



*At Our Very*  
**CORE**

**ORGANIC GROWTH  
EXCELLENCE GIVING  
SERVICE INDEPENDENT  
COMMUNITY RELATIONSHIPS**

**FIRST NORTHERN COMMUNITY BANCORP**

Annual Report 2021



# Strength at Our Very Core

*We are Here to Stay.*

Local Knowledge • Business Relationship Bankers • Authentic Community Bank • Hire the Very Best Bankers • A Bank with Values • Over 65% of Employees are Shareholders • Tailored Financial Solutions  
Expertise in Clean Energy Lending • Policy of Independence • Shareholder Value • Superior Service • 112 Years of Success • #1 Local Small Business Lender • Legendary Friendly Service  
Giving Back to Our Communities • Founded in 1910 • FNB #134 of the Nation's Top 200 Community Banks • Leveraging Our Competitive Advantages • Customer-centric  
Building Long-term Relationships • Market Share Growth • Stock Dividends • FNB Managers & Lenders have 2X the Experience • Zest for Excellence  
People First • Absolute Integrity • Employee Stock Purchase Program • Financial Literacy Training in Our Communities • Organic Growth  
Ample Liquidity & Capital • Local Mortgage Division • Strong Balance Sheet • 97% Annual Customer Retention Rate  
We've Stood the Test of Time • Financial Advisors • #1 in Customer Satisfaction  
Balancing Growth with Profitability • Investing in Technology



First Northern Community Bancorp

## 2021 PERFORMANCE SCORECARD

- ✓ **\$14.2 Million** in Net Income
- ✓ **5%** Stock Dividend Paid
- ✓ **\$211,500 Given Back**  
to Our Communities in  
Donations & Sponsorships
- ✓ **Ranked #134**  
Top 200 Community  
Banks in Nation  
*American Banker*
- ✓ **Five-Star Superior Rating**  
*Bauer Financial*
- ✓ **Super Premier  
Performing Bank**  
*The Findley Reports*
- ✓ **Blue Ribbon Bank  
Commendation of  
Excellence**  
*Veribanc*
- ✓ **Best Bank in Roseville/  
Granite Bay**  
*Roseville Press Tribune*
- ✓ **Best Bank in Yolo County –  
18th Consecutive Year!**  
*Davis Enterprise*
- ✓ **Business of the Year**  
*Winters Chamber*
- ✓ **Business of the Year**  
*West Sacramento Chamber*

# Message to SHAREHOLDERS

Over the course of 2021, the strength and resiliency of First Northern Community Bancorp were evident. We delivered strong financial results; we pursued organic growth opportunities; we invested in our employees and revenue-producing initiatives; we continued to invest in technology initiatives to allow the launch of digitally-powered innovations to support our business and consumer clients; and we sadly witnessed several of our local community bank brethren, six of them in fact, get acquired by out-of-the-area financial institutions.

First Northern has remained steadfast in its belief in the value of local community banking. Community banks benefit not only the communities for which they serve and their economic vitality, but the businesses, non-profits, residents, employees and shareholders who live there.

We have over 112 years of local banking experience with a successful track record of navigating all types of economic environments. Economic cycles are often difficult to predict, so experience with knowing when it's prudent to make corrections to your strategic direction is critical. In the past 12 – 15 years alone, we've managed through a global financial crisis, and an unprecedented global pandemic, all the while remaining true to our vision, mission, values, and purpose.

First Northern Community Bancorp's strong balance sheet, ample liquidity, and capital levels, combined with a passion for being an integral part of our local communities have served us well and provide us confidence in our ability to continue to grow and thrive in 2022 and beyond.

## 2021 FINANCIAL HIGHLIGHTS

2021 was another year of strong performance. We posted year-over-year double-digit growth in several areas of our business. Annual Net Income was \$14.2 million, an increase of 16.7% over what we posted for 2020. Total Assets on December 31, 2021 were \$1.9 billion, up 14.7% over year-end 2020. Total net loans (including loans held-for-sale and outstanding Paycheck Protection Program (PPP) loans totaling \$37.3 million) as of December 31, 2021 were \$853.8 million, a decrease of \$31.2 million, or 3.5%, compared to total net loans (including loans held-for-sale and outstanding PPP loans totaling \$155.0 million) of \$885.0 million as of December 31, 2020. Excluding the PPP loans, net loan growth for 2021 was \$86.5 million, or 11.9%, compared to 2020.

After processing 1,320 PPP loans totaling approximately \$235 million in 2020, we are proud of the fact we processed another 1,025 PPP loans in 2021 totaling \$115 million to help our local businesses keep their doors open and employees paid during the enduring health crisis. While overall total net loans (including PPP loan activity) decreased as a result of payoffs and forgiveness of loans made under the PPP, we posted increases in commercial real estate, agriculture and mortgage loans. In fact, the Mortgage Loan Department posted approximately \$100 million in loan originations during 2021, compared to approximately \$108 million in 2020.

Other bright spots for 2021 included improving credit quality and growth in non-interest income, including service charge income and debit card income, which was partially offset by a decline in gains on loans held for sale, compared to 2020.

## 2021 OPERATING HIGHLIGHTS

In 2021, we remained open, available, and ready to serve our customers with care and expertise, which sounds simple, but it had lasting effects for our brand and our customers.

# Message to SHAREHOLDERS *(continued)*

Milestone successes and projects completed during the year included: the installation of all new state-of-the-art ATMs; through our affiliation as a founding member of Alloy Labs Alliance, the Bank is able to work alongside other innovative community banks and FinTech's to advance community banking with respect to the speed at which we can provide technology-driven products and services. Our first initiative is the launching of 'CHUCK', an open payments network which should be available later this year. We rolled out three new checking account products bringing value-added features to both consumers and businesses. We realized 16.1% growth in Online Banking users; we continued to hold the #3 position in Business Core Deposit Market Share in our four-county service area behind two major national banks; American Banker ranked First Northern Bank #134 of the nation's Top 200 Community Banks; and we were voted "Best Bank" in Roseville & Granite Bay and "Best Bank" in Yolo County for the 18th consecutive win in this category!

## LOOKING FORWARD

First Northern has evolved into an exceptionally strong brand propelled by the passion, loyalty, and referrals of our satisfied clients. Client satisfaction is at our core. And it is our amazing team of bankers we can thank for ensuring our clients feel a genuine sense of belonging with First Northern Bank.

As you can imagine, the pandemic boosted mobile banking adoption across generations. Currently, more than half of the U.S. population does some form of banking on a mobile device. The convenience that mobile banking offers is too powerful to ignore. Staying current in evolving mobile banking features is a must to remain competitive and relevant. We are committed to our technology growth strategy as demonstrated by becoming a founding member in Alloy Labs Alliance. We understand that our ability to innovate will work in tandem with our high-touch personal interactions with clients. Digital channels are wonderful for transactional activities, but people still want to have access to their branch for complex financial needs. We are eager to exceed our customers' expectations with every experience, whether it be in-person or digital.

In closing, we are proud of our accomplishments in 2021, and we believe we are well positioned to benefit from our expanding client base and the projected higher interest rates in 2022. Our goals and aspirations for 2022 are many, but we remain focused on our core values that have guided us for the past 112 years.

On behalf of our Board of Directors, we thank our clients for their ongoing loyalty, our employees for their dedication and hard work, and our shareholders for your continued support. We are deeply grateful for your investment in us, and pledge to honor your trust by continuing to strive to build value and generate returns for years to come.



  
**LOUISE A. WALKER**  
President & Chief Executive Officer

  
**RICHARD M. MARTINEZ**  
Chairman of the Board



# BOARD OF DIRECTORS



**RICHARD M. MARTINEZ**  
*Chairman of the Board,  
Partner, Triad Farms*



**PATRICK R. BRADY**  
*Vice Chairman of the Board  
Retired CEO, Sutter  
Roseville Medical Center*



**LOUISE A. WALKER**  
*President & CEO  
First Northern Bank & First  
Northern Community Bancorp*



**JOHN M. CARBAHAL**  
*CPA & Principal, Carbahal  
& Company, Inc., an  
Accountancy Corporation*



**GREGORY DuPRATT**  
*Retired Vice President/  
Sales Manager,  
Ron DuPratt Ford*



**BARBARA A. HAYES**  
*Chief Economic Development  
Officer, Rural County  
Representatives of California  
(RCRC)*



**FOY S. McNAUGHTON**  
*President & CEO,  
McNaughton Newspapers*



**SEAN P. QUINN**  
*Former City Manager,  
City of Fairfield*



**DANIEL F. RAMOS**  
*Vice President, Ramco  
Enterprises/Ramco Properties LP;  
President, Ram Properties, Inc.*



**MARK C. SCHULZE**  
*Chief Strategy Officer,  
TSX Entertainment*

# SENIOR MANAGEMENT



**LOUISE A. WALKER**  
*President & Chief  
Executive Officer*



**JEREMIAH Z. SMITH**  
*Senior Executive Vice President  
Chief Operating Officer*



**JEFFREY ADAMSKI**  
*Executive Vice President  
Senior Loan Officer*



**DENISE E. BURRIS**  
*Executive Vice President  
Chief Information Officer*



**T. JOE DANELSON**  
*Executive Vice President  
Chief Credit Officer*



**KIMBERLY A. DeBRA**  
*Executive Vice President  
Chief Communications Officer*



**LIBBY FEYH**  
*Senior Vice President  
Human Resources Director*



**CATHEEN GORHAM**  
*Senior Vice President  
Operations Administrator*



**KEVIN SPINK**  
*Executive Vice President  
Chief Financial Officer*

# FINANCIAL HIGHLIGHTS

All data on pages 4 and 5 as of December 31.

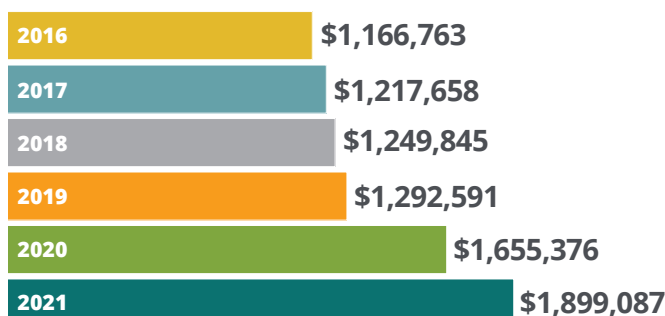
## Capital Ratios



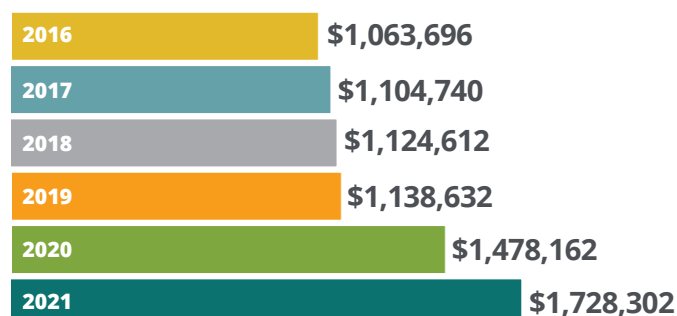
First Northern Bank has a strong Tier 1 Capital Ratio, a key measure of a bank's strength and capital adequacy. It exceeded the regulatory minimum required for a "well capitalized" bank at December 31, 2021.

	First Northern Bank 12/31/21	Regulatory Well-Capitalized Minimum
<b>TIER 1 LEVERAGE</b>	<b>7.9%</b>	<b>5.0%</b>
<b>COMMON EQUITY TIER 1</b>	<b>15.3%</b>	<b>6.5%</b>
<b>TIER 1 CAPITAL</b>	<b>15.3%</b>	<b>8.0%</b>
<b>TOTAL RISK-BASED CAPITAL</b>	<b>16.8%</b>	<b>10.0%</b>

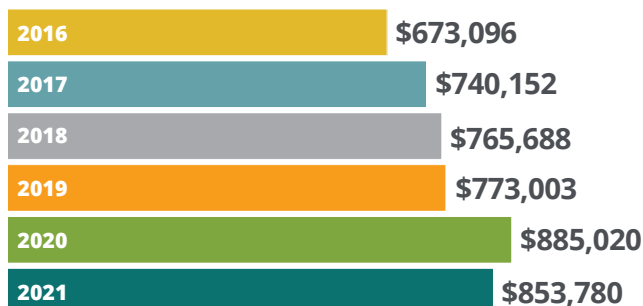
## Total Assets *in thousands*



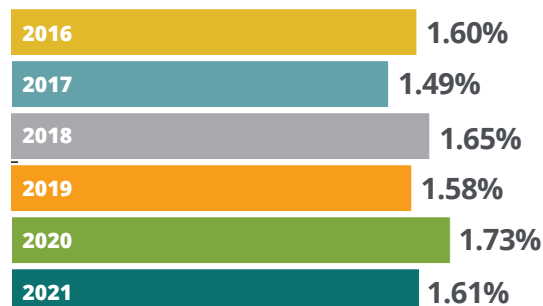
## Total Deposits *in thousands*



## Total Loans, Net *in thousands* (including loans held-for-sale)



## Allowance for Loan Losses to Total Loans



## FNRN Stock Price

Stock prices have been adjusted to give retroactive effect to the 5% stock dividend declared on January 27, 2022.



<b>\$7.30</b>	<b>\$10.52</b>	<b>\$9.16</b>	<b>\$9.93</b>	<b>\$9.16</b>	<b>\$9.76</b>
2016	2017	2018	2019	2020	2021



# About Us

## VISION

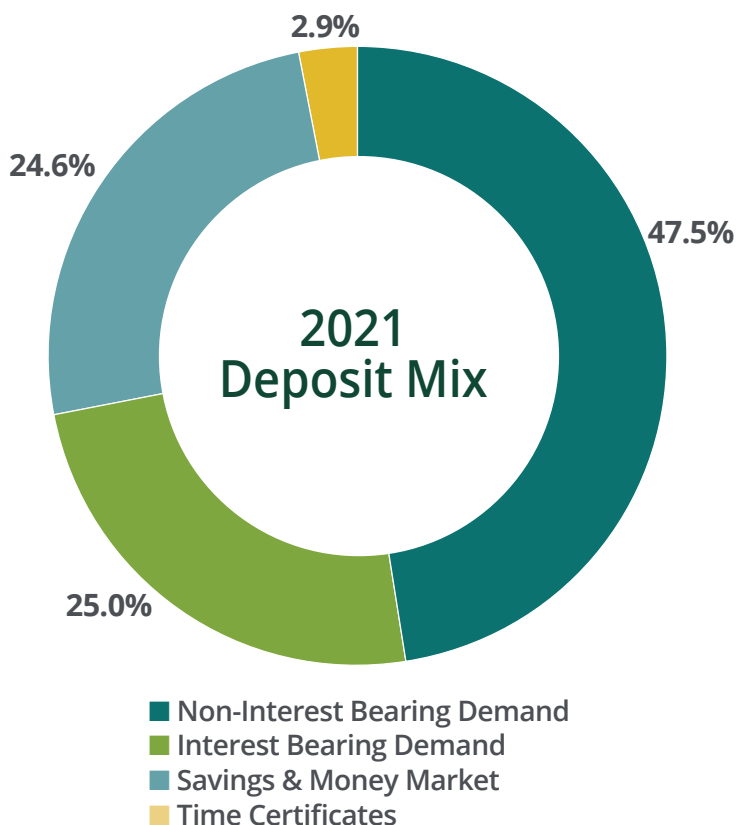
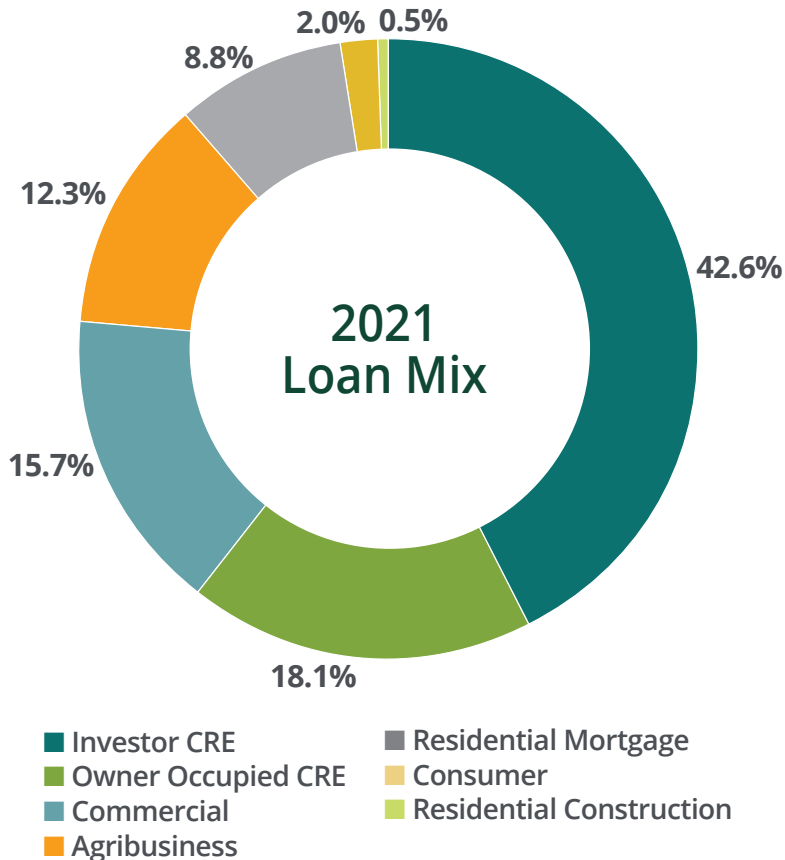
To be the most admired financial services provider so more and more people will be saying, "First Northern, that's my bank!"

## MISSION

To remain an independent financial services provider, we will continuously increase shareholder value by employing the very best people who exceed customer expectations and serve our community.




## PURPOSE STATEMENT

We are here to build long-lasting relationships where we can address specific financial needs on a personalized basis, provide opportunities for our employees, and be committed and passionate about making a difference in our communities.



# SELECTED FINANCIAL DATA

*Dollars in thousands, except ratios, share and per share information*

	DECEMBER 31,	2021	2020
 <b>Summary of Operations</b>	Interest and Dividend Income	\$ 47,176	\$ 48,864
	Interest Expense	(912)	(1,484)
	Net Interest Income	46,264	47,830
	Reversal of (Provision for) Loan Losses	1,500	(3,050)
	Net Interest Income after Provision for Loan Losses	47,764	44,330
	Non-interest Income	7,863	7,809
	Non-interest Expense	(36,201)	(35,477)
	Income before Taxes	19,426	16,662
	Provision for Taxes	(5,240)	(4,501)
	Net Income	\$ 14,186	\$ 12,161
	Basic Earnings per Share*	\$ 1.01	\$ .86
	Diluted Earnings per Share*	\$ 1.00	\$ .85
 <b>Balance at Year-End</b>	Total Assets	\$ 1,899,087	\$ 1,655,376
	Total Loans, Including Loans Held-for-Sale, Net	853,780	885,020
	Total Investments	632,213	435,080
	Total Deposits	1,728,302	1,478,162
	Total Equity	150,911	150,657
	Book Value per Common Share*	10.90	10.54
	Shares Outstanding	13,848,904	13,634,463
 <b>Ratios</b>	Return on Average Equity	9.41%	8.41%
	Return on Average Assets	0.77%	0.79%
	Average Equity to Average Assets	8.16%	9.36%
	Total Risk-Based Capital to Risk-Weighted Assets	16.80%	17.50%
	Net Interest Margin	2.62%	3.23%
	Allowance as a % of Non-Performing Loans (net of guaranteed)	137.30%	102.00%

\* Per share information for 2021 and 2020 has been adjusted to give retroactive effect to the stock dividend of 5% declared on January 27, 2022.



**Administration - Corporate Headquarters**

195 N. First Street, Dixon, CA 95620  
(707) 678-3041

**Administration - Sacramento**

1375 Exposition Boulevard, Suite 300, Sacramento, CA 95815

**Agribusiness Lending Team**

195 N. First Street, Dixon, CA 95620  
(707) 678-7881

**Auburn Branch**

390 Elm Avenue, Auburn, CA 95603  
(530) 885-5009

**Business Industrial Lending Team**

508 Second Street, Suite 304, Davis, CA 95616  
(530) 297-2062

**Central Operations**

210 Stratford Avenue, Dixon, CA 95620  
(707) 678-1904

**Davis Branch**

434 Second Street, Davis, CA 95616  
(530) 758-7500

**Davis Mortgage Loan Office**

508 Second Street, Suite 104, Davis, CA 95616  
(530) 753-1585

**Dixon Branch**

195 N. First Street, Dixon, CA 95620  
(707) 678-4422

**East Bay Region Commercial Lending Team**

*(Contra Costa County)*  
2175 N. California Boulevard, Suite 310  
Walnut Creek, CA 94596  
(925) 482-1580

**Fairfield Branch**

1455 Oliver Drive, Fairfield, CA 94533  
(707) 425-2900

**Rancho Cordova Branch**

2901 Sunrise Blvd., Suite 100, Rancho Cordova, CA 95742  
(916) 642-1477

**Real Estate Industries Lending Team**

*(Residential Construction & Commercial Real Estate Financing)*

1375 Exposition Boulevard, Suite 101, Sacramento, CA 95815  
(916) 447-9000

**Roseville Branch**

2270 Douglas Blvd., Suite 100, Roseville, CA 95661  
(916) 787-8510

**Sacramento Branch**

1375 Exposition Boulevard, Suite 101, Sacramento, CA 95815  
(916) 447-9000

**University Retirement Community**

*Satellite Office*  
1515 Shasta Drive, Davis, CA 95616

**Vacaville Branch**

555 Mason Street, Vacaville, CA 95688  
(707) 447-8600

**West Sacramento Branch**

1300 Harbor Boulevard, West Sacramento, CA 95691  
(916) 372-1023

**Winters Branch**

48 Main Street, Winters, CA 95694  
(530) 795-4501

**Woodland Branch**

11 W. Court Street, Woodland, CA 95695  
(530) 661-6000

**WEALTH MANAGEMENT DIVISION****First Northern Advisors**

390 Elm Avenue, Auburn, CA 95603  
(530) 745-2281

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**Cautionary Note Regarding Forward-Looking Information**

*This publication, including the Message to Shareholders beginning on page 1, contains forward-looking statements, including statements regarding the benefits of our technology enhancements, affiliation with the Alloy Labs Alliance, and new offices and facilities, the Company's focus and values, vision, strategies and strategic initiatives, and the expected benefits of its strategies and strategic initiatives, the Company's prospects for growth and profitability, client base and competitive position, expectations regarding interest rates, and the challenges of the coronavirus pandemic. Do not rely unduly on forward-looking statements. Actual results might differ significantly from the Company's forecasts and expectations. Please refer to Part I, Item 1A "Risk Factors" in the Form 10-K for a discussion of some factors that may cause results to differ. All forward-looking information is based on information available as of the date of this report. We assume no obligation to update any forward-looking information.*

# SHAREHOLDER INFORMATION

## ANNUAL MEETING

The Annual Meeting of Shareholders of First Northern Community Bancorp will be held at 5:30 p.m., Tuesday, May 17, 2022 at the First Northern Bank Operations Center, 210 Stratford Avenue, Dixon, CA 95620.\*

## INDEPENDENT AUDITORS

Moss Adams LLP  
2882 Prospect Park Drive, Suite 300  
Rancho Cordova, CA 95670

## COMMON SHARE LISTING

OTCQB – Symbol: FNRN

## MARKET MAKERS

John Cavender  
Raymond James Financial Services, Inc.  
(800) 346-5544

Joey Warmenhoven  
JWTT, Inc.  
(971) 323-0698

Steven Schroeder  
Monroe Securities, Inc.  
(800) 766-5560

## TRANSFER AGENT

First Northern Community Bancorp  
PO Box 547, Dixon, CA 95620  
or 195 N. First Street, Dixon, CA 95620  
(707) 678-3041

## FORM 10-K AND OTHER SHAREHOLDER INFORMATION

First Northern Community Bancorp's Annual Report filed with the Securities and Exchange Commission, on Form 10-K, and other shareholder information can be viewed at the Company's Investor Relations website at [www.thatsmybank.com](http://www.thatsmybank.com); shareholders may also elect email notification of press releases, document filings and other related information.

Printed materials may be obtained by contacting Devon Camara-Soucy at PO Box 547, Dixon, CA 95620, or by calling (707) 678-3041.

## FIRST NORTHERN COMMUNITY BANCORP ADMINISTRATIVE MANAGEMENT

Louise A. Walker  
*President & Chief Executive Officer*

Jeremiah Z. Smith  
*Senior Executive Vice President/Chief Operating Officer*

Kevin Spink  
*Executive Vice President/Chief Financial Officer*

Jeffrey Adamski  
*Executive Vice President*

Denise E. Burris  
*Executive Vice President*

T. Joe Danelson  
*Executive Vice President*

Kimberly A. DeBra  
*Executive Vice President*

Libby Feyh  
*Senior Vice President*

Cathleen Gorham  
*Senior Vice President*

Devon Camara-Soucy  
*Vice President/Corporate Secretary*

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\* As part of our precautions regarding the COVID-19 pandemic, the Company is planning for the possibility that the Annual Meeting could be postponed or moved to another location. To the extent possible, and as necessary to comply with the recommendations and directives of the Centers for Disease Control, the California Department of Public Health and local County Health Departments, our Annual Meeting may be held so as to allow shareholders access and participation through remote communications. If we change the Annual Meeting date, time or location or the process by which you may attend the Annual Meeting (remotely rather than in person), we will announce the decision to do so in advance.



# *Our Community*



## *Our Core Values*

**People First  
Absolute Integrity  
Zest for Excellence**





**FIRST NORTHERN BANK**

## Expertise in Community Banking

*We bring a wealth of financial solutions to our clients:*

Lightning Loans<sup>sm</sup>

Cash Management Services

Online Banking & Mobile Banking

Loans for Green Initiatives

Remote Deposit Capture

Merchant Credit/Debit Card Processing

Mortgage Loans

Home Equity Lines of Credit

Investment & Advisory Services, non-FDIC insured

Online Account Opening

Small Business Administration Lending

Business Term Loans & Lines of Credit

Agribusiness Lending

Equipment Loans & Leasing

Construction Financing

Commercial Real Estate Lending

Free Business & Free Consumer Checking Accounts

eStatements

Non-Profit/Association Banking

Private Client Services

Payroll Solutions

MoneyPass<sup>®</sup> Surcharge-Free ATM Network

Debit and Credit Cards

ACH and Check Positive Pay

CardValet

Personal Financial Management

