

FIRST NILES FINANCIAL, INC. ANNOUNCES SECOND QUARTER 2023 EARNINGS

Niles, Ohio, July 28, 2023 - 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 six-month periods ended June 30, 2023.

The Company recorded net income of \$199,000 for the three months ended June 30, 2023, compared to net income of \$94,000 for the same period in 2022, an increase of \$105,000, or 111.7%. For the six months ended June 30, 2023, the Company recorded net income of \$250,000, compared to net income of \$90,000 for the same period in 2022, an increase of 177.8%.

Primary earnings per share for the three and six months ended June 30, 2023 was \$0.15 and \$0.19, respectively, as compared to \$0.07 and \$0.07 for the three month and six-month comparative periods in 2022.

Net interest income after the provision for loan losses for the second quarter of 2023 was \$834,000, compared to \$750,000 for the second quarter of 2022. For the six months ended June 30, 2023, net interest income after the provision for loan losses totaled \$1.6 million, or \$223,000 more than the comparative period in 2022.

Non-interest income for the second quarter of 2023 was \$923,000, as compared to \$1.3 million for the second quarter of 2022, a decrease of \$357,000. For the six months ended June 30, 2023 non-interest income totaled \$1.6 million compared to \$2.4 million for the same six-month period in 2022, a decrease of \$783,000. The decrease in non-interest income in both comparative periods presented was primarily attributable to a decline in revenue from mortgage banking activities at the Union Capital Mortgage Corporation subsidiary.

Non-interest expense decreased \$413,000 for the quarter ended June 30, 2023 as compared to the quarter ended June 30, 2022. Non-interest expense decreased \$771,000, in the current six-month period as compared to the same period one year ago. The decrease in non-interest expense in both comparative periods was primarily related to a decline in mortgage banking activities at the Union Capital Mortgage Corporation subsidiary.

Non-performing loans, consisting of non-accruing loans and accruing loans delinquent more than 90 days totaled \$134,000 at June 30, 2023, or 0.1% of net loans receivable. The allowance for loan losses totaled \$1.0 million at June 30, 2023, representing 778.4% of non-performing loans and 1.0% of net loans receivable. At December 31, 2022, the allowance for loan losses totaled \$677,000, representing 451.3% of non-performing loans and 0.7% of net loans receivable. At June 30, 2023 we had \$32,000 in real estate owned as compared to none at December 31, 2022.

At June 30, 2023 total assets were \$148.9 million compared to \$133.9 million at December 31, 2022, an increase of \$15.0 million, or 11.2%. Net loans receivable totaled \$102.0 million at June 30, 2023 as compared to \$91.0 million at December 31, 2022, an increase of \$11.0 million, or 12.1%. Deposits were \$77.9 million at June 30, 2023 as compared to \$83.5 million at December 31, 2022, a decrease of \$5.6 million, or 6.7%.

Total equity at June 30, 2023 was \$13.0 million, \$96,000 lower than at December 31, 2022. At June 30, 2023 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:

July 28, 2023

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

	June 30, 2023	December 31, 2022
<u>Selected Financial Condition Data:</u>		
Total assets	\$ 148,850	\$ 133,890
Loans held for investment	101,969	90,967
Loans held for sale	12,621	6,857
Securities (AFS) at market	16,197	16,601
Securities (HTM) at cost	1,250	1,250
Deposits	77,906	83,492
Total borrowings	55,670	35,092
Retained earnings	13,205	13,350
Common Stock and paid in capital	6,668	6,668
Total equity	13,048	13,144
Book value per share	\$ 9.63	\$ 9.70

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<u>Selected Operations Data:</u>				
Interest Income	\$ 1,645	\$ 1,010	\$ 3,091	\$ 1,873
Interest Expense	785	255	1,405	502
Provision for loan losses	26	4	99	7
Net interest income after provision	834	750	1,587	1,364
Total noninterest income	923	1,280	1,619	2,402
Total noninterest expense	1,508	1,921	2,896	3,667
Income before taxes	249	109	310	100
Income tax provision	50	15	59	10
Net income	\$ 199	\$ 94	\$ 250	\$ 90
Earnings per share – basic	\$ 0.15	\$ 0.07	\$ 0.19	\$ 0.07
Earnings per share – diluted	\$ 0.15	\$ 0.07	\$ 0.19	\$ 0.07