

## **FIRST NILES FINANCIAL, INC. ANNOUNCES THIRD QUARTER 2021 EARNINGS**

Niles, Ohio, October 29, 2021 - 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, 2021.

The Company recorded net income of \$420,000 for the three months ended September 30, 2021, compared to net income of \$109,000 for the same period in 2020, an increase of \$311,000, or 285.3%. For the nine months ended September 30, 2021, the Company recorded net income of \$510,000 compared to net income of \$312,000 for the nine months ended September 30, 2020, an increase of \$198,000, or 63.5%. 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 loans originated from the Company's wholly owned subsidiary, Union Capital Mortgage Corporation, that was acquired on August 2, 2021.

Primary earnings per share for the three and nine months ended September 30, 2021, was \$0.35 and \$0.42, respectively, as compared to \$0.10 and \$0.28 for the three month and nine month comparative periods in 2020.

Net interest income after the provision for loan losses for the third quarter of 2021 was \$525,000, as compared to \$545,000 for the third quarter of 2020, a decrease of \$20,000, or 3.7%. For the nine months ended September 30, 2021, net interest income after the provision for loan losses totaled \$1.50 million, or \$78,000 less than the comparative period in 2020.

Non-interest income for the third quarter of 2021 was \$1.64 million, as compared to \$63,000 for the third quarter of 2020, an increase of \$1.57 million. For the nine months ended September 30, 2021 non-interest income totaled \$1.72 million, compared to \$203,000 for the same nine month period in 2020, an increase of \$1.52 million. The increase in non-interest income in the three and nine-month comparative periods was primarily attributable to increased gains on the sale of loans held for sale as mentioned above.

Non-interest expense increased to \$1.64 million, for the quarter ended September 30, 2021 as compared to \$476,000 for the quarter ended September 30, 2020. Non-interest expense increased to \$2.59 million in the current nine month period as compared to \$1.4 million the same period one year ago. The nine month comparative period increase in non-interest expense was primarily related to increased operating expenses, due to costs associated with originating loans for sale at Union Capital Mortgage Corporation.

Non-performing loans, consisting of non-accruing loans and accruing loans delinquent more than 90 days totaled \$442,000 at September 30, 2021, or 0.6% of net loans receivable. The allowance for loan losses totaled \$571,000 at September 30, 2021, representing 129.0% of non-performing loans and 0.8% of net loans receivable. At December 31, 2020 the allowance for loan losses totaled \$557,000, representing 76.1% of non-performing loans and 0.8% of net loans receivable. At September 30, 2021 we had no real estate owned, which is unchanged from December 31, 2020.

At September 30, 2021 total assets were \$123.4 million compared to \$109.7 million at December 31, 2020, an increase of \$13.7 million, or 12.5%. Net loans held for investment totaled \$70.9 million at September 30, 2021 as compared to \$71.8 million at December 31, 2020, a decrease of \$760,000, or -1.1%. Deposits were \$77.9 million at September 30, 2021 as compared to \$66.3 million at December 31, 2020, an increase of \$11.6 million, or 17.6%. The increase in assets was primarily attributable to the acquisition of Union Capital Mortgage Corporation which was completed during the third quarter of 2021.

Total equity at September 30, 2021 was \$15.4 million, \$2.5 million higher than at December 31, 2020. The increase in total equity was primarily attributable to a \$2.22 million increase in paid-in capital, and a \$292,000 increase in retained earnings. The increase in paid-in capital was a result of the issuance of common stock related to the acquisition of Union Capital Mortgage Corporation. At September 30, 2021 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, 2021

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

	September 30,	December 31,
	2021	2020
<b><u>Selected Financial Condition Data:</u></b>		
Total assets	\$ 123,395	\$109,691
Loans held for sale	18,680	\$ -
Loans held for investment	70,992	71,755
Securities (AFS) at market	8,736	6,509
Securities (HTM) at cost	1,250	1,250
Deposits	77,938	66,267
Total borrowings	29,216	30,147
Retained earnings	13,430	13,137
Common Stock and paid in capital	9,289	7,063
Total equity	15,376	12,917
Book value per share	\$ 11.35	\$ 11.38

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b><u>Selected Operations Data:</u></b>				
Interest Income	\$ 834	\$ 884	\$ 2,374	\$ 2,692
Interest Expense	295	309	860	959
Provision for loan losses	14	30	14	154
Net interest income after provision	525	545	1,499	1,578
Total noninterest income	1,640	63	1,721	203
Total noninterest expense	1,637	476	2,585	1,404
Income before taxes	528	131	634	378
Income tax provision	108	22	124	66
Net income	\$ 420	\$ 109	\$ 510	\$ 312
Earnings per share – basic	\$ 0.35	\$ 0.10	\$ 0.42	\$ 0.28
Earnings per share – diluted	\$ 0.35	\$ 0.10	\$ 0.42	\$ 0.28