



Northrim BanCorp, Inc.
2015 ANNUAL REPORT



Northrim Bank



Part of what drives us at Northrim Bank is proving to our customers – day in and day out – that they made the right choice. From the start, Northrim has aimed to provide superior Customer First Service while giving back to the communities we serve – helping our friends and neighbors achieve more.

As we celebrate 25 years, we pledge to continue striving for a better Alaska. We're proud of our track record and the role we've played in growing Alaska's economy.



HAPPY
25TH
ANNIVERSARY

Northrim **25** Bank
NORTHIRM.COM EST. 1998

NASDAQ: NRM

 Nasdaq



NEW YORK POLICE



MESSAGE TO SHAREHOLDERS: 25 YEARS OF GROWTH

There was much cause for celebration in 2015 as Northrim celebrated our 25th anniversary, while also achieving record-level performance.

Northrim had record earnings this year, surpassing \$100 million in total revenue, and attaining record levels of assets at \$1.5 billion and \$177 million in total equity at the close of 2015.

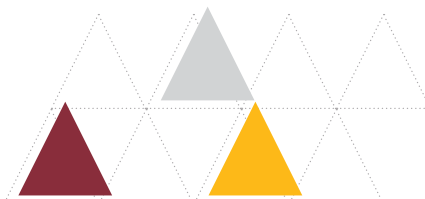
In a testament to Northrim's ability to grow core operations, we saw 6% growth in portfolio loans and 5% growth in deposits in 2015. Nonperforming assets continued to trend down, and our credit quality remained strong.

Net interest income increased 9% year over year, and our noninterest income as a percentage of total income increased from 29% to 44%, due in large part to our purchase of Residential Mortgage, LLC (Residential Mortgage) in December of 2014. Meanwhile, our other affiliates continued to contribute favorably.

Our capital ratios remained well above the requirement to be qualified as a well-capitalized bank, and we continued to have a strong culture of regulatory compliance.

Our 2015 performance can be attributed in part to the successful integration and leveraging of Alaska Pacific Bancshares, Inc. and Residential Mortgage, as well as the broadened array of products and services we are able to offer our customers both at the Bank and through our affiliates. Our strengths included the diversity of our revenues, including increased mortgage revenues; the development of additional product lines, such as our expanded mortgage servicing operations; and active efforts to further develop relationships with existing and new customers.

While we celebrate our past and present accomplishments, we remain aware of the future challenges facing us as a state due to the steep decline in resource commodity prices, especially in the oil and gas industry. However, we are cautiously optimistic that the negative employment impact can be partially offset by growth in other industries. We also believe there are a number of options to diversify the state's revenue stream to stabilize the funding of state government, retain Alaska's status as an attractive investment for business, support reasonable government services, and keep the Alaska lifestyle attractive to residents.



1990

Northrim opened its doors on December 4 in a trailer located in the parking lot of what is now our headquarters building in Anchorage. We moved into the current Northrim Building headquarters in April 1991.



When reflecting on Northrim's history, it is easy to focus on the achievements, and there are many that make us proud. However, it is equally important to remember that it is our people who made it all possible. Northrim is the realization of our founders' vision to create a community bank that is local, responsive and dedicated to Customer First Service. It is remarkable that Northrim evolved from an idea of a small group of individuals to a statewide institution comprised of hundreds of people sharing our founders' vision and working together toward a shared goal.

We also take the opportunity to honor the vision, leadership and contributions of Northrim co-founder, Marc Langland, who retired in 2015 after 25 years of steadfast service to the Bank and to Alaska. Marc set the foundation for what Northrim is today, and his departure demonstrates confidence in the next generation of Bank leaders, who will lead and grow Northrim for the next 25 years and beyond.



Joe Schierhorn

*EVP, COO, Northrim BanCorp, Inc.
President, CEO and COO,
Northrim Bank*

Joe Beedle

*Chairman, President and CEO,
Northrim BanCorp, Inc.
Chairman, Northrim Bank*

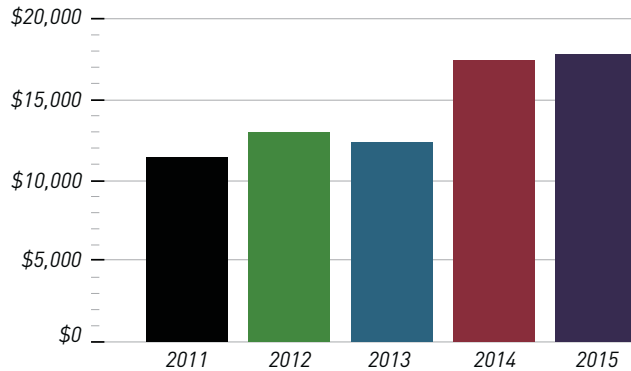
2015 FINANCIAL SNAPSHOT



Unaudited (in thousands except per share amounts)	2015	2014	2013	2012	2011
Net interest income	\$56,909	\$52,293	\$44,034	\$42,223	\$42,364
Provision (benefit) for loan losses	1,754	(636)	(635)	(1,559)	1,999
Other operating income	44,608	21,149	12,886	15,432	13,090
Other operating expense	72,645	48,038	38,897	38,679	35,853
Income before income taxes	\$27,118	\$26,040	\$18,658	\$20,535	\$17,602
Income taxes	8,784	8,173	6,246	7,077	5,775
Net Income	18,334	17,867	12,412	13,458	11,827
Less: Net income attributable to noncontrolling interest	551	459	87	512	429
Net income attributable to Northrim Bancorp, Inc.	\$17,783	\$17,408	\$12,325	\$12,946	\$11,398
Earnings per share:					
Basic	\$2.59	\$2.57	\$1.89	\$2.00	\$1.77
Diluted	2.56	2.54	1.87	1.97	1.74
Cash dividends per share	0.74	0.70	0.64	0.56	0.50
Assets	\$1,499,492	\$1,449,349	\$1,215,006	\$1,160,107	\$1,085,258
Portfolio loans	980,787	924,504	770,016	704,213	645,562
Deposits	1,240,792	1,179,747	1,003,723	970,129	911,248
Borrowings	2,120	26,304	6,527	4,479	4,626
Junior subordinated debentures	18,558	18,558	18,558	18,558	18,558
Shareholders' equity	177,214	164,441	144,318	136,353	125,435
Book value per share	\$25.77	\$23.99	\$22.07	\$20.94	\$19.40
Tangible book value per share ^{(1)(*)}	\$22.31	\$20.48	\$20.86	\$19.69	\$18.09
Net interest margin (tax equivalent) ^{(2)(*)}	4.32%	4.36%	4.29%	4.40%	4.59%
Efficiency ratio ^{(3)(*)}	71.31%	65.02%	67.94%	66.65%	64.16%
Return on average assets	1.20%	1.30%	1.07%	1.19%	1.09%
Return on average equity	10.47%	11.19%	8.75%	9.85%	9.34%
Equity/assets	11.82%	11.35%	11.88%	11.75%	11.56%
Dividend payout ratio	28.81%	27.40%	34.18%	28.39%	28.67%
Nonperforming loans/portfolio loans, net of government guarantees	0.22%	0.38%	0.24%	0.64%	1.14%
Net charge-offs/average loans	0.03%	-0.12%	-0.07%	-0.21%	-0.01%
Allowance for loan losses/portfolio loans	1.85%	1.81%	2.11%	2.33%	2.56%
Nonperforming assets/assets, net of government guarantees	0.35%	0.50%	0.35%	0.78%	1.16%
Tax rate	32%	31%	33%	34%	33%
Number of banking offices	14	14	10	10	10
Number of employees (FTE) ^{(4)(*)}	441	426	269	252	269

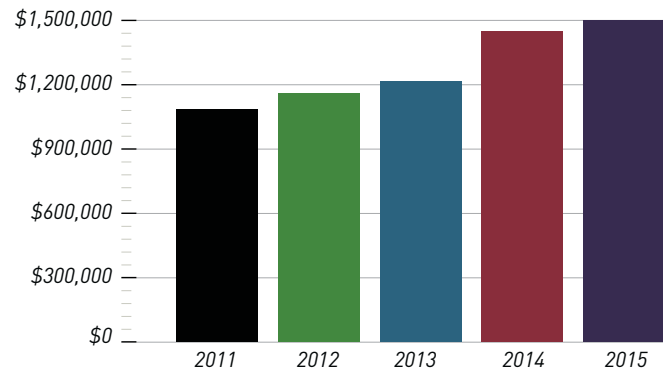
Net Income Attributable To Northrim Bancorp, Inc.

in thousands



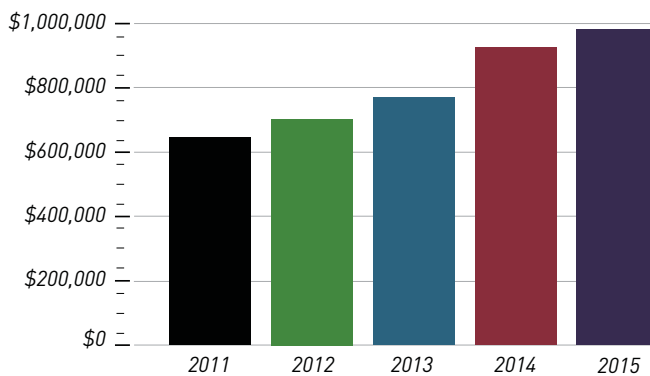
Total Assets

in thousands

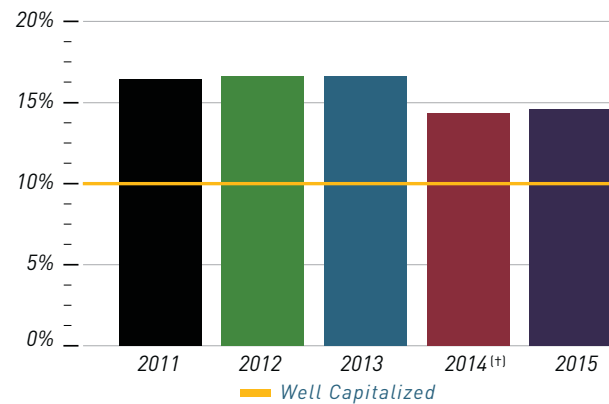


Portfolio Loans

in thousands



Total Capital Ratio



(†) Decrease reflects increase in goodwill due to the acquisition of Residential Mortgage, LLC.

1994

Northrim became a school business partner with Fairview Elementary School, one of our longest-running partnerships. Since then, we have developed similar relationships in many of the communities we serve.



LOOKING BACK: BORN OUT OF THE ASHES

It was the early 1980s, and Alaska was thriving. Oil flowed freely through the Trans-Alaska Pipeline. Businesses were booming. Houses were popping up everywhere. Then, in 1985 oil prices plummeted to single digits per barrel – devastating the Alaska economy. During this time, 13 financial institutions failed across Alaska, displacing many customers – and opening the door for Northrim.

Northrim's founders knew that Alaska needed a different type of bank – a strong, independent, local bank with community and customer service at its heart. Through pure dedication to purpose, they worked to raise the \$8 million in capital needed for the start-up, and Northrim Bank opened on December 4, 1990 – born out of the ashes of recession.

Twenty-five years later, Northrim has matured from a small community bank with 21 employees, one branch, and \$8 million in assets to an active, engaged community leader with 441 employees, 14 branches, 14 residential mortgage origination offices, and \$1.5 billion in assets.

Guided by a talented management team and focused on Alaska, Northrim has boldly pursued strategic growth. During this 25-year journey, we've passed many milestones, including the successful completion of three mergers/acquisitions, making Northrim the only bank to do so in Alaska since 1990.

Through our affiliates, we have created a family of companies that diversify our revenue sources while serving the needs of our customers with a wide range of products and services, allowing us to compete favorably in our expanded markets.

We have remained profitable since first achieving profitability in the fourth quarter of 1991. We have also offered a consistent return to shareholders, paying out \$50 million in cash dividends since inception and delivering a 13.49% compound annual growth rate for total equity. And as one of only three publicly traded companies headquartered in the state, we are recognized nationally as a top-rated publicly traded community bank.

We've earned the reputation as a trusted and knowledgeable expert on the Alaska economy. We have also helped set the standard for corporate philanthropy, and are among the Alaska businesses that have leveraged the education tax credit by contributing at the highest levels.

1995

Northrim became the first financial institution in Alaska to have an Internet homepage, in an early example of our ongoing commitment to investing in technology for the convenience and security of our customers.

1996

Northrim's first Fairbanks branch opened, followed by the opening of our South Anchorage branch the following year. We have since expanded to a total of 14 Bank branches, 14 residential mortgage origination offices across the state and a factoring office in Bellevue, Washington.

LOOKING FORWARD: THE NEXT 25 YEARS

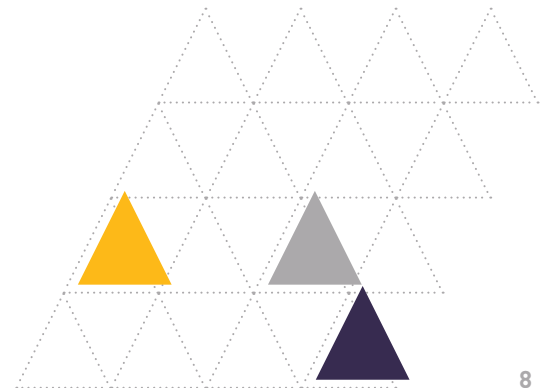
Looking to the future, our focus will be on continued growth, as we build on our strong foundation to take Northrim to the next level. Through continued investments in our people, facilities and technology, by seeking opportunities and efficiencies, and by responding to the needs of our customers, we expect to retain our position as a market leader and trusted resource.

We acknowledge that the price of oil and the State of Alaska's budget deficit have the potential to negatively affect the state economy and, in turn, the Bank and our customers. However, we believe we have the tools as a state and bank to address challenges going forward, and we will continue to advocate for state fiscal policy that considers all viable options to stabilize state government funding.

Northrim was founded by individuals who recognized opportunity during troubled times, and the Bank has weathered challenging times in the past. We will face future issues with the same prudent, measured, strategic approach that has contributed to our past successes. Additionally, we believe that our strong credit culture and balance sheet position will enable us to successfully negotiate through uncertain and potentially difficult times, while helping our customers do the same.

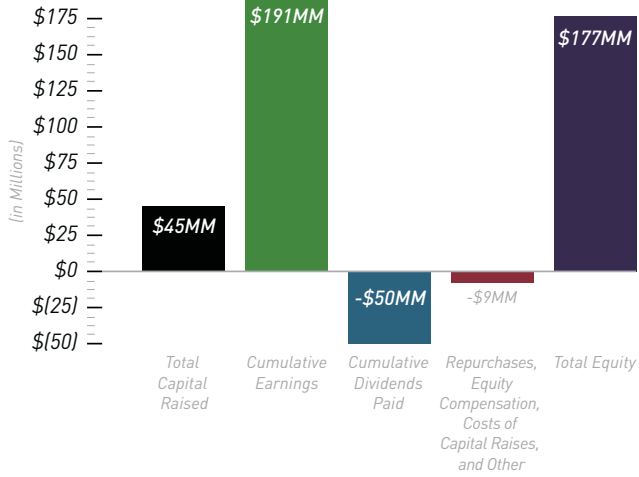


Lake Otis Community Branch. Opened June 2015.



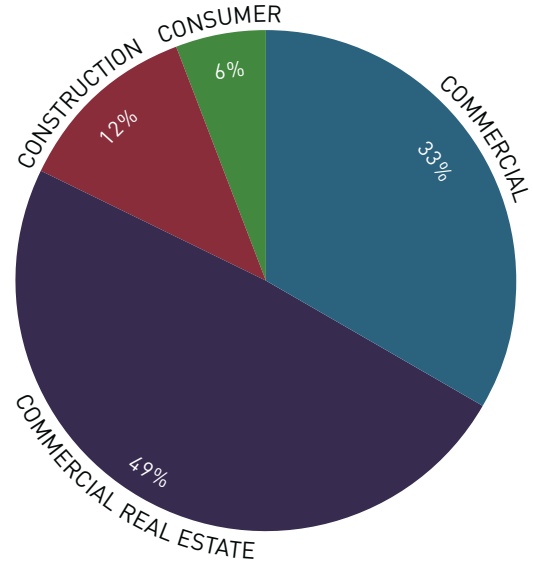
Composition of Northrim BanCorp

Capital as of December 31, 2015



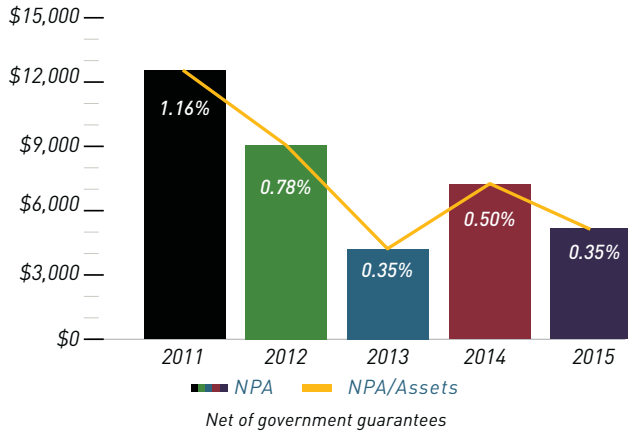
Loan Portfolio

As of December 31, 2015



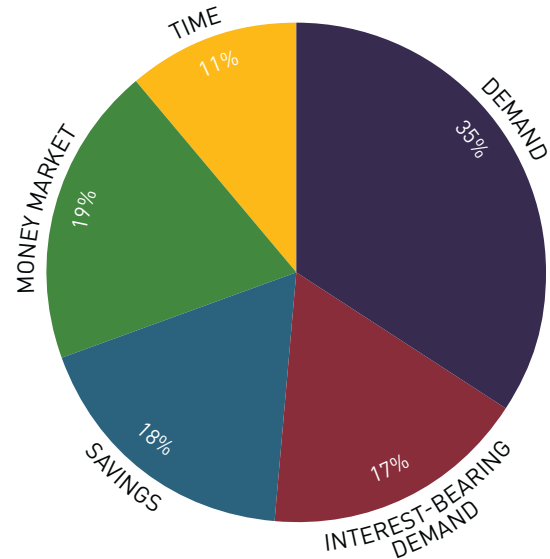
Nonperforming Assets (NPA)

in thousands



Deposits

As of December 31, 2015



BUILDING THE BANK BY BUILDING ALASKA

We believe that the best way to grow the Bank is to help our state and customers grow. One way we can make a positive impact is to be active in deposit, lending and complimentary services by closely monitoring and responding to needs and opportunities in the communities we serve.

Over the years, we have become market leaders in residential construction, commercial real estate and land development lending, playing a significant role in building Alaska. The availability of housing – especially affordable and senior housing – is a long-standing, multi-faceted challenge for Alaska, and we are proud to work with a network of entities to address this important issue.

In a recent example, Northrim worked closely with Cook Inlet Housing Authority to create the Coronado Park Senior Village, a \$16.6 million, 56-unit senior rental housing development in Eagle River. We not only provided the construction financing and a Federal Home Loan Bank Community Investment Program loan, but also purchased low-income housing tax credits for the project.

Our 6% growth in portfolio loans and 5% growth in deposits in 2015 was, in part, the result of several new products and promotions, such as the Healthcare Specialty Line of Credit. In an effort to support a growing industry in Alaska, this new product was created in response to a change in medical coding requirements that resulted in many upfront costs for medical practices.

Since Residential Mortgage became a wholly-owned subsidiary in 2014, we have worked to further increase this important area of our business. In 2015, we expanded our mortgage servicing department and are now servicing Alaska Housing Finance Corporation loans, as well as loans for Freddie Mac. We are also leveraging our expanded relationship with Residential Mortgage to grow relationships with new customers and deepen relationships with existing customers. Through efforts such as our new mortgage loan welcome packet, we are actively reaching out to new homeowners to educate them on Northrim's products and services, and encourage them to make us their "home bank" for all their financial needs.



Coronado Park Senior Village. Opened August 2014.

We also established a new product that broadens options for individuals seeking mortgages in Alaska. Northrim's Non-Conforming Conventional and Jumbo Non-Conforming Purchase Program provides a valuable service to individuals who may not qualify for a conventional mortgage, while moving us toward our goal of enhancing the consumer segment of our balance sheet.

FROM PARKING LOT TO 100% 907

When we opened our doors 25 years ago, Northrim operated out of two trailers in the parking lot of what is now our headquarters in the Northrim Building. Today, our 14 branches and additional 14 Residential Mortgage locations serve 90% of Alaska's population, and we have achieved "100% 907" through our mobile and online

tools. In 2015, we debuted our "branch of the future" in two carefully selected, strategic locations, relocating two of our previous branches. The Lake Otis Community Branch opened in Anchorage's growing U-Med (University-Medical) district in June, and the Ketchikan Financial Center in Southeast Alaska opened in October.





These innovative branches have a smaller, more efficient footprint, and utilize the newest technologies and design, offering our customers a balance between face-to-face service and the convenience of digital banking tools.

The past year also saw a transformation of the Northrim Building, notably the first floor. These investments demonstrate our commitment to upgrading our facilities to reflect our vision to be Alaska’s premier bank and employer of choice. In the coming year, several departments, including our Small Business Center, will relocate into the Northrim Building, providing greater efficiency and improved customer access to expertise and services.

In addition to physical appearance, the style of service at our branches is also evolving with the development of “universal bankers.” These first-line employees focus on providing one-on-one service and building relationships with each customer. Trained to understand Northrim’s full range of products and services, they efficiently and expertly assist our customers with all of their banking needs.

TECHNOLOGY: A HISTORY OF INNOVATION

From our earliest years, Northrim has been on the leading edge of banking technology. We were the first bank in Alaska to offer automated phone banking and PC banking for businesses, and we were the first financial institution in Alaska to have an Internet homepage.

That commitment to investing in new technologies has continued, with a goal of protecting our customers while serving their ever-changing needs. Northrim has consistently been an early adopter of emerging technologies, such as server virtualization, which allows us to provide more secure, efficient and resilient financial services. We were also one of the first Alaska financial institutions to implement an in-state business continuity plan, which allowed the Bank to successfully weather two “disaster” events in the last four years with minimal customer impact.

We also utilize technology to overcome challenges that are unique to Alaska, such as video conferencing between remote branches for employee training or to connect customers directly with expertise in other locations. Meanwhile, our innovative mobile offerings enable customers across our vast state to easily conduct business at their convenience.

The Bank continues to invest in the technology and training required to help safeguard our customers from fraud, cybercriminals and emerging threats. Our new state-of-the-art security systems provide added protection to our customers and employees. We also offer education to our customers to assist them in protecting their own information.



41% Personal online banking customers using mobile app

66% Mobile app users using mobile deposit

A photograph of a modern, light-colored building with large windows. The sign on the building reads "Residential MORTGAGE LLC".

Residential
MORTGAGE LLC

1998

Northrim became an original investor in Residential Mortgage, with a 23.5% ownership. We purchased the remaining shares, making Residential Mortgage a wholly-owned subsidiary, in 2014.

DIVERSIFYING REVENUES, BENEFITING CUSTOMERS

Our affiliates, subsidiaries and divisions continue to add strength to our financial position, while benefiting our customers by offering a broad and dependable range of “Customer First” financial products and services. The performance of our newest wholly-owned subsidiary, Residential Mortgage, had the most significant impact on our 2015 financial results while our other affiliates continued to contribute favorably.



A wholly-owned Northrim subsidiary since December 2014, Residential Mortgage is a market leader in Alaska’s mortgage origination industry, with offices in Anchorage, Eagle River, Fairbanks, Juneau, Ketchikan, Kodiak, Sitka, Soldotna and Wasilla.

The integration of Residential Mortgage created new opportunities for both companies, which we leveraged in the first full year of the new relationship. With a branch network that spans the state, Residential Mortgage expanded Northrim’s presence across Alaska. Referrals between the two companies also resulted in prospects for new and deepened relationships with customers, which we are actively pursuing. The new structure has also made it possible to improve functionality in areas such as employee benefits and IT.

Low mortgage interest rates and a stable real estate market contributed to a very successful year for Residential Mortgage, which represented approximately 30% of both our revenue and net income in 2015. Mortgage banking operations contributed \$29.6 million to Northrim’s other operating income in 2015, compared to \$3.3 million in 2014 when Northrim owned 23.5% of Residential Mortgage for 11 months of the year.



Northrim Benefits Group, LLC (Northrim Benefits Group), a 50.1% owned subsidiary, expanded its customer base in 2015, underscoring the company’s reputation as a leader in providing health care products including group and individual health insurance plans. In addition to helping businesses develop competitive employee health benefit programs, the company continues to be a valuable resource for businesses and individuals who seek to understand and navigate the Affordable Care Act.

Northrim Benefits Group’s contribution to Northrim’s net income increased to \$324,000 in 2015 from \$271,000 in 2014.

1999

Northrim purchased Bank of America's Alaska assets in the first of three merger/acquisitions completed during our 25-year history, making us the only bank to successfully undertake such transactions in Alaska since 1990.



PACIFIC PORTFOLIO

Northrim holds a 24% interest in Pacific Wealth Advisors, LLC, the holding company for Pacific Portfolio Consulting, LLC and Pacific Portfolio Trust Company (Pacific Portfolio). Part of the Northrim family since 2006, Pacific Portfolio serves companies with 401k plans, as well as individuals and nonprofits desiring long-term wealth management, advisory and trustee services.

The company, offering more than 100 years of combined employee experience, continues to increase its customer base in Alaska, which now represents one-third of its business. Lawrence Hood, who has served as the firm's president and CEO since founding Pacific Portfolio in 1992, made Barron's 2015 Top 100 Independent Wealth Advisors List, ranking 77th in the nation.

The company, which saw its assets under advisement reach \$2.8 billion in 2015, contributed \$163,000 to other operating income in 2015, compared to \$200,000 in 2014.



Northrim Investment Services, which provides investment services through Elliott Cove Capital Management and Elliott Cove Insurance Agency, increased its number of employees who are specially licensed and trained to sell investment products. This increase will help meet the growing demand for diversified investment portfolios by individuals with IRAs and annuities investments, as well as businesses with 401k plans.



Northrim Funding Services, which provides asset-based financing to small to mid-size businesses, continues to offer a valuable service to customers that need funding faster through collection of accounts receivable. This wholly-owned factoring division of the Bank was up slightly year over year, and continues efforts to increase its customer base in Alaska and the Pacific Northwest.



2001

Northrim adopted our “Proud to be Alaskan” tagline, underscoring our dedication to be 100% 907 and to provide superior Customer First Service.

CUSTOMER FIRST SERVICE: IN THE BANK AND BEYOND

Northrim’s founders and charter employees understood that products and services are primarily the same from bank to bank, so our style of service is what would set Northrim apart. The philosophy of Customer First Service has been a cornerstone of Northrim’s culture from the very beginning.

Customer First Service goes beyond helping customers of the Bank, and extends to being an active community supporter. This service includes investments of time, money and expertise in the communities where we live and work.

In 2015, we were once again involved in the NeighborWorks® Paint the Town event, Junior Achievement, the national Teach Children to Save event, and numerous school-business partnerships. We expanded our financial literacy classes at the Salvation Army McKinnell House and began offering classes at Covenant House to help homeless teens learn these important life skills. Our employees also continue to contribute time and talent to other organizations and issues they are passionate about.

Our level of community giving compared to our size is unique. Northrim was started with \$8 million in capital and we have reinvested that original amount back into the community, contributing over \$8 million since our inception 25 years ago. These contributions include \$2.5 million to the University of Alaska and over \$1 million to the Institute of Social and Economic Research (ISER). Driven by the generosity of our employees, we also had another record year, raising \$155,000 for United Way in 2015.

We share our employees’ expertise through service on numerous boards and committees, as well as through our annual economic seminars in Anchorage, Fairbanks and Juneau. We share our insights on the economy via our Alaskanomics blog, at events, in editorials, and through participation in community groups. Our customers and the community have access to our in-house economist, and our support of ISER allows us to be on the leading edge of economic research and fiscal policy issues. We also remain outspoken advocates for the development of a long-term fiscal policy for the state.

CUSTOMER FIRST SERVICE AWARD WINNERS



Sandra Matthews
Supply/Warehouse Specialist

Michael Hayes
Senior Imaging Specialist

Brigitte Lampert
AVP—Branch Manager,
Seventh Ave Branch

Jenna Deason
Public Relations Coordinator

Jose Angulo
AVP—Branch Manager,
Float

Marie Robancho
Assistant Branch Manager,
Midtown Financial Center

From the front-line employees to those operating behind the scenes, we have an organization full of people who truly care about our customers, and who provide friendly, creative, flexible service to meet their needs.

Our quarterly Customer First Service Awards honor those employees who go above and beyond. We thank the team members who received these awards in 2015 and look forward to celebrating more in the coming year.



2005

Northrim further expanded the products and services available to customers through our investment in Northrim Benefits Group. The company created Enroll Alaska in 2013 in response to the Affordable Care Act, becoming one of only a few private entities in Alaska offering the services mandated by the new law.

OUR PEOPLE: OUR PAST, PRESENT, FUTURE

The depth and breadth of expertise on our executive and senior management team has been an integral part of the Bank's achievements throughout the years. Our executive group has a total of 131 years at Northrim, and 232 years in banking/finance, while our senior vice presidents have a combined 99 years at the Bank, and 248 years in the industry. Overall, our leaders have an average of 12 years of service at Northrim and bring an average of 25 years of experience in the financial industry. This longevity and experience continues to be a point of pride for Northrim.



Northrim charter employees celebrate in April 1991.

In addition to years of experience, the depth of our executive management team is another area of strength. We have positioned executive management in departments throughout the Bank, and are continually grooming future members for this team as part of our long-term succession plan.

With an eye toward the future, we offer encouragement and opportunities for employees across the company to learn and grow. This investment in employee development not only benefits the Bank and our customers today, but also ensures we are preparing the next generation of leaders who will drive our success in the future.



EXECUTIVE TEAM



Back Row: **Michael Martin**
EVP, General Counsel &
Corporate Secretary

Ben Craig
EVP, Chief Information Officer

Latosha Frye
EVP, Chief Financial Officer

Steve Hartung
EVP, Corporate Development Officer &
Affiliate Relations Officer

Jim Miller
EVP, Chief Credit Officer

Lynn Wolfe
EVP, Chief Administration Officer

Audrey Amundson
EVP, Organizational
Development & Planning

Front Row: **Joe Schierhorn**
President, CEO & COO

Joe Beedle
Chairman



2007

Northrim assets reached \$1 billion. Assets continued to increase over the next eight years, growing to \$1.5 billion in 2015.



SENIOR MANAGEMENT TEAM

From the beginning, Northrim's founders envisioned an organization comprised of engaged, dedicated employees who are constantly striving to learn more and perform at the very highest standard. As we grow, we celebrate our success in passing the baton from our pioneering founders to the next generation of leaders.

Jay Blury

*SVP, Marketing &
Communications Director*

Ellen Izer

*SVP, Human Resources
Director*

Amber Zins

*SVP, Internal Audit
Manager*

Larry Cooper

*SVP, Commercial
Lending Manager*

Catherine Claxton

*SVP, Commercial Real Estate
Loan Manager*





2015

Northrim celebrates 25 years of serving Alaskans and looks forward to what the future has in store for the bank with humble beginnings and a bright future.

Jean McKnight

*SVP, Senior Commercial Loan
Unit Manager*

Dan Lowell

*SVP, Northrim Funding Services
Division Manager*

Suzanne Whittle

*SVP, Compliance & Efficiency
Manager*

Mark Edwards

*SVP, Senior Credit Underwriter
& Bank Economist*

Carolyn Jennings

*SVP, Branch & Electronic
Channel Delivery Manager*





*Northrim Bank Co-Founders
Marc Langland and Arnold Espe*

MARC LANGLAND: A LASTING LEGACY



Northrim co-founder, Marc Langland, had vision at a time when vision was in short supply. He also had the ability to inspire trust in investors, employees and customers that a new bank would be successful – a difficult task during a time of financial crisis when people were losing their jobs, homes, businesses, and even their banks.

Throughout his career, Marc continued to embrace change and see opportunities when others saw challenges. Investing in Residential Mortgage soon after many people lost their homes and left Alaska was just one example of his courage and strategic optimism.

As an individual and as the face of Northrim, Marc has been a diligent, informed, outspoken advocate for Alaska's economic health. His wise counsel has proven valuable to government, major industries and small businesses across the state.

Generous with his own time and knowledge, Marc stressed the importance of being involved in the community. He was equally generous with his employees, giving them the encouragement, mentorship and resources to grow and succeed.

While undeniably one of Alaska's most respected and successful businessmen, Marc humbly credits his successful career to "timing and luck," as well as having the right people in place.

We thank Marc for the path he helped forge 25 years ago, and for the leadership and vision he has provided along the way. His lasting legacy is a thriving, independent community bank filled with people passionate about carrying the vision of Northrim's founders far into the future.

MISSION, VISION, VALUES

MISSION

TO BE ALASKA'S MOST TRUSTED FINANCIAL INSTITUTION

We are committed to adding value for our customers, communities, and shareholders.

VISION

TO BE ALASKA'S PREMIER BANK AND EMPLOYER OF CHOICE

We will be a leader in financial expertise, products and services, focused on continuous improvement and market growth.

VALUES

PROUD TO BE ALASKAN

We are Alaskan managed. We embody Alaska's frontier spirit and values, and strongly support our communities.

SUPERIOR CUSTOMER FIRST SERVICE

We have a sincere appreciation for our customers. We want to build lasting customer relationships through professional, prompt, and caring service.

GROWTH

We look for growth opportunities for our customers, our institution and our employees. We strive to be better, personally and professionally.

INTEGRITY

We are trustworthy, reliable, and ethical, and provide our customers with secure, confidential services. We do what is right.

WE ARE

ENGAGED

We achieve more because we are dynamic, proactive, and innovative.

ACCOUNTABLE

*We take personal responsibility.
We do what we say we will do.*

ALIGNED

We value alignment within teams and across departments. Together we are stronger.

BOARD OF DIRECTORS



Joe Beedle
Director since 2011
Chairman



Joe Schierhorn
Director since 2016



Larry Cash
Director since 1995



Mark Copeland
Director since 1990
Chairman, Audit
Committee



Anthony Drabek
Director since 1991



Karl Hanneman
Director since 2014



David Karp
Director since 2015



David McCambridge
Director since 2011
Chairman,
Compensation
Committee



Krystal Nelson
Director since 2015



John Swalling
Director since 2002
Lead Director
Chairman, Governance
& Nominating
Committee



Linda Thomas
Director since 2014



David Wight
Director since 2006

Joe Beedle
Chairman, President and CEO,
Northrim BanCorp, Inc.
Chairman, Northrim Bank

Joe Schierhorn
EVP, COO,
Northrim BanCorp, Inc.
President, CEO and COO,
Northrim Bank

Larry Cash
President & CEO, RIM Architects,
LLC since 1986

Mark Copeland
Owner of Strategic Analysis, LLC,
a management consulting firm,
since 1999
Member of Copeland, Landye,
Bennett and Wolf, LLP, a law firm,
for 30 years prior to that time

Anthony Drabek
President and CEO, Natives of
Kodiak, Inc., an Alaska Native
corporation, from 1989 to 2010
Chairman and President, Koncor
Forest Products Company, from 1986
to 2011

Karl Hanneman
Alaska Chief Operating Officer,
International Town Hill Mines Ltd.
since March 2015; Alaska General
Manager from May 2010 to
March 2015
Director, Fairbanks Chamber of
Commerce since 2011
Director, Usibelli Coal Mine, Inc.
since 2011

David Karp
President and CEO, Northern
Aviation Services, Inc. since 2011
Director, Alaska Communications
Systems, Inc. since 2011

Board Chairman, National Air
Carriers Association
Governance Fellow, National
Association of Corporate Directors,
since 2010

David McCambridge
Audit Partner, KPMG LLP, from
1991 until retirement in 2010
Director, The Tanaka Foundation
since 1985
Director, Great Alaska Council Boy
Scouts of America, from 1993 to 2012
Director, Alaska Kidney Foundation
since 1999

Krystal Nelson
COO, Bering Straits Native
Corporation since 2014
SVP & COO, Ahtna Engineering
Services from 2006 to 2014
Trustee, Pacific Northern Academy
since 2014
Recipient of Alaska Top 40 under
40 Award

John Swalling
President and Director, Swalling &
Associates, PC, an accounting firm,
since 1991
Director, Swalling Construction Co.
Inc. since 1975

Linda Thomas
Vice President & COO Alaskan
Brewing Company since 1994
Bartlett Regional Hospital Board of
Directors from 2007 to 2015, Past
President
Juneau Chamber of Commerce, Past
President

David Wight
President and CEO, Alyeska Pipeline
Service Company from 2000 to 2005,
following a 40-year career with the
Amoco Corporation, which became
BP in 1998
Director, Storm Cat Energy,
from 2006 to 2011

NORTHRIM BANK OFFICERS

Executive Officers

Joe Beedle, *Chairman of the Board**
Joe Schierhorn, *President, Chief Executive Officer & Chief Operating Officer******
Audrey Amundson, *Organizational Development & Planning******
Ben Craig, *Chief Information Officer**
Jim Miller, *Chief Credit Officer****
Latosha Frye, *Chief Financial Officer**
Lynn Wolfe, *Chief Administrative Officer*****
Mike Martin, *General Counsel & Corporate Secretary*
Steve Hartung, *Corporate Development & Affiliate Relations***

Senior Vice Presidents

Amber Zins, *Internal Audit Manager**
Carolyn Jennings, *Branch & Electronic Channel Manager*****
Catherine Claxton, *Real Estate Lending Manager*****
Dan Lowell, *Northrim Funding Services Division Manager***
Ellen Izer, *Human Resources Director*
Jay Blury, *Marketing & Communications Director**
Jean McKnight, *Senior Commercial Loan Unit Manager*
Larry Cooper, *Commercial Lending Manager*
Mark Edwards, *Senior Credit Underwriter & Bank Economist**
Suzanne Whittle, *Compliance & Efficiency Manager****

Vice Presidents

Allen Hippler, *Construction Loan Officer V*
Anne Sakumoto, *Human Resources Talent Manager*
Annette DeLong, *Construction Loan Unit Manager*
Barb Ervin, *Core Applications Group Manager***
Barbara Gill, *Commercial Loan Officer IV*
Bill Staley, *Commercial Loan Officer V*
Brad Kiefer, *Commercial Loan Officer IV*
Bruce Tretzen, *Northrim Funding Services Relationship Manager*
Cheryl Fellman, *Regional Sales & Service Manager*
Darci Ornellas, *Regional Sales & Service Manager****
Heidi Moes, *Operations Manager***
James Richards, *Northrim Funding Services Business Development Officer, Relationship Manager I*
Jason Criqui, *Commercial Loan Officer V*
Jeanine Lillo, *Controller***
Jim Culley, *Commercial Loan Unit Manager*
John Blasco, *Commercial Loan Officer IV*
Josh King, *Northrim Funding Services Assistant Division Manager**
Kathy Martin, *Construction Loan Officer IV****
Katie Bates, *Electronic Channel Delivery Manager***
Kelly McCormack, *Commercial Loan Officer IV**
Kelly Lykins-Longlet, *Risk Manager***
Kim Farrell Brewington, *Commercial Cash Management Officer****
Linda Uttech, *Facility Manager*

Lisa Adams, *Northrim Funding Services Operations Manager**
Mhay Sy, *Credit Officer**
Missie Yost, *Branch Administration Operations Manager*
Paula Grau, *Commercial Lending Administrative Support Manager***
Ray Dinger, *Commercial Real Estate Loan Officer V****
Sue Wolfe, *Commercial Real Estate Loan Officer V*
Tammy Kosa, *Regional Sales & Service Manager***
Tom Sullivan, *Commercial Loan Unit Manager*
Zac Hays, *Commercial Loan Officer V*

Assistant Vice Presidents

Adam Baxter, *Loan Quality Assurance Officer*
Amanda Jensen, *Loan Support Services Manager*
Amanda LeDesma, *Branch Manager*
Anita DeVore, *Branch Manager II***
Aracelis Bell, *Northrim Investment Services Relationship Manager***
Ben Schulman, *Small Business Lender**
Bill Simpson, *Special Credits Officer II****
Bradley Leathers, *Branch Manager*
Brigitte Lampert, *Branch Manager**
Chris Chambos, *Branch Manager*
Dawn Hoxie, *Branch Manager*****
Delores Siah, *Branch Manager*
Erin Gage, *Branch Administration Assistant Operations Manager****
Esther Fouts, *Accounting Supervisor*****
Gerlie Monta-Guevarra, *Branch Manager*
Jenn Ludden, *Electronic Banking Operations Manager I*
Jose Angulo, *Branch Manager*
Josie Thayer, *Electronic Business Services Manager***
Judy Schnese, *Audit Supervisor**
Larry Gluck, *Loan Quality Assurance Officer*
Leary David, *Branch Manager**
Lisa Orndorff, *Electronic Business Services Manager*
Marc Guevarra, *Lending Branch Manager I*
Maria Kirksey, *Deposit Compliance Officer***
Marsha Fry, *Commercial Real Estate Loan Officer III*****
Oziel Villasenor, *Branch Manager**
Reynold Udarbe, *Branch Manager*
Rick Pinkerton, *Loan Review Officer***
Rodlynn Smallwood, *Call Center Manager***
Sean Christian, *Strategic & Planning Manager***
Sherilee Keopuhiwa, *Branch Manager**
Tammi Whistler, *Loan Administrative Officer*
Teresa Saaman, *Branch Manager*
Tina Hohnstein, *Special Credits Officer II****
Tori Brandon, *Credit Administration Officer II*****
Trevor Bradford, *Consumer & Small Business Loan Manager*
Veronica Pillans, *Loan Officer III*
Willy Dodd, *Commercial Loan Officer III*

AVP and above as of 1/28/2016: * ≥ Five-year employee, ** ≥ Ten-year employee, *** ≥ Fifteen-year employee, **** ≥ Twenty-year employee, ***** ≥ Twenty-five-year employee

INFORMATION AND ADDRESSES

Annual Meeting:

May 26, 2016, 9:00 am
Hilton Anchorage Hotel - 500 W. 3rd Avenue
Anchorage, AK

Stock Symbol:

Northrim BanCorp, Inc. (NASDAQ: NRRIM)

Auditor:

Moss Adams LLP

Transfer Agent & Registrar:

American Stock Transfer & Trust Company LLC
(800) 937-5449, info@amstock.com

Legal Counsel:

Davis Wright Tremaine LLP

Investor Information:

For stock information and SEC filings, copies of earnings & dividend releases, click on "Investor Relations" section at northrim.com

Investor Requests:

Call our Corporate Secretary at (907) 562-0062 or write Corporate Secretary, Northrim Bank PO Box 241489, Anchorage, AK 99524-1489

This report has not been approved or disapproved for accuracy or adequacy by the Federal Deposit Insurance Corporation, Federal Reserve Bank, Securities and Exchange Commission, or any other regulatory authority.

Equal Opportunity Employer/Equal Housing Lender



Financial Snapshot Footnotes:

(*) Refer to the Company's Form 10-K at northrim.com for further discussion of non-GAAP ratios.

- (1) Tangible book value per share is a non-GAAP ratio that represents shareholder's equity, less intangible assets, divided by common stock outstanding.
- (2) Tax-equivalent net interest margin is a non-GAAP performance measurement in which interest income on non-taxable investments and loans is presented on a tax-equivalent basis using a combined federal and state statutory rate of 41.11% in all years presented.
- (3) In managing our business, we review the efficiency ratio exclusive of intangible asset amortization, which is a non-GAAP ratio. The efficiency ratio is calculated by dividing noninterest expense, exclusive of intangible asset amortization, by the sum of net interest income and noninterest income.
- (4) FTE includes employees of Northrim Bank, Northrim Benefits Group, and Residential Mortgage, LLC.

Cautionary note regarding forward-looking statements

This report may include "forward-looking statements", within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, which are not historical facts. These forward-looking statements describe management's expectations about future events and developments such as future operating results, growth in loans and deposits, continued success of the Northrim BanCorp Inc.'s style of banking, and the strength of the local economy. All statements other than statements of historical fact, including statements regarding industry prospects and future results of operations or financial position, made in this report are forward-looking. We use words such as "anticipate," "believe," "expect," "intend" and similar expressions in part to help identify forward-looking statements. Forward-looking statements reflect management's current plans and expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations, and those variations may be both material and adverse. Forward-looking statements are subject to various risks and uncertainties that may cause our actual results to differ materially and adversely from our expectations as indicated in the forward-looking statements. These risks and uncertainties include: the general condition of, and changes in, the Alaska economy; factors that impact our net interest margin; and our ability to maintain asset quality; our ability to implement our marketing and growth strategies; our expected cost savings, synergies and other financial benefits from the acquisition of Residential Mortgage Holding Company, LLC might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; and our ability to execute our business plan. Further, actual results may be affected by competition on price and other factors with other financial institutions; customer acceptance of new products and services; the regulatory environment in which we operate; and general trends in the local, regional and national banking industry and economy as those factors relate to our cost of funds and return on assets. In addition, there are risks inherent in the banking industry relating to collectability of loans and changes in interest rates. Many of these risks, as well as other risks that may have a material adverse impact on our operations and business, are identified Item 1A. Risk Factors, and in our filings with the Securities and Exchange Commission. However, you should be aware that these factors are not an exhaustive list, and you should not assume these are the only factors that may cause our actual results to differ from our expectations. In addition, you should note that we do not intend to update any of the forward-looking statements or the uncertainties that may adversely impact those statements, other than as required by law.

ANCHORAGE

Northrim Headquarters

PO Box 241489
Anchorage, AK 99524
(907) 562-0062
(800) 478-2265 outside Anchorage
northrim.com

Huffman Branch

1501 E. Huffman Road

Jewel Lake Branch

9170 Jewel Lake Road

Lake Otis Community Branch

2270 E. 37th Avenue

Midtown Financial Center & Small Business Center

3111 C Street

Seventh Avenue Branch

517 W. 7th Avenue, Suite 300

SouthSide Financial Center

8730 Old Seward Highway

West Anchorage Branch

2709 Spenard Road

EAGLE RIVER

Eagle River Branch

12812 Old Glenn Highway, Suite C03

WASILLA

Wasilla Financial Center

850 E. USA Circle, Suite A

FAIRBANKS

Fairbanks Financial Center

360 Merhar Avenue

JUNEAU

Juneau Financial Center

2094 Jordan Avenue

Juneau Downtown Branch

301 North Franklin

SITKA

Sitka Financial Center

315 Lincoln Street, Suite 206

KETCHIKAN

Ketchikan Financial Center

2491 Tongass Avenue

BELLEVUE, WASHINGTON

Northrim Funding Services

170 120th Avenue N.E., Suite 202
PO Box 50245
Bellevue, WA 98015
(425) 453-1105

HOME MORTGAGE LENDING

Residential Mortgage, LLC

Headquarters
100 Calais Drive
Anchorage, AK 99503
(907) 222-8800
residentialmtg.com

AFFILIATED COMPANIES

Northrim Benefits Group, LLC

3111 C Street, Suite 500
Anchorage, AK 99503
(907) 263-1401
northrimbenefits.com

Enroll Alaska

3111 C Street, Suite 500
Anchorage, AK 99503
(907) 770-5100
enrollingalaska.com

Northrim Investment Services

3111 C Street
Anchorage, AK 99503
(907) 562-0062

Pacific Portfolio Consulting, LLC and Pacific Portfolio Trust Company

Two Union Square
601 Union Street, Suite 4343
Seattle, WA 98101
(206) 623-6641
pacific-portfolio.com

ACHIEVE
MORE



We'll never forget where we came from.
Northrim started in this trailer in Anchorage in 1990.