



COMMEMORATING THE RETIREMENT OF JOHN F. HAMEL



In August 2012, John F. Hamel retired from the Board of Directors at age 72 (mandatory retirement age for First Northern Community Bancorp Directors) after 46 years of service – many of those years were spent leading the Bank as the President & CEO, and mentoring the next two CEO's, Owen J. Onsum and Louise A. Walker. The Company has changed and grown tremendously in those years, thanks to John's efforts, his leadership, and the team he built.

John, you set an amazing example of professionalism and always emphasized the value of "community". Your dedication to the Bank is inspiring. Know that your work has been greatly appreciated, and that you have made a difference. Thank you for the huge positive impact you have made at First Northern. Make sure you work just as hard at relaxing as you have in your long career. You will be greatly missed.

— Your First Northern Family



MESSAGE TO SHAREHOLDERS

To our valued shareholders, customers and communities,

First Northern Community Bancorp entered 2013 with good momentum. Our team of employees continues to work hard to help our customers achieve their goals, manage risk, give back to the community and adapt to the ever-changing economic landscape. We thank them for their tremendous efforts and their commitment during the prolonged economic downturn to helping us return to our noted position as one of the region's leading community banks.

Our 2012 financial performance reflected both the strengths of our company, and the challenges we continue to face in this unprecedented environment. We entered the year focused on improving profitability by growing core customer relationships, enhancing credit quality, strengthening our balance sheet and managing expenses. We achieved all of those goals.

In 2012, we delivered net income of \$4.6 million, our strongest performance in five years. We also ended the year with strong liquidity and a strong risk-based capital ratio. This is an important measure of financial strength, and First Northern Community Bancorp remained in the top tier of its peer group at December 31, 2012.

With our much improved loan quality, we were able to lower what we set aside for potential future loan losses. This, along with the continuing strong mortgage refinance market, was a major contributor to our increase in net income. While we continued to control operating expenses, generating revenue became more difficult. Low interest rates and a sluggish demand for small business loans put additional pressure on our net interest margin, and new regulations resulted in increased challenges in earning non-interest income.

That being said, we are pleased with our overall progress, and our goal is to build on this momentum. Our performance has earned First Northern Community Bancorp top ratings by the major bank rating companies (Bauer Financial and Veribanc) indicating that we're among the strongest and safest banks in the nation.

On the competitive front, banking has become a highly commoditized industry. Our competition continues to grow; it's not just the banks, credit unions, insurance and brokerage companies we compete against anymore; major retailers such as Walmart and Costco are now providing financial services. To attract, grow and retain customer relationships, we work hard to stand out from the rest. We know that to be successful in this business, we must deliver a consistent, high-quality experience with every customer interaction. We are able to address specific financial needs on a personalized basis. Not only do the employees of First Northern Bank take care of our customers, they do extraordinary work in our communities. We have made investments to ensure that our employees remain well-prepared for their roles, work as one unified team, and receive recognition

for their achievements. First Northern's employees participate in many hours of training every year to keep them well informed on regulatory changes, product knowledge, and emerging technology, and they spend time sharpening their service delivery skills.

Our market share continues to grow throughout the region, making it clear that our reputation for being a local independent bank with a team consisting of some of the best bankers in the business, with a strong and passionate commitment to the community, truly makes a difference.

In the fall of 2012, we sent out surveys to a large percentage of our consumer and business customers. The results were compared to the Company's 2010 customer survey results. We once again had it confirmed that over 90% of our customers are 'advocates' of First Northern Bank – meaning they would 'happily' refer their friends, family and associates to the Bank. This advocacy rate far exceeds the national average for banks of all sizes. And, our advocacy rate improved by one percent in the two years between surveys. We also gleaned from the survey some areas in which we can improve, and we have started to lay the groundwork for those improvements.

Our Information Services, Operations and Marketing teams focused much of their time in 2012 enhancing delivery channels, improving processes for gains in efficiency and complying with new regulation under the Dodd-Frank Reform, the Durbin Amendment, and the Consumer Protection Act.

Image ATMs were installed at each branch location, except Winters (a historic landmark with limitations for accommodating the size of the new machines). These ATMs allow customers to deposit cash and checks directly into the machine without envelopes. Both the cash and checks are scanned by the ATM, then the total deposit amount is presented to the customer for verification; and receipts provide images of the checks deposited. The ATMs also provide ADA compliant 'voice guidance', allowing visually impaired customers to use headphones to receive spoken instructions to perform transactions.

And, we joined the MoneyPass Surcharge-free ATM Network. With MoneyPass, our customers are able to withdraw money from over 20,000 ATMs nationwide without incurring a surcharge.

In the area of efficiency, we continued to seek ways to control costs, to uncover expenses considered non-necessities and processes considered redundant. We consolidated our Vacaville branches into the Downtown location, allowing us to close the Regency Park Branch. An image ATM still resides at our former Branch for the convenience of customers living and working on the east side Interstate 80. We also reviewed our staffing levels, we identified unprofitable products, and we proactively contacted customers with accounts deemed inactive (no activity in past 90 days) in an effort to activate the accounts by encouraging usage, and to remind our customers of all the convenient ways to access their accounts such as Online Banking, Mobile Banking, Debit Card and Telephone Banking. And, we continued to renegotiate leases and vendor contracts.

WE'VE BEEN BUSY REINVESTING IN OUR COMMUNITIES

We're supporting small businesses, helping customers with financial challenges, and strengthening our communities through lending, investing, and philanthropic initiatives.

Here are just a few examples of our recent support of the local economy and how we have continued to serve our customers and communities:

We extended \$325 million in total credit in 2012.

We originated \$99 million in first mortgages in 2012; including \$8.2 million for low- and moderate-income customers.

In 2012, we extended \$94 million in new loans and commitments to small business.

We've modified approximately 80 customer mortgages since the housing market collapse, representing over \$26 million.

We contributed \$1.2 million locally (monetary and in-kind) to philanthropic efforts over the past eight years.

Our employees volunteered over 45,000 hours of their time in that same period to serve on community boards, participate in service clubs, and work at local fundraising events.

We have provided the funding for six local high schools to participate in an award winning, interactive, web-based financial literacy program.

We received an 'Outstanding' CRA Rating in 2012 from the FDIC for our community reinvestment efforts.

The new regulatory environment has had an enormous impact on how we operate. Many of the new rules have resulted in higher compliance and legal expenses, unfortunately straining the positive effects of our efficiency gains. Increased investments have had to be made in human resources, software solutions, and program development in the areas of risk assessment, mortgage loan origination and servicing, vendor management, and compliance with the Currency and Foreign Transactions Reporting Act (BSA), as well as the BASEL Accords (banking capital standards). Our leadership team is taking a number of steps to ensure the customer experience is not affected by the intensified regulatory encumbrance. We work closely with our regulators on these efforts as we aim to meet both the letter and spirit of these new rules.

In the area of Social Media, the Bank had a very active year on Facebook. We now have over 1,000 Likers of our page, and everyday people are talking about and sharing their positive experiences with the Bank. In the next couple of months, the Bank will grow its social media presence to increase the interaction with our current and future customers through proactively engaging with Twitter followers and LinkedIn connections. Our ultimate goal is to do more than just increase our branding and visibility across additional social channels, it's about adding value for those in our communities.

2013 AND BEYOND

This year has gotten off to a busy start. Along with an improving local economy, our loan teams continue to work diligently with their borrowers, resulting in a continuing improvement to our delinquency ratio (loans past due as a percent of total loans). We are pleased to report that our delinquency ratio is approaching pre-recessionary levels. And, our small business, agribusiness, and commercial loan pipelines are demonstrating a definite uptick in loan demand. This appears promising, and while we are working extra hard to grow our loan portfolio with quality loans, the competition is as intense as it has ever been. The area banks are competing for the same loan deals as qualified borrowers are not as plentiful in the current economic environment. With conditions such as this, it comes down to interest rate for some borrowers, and fortunately for First Northern Bank, a competitively priced loan combined with a trusted long-term relationship with their banker, is preferred.

We are currently readying our operation for a fourth quarter implementation of a loan origination system. The new system will streamline our loan processes, through improved internal communication, progress tracking and pipeline management. Imaged loan files and a status of each stage of the loan will be viewable online by all employees involved in the loan process. And, we are currently realigning the Bank's consumer loan origination function to be managed by branch operations personnel. This will better allow our small business lenders to be freed up to pursue business loan opportunities out in our communities.

As a result of our improving asset quality, 2012 earnings, and increasing deposit levels, we chose to execute on our objective of redeeming our Small Business Lending Fund (SBLF) capital. In February, we redeemed \$10 million of the \$22.8 million in preferred stock we issued in 2011 to

the United States Department of Treasury. As a reminder, the SBLF was developed as a voluntary program intended to encourage small-business lending by providing capital to qualified community banks at favorable rates. Our intention is to self-fund the redemption of the remaining SBLF capital as conditions allow.

Also, in the area of community reinvestment, First Northern chose six high schools in its market to provide funding for a Financial Literacy E-Learning Platform to be incorporated into their Economics classes. The online program, powered by EverFi and called the 'First Northern Financial Scholars Program', uses the latest in new media technologies – adaptive-pathing, 3-D gaming, social networking, online animations, video, and messaging tools to bring complex financial concepts to life. High school seniors in Woodland, Fairfield/Suisun and West Sacramento are using this platform to get certified in more than 600 topics in personal finance, such as budgeting, saving, using credit cards wisely, and financing higher education.

In January, we welcomed Patrick Brady as our newest member to the Board of Directors. Pat is CEO of Sutter Roseville Medical Center. We look forward to Pat's leadership and having Board representation in the Placer County region.

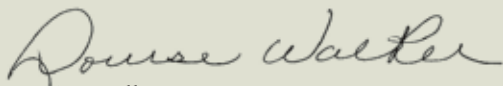
And, most recently, we announced an April opening of a commercial loan production office in Walnut Creek. Expanding into Contra Costa County is a natural progression for our bank, as it is contiguous to Solano County. The East Bay Area has experienced a quicker rebound from the recession compared to the greater Sacramento region, and we believe it is a good time to expand the Bank's brand and grow our footprint into Contra Costa County.


New regulations have changed the rules of the game for all financial services companies, but they will not change our approach. We will still aim to provide the best products, delivered with a superior level of service at a fair price to ensure we generate a good return for our shareholders.

Our strong capital base and liquidity allow First Northern Bank to meet the financing needs of local businesses with loans for expansion, capital improvement, and the purchase or refinance of real estate. Along with funding loans that support the commerce and vitality of the local region – we accept local deposits and reinvest in the community...*that is the value of community banking.*

We extend our sincere appreciation to the customers and the communities we are fortunate to serve, and we extend our deepest appreciation to our shareholders for their continued confidence in our strategy and support of our efforts.




Louise Walker, *President and Chief Executive Officer*


Greg DuPratt, *Chairman of the Board*



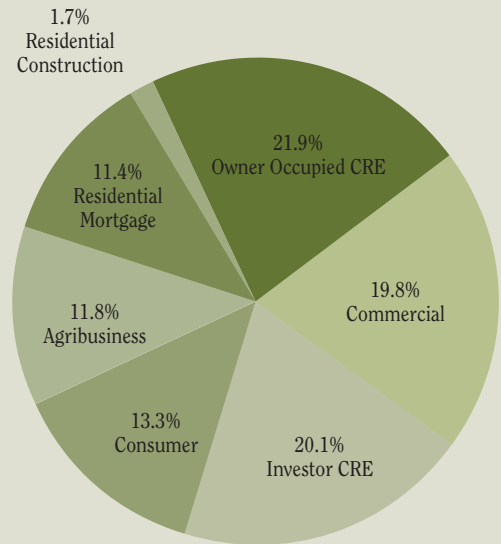
FINANCIAL HIGHLIGHTS

TOTAL ASSETS

dollars in thousands



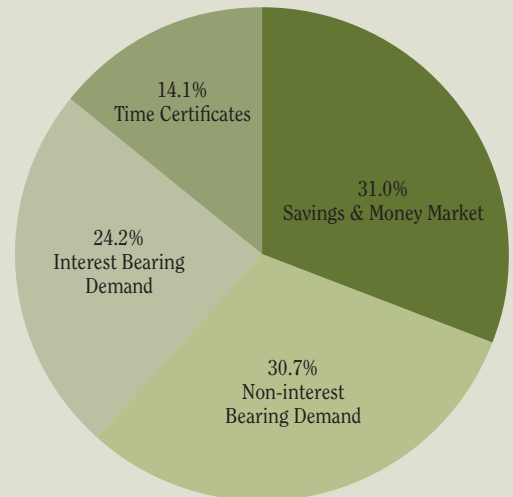
2012 LOAN MIX



LOAN TO DEPOSIT RATIO



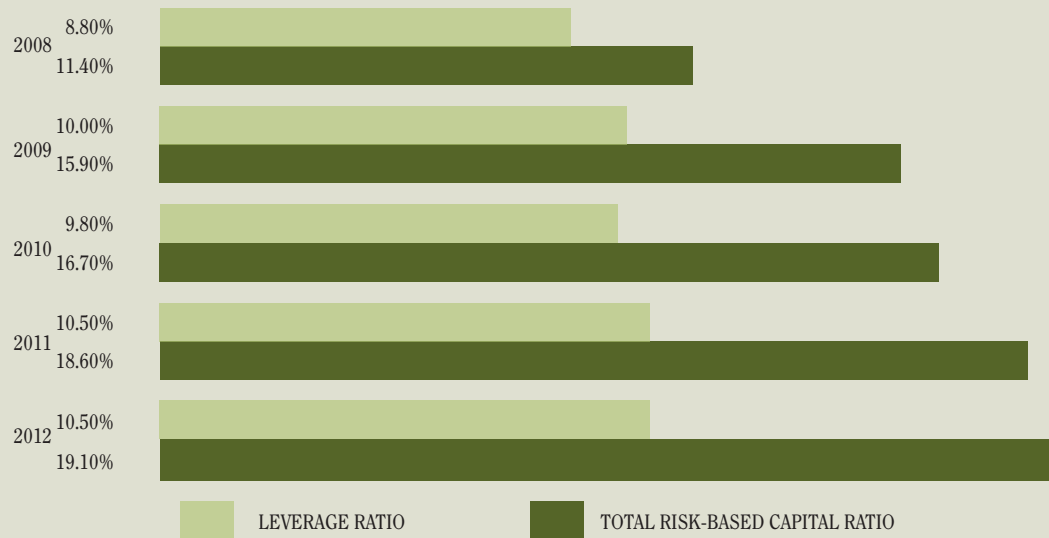
2012 DEPOSIT MIX



NET INTEREST MARGIN



CAPITAL RATIOS



NON-PERFORMING LOANS TO TOTAL LOANS



ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



SELECTED FINANCIAL DATA

(dollars in thousands, except ratios, share and per share information)

	<i>December 31,</i>	2012	2011
SUMMARY OF OPERATIONS			
Interest and Dividend Income		\$ 28,259	\$ 28,790
Interest Expense		(1,802)	(2,476)
Net Interest Income		26,457	26,314
Provision for Loan Losses		(3,276)	(5,138)
Net Interest Income after Provision for Loan Losses		23,181	21,176
Other Operating Income		9,442	9,382
Other Operating Expense		(26,254)	(26,762)
Income before Taxes		6,369	3,796
Provision for Taxes		(1,723)	(1,132)
Net Income		\$ 4,646	\$ 2,664
Preferred stock dividends and accretion		\$ (1,139)	\$ (1,399)
Net Income available to Common shareholders		\$ 3,507	\$ 1,265
Basic earnings per share *		\$ 0.37	\$ 0.14
Diluted earnings per share *		\$ 0.37	\$ 0.14
BALANCES AT YEAR-END			
Total assets		\$ 831,483	\$ 781,150
Total loans		445,008	435,621
Total investments		184,491	160,241
Total deposits		730,811	678,958
Total equity		92,325	87,702
Book value per common share *		7.35	7.02
Shares outstanding		9,272,668	9,144,998
RATIOS			
Return on average equity		5.11 %	3.19 %
Return on average assets		.58 %	.35 %
Average equity to average assets		11.34 %	11.00 %
Total risk-based capital to risk-weighted assets		19.1 %	18.60 %
Net interest margin		3.55 %	3.76 %
Allowance as a % of non-performing loans		119.7 %	120.4 %

* 2012 includes dividend payments to the U.S. Treasury Department for participation in the Small Business Lending Fund. 2011 includes accretion and dividend payments to the U.S. Treasury Department for participation in the Capital Purchase Program and Small Business Lending Fund. In addition, per share information has been adjusted to give retroactive effect to the stock dividend declared on January 24, 2013.

SHAREHOLDER INFORMATION

ANNUAL MEETING

The Annual Meeting of Shareholders of First Northern Community Bancorp will be held at 5:30 p.m., Tuesday, May 14, 2013 at the First Northern Bank Operations Center, 210 Stratford Avenue, Dixon, CA 95620.

INDEPENDENT AUDITORS

Moss Adams LLP, 3121 West March Lane, Suite 100, Stockton, CA 95219-2303

COMMON SHARE LISTING

OTCQB – Symbol: FNRN

MARKET MAKERS

Troy Norlander, Crowell & Weedon, Inc., (800) 288-2811

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

Lisa Ann Gallo, Wedbush Morgan Securities, (800) 357-3680

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 to 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; 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, *Executive Vice President/Chief Financial Officer*

Jeffrey Adamski, *Executive Vice President*

Patrick S. Day, *Executive Vice President*

Kimberly A. DeBra, *Executive Vice President*

Bruce A. Orris, *Executive Vice President*

Robert M. Walker, *Executive Vice President*

Larry Miller, *Senior Vice President*

Devon Camara-Soucy, *Assistant Vice President/Corporate Secretary*



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.

VALUES

People First • Absolute Integrity • Zest for Excellence

POLICY OF INDEPENDENCE

The Boards of Directors of First Northern Bank, since inception in 1910, have been committed to providing customers, shareholders and employees an independent banking organization that offers localized financial services. Shareholders have invested their capital to ensure that our service areas have a bank that supports economic growth and stability within their communities. Customers have, over the years, placed their banking relationships with First Northern Bank, providing localized deposits for investing in the community. First Northern Bank is committed to remaining an independent bank that provides quality banking services and has a vested interest in the economic viability and growth of the communities it serves.

— *Passed by the Bank’s Board of Directors on March 28, 1996*

OFFICE LOCATIONS

Administration

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

Agribusiness Loan Team

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

Auburn Branch

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

Central Operations

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

Davis Branch

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

Davis Mortgage Loan Office

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

Dixon Branch

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

Downtown Sacramento Branch

700 J Street
Sacramento, California 95814
(916) 447-9000

East Bay Region

Commercial Loan Team

(Contra Costa County)
2175 N. California Blvd., Suite 310
Walnut Creek, California 94596

Eastern Region

Commercial Loan Team

(Sacramento, Placer & El Dorado Counties; and W. Sacramento)
Downtown Sacramento Branch
700 J Street
Sacramento, California 95814
(916) 447-9000

Fairfield Branch

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

Real Estate Industries Team

(Residential Construction & Commercial Real Estate Financing)
2150 Douglas Boulevard, Suite 260
Roseville, California 95661
(916) 325-8510

Roseville Branch

2150 Douglas Boulevard, Suite 260
Roseville, California 95661
(916) 787-8510

Roseville Mortgage Loan Office

2150 Douglas Boulevard, Suite 260-C
Roseville, California 95661
(916) 787-8500

University Retirement

Community

Satellite Office
1515 Shasta Drive
Davis, California 95616

Vacaville

Downtown Financial Center
555 Mason Street
Vacaville, California 95688
(707) 447-8600

Western Region

Commercial Loan Team

(Yolo & Solano Counties)
Davis Branch
434 Second Street
Davis, California 95616
(530) 758-7500

West Sacramento Branch

1300 Harbor Boulevard
W. Sacramento, California 95691
(916) 372-1023

Winters Branch

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

Woodland Branch

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

WEALTH MANAGEMENT DIVISION

Asset Management & Trust Department

1007 7th Street, Suite M100
Sacramento, CA 95603
(916) 325-0050

First Northern Advisors

Auburn Office

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

Davis - Main Office

508 Second Street, Suite 104
Davis, CA 95616
(530) 756-5814

West Sacramento Office

1550 Harbor Blvd., Suite 140
W. Sacramento, CA 95691
(916) 376-8600

OUR COMMUNITY FOOTPRINT

- ★ Administration
- ◆ Branch Office
- Mortgage Loan Office
- Commercial Lending Team
- ▲ First Northern Advisors
- ❖ Asset Management & Trust Department



Cautionary Note Regarding Forward-Looking Information

This publication, including the Message to Shareholders beginning on page 1, contains forward-looking statements, including statements regarding forecasts of our financial results and condition, credit quality, the company's focus, vision and strategies, and the expected benefits of its strategies, the company's growth prospects and competitive position, ability to return capital to investors and enhance shareholder value, expectations for the company's operations and business, and assumptions for those forecasts and expectations. Do not rely unduly on forward-looking statements. Actual results might differ significantly from the company's forecasts and expectations. Please refer to 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:

Cash Management Services
Remote Deposit Capture
Merchant Credit/Debit Card Processing
Asset Management & Trust Administration, non-FDIC insured
Investment & Advisory Services, non-FDIC insured
Online Account Opening
Small Business Administration Lending
Agribusiness Lending
Equipment Loans & Leasing
Construction Financing
Business Banking
Internet and Mobile Banking
Personal Banking
Identity Theft Protection
Non-Profit/Association Banking
Private Client Services
Payroll Services
24-Hour Mortgage & Home Equity Loans
MoneyPass® Surcharge-Free ATM Network

195 N. First Street
Dixon, California 95620

Member FDIC



EQUAL HOUSING
LENDER