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**FIRST NATIONAL BANK OF NORTHFIELD
ANNOUNCES AGREEMENT WITH OCC**

NORTHFIELD, MINN. February 19, 2010 – First National Bank of Northfield announced today that it has entered into a formal agreement with the Office of the Comptroller of the Currency (OCC) to enhance the quality of its loan administration. The OCC is the regulatory agency of nationally chartered banks like First National. The bank expects the agreement to become publicly available through the OCC on Friday, February 19. This letter of agreement follows closely on the heels of similar news announced by banking regulators regarding another Northfield-based bank on January 26 and reflects the economic difficulties felt across the community.

First National Vice President of New Business and Public Relations Rick Estenson said, “Because of the strains over the past 12 to 18 months on our nation’s economy, regulators have become much more cautious regarding how banks approve and track loans. Our agreement with the OCC and similar agreements made by other community banks with their regulators are emblematic of the current environment we are all facing across the nation. At First National, we have embraced the recommendations suggested by the OCC and have already taken action to address most of the suggestions initially put forth by the regulators.”

First National reported assets as of December 31, 2009 of \$129 million. The bank reported a net loss of approximately \$600,000 at year end, but Estenson said that the bank believes it has taken the necessary steps to account for anticipated loan losses in the future as well. “While there is always room

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for improvement and 2009 was an exceptionally challenging year for all banks, we continue to be optimistic about our ability to serve our customers and the community at a high level,” Estenson commented.

At year-end, First National had \$10.6 million in capital. In the last quarter of 2009, the bank’s shareholders demonstrated their confidence in the bank by infusing \$700,000 of additional capital. According to Estenson, part of the need for additional capital is due to the bank’s significant growth in 2009 in spite of the economy. Assets grew by more than \$12 million in 2009.

First National Bank of Northfield is the oldest bank in the community with close ties to the city’s civic identity. Nationally known for its defeat of Jesse James, the bank has built a reputation as Northfield’s bank, giving back more than \$1 million to the community over the past decade alone. “We’ve had to reduce our giving over the past year because of the economic downturn,” Estenson said, “but we fully expect to return to our recent philanthropic levels as our situation improves. Our ultimate goal is to improve our operations while ensuring that our personal approach to each customer and our commitment to meeting their needs remain intact.”

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