



# FIRST NORTHERN BANK

April 30, 2009

Dear Valued Customers:

Thank you for visiting First Northern Bank's website! Since my last letter, the economy is still testing the troughs and all of us are wondering when we'll reach the bottom. Doom and gloom is all over the media outlets. Corporate layoffs are continuing at record levels and the nation's economy has suffered its worst decline in 26 years.

For the past several weeks the media has been discussing whether or not some "Big Banks" have enough capital under certain stress conditions. What does this mean? Simply put, this would mean that the government would require additional capital be raised, either through private equity or government sources.

Also, new regulation is underway for the non-regulated, non-bank financial institutions to prevent this debacle from occurring again. Unfortunately for the already regulated banks such as First Northern, this added regulation will be piled onto us as well – an unnecessary added burden for those who did not contribute to the current economic crisis. The greed and the "Too Big to Fail" mentality of these mega-financial companies have put the economy into a tailspin. In Washington D.C., legislation is moving at a rapid pace in an effort to create economic stimulus initiatives that will be of assistance in driving recovery. Here in California, the legislature recently passed its 2009 budget after 106 days of stalemate. The budget will probably have to be revisited by June of this year...even with the \$8.2 billion dollars in stimulus money it received from the federal government.

All that being said...I want to assure our customers and communities that First Northern Bank's strong capital and prudent risk management strategies are engrained in our company's fabric, and these attributes are what's imperative for forging through the intensity of the flailing markets we're operating in. At the close of the first quarter of 2009, First Northern's risk-based capital to risk-weighted assets ratio was strong at approximately 15% - which far exceeds the regulatory well-capitalized standard of 10%. We believe our loan loss reserves at \$14.5 million, or 2.93% of total loans, is among the strongest in the industry for banks our size.

In closing, I would like to sincerely thank our customers and communities for your continued support. You can be sure that First Northern Bank is doing all that it can to be a positive influence in the economy's health and recovery. Our team of highly skilled employees has always been known for delivering the products customers need along with a superior level of service customers desire, and we have not let up in that regard during this recession. Employee commitment to ensuring the highest level of customer satisfaction is a critical component of our ability to successfully work through this challenging time. For almost 100 years, we've had a vision to bring a better kind of banking to our communities. While the environment we operate in is ever changing, we attribute our continued success to our ability to stay true to our values in every decision we make.

Sincerely,

Owen J. Onsum  
President & CEO