

FIRST NATIONAL

FINANCIAL INCOME FUND



For Immediate Release

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FIRST NATIONAL FINANCIAL INCOME FUND ANNOUNCES PLANNED CONVERSION TO A CORPORATION

Toronto, Ontario, March 25, 2010 – First National Financial Income Fund (“First National” or “the Fund”) (TSX: FN.UN) today announced details on its planned conversion from an income trust to a traditional corporate structure (“Conversion”). In light of past legislative changes to the business income trust market, the Conversion is expected to provide a more attractive environment for First National’s securities while broadening its potential investor base.

Dividend Policy Post Conversion

As it is not anticipated that the Conversion would become effective until on or about December 31, 2010, the Fund intends to continue paying monthly distributions of \$0.125 per unit (\$1.50 per unit annually) through December 2010. Following the Conversion, First National intends to initially adopt a dividend policy set at \$0.09167 per share on a monthly basis (\$1.10 per share annually).

“Today’s announcement of First National’s planned conversion to a corporate structure clarifies our position with investors and provides them with the information they are looking for,” said Stephen Smith, Chairman and President. “We believe our initial post-conversion dividend rate will allow us to offer a sustainable return to our shareholders, while at the same time positioning us well to continue to grow the business and deliver strong results and solid returns over the long term.”

Corporate Conversion

It is contemplated that the Conversion will be undertaken pursuant to a statutory plan of arrangement under the *Business Corporations Act* (Ontario), and will be subject to the receipt of all required regulatory, stock exchange and court approvals, including (among others) the approval by not less than 66 $\frac{2}{3}$ percent of the votes cast by unitholders voting in person or by proxy at the related special unitholders' meeting that will be held on May 4, 2010, concurrently with the Fund's Annual General Meeting. A management information circular and proxy statement outlining the details of the Conversion will be mailed to shareholders in early April 2010.

About First National Financial Income Fund

First National Financial Income Fund (TSX: FN.UN) owns a 21% interest in First National Financial LP, a Canadian-based originator, underwriter and servicer of predominantly prime residential (single family and multi-unit) and commercial mortgages. With nearly \$48 billion in mortgages under administration, First National is Canada's largest non-bank originator and underwriter of mortgages and is among the top three in market share in the growing mortgage broker distribution channel. For more information, please visit www.firstnational.ca.

Forward-Looking Information

Certain information included in this news release may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future financial position, business strategy and strategic goals, product development activities, projected costs and capital expenditures, financial results, risk management strategies, hedging activities, geographic expansion, licensing plans, taxes and other plans and objectives of or involving the Company. Particularly, information regarding growth objectives, any future

increase in mortgages under administration, future use of securitization vehicles, industry trends and future revenues, whether and when the conversion will be completed and the pre and post conversion distribution or dividend rates, as applicable, is forward-looking information. Forward-looking information is based on certain factors and assumptions regarding, among other things, interest rate changes and responses to such changes, the demand for institutionally placed and securitized mortgages, the status of the applicable regulatory regime and the use of mortgage brokers for single family residential mortgages. This forward-looking information should not be read as providing guarantees of future performance or results, and will not necessarily be an accurate indication of whether or not, or the times by which, those results will be achieved. While management considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward looking-information is subject to certain factors, including risks and uncertainties listed under “Risk and Uncertainties Affecting the Business” in the MD&A, that could cause actual results to differ materially from what management currently expects. These factors include reliance on sources of funding, concentration of institutional investors, reliance on relationships with independent mortgage brokers and changes in interest. This forward-looking information is as of the date of this release, and is subject to change after such date. However, management and the Fund disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

- 30 -

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