

*We are here for you.*



**FIRST NORTHERN COMMUNITY BANCORP**

Annual Report 2020

## A snapshot of 2020 at First Northern Bank.

2020 was far from business-as-usual. Our resiliency, creativity and tenacity were put into high gear. Our employees very admirably worked round-the-clock to migrate our customers to new online banking and mobile banking platforms and process Paycheck Protection Program (PPP) loans to assist local businesses during the still-present economic crisis created by the COVID-19 pandemic. Many accommodations were made to adjust our business for operating during a time when our communities were told to shelter-in-place. Approximately 40% of our employees were setup to work from home, onsite employee workstations were spread out and setup with sanitation stations, plexiglass shields were installed at the teller windows and new accounts desks, we made financial accommodations for clients who were impacted by the pandemic (both consumers and businesses); meetings, training sessions and retirement parties were conducted virtually, and we served in our communities where we could do so safely. And through it all, our Branch and Operations teams kept the doors open and our operations running smoothly. While our resources were stretched, we have a sense of peace knowing we helped our clients and communities to the best of our abilities and have deepened relationships along the way.

### The following is just a sampling of the kind words we received from clients this past year...

"I just wanted to applaud the tremendous work First Northern Bank did in securing a Paycheck Protection Program loan for my business. While large national banks stumbled and bumbled, FNB was organized, knowledgeable, accessible, and remained committed to serving clients. Thank you!"

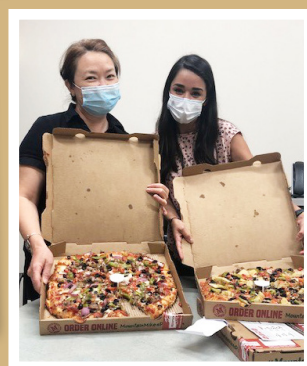
"I wanted to offer my congratulations and gratitude to you and your colleagues at First Northern Bank. Your bank was selected as a back-up when we ran into four weeks of delays and bureaucracy at one of the big banks with our mission-critical PPP loan application. Your bank got the loan done in one week! As a small fish in a big market, our company knows how to be responsive and flexible in conducting business, much like First Northern. Again, thanks for the great work!"

"I can't thank all of you enough! You and your team are the finest bankers I have ever had the pleasure of working with. You guys are really doing some good for people during these trying times. Thank you so much!"

"Thanks so much! We appreciate everyone's assistance and hard work to get through this unwanted situation."

"Your bank is a 10 out of 10 in my book...and I have dealt with a lot of banks in my life. None have come close to how your bank personnel presents themselves. You have a customer for life!"

"Thank you so much for taking the time to speak with me today and for walking me through the PPP process. As I mentioned when we spoke, we are so very grateful for all that First Northern has done, and continues to do, to make the PPP process (Rounds 1 & 2) so easy for us. We're a small operation, but you treat us like we're a Fortune 500 Company. We couldn't ask for better service."



# Letter to Shareholders

## ***Dear Shareholders and Friends,***

First Northern Community Bancorp has seen its fair share of economic challenges. Our 111-year track record of remaining a beacon of financial strength for our clients and communities was once again put to the test this past year. The coronavirus pandemic that began in the first quarter of 2020 and continues to be present today, has financially impacted consumers and businesses so significantly, that businesses of all sizes across the nation have sadly had to close for good. Unemployment figures remain at all-time highs, and major shifts in consumer behaviors and reliance on e-commerce, mobile banking, digital payments, virtual meetings, etc., have become our new normal—a benchmark for building upon. Advances in the digital space are expected to move swiftly, based upon what we have all become accustomed to, and now expect.

Fortunately, First Northern was already planning technological advances prior to 2020. In March 2020, we successfully converted our Online Banking and Mobile Banking systems to an all-new platform with robust features and benefits—a platform that should enable us to continue to evolve moving forward. In April 2020, we launched Digital Wallets: Apple Pay, Samsung Pay and Google Pay to provide our clients with the ability to use their cell phones at the point-of-sale for touchless payments.

And since April 3, 2020, the Bank continues to process Paycheck Protection Program (PPP) loans and forgiveness applications for local businesses. For Round 2 of PPP, we were ready with an automated online PPP platform. This platform significantly streamlined the application process and saved our PPP clients and employee support teams hours of time. As of March 29, 2021, First Northern had processed over 2,145 PPP loans, totaling \$337.8 million for businesses, impacting approximately 35,200 jobs throughout our market footprint.

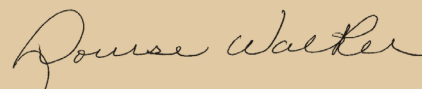
Our ability to remain nimble and responsive to the changing economic conditions, combined with our genuine desire to make a difference in our communities became a resounding message that spread throughout our local business communities. So many businesses came to First Northern for the first time needing a PPP loan because their banks, mostly the larger banks, would not even call them back. It was a very scary time for them. First Northern Bank's employees were

there when needed, no matter the day of the week, or the time of day. Their dedication has been so admirable. It is such an honor to witness the absolute resolve the Bank's employees have for helping their customers and communities. We are happy to report, we have lots of new business clients saying, "First Northern, that's my bank!"

While we did not meet all the financial goals we set for ourselves in 2020, what we did achieve was impressive. Our amazing team of dedicated bankers adapted quite well in the uncharted environment. We are much more resilient than we ever thought we could be. The year's highlights included: 28.1% growth in Total Assets, 29.8% growth in Total Deposits, 14.5% growth in Net Loans, 47.7% growth in Mortgage Loan production, 8.5% growth in Non-Interest Income and continued growth in market share.

First Northern Bank has several exciting projects planned for 2021. We are currently replacing all of our ATMs with the latest equipment and software, we plan to remodel our Woodland and Fairfield Branches, we will launch an all-new Online Account Opening system, we will continue to focus on developing new digital products and services for our small business customers, and we will launch a Customer Relationship Management system to help provide enhanced customer experiences no matter how the client wishes to bank with us: in-person, over the phone, or digitally.

We are deeply grateful to you for your continued support and the faith you have placed in the First Northern brand of banking. We have a genuine love for the work we do, and we look forward to building on the progress we are making to build value and generate returns for years to come.



Louise A. Walker  
*President & Chief Executive Officer*



Richard M. Martinez  
*Chairman of the Board*

# Financial Highlights

All data on pages two and three 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, 2020.

## Tier 1 Leverage

### Common Equity Tier 1

### Tier 1 Capital

### Total Risk-Based Capital

First Northern Bank  
12/31/20

Regulatory  
Well-Capitalized  
Minimum

**8.4%**

**5.0%**

**16.2%**

**6.5 %**

**16.2%**

**8.0%**

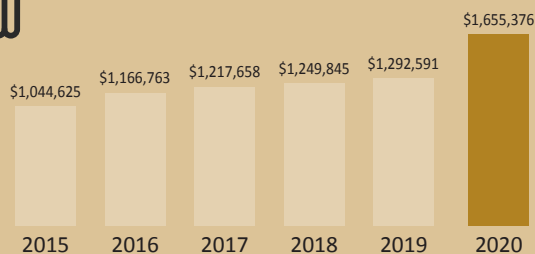
**17.5%**

**10.0 %**



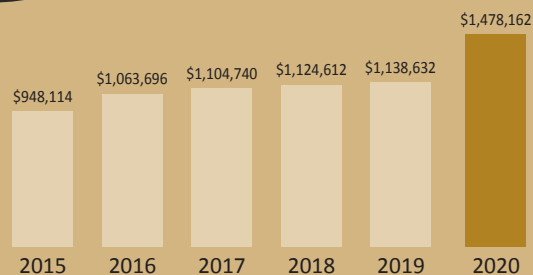
### Total Assets in thousands

**\$1,655,376**



### Total Deposits in thousands

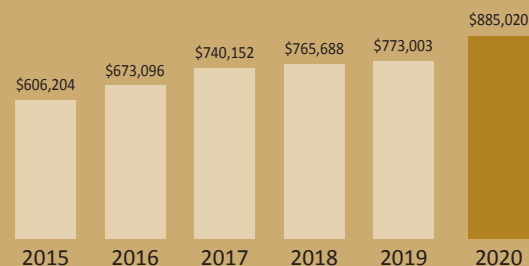
**\$1,478,162**



### Total Loans, Net in thousands

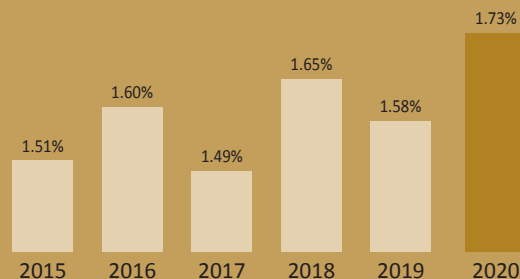
(Including Loans Held-for-Sale)

**\$885,020**

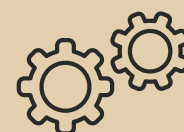


### Allowance for Loan Losses to Total Loans

**1.73%**



## Loan to Deposit Ratio



## FNRN Stock Price

Stock prices have been adjusted to give retroactive effect to the stock dividend declared on January 27, 2021.



## Selected Financial Data

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

		December 31,	2020	2019
<b>Summary of Operations</b>	Interest and Dividend Income		\$ 48,864	\$ 48,993
	Interest Expense		(1,484)	(1,859)
	Net Interest Income		47,380	47,134
	Provision for Loan Losses		(3,050)	-
	Net Interest Income after Provision for Loan Losses		44,330	47,134
	Non-interest Income		7,809	7,197
	Non-interest Expense		(35,477)	(33,940)
	Income before Taxes		16,662	20,391
	Provision for Taxes		(4,501)	(5,670)
	Net Income		\$ 12,161	\$ 14,721
		Basic Earnings per Share*		\$ 0.90
	Diluted Earnings per Share*		\$ 0.90	\$ 1.08
<b>Balance at Year-End</b>	Total Assets		\$ 1,655,376	\$ 1,292,591
	Total Loans, Including Loans Held-for-Sale, Net		885,020	773,003
	Total Investments		435,080	342,897
	Total Deposits		1,478,162	1,138,632
	Total Equity		150,657	132,915
	Book Value per Common Share*		11.05	9.80
	Shares Outstanding		13,634,463	12,919,132
<b>Ratios</b>	Return on Average Equity		8.41 %	11.88 %
	Return on Average Assets		0.79 %	1.18 %
	Average Equity to Average Assets		9.36 %	9.91 %
	Total Risk-Based Capital to Risk-Weighted Assets		17.50 %	15.80 %
	Net Interest Margin		3.23 %	4.00 %
	Allowance as a % of Non-Performing Loans <i>(net of guaranteed)</i>		102.00 %	1311.70 %

\* Per share information for 2020 and 2019 has been adjusted to give retroactive effect to the stock dividend of 5% declared on January 27, 2021.

# Shareholder Information

## ANNUAL MEETING

The Annual Meeting of Shareholders of First Northern Community Bancorp will be held at 5:30 p.m., Tuesday, May 18, 2021 at the First Northern Bank Operations Center, 210 Stratford Avenue, Dixon, CA 95620.

## INDEPENDENT AUDITORS

Moss Adams LLP  
10960 Wilshire Blvd., Suite 1100  
Los Angeles, CA 90024

## COMMON SHARE LISTING

OTCQB – Symbol: FNRN

## MARKET MAKERS

### Michael Natzic or Katy Ehlers

D.A. Davidson  
(800) 288-2811

### 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*

# Locations

**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

**Capital Region Commercial Lending Team**

*(Sacramento, Placer & El Dorado  
Counties; and West Sacramento)*

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

**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

**Sonoma Mortgage Loan Office**

583 1st Street West, Sonoma, CA 95476  
(707) 934-8777

**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

**Yolo-Solano Commercial Lending Team**

508 Second Street, Suite 104, Davis, CA 95616  
(530) 297-2062

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

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

## Cautionary Note Regarding Forward-Looking Information

*This publication, including the Message to Shareholders beginning on page 1, contains forward-looking statements, including statements regarding our recent and planned technology enhancements and anticipated benefits, and plans to remodel our facilities, the company's focus and values, vision, strategies and strategic initiatives, including our plan to launch a Customer Relationship Management system, and upgrade our ATM equipment and software, and the expected benefits of its strategies and strategic initiatives, the company's expectations regarding PPP loan origination and forgiveness applications, the company's prospects for growth and profitability and competitive position, 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.*

# FIRST NORTHERN COMMUNITY BANCORP



## 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

Digital Wallets

195 N. First Street  
Dixon, California 95620

Member FDIC | Equal Housing Lender 