



FIRST NORTHERN BANK

July 30, 2012

Dear Valued Customer,

I hope you and your families are enjoying the summer, and are getting in some rest and relaxation. We've been really busy at the Bank --- a good busy --- we've established lots of new banking relationships and our loan pipeline is expanding; let's hope it's a sign the local economy is rebounding. I know a great deal of our new business is due to our friendly, knowledgeable employees and YOU, our valued customers who refer friends, family and associates to our community-focused bank. And for that, we thank you! Your referrals are the greatest compliment you can give us. We don't take it lightly that you've entrusted us to take good care of those you've sent our way. We are committed to continuing to earn your trust.

As always, there is much to report for the previous quarter. In the area of service, we recently honored two very deserving employees with the Bank's annual Superior Service Awards. These winners were chosen by the Superior Service Committee (a cross-section of management throughout the Bank) from a long list of nominees (submitted by employees) who exemplify the 11 Standards for Superior Service and regularly go 'above and beyond' to serve the Bank's customers. Honored were **Alida Martin**, Financial Services Manager at the Auburn Branch and **Terri Lambertus**, Loan Operations Servicer in the Central Loan Department. Congratulations again to Alida and Terri!

In the area of branches and departments, the Woodland Branch celebrated 15 years of success in Woodland, and the Asset Management and Trust Department celebrated its 10th anniversary; the Bank's Investment & Brokerage Services Department changed its name to First Northern Advisors, a division of Wealth Management at First Northern Bank. We feel the new name better represents and emphasizes the expertise of our financial advisory services, and extends our First Northern brand. And, to better accommodate the increased volume of business at our Vacaville Downtown Financial Center, following the consolidation of our two Vacaville branch locations into one, it was remodeled to include new stand-up teller stations (we still have two sit-down teller stations!) and a new merchant booth as well.

Out in the community, the Bank took "Best of Show" and "Best Commercial Float" with its employee-built float in the Dixon May Fair Parade. And, First Northern Bank employees have been attending lots and lots of community events and spreading the word that the Bank has money to lend to customers and prospective customers. The Bank is strong and in a great position to do its part to help the local economy recover from the prolonged economic downturn.

I would like to close by making sure everyone is aware that mortgage rates have continued to drop and we've reached **new** historic lows. If you are considering taking advantage of these historically low interest rates, please give us a call at (530) 753-1585 or (800) 682-8648. We have mortgage loan programs to fit most any situation!

Thank you for choosing First Northern Bank! It is our privilege to serve you.

Sincerely,

Louise A. Walker
President & CEO