consisting of non-accruing loans and accruing loans delinquent more than 90 days decreased to \$554,000 at December 31, 2019, or 0.8% of net loans receivable from \$810,000, or 1.8% of net loans receivable at December 31, 2018. The allowance for loan losses totaled \$403,000 at December 31, 2019, which represented 73.3% of non-performing loans and 0.6% of net loans receivable. At December 31, 2018 the allowance for loan losses was \$398,000, representing 49.1% of non-performing loans and 0.8% of net loans receivable. At year end 2019 the Association had \$204,000 in real estate owned, representing one commercial property. At year end 2018 the Association had \$270,000 in real estate owned, representing one single family property and one commercial property.

At December 31, 2019 the Company had total assets of \$100.1 million, \$949,000 greater than at December 31, 2018. During the year, total loans increased by \$23.8 million and total investment securities decreased by \$21.2 million. Cash and cash equivalents decreased by \$1.2 million during 2019. Deposits increased by \$3.9 million, or 6.7%, during 2019.

Total equity at December 31, 2019 was \$12.8 million, or 12.8% of total assets, compared to \$11.8 million, or 11.9% of total assets, at December 31, 2018. At both dates the Association exceeded all regulatory capital requirements.

The Company's annual meeting of shareholders will be held on Wednesday, April 29, 2020, at 2:00 p.m., at the main office of First Niles Financial, Inc., located at 55 North Main Street, Niles, Ohio. At the meeting, common shareholders of record on March 13, 2020, will be asked to consider and vote upon the election of two directors, as well as such other matters as may properly come before the meeting, or any adjournments thereof.

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:

March 5, 2020

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

	December 31, 2019	December 31, 2018
	(Unaudited)	-----
Total assets	\$100,085	\$99,136
Loans receivable, net	67,666	43,818
Securities (AFS) at market	20,439	42,653
Securities (HTM) at cost	2,001	1,003
Deposits	61,696	57,838
Total borrowings	25,293	29,142
Retained earnings	13,109	12,922
Common stock and paid in capital	7,063	7,063
Total equity	12,798	11,784
Book value per share	\$11.27	\$10.38

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
	(Unaudited)	-----	(Unaudited)	-----
Interest Income	\$909	\$809	\$3,390	\$3,119
Interest expense	321	314	1,270	1,116
Provision for loan losses	18	0	18	0
Net interest income	570	495	2,102	2,003
Non-interest income	24	25	255	108
Non-interest expense	535	572	1,876	1,937
Income before inc. tax exp.	59	(52)	481	174
Income tax expense(recapture)	8	(30)	56	(45)
Net income	51	(22)	425	219
Earnings per share – basic	\$0.04	\$(0.02)	\$0.38	\$0.19
Earnings per share – diluted	\$0.04	\$(0.02)	\$0.38	\$0.19